The Western Investment Company of Canada Limited

Condensed Interim Financial Statements
(Unaudited)
September 30, 2023

Notice of No Auditor Review of Condensed Interim Financial Statements

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of The Western Investment Company of Canada Limited (the "Corporation") for the interim reporting period ended September 30, 2023 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of the Corporation's management.

The Corporation's independent auditors, Ernst & Young LLP, have not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

The Western Investment Company of Canada Limited

Condensed Interim Statements of Financial Position

(Unaudited)

	As at September 30, 2023 $	As at December 31, 2022 $
Assets		
Current assets		
Cash	5,998	25,715
Accounts receivable	-	371
Due from related parties (note 13)	136,474	382,558
Prepaid expenses	39,385	7,642
	181,857	416,286
Due from related parties (note 13)	718,696	861,716
Investments in associates (note 4)	19,012,712	17,337,423
Total assets	19,913,265	18,615,425
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	170,922	154,512
Convertible debentures (note 7)	3,833,285	-
	4,004,207	154,512
Operating loan (note 5)	1,490,851	1,200,316
Loan from related party (note 6)	1,095,000	1,200,000
Convertible debentures (note 7)	-	3,683,173
Total liabilities	6,590,058	6,238,001
Shareholders' equity		
Share capital (note 8)	15,646,943	15,688,381
Contributed surplus (note 8)	1,546,030	1,477,805
Equity component of convertible debentures (note 7)	793,815	793,815
Accumulated other comprehensive income	22,978	22,978
Deficit	(4,686,559)	(5,605,555)
Total shareholders' equity	13,323,207	12,377,424
Total liabilities and shareholders' equity	19,913,265	18,615,425

Nature of operations (note 2)
Going concern (note 3)
Subsequent events (note 15)

Approved by the Board of Directors

"Scott Tannas" Director   "Jennie Moushos" Director

The accompanying notes are an integral part of these condensed interim financial statements

The Western Investment Company of Canada Limited

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited)

	For the three months ended September 30, 2023 $	For the three months ended September 30, 2022 $	For the nine months ended September 30, 2023 $	For the nine months ended September 30, 2022 $
Income				
Income (loss) from equity investments (note 4)	681,383	357,961	1,779,803	(145,056)
Finance income (note 14)	161,969	193,233	465,035	388,685
Gain on disposal (note 4)	486	-	486	152,772
Management fees (note 14)	37,500	37,500	112,500	192,162
	881,338	588,694	2,357,824	588,563
Expenses				
Legal	5,594	6,023	26,348	61,086
Accounting	52,215	32,208	165,912	96,335
Regulatory	7,886	7,002	52,309	41,370
Consulting	14,286	14,285	42,857	52,732
Other	16,061	10,364	32,747	23,443
Management compensation (note 14)	97,996	93,388	337,816	283,597
Interest on debentures (note 7)	151,996	140,692	450,111	417,063
Interest on operating loan (note 5)	35,518	16,634	87,678	34,396
Interest on related party loan (note 6)	11,196	12,270	35,498	36,810
Share-based compensation (note 8)	-	-	56,513	51,964
	392,748	332,866	1,287,789	1,098,796
Net income (loss) and comprehensive income (loss) for the period	488,590	255,828	1,070,035	(510,233)
Earnings (loss) per common share (note 11)				
Basic and diluted	0.016	0.008	0.035	(0.017)
Weighted average number of common shares outstanding (note 11)				
Basic	30,207,756	30,288,897	30,245,979	30,302,298
Diluted	30,496,002	30,520,476	30,488,463	30,533,877

The accompanying notes are an integral part of these condensed interim financial statements.

The Western Investment Company of Canada Limited

Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited)

	Number of shares	Share capital $	Contributed surplus $	Equity component of convertible debentures $	Accumulated other comprehensive income $	Deficit $	Total shareholders' equity $
Balance – December 31, 2022	30,287,756	15,688,381	1,477,805	793,815	22,978	(5,605,555)	12,377,424
Repurchase of shares (note 8)	(80,000)	(41,438)	11,712	-	-	-	(29,726)
Issuance of share-based compensation (note 8)	-	-	56,513	-	-	-	56,513
Dividends paid (note 10)	-	-	-	-	-	(151,039)	(151,039)
Net income for the period	-	-	-	-	-	1,070,035	1,070,035
Balance – September 30, 2023	30,207,756	15,646,943	1,546,030	793,815	22,978	(4,686,559)	13,323,207
Balance – December 31, 2021	30,338,756	15,714,798	1,418,468	793,815	22,978	(5,238,665)	12,711,394
Repurchase of shares (note 8)	(51,000)	(26,417)	7,373	-	-	-	(19,044)
Issuance of share-based compensation (note 8)	-	-	51,964	-	-	-	51,964
Dividends paid (note 10)	-	-	-	-	-	(151,514)	(151,514)
Net loss for the period	-	-	-	-	-	(510,233)	(510,233)
Balance – September 30, 2022	30,302,756	15,688,381	1,477,805	793,815	22,978	(5,900,412)	12,082,567

The accompanying notes are an integral part of these condensed interim financial statements.

	For the nine months ended September 30, 2023 $	For the nine months ended September 30, 2022 $
Cash provided by (used in):		
Operating activities		
Net income (loss) for the period	1,070,035	(510,233)
Adjustments for non-cash items		
(Income) loss from equity investments (note 4)	(1,779,803)	145,056
Gain on disposal and dilution (note 4)	(486)	(152,772)
Interest on convertible debentures (note 7)	450,111	417,063
Share-based compensation	56,513	51,964
Amortization of deferred financing fee	4,125	-
Interest paid on convertible debentures (note 7)	(300,000)	(300,000)
Net change in non-cash working capital (note 12)	231,123	(44,687)
Cash used in operating activities	(268,382)	(393,609)
Investing activities		
Advances to related parties	(140,267)	(79,645)
Repayments from related parties	283,287	150,641
Proceeds on sale of investment in associate (note 4)	-	535,175
Dividends from associate (note 4)	105,000	138,000
Cash provided by investing activities	248,020	744,171
Financing activities		
Advances (repayments) on operating loan (note 5)	286,410	(177,605)
Repayment of loan from related party	(105,000)	-
Dividends paid to shareholders (note 10)	(151,039)	(151,514)
Repurchase of shares (note 8)	(29,726)	(19,044)
Cash provided by (used in) financing activities	645	(348,163)
Net (decrease) increase in cash	(19,717)	2,399
Cash – Beginning of period	25,715	23,318
Cash – End of period	5,998	25,717
Supplemental cash flow information		
Interest paid	423,175	371,206

The accompanying notes are an integral part of these condensed interim financial statements.

1 Incorporation

The Western Investment Company of Canada Limited ("Western" or the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on October 28, 2015. The Corporation's common shares began trading on December 20, 2016 and are listed on the TSX Venture Exchange under the stock symbol "WI".

2 Nature of operations

The head office and principal address of the Corporation is 1010 24th Avenue S.E., High River, Alberta, T1V 2A7 and the address of the registered office is Suite 800, Dome Tower, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1.

The unaudited condensed interim financial statements ("the interim financial statements") of the Corporation for the nine months ended September 30, 2023 were approved and authorized for issuance by the Corporation's Board of Directors on November 29, 2023.

Western's strategy is to acquire a diversified portfolio of established Western Canadian private businesses and create value through the identification, acquisition and long-term ownership of private businesses with sustained cash flows and strong potential for organic growth.

Western's targeted industry verticals align with the industry expertise of the Board of Directors and include: (i) financial services and insurance; (ii) retail and distribution; (iii) human services; (iv) agriculture and related services; and (v) special situations. Western's ideal acquisition enterprise value is between $10 million and $100 million and it will consider ownership between 25% and 100%. Western will prospect acquisitions from: (i) director and executive networks; (ii) mid-market accounting and M&A advisors; and (iii) private equity and corporate divestitures.

Where an acquisition is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent on the ability of the Corporation to obtain additional financing.

Following is a summary of Western's equity investments (see note 4 for additional information):

GlassMasters ARG Autoglass Two Inc. – equity investment

In 2016, GlassMasters ARG Autoglass Two Inc. ("GlassMasters") became Western's first investment. In 2022, the Corporation disposed of 5% of its shares in GlassMasters, and had some dilution with the exercise of employee stock options at GlassMasters, bringing the Corporation's total investment in GlassMasters at December 31, 2022 and September 30, 2023 to 55%. GlassMasters is an automotive glass service company providing repair and replacement of automotive glass and an automotive glass warehouse that imports to sell wholesale a full line of quality aftermarket glass parts and materials. GlassMasters' principal markets are in Alberta and Saskatchewan.

Golden Health Care – equity investment

In 2017, the Corporation acquired a 30% interest in three Saskatchewan senior care homes (Hill View Manor Ltd. in Estevan, The Good Shepherd Villas Inc. in Prince Albert, and William Albert House Ltd. in the Regina suburb of Emerald Park), and a 25% interest in Golden Health Care Management Inc. (together referred to as "Golden"). The management company, Golden Health Care Management Inc., oversees the operations of a portfolio of senior care homes, including, but not limited to, the homes that the Corporation has investments in. The homes that operate under the Golden Health Care banner include a number of senior care homes that Western does not have ownership in. Golden Health Care is the largest full-service retirement operator in Saskatchewan.

Foothills Creamery Ltd. – equity investment

In 2018, Western acquired a 50% interest in Foothills Creamery Ltd. ("Foothills"). Foothills is a producer and distributor of high-quality butter and ice cream products with over 50 years of operations in Western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and food service network spanning across Western Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, British Columbia.

Fortress Insurance Company – equity investment

In 2019, Western acquired a 50% interest in Fortress Insurance Company ("Fortress"). On October 19, 2022, Fortress completed an equity offering diluting the Corporation's ownership to 28%. Fortress is a registered and regulated insurance company offering speciality and surplus lines of commercial and property insurance within the western Canadian insurance marketplace. Fortress has regulatory licences in western Canada, Ontario, and the territories.

3 Basis of preparation

Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

The interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by the entity's auditor.

Basis of measurement

These interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency, and were prepared on a going concern basis under the historical cost convention.

Going concern

The Corporation's $4 million of unsecured convertible debentures mature within the next 12 months on March 31, 2024, and the Corporation's ability to meet this obligation depends on the successful issuance of replacement debentures. A risk exists that the Corporation will not be successful in issuing replacement debentures or raising sufficient capital to satisfy the obligation upon the maturity date, creating a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern. Management believes that they have sufficient alternatives available to repay this obligation (note 9 – liquidity risk).

Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in note 4 to the Corporation's audited financial statements for the year ended December 31, 2022, except as described in the notes to the interim financial statements. The interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2022. Several amendments and interpretations of IFRS apply for the first time in 2023; however, these items do not have a material impact on the interim financial statements of the Corporation.

Use of judgments and estimates

The preparation of financial statements necessitates the use of judgments, estimates and assumptions, as outlined in note 5 of the audited financial statements for the year ended December 31, 2022. These judgments, estimates and assumptions may affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the interim financial statements, as well as income and expenses during the reporting periods. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2022.

4 Investments in associates

The investments in associates balance consists of the following:

	As at September 30, 2023 $	As at December 31, 2022 $
Western's interest in Fortress Insurance Company	2,679,182	2,575,686
Western's interest in Foothills Creamery Ltd.	3,328,167	2,450,120
Western's interest in Golden Health Care	4,718,279	4,781,768
Western's interest in GlassMasters ARG Autoglass Two Inc.	8,287,084	7,529,849
	19,012,712	17,337,423

a) Nature of investments in associates

GlassMasters ARG Autoglass Two Inc.

The Corporation holds a 55% interest in GlassMasters, which was acquired in 2016. Western has two of six directors appointed to the GlassMasters' Board of Directors. Through the extent of its share ownership and its seats on the Board of Directors, the Corporation has the ability to exercise significant influence but not control over GlassMasters and, accordingly, the Corporation is using the equity method to account for this investment.

In the year-to-date period of 2022, the Corporation sold 245,493 shares of GlassMasters to a new partner for proceeds of $535,175, recognizing a capital gain of $166,411.

On April 1, 2022, the shareholders of GlassMasters passed a special resolution to distribute $8 million in capital to shareholders by way of reducing the stated capital on the Class A common shares. The distribution has been treated as a return of paid-up capital for tax purposes and was paid by the issuance of a five-year-term promissory note, bearing interest at a rate equal to the prime rate of the Bank of Montreal plus 10%. The return of capital and related promissory note related to Western's shareholdings was $4,658,559. On March 24, 2023, GlassMasters amended the promissory note to shareholders, replacing the note issued on April 1, 2022. The revised terms include a five-year term, with automatic renewal for a period of five years upon each maturity date, unless the directors of GlassMasters otherwise determine. The interest rate will be set by the Board of Directors of GlassMasters from time to time, and was set at 10% for the fiscal year 2023. During the three and nine months ended September 30, 2023, $131,143 and $398,597 respectively of interest was earned and received related to this note (September 30, 2022 – $191,901 and $381,078). This promissory note is considered part of Western's net investment in GlassMasters.

Golden Health Care group of companies

The Corporation acquired a minority interest in Golden in 2017. Western appoints two of nine directors of the Board of Directors of Golden Health Care Management Inc., the company that oversees the operating companies. Through its share ownership and its appointments to the Board of Directors, the Corporation can exercise significant influence over the investment in Golden and, accordingly, the Corporation is using the equity method to account for this investment.

The financial statement reporting date for Golden is August 31; however, the Corporation records equity income aligned with its reporting periods. The Company's covenants are reported to their lender once per year as at August 31st. As at August 31, 2023, two of the homes were in breach of a covenant under the terms of its mortgage agreement. During the 2022 reporting period, the bank waived their right to demand repayment for this breach, and it is expected it will again waive this right for the companies' 2023 reporting period.

Foothills Creamery Ltd.

The Corporation holds a 50% interest in Foothills, which was acquired in 2018. Western appoints two of seven directors of the Board of Directors and, as such, has the ability to exercise significant influence but not control over Foothills and, accordingly, the Corporation is using the equity method to account for this investment.

Foothills was in breach of certain of its financial covenants as at December 31, 2022, and has since revised the terms of its loans with its lender. As at September 30, 2023, the company was in compliance with all financial covenants.

Fortress Insurance Company

The Corporation acquired a 50% interest in Fortress in 2019. On October 19, 2022, Fortress closed a $5.2 million equity offering and signed a strategic agreement with U.S.-based Indemnity National Insurance Company. This transaction resulted in the dilution of Western's ownership interest in Fortress to 28%. A gain on dilution of $677,243 was recognized in the year ended December 31, 2022.

IFRS 17, *Insurance Contracts*, was adopted by Fortress on January 1, 2023 with retrospective application. The adoption of this standard does not have a material impact on Western's investments in associates.

Western appoints two of eight directors to the Board of Directors and, as such, has the ability to exercise significant influence but not control over Fortress and, accordingly, the Corporation is using the equity method to account for this investment.

Ocean Sales Group Ltd.

The Corporation acquired a 75% interest in Ocean Sales Group Ltd ("Ocean") in 2018. In 2020 the effects of the Pandemic resulted in a significant impairment of the company and as a result our investment in Ocean was written off. The carrying value as at September 30, 2023 was $nil (December 31, 2022 – $nil).

b) Summarized financial information for associates

The below summarized financial information of each associate (disclosed at 100%) is presented in accordance with IFRS, prior to any intercompany eliminations, adjusted to reflect any adjustments required when applying the equity method of accounting for each investment.

Summarized financial information as at September 30, 2023 and for the nine months then ended

	GlassMasters $	Golden $	Foothills $	Fortress $
Current assets	7,487,458	1,270,747	7,724,526	35,167,853
Non-current assets	22,562,703	17,920,902	23,892,831	-
Current liabilities	8,093,910	11,772,530	20,985,062	26,099,198
Non-current liabilities	15,783,133	23,136	3,836,681	-
Net assets	6,173,118	7,395,983	6,795,614	9,068,655
Revenue	27,335,372	6,675,793	29,727,673	15,024,227
Total net income and comprehensive income	1,368,828	137,525	1,771,369	544,845

Summarized financial information as at September 30, 2022 and for the nine months then ended

	GlassMasters $	Golden[1] $	Foothills $	Fortress[2] $
Current assets	8,784,610	1,923,730	9,751,568	19,418,985
Non-current assets	20,775,874	18,506,776	23,860,463	-
Current liabilities	10,077,576	12,605,491	24,403,607	15,904,451
Non-current liabilities	14,728,036	37,905	3,355,971	-
Net assets	4,754,872	7,787,110	5,852,453	3,514,534
Revenue	22,715,744	6,516,406	27,759,841	6,907,678
Total net income (loss) and comprehensive income (loss)	585,122	206,510	(773,863)	(273,841)

1) Certain amounts from the prior period have been reclassified to conform with the current period's presentation.

2) Comparative numbers have been restated to conform with the new standard, IFRS 17, *Insurance Contracts*, which was adopted by Fortress on January 1, 2023, with retrospective application. All financial information presented for Fortress is now in accordance with IFRS 17.

c) Reconciliation of investments in associates' carrying value

The following table presents a reconciliation of the carrying amount of each investment in the Corporation's interim financial statements and the summarized financial information.

Reconciliation of the carrying amount for the nine months ended September 30, 2023

	GlassMasters $	Golden $	Foothills $	Fortress $	Total $
Western's ownership interest	55.3%	25.0% – 30.0%	49.5%	28.3%	
Investments in associates as at December 31, 2022	7,529,849	4,781,768	2,450,120	2,575,686	17,337,423
Gain on dilution	-	-	486	-	486
Share of dividends paid out	-	(105,000)	-	-	(105,000)
Share of net income	757,235	41,511	877,561	103,496	1,779,803
Investments in associates as at September 30, 2023	8,287,084	4,718,279	3,328,167	2,679,182	19,012,712

Reconciliation of the carrying amount for the nine months ended September 30, 2022

	GlassMasters $	Golden $	Foothills $	Fortress $	Total $
Western's ownership interest	58.2% – 61.3%	25.0% – 30.0%	50.4%	50.0%	
Investments in associates as at December 31, 2021	7,437,882	4,922,833	3,356,718	1,956,214	17,673,647
Disposal of investment	(382,404)	-	-	-	(382,404)
Share of dividends paid out	-	(138,000)	-	-	(138,000)
Share of net income (loss)	337,584	62,739	(390,027)	(155,352)	(145,056)
Investments in associates as at September 30, 2022	7,393,062	4,847,572	2,966,691	1,800,862	17,008,187

5 Operating loan

The Corporation has a committed revolving facility agreement (the "facility") with a Canadian financial institution to a maximum amount of $2,000,000. The facility has a three-year revolving period with a maturity date of October 6, 2025, bears interest at the bank's prime rate plus 2% per annum and carries a standby fee of 0.5% per annum on the unused portion. Security for the facility includes:

a) a general security agreement over all present and after-acquired property;

b) a share pledge agreement in respect to the Corporation's interest in some of its associates;

c) an assignment of material contracts; and

d) a continuing guarantee from material wholly owned subsidiaries of the Corporation, of which there are currently none.

The Corporation paid fees totalling $16,500 in connection with the amendment of the facility in 2022. These fees were capitalized and are being amortized over the three-year term. As at September 30, 2023, $1,501,851 was drawn on the facility (December 31, 2022 – $1,215,441) and the unamortized financing fees total $11,000 (December 31, 2022 – $15,125).

6 Loan from related party

The Corporation holds a $1.095 million shareholder loan from Golden (December 31, 2022 – $1.2 million). The loan bears interest at 4.09% annually, payable with monthly interest only and matures annually on January 31 with automatic annual renewal if all amounts of interest owing are not in default. There have been no amounts in default since the inception of the loan and there are no financial covenants affecting the loan. The Corporation has signed a share pledge agreement with respect to its interest in Golden as security for the loan. During the nine months ended September 30, 2023, Golden declared and paid dividends to its shareholders. Western's share of the dividend was $105,000 (note 4) and was applied to the outstanding balance of the loan.

7 Convertible debentures

The Corporation has issued $4 million of unsecured convertible debentures with a principal value of $1,000 each (the "Debentures"). Each Debenture is convertible into common shares of Western at a conversion price of $0.55 per share at the holder's discretion. The Debentures mature on March 31, 2024 and bear interest at the rate of 7.5% per annum, payable semi-annually at the end of March and September.

If the closing price of Western's shares on the TSX Venture Exchange is $0.65 or greater for 20 consecutive trading days, Western may, at its option, force the conversion of the Debentures into common shares. Western may also elect, at its option, to redeem all or part of the Debentures at the redemption price set forth below plus accrued and unpaid interest, if redeemed during the calendar year on 45 days' written notice by Western:

	%
2023	102.5
2024	100.0

The Debentures are a compound financial instrument containing both a liability and equity component. The liability component represents the present value of interest and principal payments over the life of the financial instrument discounted at 13.9%, which was the approximate rate available to the Corporation for similar debt without the conversion feature at the date the Debentures were issued. The residual value of $793,815 (net of issuance costs) was allocated to the equity component. The liability component is accreted to the principal value using the effective rate of 16.5%.

8 Share capital

Authorized

Unlimited number of common shares, without par value
Unlimited number of preferred shares, without par value

Issued

During the nine months ended September 30, 2023, no common shares were issued (September 30, 2022 – nil). There are no preferred shares issued to date. The following is a summary of the common shares issued at period-end.

	Number of shares	Amount $
Balance – December 31, 2021	30,338,756	15,714,798
Share repurchase	(51,000)	(26,417)
Balance – December 31, 2022	30,287,756	15,688,381
Share repurchase	(80,000)	(41,438)
Balance – September 30, 2023	30,207,756	15,646,943

Stock option plan

The Corporation has adopted an incentive stock option plan, which provides that the Board of Directors of the Corporation may, from time to time, at its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and consultants to the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the stock option plan shall not exceed 10% of the issued and outstanding common shares. Options are exercisable for a period of up to 10 years.

275,000 stock options have been issued during the nine months ended September 30, 2023 (September 30, 2022 – 220,000). All options vest immediately and are expensed at the time of grant.

All options are settled through Western's common shares. The compensation expense for options granted is calculated using the Black-Scholes option pricing model with the following assumptions:

	2023	**2022**
Risk-free interest rate	3.38%	3.35%
Spot price	$0.35	$0.34
Exercise price	$0.35	$0.34
Dividend yield	1%	nil
Expected life	10 years	10 years
Volatility	57%	57%

The following stock options were outstanding as at September 30, 2023:

Grant date	**Expiry date**	**Exercise price $**	**Number of options**	**Remaining contractual life (years)**	**Fair value of options $**
February 24, 2016	February 24, 2026	0.50	790,000	2.41	0.5981
April 6, 2016	April 6, 2026	0.56	140,000	2.52	0.4554
April 21, 2017	April 21, 2027	0.65	30,000	3.56	0.3914
June 19, 2017	June 19, 2027	0.65	150,000	3.72	0.3279
July 4, 2018	July 4, 2028	0.50	320,000	4.76	0.2316
August 23, 2019	August 23, 2029	0.40	294,000	5.87	0.2539
June 1, 2020	June 1, 2030	0.27	360,000	6.67	0.1743
May 3, 2021	May 3, 2031	0.27	360,000	7.59	0.1790
June 29, 2022	June 29, 2032	0.34	220,000	8.75	0.2362
June 22, 2023	June 22, 2033	0.35	275,000	9.73	0.2055

A total of 2,939,000 options are outstanding and exercisable as at September 30, 2023 (December 31, 2022 – 2,664,000) with a weighted average exercise price of $0.42 (December 31, 2022 – $0.43).

Share repurchases

The Corporation has regulatory approval for a normal course issuer bid (the "Bid") whereby Western may purchase up to a total of 1,500,000 common shares in the capital of the Corporation representing approximately 5.0% of the 30,207,756 common shares currently issued and outstanding. The Bid is for a one-year term and is renewed annually. All acquisitions of common shares by the Corporation pursuant to the Bid will be made through the facilities of the TSX Venture Exchange at the market price of the common shares at the time of the acquisition. The Corporation has an automatic share purchase plan in place with a dealer, in which the dealer shall purchase shares on behalf of the Corporation, subject to the limitations on the Bid.

On January 12, 2023, the Board of Directors approved the renewal of the Bid for another year. Each renewal is subject to regulatory approval before it can proceed. Approval was received for the 2023 Bid on February 6, 2023.

For the nine months ended September 30, 2023, 80,000 common shares were repurchased at a total price of $29,726 (September 30, 2022 – 51,000 common shares were repurchased at a total price of $19,044). All shares repurchased are cancelled by the Corporation at the end of the month in which they are repurchased with a reduction to share capital at their average issued price, which totalled $41,438 for the nine months ended September 30, 2023 (September 30, 2022 – $18,648). The difference between the issued price and the repurchase price of the shares repurchased is recorded to contributed surplus.

9 Financial instruments

The Corporation, as part of its operations, carries financial instruments consisting of cash, accounts receivable, due from related parties, operating loan, accounts payable and accrued liabilities, loan from related party and convertible debentures. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments, except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Corporation classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

- Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (derived from prices).

- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying values of cash, accounts receivable, certain current amounts due from related parties, operating loan and accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these items. Included in current amounts due from related parties as at December 31, 2022 is the Ocean Sales shareholder loan, which is measured at fair value through profit and loss, based on Level 2 inputs (note 13).

Long-term amounts due from related parties include the GlassMasters shareholder loan (note 13), which is measured at amortized cost and the carrying value approximates its fair value. Also included in long-term amounts due from related parties is the Foothills shareholder loan, which is measured at fair value through profit and loss, based on Level 2 inputs (note 13).

The fair value of the note receivable from GlassMasters (note 4) approximates its carrying value, which is measured at amortized cost.

The convertible debentures are measured at amortized cost. The carrying value approximates the fair value due to the short time frame to maturity.

The loan from related party is measured at amortized cost, which approximates fair value.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation's exposure to credit risk is primarily related to cash held with financial institutions and the carrying value of its amounts due from related parties. The Corporation helps manage this risk by working with each associate to manage its liquidity through financing and budgets, and the Corporation continuously evaluates the financial condition of its related parties in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in income or loss.

The Corporation's maximum exposure to credit risk, as related to certain financial instruments as identified in the table below, approximates the carrying value of the assets of the Corporation's condensed interim statements of financial position.

	As at September 30, 2023 $	As at December 31, 2022 $
Cash	5,998	25,715
Accounts receivable	-	371
GlassMasters' note receivable (note 4)	4,658,559	4,658,559
Due from related parties (note 13)	855,170	1,244,274
	5,519,727	5,928,919

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. Policies and practices used include the preparation of budgets and forecasts that are regularly monitored and updated as considered necessary. Cash requirements are monitored on a monthly basis and short-term liquidity risks have been mitigated through the use of a committed operating loan facility (note 5).

Western has issued $4 million of unsecured convertible debentures that mature on March 31, 2024. As noted in note 3, a material liquidity risk does exist in relation to the Corporation's ability to meet this obligation in the next six months. The Corporation is in the process of negotiating an exchange of the current debentures and raising additional funds through the issuance of additional debentures. Should this not occur, the Corporation intends to dispose of an investment in associate, or a portion thereof, to raise the capital required to satisfy this obligation.

The Corporation's accounts payable are due within 12 months and are subject to normal trade terms. The table below summarizes the future undiscounted contractual cash flow requirements as at September 30, 2023 and December 31, 2022 for the Corporation's financial liabilities. The actual outflow of cash could differ significantly from this.

	As at September 30, 2023						
	Carrying amount $	**Contractual cash flow $**	**2023 $**	**2024 $**	**2025 $**	**2026 $**	**2027 and beyond $**
Accounts payable and accrued liabilities	170,922	170,922	170,922	-	-	-	-
Operating loan (note 5)	1,501,851	1,780,462	34,826	138,170	1,607,466	-	-
Loan from related party (note 6)	1,095,000	1,285,337	11,196	44,785	44,785	44,785	1,139,786(1)
Convertible debentures (note 7)	3,833,285	4,150,000	-	4,150,000	-	-	-
	6,601,058	7,386,721	216,944	4,332,955	1,652,251	44,785	1,139,786

	As at December 31, 2022						
	Carrying amount $	**Contractual cash flow $**	**2022 $**	**2023 $**	**2024 $**	**2025 $**	**2026 and beyond $**
Accounts payable and accrued liabilities	154,512	154,512	154,512	-	-	-	-
Operating loan (note 5)	1,215,441	1,499,356	102,705	102,705	1,293,946	-	-
Loan from related party (note 6)	1,200,000	1,445,400	49,080	49,080	49,080	49,080	1,249,080(1)
Convertible debentures (note 7)	3,683,173	4,450,000	300,000	4,150,000	-	-	-
	6,253,126	7,549,268	606,297	4,301,785	1,343,026	49,080	1,249,080

1) As disclosed in note 6, the loan from related party will automatically renew at each maturity date, and the timing of the repayment of the principal portion is not readily determinable.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has access to an operating loan with a variable interest rate. Based on outstanding amounts under the credit facility as at September 30, 2023, a 1% movement in the prime rate would increase or decrease the interest expense by approximately $15,019 (December 31, 2022 – $12,154).

The Debentures and loan from related party both bear interest at a fixed interest rate.

b) Foreign currency risk

The Corporation does not have assets or liabilities denominated in a foreign currency. The Corporation is exposed to currency risk through its associates, some of which purchase inventories from foreign suppliers, and carry financial assets and liabilities denominated in foreign currencies. As such, their income may be affected by fluctuations in foreign exchange rates and the degree of volatility of those rates.

10 Dividends declared

The Corporation paid dividends of $0.005 per share on September 29, 2023 to shareholders on record on September 15, 2023. The total amount of dividends paid was $151,039 (September 30, 2022 – $151,514 paid based on $0.005 per share).

11 Earnings (loss) per common share

Earnings (loss) per common share is calculated as follows:

	September 30, 2023 $	September 30, 2022 $
Net income (loss) for the period	1,070,035	(510,233)
Basic weighted average number of common shares outstanding	30,245,979	30,302,298
Effect of dilutive securities	242,484	231,579
Diluted weighted average number of common shares outstanding	30,488,463	30,533,877
Basic earnings (loss) per common share	0.035	(0.017)
Diluted earnings (loss) per common share	0.035	(0.017)

As at September 30, 2023, there were 2,939,000 share options outstanding (December 31, 2022 – 2,664,000). Of these options, 1,724,000 were anti-dilutive (December 31, 2022 – 1,724,000).

12 Supplemental cash flow information

The net change in non-cash working capital items is as follows:

	September 30, 2023 $	September 30, 2022 $
Accounts receivable	371	-
Due from related parties	246,084	(17,590)
Prepaid expenses	(31,742)	(5,517)
Accounts payable and accrued liabilities	16,410	(21,580)
	231,123	(44,687)

13 Due from related parties

The following amounts are due from associates:

	As at September 30, 2023 $	As at December 31, 2022 $
Current amounts due from related parties		
GlassMasters' management fees or expense reimbursements	20,010	19,688
GlassMasters' interest due on note receivable	116,464	187,701
Foothills' expense reimbursements	-	588
Fortress' expense reimbursements	-	9,609
Ocean Sales' shareholder loan or expense reimbursements	-	164,972
	136,474	382,558
Long-term amounts due from related parties		
GlassMasters' shareholder loan	331,909	565,990
Foothills' shareholder loan	386,787	295,726
Total due from related parties	855,170	1,244,274

Shareholder loans to GlassMasters from the Corporation are subject to 12% interest per annum compounded monthly. Interest shall accrue on all amounts owing to Western including management fees and cash advances. The loan is composed of cash advances, unpaid management fees and interest. The loan terms are such that it matures annually with automatic renewal if all interest has been paid. In the nine months ended September 30, 2023, $283,287 in payments have been made on this loan (September 30, 2022 – $51,308).

Interest as at September 30, 2023 on the note receivable from GlassMasters, as disclosed in note 4, was collected subsequent to the end of the quarter.

On October 27, 2022, the Corporation advanced $250,000 to Foothills in the form of a shareholder loan bearing interest at 13% per annum. Unpaid interest and management fees shall be added to the principal sum owing. The loan has a one-year maturity date, with the option to extend for two consecutive six-month periods. At the maturity date, Western has the option to convert the outstanding principal sum, together with all accrued and unpaid interest, into shares of Foothills at a conversion price of $1.00 per share. If the conversion option is exercised, Western will receive share purchase warrants of Foothills in the amount of one-third of one share purchase warrant for every one share issued upon conversion of the loan. Each warrant shall entitle Western to purchase one share of Foothills. The Foothills loan is considered not to represent solely payments of principal and interest and, accordingly, is classified as fair value through profit or loss. As at September 30, 2023, fair value has been determined to equal the $250,000 principal amount of the loan, plus accrued interest of $38,350 (December 31, 2022 – $6,351), and unpaid management fees of $98,437 (December 31, 2022 – $39,375). The fair value is based on Level 2 inputs. On October 27, 2023, Western exercised the option to extend the maturity date for six months.

As at December 31, 2022, Western had purchased inventory from Ocean Sales Group Ltd. ("Ocean"), an associate that has been written off, as a form of financial assistance. The inventory consisted of consumer home type products. The inventory was owned by Western until needed by Ocean to satisfy inventory orders from their customers. The loan was considered not to represent solely payments of principal and interest and, accordingly, was classified at fair value through profit and loss. Fair value is determined based on Level 2 inputs and considered to be equal to the cost of the inventory purchased. Western charged a mark-up ranging from 5% to 10% when the inventory was sold to Ocean, which was recorded as finance income on the condensed interim statements of income (loss) and comprehensive income (loss). The expectation of receiving these amounts was factored into its fair value model. There are no other terms in place between Ocean and the Corporation related to this inventory. As at September 30, 2023, Western did not hold any inventory related to Ocean and does not anticipate providing financial assistance to this company going forward.

14 Related party transactions

Western's related parties consist of directors, officers, and its associates. The following is a summary of the Corporation's transactions with associates.

For the nine months ended September 30, 2023:

	GlassMasters $	Golden $	Ocean $	Foothills $	Fortress $	Total $
Management fees	56,250	-	-	56,250	-	112,500
Finance income	398,597	-	34,439	31,999	-	465,035
Dividends (note 4)	-	105,000	-	-	-	105,000
Interest expense (note 6)	-	(35,498)	-	-	-	(35,498)

For the nine months ended September 30, 2022:

	GlassMasters $	Golden $	Ocean $	Foothills $	Fortress $	Total $
Management fees	56,250	-	-	56,250	79,662	192,162
Finance income	381,078	-	7,532	-	-	388,610
Dividends (note 4)	-	138,000	-	-	-	138,000
Interest expense (note 6)	-	(36,810)	-	-	-	(36,810)

In accordance with the terms of a shareholder's agreement, Western earns an annual management fee, to provide strategic, governance and other advisory services, from certain of its associates, payable on a quarterly basis. As at September 30, 2023, $19,688 in management fees was due from associates (December 31, 2022 – $29,296).

Finance income relates to interest earned on loans to related parties and mark-up on inventory sold to Ocean, as described in note 13. As at September 30, 2023, $38,350 in interest was due from associates (December 31, 2022 – $337,411).

During the nine months ended September 30, 2023, $337,816 in salaries and benefits was paid or payable to members of management (September 30, 2022 – $283,597).

15 Subsequent events

On October 10, 2023, the Corporation announced its plans to raise up to $5 million through the issuance of a new convertible debenture. The debenture targets new cash investors and also invites existing Debenture holders to exchange their current notes. The offering is a non-brokered private placement of convertible unsecured subordinated debentures (the "Debentures") in the aggregate principal amount of up to $5 million, for consideration of cash or exchangeable pursuant to an issue bid for existing Western convertible debentures due March 31, 2024. Each Debenture will be convertible into common shares of Western at a conversion price of $0.48 per share. The Debentures will mature on December 31, 2025 and bear interest at the rate of 9.6% per annum, payable semi-annual in arrears at the end of March and September. If, commencing on and from the closing date, and prior to the maturity date, the closing price of the common shares on the TSX Venture Exchange is $0.65 or greater for the preceding 20 trading days, Western may, at its option, force the conversion of the Debentures into common shares.

The issuer bid for the exchange of existing debentures expired on November 28, 2023. The Corporation is currently in the process of processing the bids.

16 Correction of prior period errors

In the interim financial statements of the Corporation for the three and nine months ended September 30, 2022, approved and authorized for issuance by the Corporation's Board of Directors on November 28, 2022, the share of net income (loss) attributed to the Corporation from the 75% equity investment in Ocean for the three and nine months ended September 30, 2022 was $185,961 and $319,931 respectively. In these interim financial statements, the share of net income (loss) attributed to the Corporation for the 75% equity investment in Ocean for these same periods was revised to nil. This revision is in accordance with a restatement of the Ocean investment balance to nil as at December 31, 2020 in note 4 of the Corporation's restated annual financial statements for the year ended December 31, 2021 approved and authorized for reissuance by the Corporation's Board of Directors on May 19, 2023, and the fact that the book value of the investment in Ocean has remained below nil as at September 30, 2022.