THE
WESTERN INVESTMENT
COMPANY OF CANADA LIMITED

Management's Discussion and Analysis

For the year ended December 31, 2024

Dated: April 28, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Management's Discussion and Analysis ("MD&A") is intended to enable a reader to assess the results of operations and financial condition of Western Investment Company of Canada Ltd. for the three and twelve months ended December 31, 2024. This MD&A should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2024. Unless indicated otherwise, references in this MD&A to the "Corporation" refer to Western Investment Company of Canada Ltd. and references to "us", "we" or "our" refer to the Corporation and its subsidiaries and consolidated entities. The Corporation's Consolidated Financial Statements are in Canadian dollars and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. In this MD&A, all references to "$" are to Canadian dollars unless otherwise specified . This MD&A is dated April 28, 2025. Additional information is available at www.sedarplus.ca.

Table of Contents

Introduction

The Western Investment Company of Canada Limited ("we", "our", "**Western,**" or the "**Corporation**") is a publicly traded (TSX-V: WI) company. Our purpose has been to create long-term value for shareholders.

In December 2024 Western successfully completed a private placement that saw $30 million of new investment in the business. Furthermore, in the fourth quarter of 2024, Western acquired all the shares in Fortress Insurance Company, completing a strategy shift to focus on property and casualty insurance and investment management. Please see the Strategic Developments section on page 6 for further details.

This Annual Management Discussion and Analysis ("**MD&A**") provides an update on the Corporation's business activities, financial condition, financial performance, and cash flows since December 31, 2023. The Corporation reports its financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards ("**IFRS**") in Canadian dollars. The MD&A should be read in conjunction with the audited financial statements of the Corporation for the year ended December 31, 2024. This MD&A was prepared by management of Western and was approved by the Board of Directors on April 28, 2025. Additional information relating to the Corporation, including its Annual Information Form, is available on SEDAR+ at www.sedarplus.ca .

The following table outlines our current investments as of April 28, 2025:

$	Initial Acquisition Date	Original purchase price	Percentage Owned	Current Carrying Value
Fortress Insurance Company	May 6, 2019	15,763,361	100%[1]	19,533,469
Golden Health Care	September 1, 2017	4,738,192	25.0-30.0%	4,820,146
Foothills Creamery Ltd.	February 28, 2018	3,251,000	48.8%	2,549,350
GlassMasters ARG Autoglass Two Inc.	December 16, 2016	4,010,000	55.3%	8,827,826
Total		**27,762,553**		**35,730,791**

1 All shares not previously owned of Fortress Insurance Company were acquired during the fourth quarter of 2024. Ownership increased in 2024 from 28.5% to 100%

Key Highlights for the Year Ended December 31, 2024

2024 was a transformative year for Western as we ended the year by completing an over-subscribed $30 million Private Placement, appointing a new CEO and refreshing our board of directors. The Corporation also received additional capital through a $6.3 million rights offering and completed the acquisition of 100% of the shares of Fortress Insurance Company. These funds provide Western with additional capacity to support the Corporation's strategy shift to focus on property & casualty insurance and investment management. Debentures held by the Corporation at year end were converted to equity in 2025 as outlined under Subsequent Events.

Business at Fortress Insurance Company ("**Fortress**") continues its rapid growth, with a 102% increase in Gross Written Premiums ("**GWP**") year over year versus 2023. GWP is a non-GAAP measure and defined as all premiums written during the year, including both earned and unearned auto insurance premiums, and fronting fees earned. Overall, insurance service results at Fortress grew 42% against full year 2023 as the company manages this growth with the increase in administrative expenses that come with it. Fortress is focused on diversification, expanding its product offerings into liability insurance, and on growing the Ontario market. Fortress will be a key focus of Western in 2025 following the December acquisition giving us 100% of Fortress' outstanding shares. Fortress is now a fully controlled subsidiary of Western. Further detail about Fortress' performance and operations can be found below.

GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**") continues its growth trajectory with a 20% increase in sales for the twelve months ended December 31st compared to the 2023 annual period. GlassMasters has seen an average of 20% growth in revenue annually for the past four years. This has been obtained through the combination of organic growth occurring at current retail and warehouse locations as well as from the addition of new locations. After adding three locations in 2023, GlassMasters opened its first location in Winnipeg in the second quarter of 2024. The company expects to expand on its Winnipeg location and add a second location in Saskatoon in 2025. GlassMasters served as Western's primary operational cash flow source in 2024, delivering $0.77 million of cash to the Corporation through intercompany loan interest and management fees.

Foothills Creamery Ltd. ("**Foothills**") continues to work to improve profitability. Gross margins have improved by 1% from the prior year, from 21% to 22%, with further gains expected in 2025 through a collection of process efficiencies and capital investment. Sales, gross profit and EBITDA for 2024 are comparable to the prior year after removing the prior year's one time gain on the sale of real estate. Foothills needs to increase sales further in order to reach or exceed its break even point.

Golden Health Care ("**Golden**") improved occupancy at its underutilized homes, which was a top priority during 2024. This resulted in a 14% increase in revenue for 2024 over the previous year. Inflation has impacted the cost of care, which has largely been able to be passed along to the end consumer, preserving margins in the business. Staff attraction has been challenging, requiring Golden to respond by implementing pay raises. Management is focused on occupancy and is working to access government funding for senior care, which would allow more seniors in need to access Golden's beds.

Strategic Developments

Western completed a financing and acquisition during the fourth quarter of 2024 that will transform it into a property & casualty insurance and investment holding company.

On August 30, 2024, Western announced a revised transaction and financing to replace the one previously announced on March 22, 2024. The revised transaction originally included a Private Placement of up to 37,500,000 units at a price of $0.40 per unit for proceeds of $15 million (the "Private Placement"). On September 26, 2024, due to greater than expected interest, Western announced that the Corporation had increased the maximum offering for the Private Placement to $25 million, with an additional $5 million over-allotment at Western's option, for potential aggregate gross proceeds of up to $30 million. On December 19, 2024, the Private Placement successfully closed, selling 75,000,000 units that generated the maximum possible $30 million in proceeds. Each unit consists of one common share and one share purchase warrant (the "Unit"). Each Warrant will be exercisable to purchase one additional Common Share for a period of 5 years from the date of closing at an exercise price of $0.47. Tevir Capital Corp. ("**Tevir**"), a company affiliated with Paul Rivett, led the Private Placement with a $5 million commitment.

On October 7, 2024, Western launched a rights offering in which holders of record, as of the record date of October 15, 2024, received one right (a "**Right**") for each Western share. Each Right entitles the holder to subscribe for one (1) Common Share of the Corporation upon payment of a subscription price of $0.40 per Common Share. The rights were publicly listed and expired on November 29, 2024. The Rights were offered to registered shareholders resident in Canada. Shareholders who fully exercised their Rights were entitled to subscribe for additional Single Voting Shares, if available, as a result of unexercised Rights prior to the expiry of the Rights Offering. The Rights Offering closed on December 5, 2024, with $6.3 million of gross proceeds to Western. The definitive terms of the Rights Offering are set out in the Rights Offering Notice and the Rights Circular, which are available under Western's profile at www.sedarplus.ca. The Rights Offering was intended to provide existing Western shareholders with a mechanism to ensure their economic interest in the Corporation was not diluted.

The net proceeds of the rights and private placement will be used for general corporate purposes and future acquisitions of portfolio companies or interests in portfolio companies in the insurance sector. Earlier in the year, Western signed share purchase agreements on the shares outstanding in Fortress to increase its share ownership in Fortress from 28.5% position to 100%. On October 1, 2024, Western closed the first tranche of this acquisition of Fortress shares, bringing its ownership to 83.6% (the "**First Tranche**"). In connection with this First Tranche closing, Western issued an aggregate of 25,193,922 common shares in the capital of the Corporation at a deemed price of $0.40 per Common Share in exchange for 3,875,988 shares of Fortress. The acquisition of the remaining 1,155,140 shares of Fortress closed on December 31, 2024 and was settled with a combination of $2 million of cash and 2,125,000 Western shares. This transaction fulfills the Corporation's first goal of owning 100% of Fortress and turning its focus primarily to the insurance business.

Review of Western's Operations and Financial Results

As Reported	Three months ended December 31,		Twelve months ended December 31,	
Financial results ($	**2024**	**2023**	**2024**	**2023**
Insurance service result				
Insurance revenue	8,142,078	-	8,142,078	-
Insurance service expenses	(7,482,484)	-	(7,482,484)	-
Net expenses from reinsurance contracts held	(578,280)	-	(578,280)	-
Total insurance service result	**81,314**	**-**	**81,314**	**-**
Investment income (loss)	**284,137**	**-**	**284,137**	-
Net insurance financial expense	**(102,133)**	**-**	**(102,133)**	**-**
Other Operating and Administrative Expenses				
Professional fees	754,913	61,944	1,270,276	306,514
Payroll & share-based compensation	606,877	109,776	1,038,310	504,105
Interest	240,721	219,229	932,984	792,516
Other Expenses	218,594	23,343	309,710	98,946
Total other operating and administrative expenses	**1,821,105**	**414,292**	**3,551,280**	**1,702,081**
Other income (expense)				
Gain on acquisition	2,574,186	-	2,597,162	485
Income from equity investments	(444,865)	(544,562)	733,778	1,235,241
Other finance income	278,154	140,242	844,168	605,278
Other income	99,375	60,000	211,875	172,500
Loss on debt settlement	-	(205,594)	-	(205,594)
Total other income	**2,506,850**	**(549,914)**	**4,386,983**	**1,807,910**
Income before income taxes	**1,153,329**	**(964,206)**	**1,303,287**	**105,829**
Total Income Tax	26,755	(96,138)	26,755	(96,138)
Net income (loss)	**1,126,574**	**(868,068)**	**1,276,532**	**201,967**
Net income per common share, basic and diluted	**0.014**	**(0.280)**	**0.030**	**0.007**

2024 results now include the fourth-quarter consolidated results of Fortress. Insurance specific results for the full year ended are discussed below the Fortress section. Insurance service result provided a modest gain for the fourth quarter, with additional expenses incurred by Fortress in the quarter related to the acquisition, and results from a new program that is front-loaded with expenses. Positive investment income from Fortress' investment portfolio was realized in the fourth quarter. Operating and administrative expenses now include consolidated expenses from Fortress, thus have increased significantly. Fortress' contribution to consolidated net income was a loss of $217,114.

Professional fees have increased dramatically in 2024, largely related to the Fortress acquisition. Legal and accounting costs have taken a large jump to account for the transaction and more complicated reporting. Payroll now includes the employees of Fortress for the fourth quarter. Management salaries will increase post-transaction. 2024 includes a full year of interest incurred on the convertible debentures. Management expects interest expense to decrease significantly in 2025, following the 2024 capital raise discussed above that left the Corporation in a cash positive position. The redemption of the convertible debentures in 2025 (see subsequent events) will also reduce interest expense in 2025.

The gain on acquisition relates to the revaluation of our equity investment in Fortress to fair value on the acquisition of control. Income from equity investment is down, because the prior year 2023 results included a one-time gain on the sale of real estate at Foothills (see Foothills section). Removing that gain would bring results at our associates in line with the previous year. Other finance income relates to interest earned on our loans from associates. Income earned on Fortress' investment portfolio in the fourth quarter is included in the investment income.

Financial Position

	December 31, 2024	December 31, 2023
Financial position ($)		
Cash	43,245,301	618,673
Investments	11,861,210	-
Reinsurance assets	20,953,679	-
Investment in Associates	16,226,006	18,468,149
Goodwill	7,693,912	-
Other assets	3,764,899	777,656
Total assets	**103,745,007**	**19,864,478**
Insurance contract liabilities	32,535,600	-
Debentures / loan	5,840,088	6,725,981
Other liabilities	4,625,397	358,441
Total liabilities	**43,001,085**	**7,084,422**
Shareholders' equity	**60,743,922**	**12,780,056**
Total Liabilities & Shareholders Equity	**103,745,007**	**19,864,478**
Dividends Declared	-	151,039
Share Count Information		
Common Shares Issued and Outstanding	148,269,043	30,207,756

Cash has dramatically increased with the capital raise undertaken during the year, generating $36 million. Our cash balance also now includes cash held at Fortress. Fortress' investment portfolio is now included in our consolidated assets as at December 31, 2024. Our investment in associates balance has decreased as our investment in Fortress was removed with the acquisition of control and is now accounted for as a wholly owned subsidiary. See the Fortress discussion below for further details.

At December 31, 2024, Western had $4.8 million in debentures outstanding and a $1 million shareholder loan. The debenture was converted to equity subsequent to year end, as discussed under Subsequent Events. Other liabilities are up as they now include Fortress' liabilities, including $1.5 million in fronting payable. Accounts payable are significant as at December 31, 2024, due to transaction expenses that were invoiced at the end of the year after the transactions closed.

Shareholder equity has increased with the capital raise and the Fortress acquisition, which was primarily paid for with Western shares.

Given the significant change in the business in the fourth quarter of 2024, with Fortress results now being consolidated into Western's overall 2024 numbers above, year over year comparisons are difficult. To assist readers in evaluating the business, specific results for Fortress are provided below, along with a discussion on Associate performance.

Fortress Results and Financial Overview

Fortress is a Canadian-licensed insurance company focused on specialty and surplus lines of business within the Canadian insurance marketplace. The principal business for Fortress involves property insurance, but the company also offers insurance in niche products, including accident & sickness, liability, boiler & machinery, marine, fidelity, legal expense, and surety. Fortress is licensed in five provinces from BC to Ontario and all three territories.

Management has been actively working on developing relationships with its broker network and negotiating reinsurance contracts that mitigate the risk taken by Fortress. With reinsurance, Fortress essentially shares the risk of each contract with other insurance companies. Expanding the broker network allows Fortress to penetrate deeper into the market and offer greater capacity to brokers.

Key Highlights**:**

- GWP grew 103% to $45.4 million in 2024 compared with $22.4 million during 2023.
- 2024 results include three new programs which didn't exist in 2023. Such programs add geographic diversity and class of insurance to the portfolio and are outlined below.
- Fortress' total investment portfolio, including cash and cash equivalents, grew 28% to $23.5 million compared to $18.4 million at the end of the prior year.

Financial highlights for Fortress (at 100%) are presented below:

	Three months ended December 31,		Twelve months ended December 31,	
Highlights	**2024**	**2023**	**2024**	**2023**
Gross Written Premiums[1]	14,443,061	7,098,596	45,338,603	22,406,496
Insurance revenue	6,137,485	5,511,545	23,915,818	20,535,772
Total insurance service result	603,151	(487,392)	1,720,501	1,212,687
Net investment income	284,137	510,102	1,095,754	793,150
Net (loss) income	**(564,012)**	**174,691**	**(264,336)**	**599,377**
Total assets			43,960,858	28,334,113
Total liabilities			34,854,641	19,099,525
Total shareholder's equity			9,106,217	9,234,588

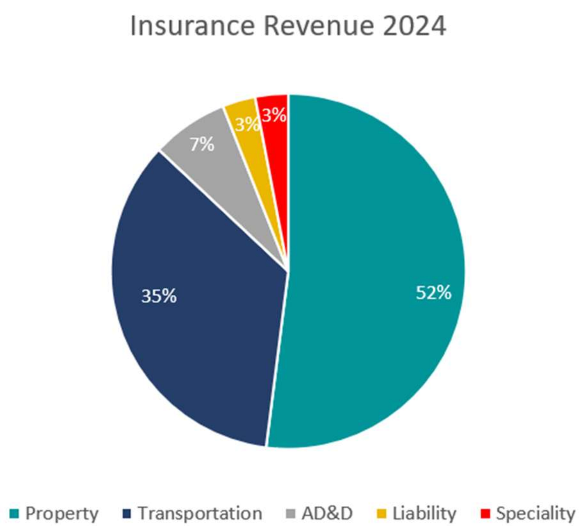
1 Non-GAAP measure – total gross insurance premiums written during the period defined as all premiums written during the year, including both earned and unearned auto insurance premiums, and fronting fees earned.

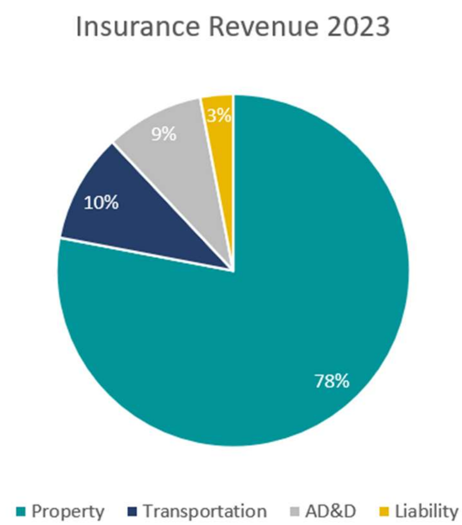
Note: The above table reflects stand-alone Fortress results, excluding consolidation adjustments for the Corporation.

The fourth quarter saw a loss due primarily to the conversion of its employee share option plan ("**ESOP**") from equity to a cash-settled plan. From the Corporation's consolidated perspective, the ESOP will now be settled using the Corporation's equity and is accounted for accordingly. Fortress also saw increased professional fees due to the transaction that will not be repeated moving forward.

Net income decreased from the comparative period in 2023 due to a variety of factors, including the conversion of ESOP from an equity to cash-settled plan, increased professional fees as described above for the Western/Fortress transaction, but also because of the introduction of the general measurement model utilized to recognize premiums from the automotive replacement value insurance product. Its premiums are recognized over an average span of five years, but the setup costs were not deferred, affecting fiscal 2024 entirely. Lastly, during 2024 Fortress had an accounting estimate change to accelerate the amortization of its data management system over two years instead of the previous five years.

During 2025 to date, we have seen a stabilization of the insurance market. Consistent with 2024, capacity is still very strong, and rates have decreased. While this may impact Fortress' growth and retention, management is actively working with trusted supporting broker partners, making prudent decisions on a portfolio basis to maintain our GWP base and relationships. Management is also working to find niche areas of products to stay relevant with current broker partners.





Fortress continues its growth trajectory, with increases in gross written premiums each year, including a 103% increase from the comparative annual period.

Fortress continues to increase capacity on all its products, recently adding additional automobile replacement value insurance products in the transportation segment, and adding a new Ontario property program to its lineup. We expect to see continued growth in written premiums with a focus on the diversification of product lines and geography and on growing business in Ontario, Manitoba, and Saskatchewan. New programs in Ontario, Alberta, and British Columbia added during the year constitute 52% of the increase in gross written premiums. These new programs increased expenditures, and they will take time to contribute substantially to the bottom line due to the length of some of the policies written. The company's investment portfolio continues to provide solid returns, allowing the company to achieve profitable results.

	Twelve months ended December 31,	
Key Metrics [1]	**2024**	**2023**
Loss Ratio	55.0%	47.4%
Expense ratio	80.8%	50.1%
Combined ratio	135.8%	97.5%

1 Supplementary measures – see definitions below for description of items making up these metrics

The trailing 12-month loss ratio as at December 31, 2024 (incurred losses, including incurred but not reported over earned premium) is 55% (December 31, 2023 – 47%). As Fortress' earned premiums grow, so does the potential for claims. This year, the loss ratio has increased due to the impacts of various catastrophic events. This includes claims for water losses created by frigid temperatures in British Columbia, fires in Jasper, Toronto and Manitoba flood damages, and hail in Calgary. Those large losses were outsized in comparison to the portfolio size, and expect that through monitoring, loss ratios will normalize in 2025.

The expense ratio and combined ratio increased from prior year in part due to expenses related to the setup of the new automotive replacement value insurance product and the one-time events mentioned above. Removing the costs of the later, the normalized expense ratio and combined ratio are 51.4% and 106.4%, respectively.

With respect to Fortress' Minimum Capital Test ("**MCT**"), the business remains well capitalized and in excess of limits required for compliance with OSFI regulations.

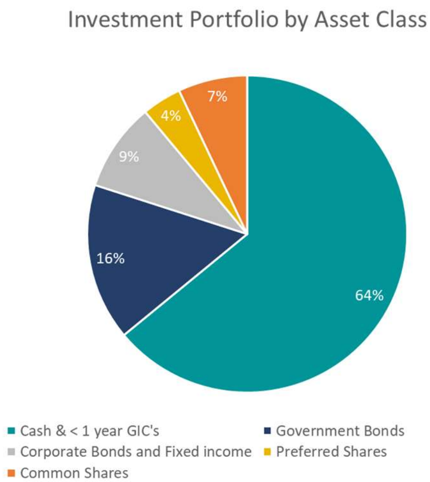
Prior to October 1, 2024, Western held 28.5% ownership of Fortress and appointed two of eight directors to the Board. This gave Western significant influence over the investment. As such, Fortress was accounted for under the equity method. Fortress' remaining outstanding shares were acquired during the fourth quarter, giving Western 100% ownership. As a result, starting October 1, 2024, Fortress results are consolidated into Western's financials. See the Strategic Developments section on page 6 for further details of this transaction.

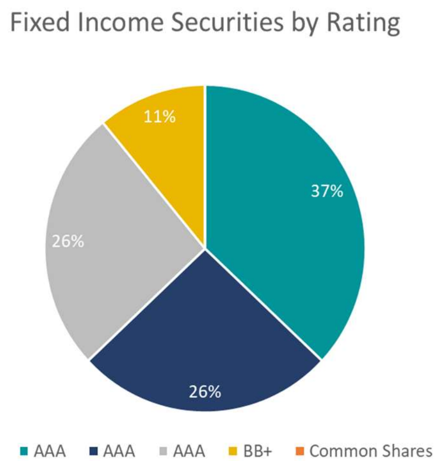
Investment Performance Review

Fortress' investment policy seeks to achieve superior long-term total returns in order to support its liabilities and maintain strong regulatory and economic capital levels. In 2025, Fortress' new investment philosophy focusses on clearly understanding each portfolio investment thoroughly as a core tenet of the business, with the same rigour that is applied for insurance underwriting and relying less on outside investment managers.

Summary of Cash and Investments

Fortress' $23.5 million investment portfolio consists of cash and cash equivalents, short-term securities, government and corporate bonds, preferred shares, common shares, and alternative investments. All of Fortress' fixed income holdings are highly liquid (able to sell a fixed income investment within a short period of time). 88.8% of fixed income holdings are rated A or higher, with the remaining 11.2% rated at BBB+.





Net Investment Income

	Three months ended December 31,		Twelve months ended December 31,	
Financial results ($)	**2024**	**2023**	**2024**	**2023**
Net Investment Income	184,598	163,199	709,986	515,441
Net realized gains (losses)	28,362	(65,891)	32,967	40,446
Changes in fair value	44,063	532,954	488,766	357,422
Total Investment Income	**257,023**	**630,262**	**1,231,719**	**913,309**

Net Investment Income is comprised of dividend and interest income from invested capital. Invested capital consists of a combination of cash and cash equivalents, investment grade government bonds, corporate bonds, common shares and preferred shares. Net investment income for 2024 and the fourth quarter increased compared to the prior year because the investment base was greater, and the market continued to have positive yields. As our gross written premiums grow, so shall our investment base and associated investment returns.

Net realized gains (losses) and changes in fair value represent Fortress' returns for holding and transacting investments in bonds and shares. These returns are a combination of changes in market valuations and foreign exchange fluctuations at the time investments are sold or mature, or at revaluation to market value at period end for those investments that are still owned by Fortress. Fortress had favourable net realized gains and changes in fair value during 2024 and the fourth quarter as the market valuations of assets sold, matured and still held at the end of the period were greater than the prior year.

2025 Insurance Industry Outlook

In 2025, Fortress is prioritizing diversification across both product lines and geographic regions to mitigate catastrophe (CAT) exposure and concentration risk. The company anticipates continued softness in the property CAT market—where insurance capacity is oversupplied, and premium rates tend to decline. Conversely, other segments such as transportation are expected to experience a hardening market, characterized by tightening capacity and rising rates.

Additional macroeconomic pressures, including a slowing economy, persistent inflation, and the introduction of new tariffs, are also expected to impact results. These factors may reduce demand for certain insurance products and drive higher claims costs. Tariffs in particular may affect clients' operating costs and insurance needs, further influencing market dynamics.

To manage these challenges, Fortress is executing a balanced diversification strategy, targeting a variety of business segments with sufficient scale and revenue potential to support long-term profitability and resilience. The specialty insurance market provides products and services that are typically not offered by most insurance companies. These risks often require specialist underwriting knowledge and advanced technical expertise in financial and actuarial analysis. Specialty lines represent niche segments of the insurance market, characterized by more complex risks and a smaller pool of competitors.

These risks are often challenging to place in the standard insurance market, where many carriers lack the capability or willingness to underwrite them. Consequently, specialty insurers benefit from greater flexibility in pricing and policy form design compared to traditional market insurers, whose rates and policies are subject to more stringent regulatory approval processes. Specialty lines are less commoditized, relying heavily on relationships, product expertise, and tailored solutions that are difficult for competitors to replicate. They are generally also smaller markets, so they can be overlooked by larger carriers looking for more meaningful growth and profit. As a result, specialty insurers have historically outperformed standard markets by achieving lower claims and combined ratios compared to traditional insurance companies.

Unlike the standard property and casualty (“**P&C**”) insurance market, which is evenly split between personal and commercial lines, specialty insurers are focused almost exclusively on commercial lines. Even within the commercial sector, the business mix of specialty insurers differs significantly from the broader P&C industry. While no universal definition of the specialty insurance market exists, it typically includes non-standard insurance, niche market segments, and products requiring customized underwriting.

The agency channel is the primary distribution channel for specialty insurance. Managing general agents (“**MGA”**s) often serve an important role in helping carriers distribute and administer specialty insurance products. The MGA market has experienced growth outpacing that of the overall insurance market. Several factors have contributed to this trend, including private equity interest, which has provided financial support for these operations, and a conservative approach from traditional market capacity, creating opportunities for niche players. Structural changes in the marketplace and increased reinsurance interest in supporting MGAs have further fueled this expansion. Additionally, entrepreneurial underwriting talent has been instrumental in establishing independent operations, adding skilled labour to the MGA sector.

Operating Metrics	Definition
Combined Ratio	Measures an insurer's profitability by comparing claims and expenses to earned premiums; it is calculated as (Incurred Losses + Expenses) / Earned Premiums. A ratio below 100% indicates underwriting profit, while a ratio above 100% signals an underwriting loss.
Expense Ratio	Expense ratio is the percentage of an insurer's earned premium that is used to cover operating expenses such as underwriting, commissions, and administrative costs. It reflects how efficiently the insurer manages its business operations relative to the premiums it earns.
Gross Written Premiums	Gross Written Premium (“**GWP”**) refers to the total premium an insurance company writes during a specific period before deductions for reinsurance and cancellations. It represents an internal metric for management to measure top-line revenue from all policies issued, providing a key measure of an insurer's business volume.
Loss Ratio	Loss ratio is a key insurance metric that compares total claims paid and reserved to the premiums earned over a specific period. It indicates how efficiently an insurer is underwriting risk – lower ratios suggest better profitability, while higher ratios may signal underwriting or pricing issues.
MCT	The Minimum Capital Test (“**MCT”**) is a regulatory measure used in Canada to assess the financial strength and solvency of an insurer. It compares its available capital to its required capital, with a higher ratio indicating a stronger ability to meet obligations and absorb losses.

Summary of Equity Investments

Below is a summary of the results of each of Western's Associates for the twelve-month period ended December 31, 2024. The performance of our Associates is assessed based on revenues, net income from operations, and EBITDA. EBITDA is a supplemental measure of operating income in which tax, depreciation and amortization, and interest are added back to the associate's net income (refer to the “Description of Non-IFRS Measures” section below for more information).

GlassMasters

Western holds a 55% investment in GlassMasters, an automotive glass service company with retail locations providing repair and replacement of auto glass and automotive glass warehouses that import a full line of quality aftermarket glass parts and materials at competitive prices. Principal markets are in Alberta and Saskatchewan, with recent expansion into British Columbia and Manitoba.

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 was treated as a return of paid-up capital for tax purposes and was paid by the issuance of a 5-year term promissory note of which Western's share was $4,658,559. The terms of the note include automatic renewal for five years upon each maturity date and an interest rate as determined by the Board of Directors of GlassMasters from time to time. The Board set the interest rate at 14% for 2024 (2023 – 10%). In 2024, $652,199 of interest was earned on this note (2023 - $465,856), with $163,050 receivable as at December 31, 2024, and received shortly after year end (December 31, 2023 - $nil).

The interest earned on the note receivable provides cash flow and an additional income source for the Corporation and creates tax efficiencies at the operating company. The intention is for the note to be renewed indefinitely, and it is considered part of Western's total investment in GlassMasters.

Key Highlights**:**

- Revenue grew 20.4% to $42.5 million in 2024 compared with $35.3 million in the comparative period.
- The company has been growing on average 20.4% per year over the last four years. Total sales have more than doubled since 2020.
- 2024 expansion includes a new location in Winnipeg, Manitoba. Its recently opened location in Kelowna, British Columbia, is gaining momentum. Both locations are expected to provide profitable growth to the Corporation as they also serve to increase brand awareness across Western Canada.

GlassMasters contributed equity income of $0.64 million and finance income of $0.69 million to Western's results in the year ended December 31, 2024 (December 31, 2023 - $0.66 million of equity income and $0.52 million in finance income). Western earns $75,000 annually in management fee revenue.

Financial highlights for GlassMasters (at 100%) are presented below:

	Three months ended December 31,		Twelve months ended December 31,	
Financial results ($)	**2024**	**2023**	**2024**	**2023**
Revenue	9,753,921	7,937,983	42,486,026	35,273,355
Gross profit	2,763,701	1,981,089	12,669,483	10,270,778
Net income	(295,779)	(126,151)	1,112,431	1,242,677
Note payable interest paid to shareholders net of tax	226,960	162,116	907,846	648,463
Adjusted Net income[1]	**(68,819)**	**35,965**	**2,020,277**	**1,891,140**
Net income	(295,779)	(126,151)	1,112,431	1,242,677
Interest	461,699	342,432	1,821,736	1,430,465
Amortization and depreciation	501,307	401,527	1,996,505	1,549,317
Tax	187,519	(147,048)	608,154	261,241
EBITDA[2]	**854,746**	**470,760**	**5,538,826**	**4,483,700**

1 Non-GAAP measure - Interest on shareholder notes payable was added back to net income to provide normalized operating income (loss).

2 EBITDA is a Non-GAAP measure, that management uses to assess performance. The reconciliation above ties to the audited financial statements of the company.

GlassMasters continues to post record sales with a 20.4% increase in full year revenue from the prior year. The company has seen, on average, a 20.0% growth in sales each year over the past four years. This growth is coming from expansion, with new stores and warehouses being added, as well as gains in market share at existing locations. Recent additions include the Kelowna and Winnipeg stores and a new warehouse in Kelowna. As the company adds new locations, margins can be temporarily affected as it takes time for stores to develop sufficient business to break even. New stores carry additional costs as they get started. General and administrative expenses are up due to the rapid growth and general inflation across the board, with management taking steps to limit expense growth where possible. Adjusted net income, which removes shareholder interest, for the twelve months ended December 31, 2024, was $2.0 million compared to $1.9 million in 2023, an increase of 6.8%.

GlassMasters' increased radio advertising and their expanded call center is translating into retail sales growth. New accounts are continuously being added, increasing same-store revenue. Early in 2024, Kelowna received its ICBC accreditation, which allowed the company access to British Columbia's insurance business, an important step for accessing this market. 2024 marked the expansion into Manitoba with a newly opened location in Winnipeg. A temporary retail location opened early in the second quarter, with a move to a more permanent location to occur in 2025. Management expects to open a second location in Saskatoon om 2025.

GlassMasters earns the majority of its income in the spring and summer driving months. Based on the seasonality of operations, readers are cautioned not to weigh quarterly financial data equally for all quarters.

Western has significant influence over GlassMasters, given Western appoints two of six directors; however, this does not give Western control. As such, the Corporation has accounted for this investment under the equity method.

Foothills Creamery Ltd.

Western holds a 49% interest in Foothills, 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 across Western Canada, supported by distribution facilities in Edmonton, Alberta, and Kelowna, British Columbia. Foothills butter products are specially churned, using only the freshest cream to produce a smooth textured product with exceptional taste. Target markets for its butter products include grocery retailers and the food service industry, including commercial kitchens and bakeries. Ice cream sales are seasonal, with the busiest quarters occurring in the spring and summer months.

Key Highlights:

- Gross profit of $7.9 million was consistent with the prior year ended December 31.
- 2024 saw an improvement of gross margins by 1%, from 21% to 22%.
- 2024 EBITDA was $2.5 million, within 5% of 2023, when the $0.9 million gain on sale of real estate recognized in 2023 is removed.

In the comparative annual period, EBITDA and net income were positively affected by a large gain realized on the sale of real estate. Foothills sold their Kelowna warehouse in 2023 in a sale-leaseback transaction. Removing this $0.9 million gain from 2023 results, adjusted EBITDA and adjusted net loss were $2.5 million and $83,719, respectively.

Western recorded an equity loss of $0.26 million from Foothills in 2024 compared to equity income earned of $0.39 million in the comparative 2023 period ($.04 million loss, excluding the real estate gain). Western earns annual management fees of $75,000 from Foothills. $60,792 in interest was earned on the shareholder loan during the year (2023 – $44,812).

Financial highlights for Foothills (at 100%) are presented below:

	Three months ended December 31,		Twelve months ended December 31,	
Financial results ($)	**2024**	**2023**	**2024**	**2023**
Revenue	7,164,098	8,435,105	35,731,916	38,162,778
Gross profit	1,199,003	1,259,979	7,915,203	7,908,274
Net income	**(866,109)**	**(982,021)**	**(536,696)**	**789,348**
Interest	403,152	307,685	1,425,199	1,174,214
Amortization and depreciation	432,361	327,865	1,627,792	1,461,754
Tax	(98,431)	(70,126)	(28,822)	(97,741)
EBITDA[1]	**(129,027)**	**(416,597)**	**2,487,473**	**3,327,575**
2023 Gain on Real Estate, removed to normalize	-	-	-	873,067
2023 EBITDA excluding Gain on Real Estate	**-**	**-**	**-**	**2,454,508**

1 EBITDA is a Non-GAAP measure that management uses to assess performance. The reconciliation above ties to the audited financial statements of the company.

Overall sales during 2024 were down slightly from the prior year, but the company intentionally decreased sales of lower margin butter. Butter sales were down 15%. The company's focus has been on the ice cream market where margins are higher. Ice cream sales for 2024 were up 11% from the prior year. This shift in focus resulted in gross margins improving to 21.7%, up from 20.7% in 2023. Ice cream sales were lower than expectation, given an unusually cool and wet spring, and summer sales were inconsistent. Despite Foothills increasing the number of scoop shop customers using their product, overall sales at scoop shops were down. When normalizing the prior year's results by removing the one-time gain on the sale of real estate, 2024 results are comparable with 2023

Foothills will continue to prioritize maintaining profitability through a focus on selling more high-margin frozen products and they will continue working to find ways to grow sales. Foothills has plans to grow the frozen product category by $3 million, making changes to its sales team accordingly. In the butter category, to combat a tight market on this commodity, Foothills is moving its focus to the whipped butter category, where it can add more value and meet the needs of diverse customers. While total butter sales will drop, margins are expected to be higher in 2025.

A key challenge faced by Foothills is the amount of leverage they have. Total debt service requirements are $1.6 million, including $1 million in interest payments annually. Management actively manages cash flow and closely monitors bank covenants. The company was offside on their debt covenants for 2024. With the addition of a new warehouse lease that started June 1, 2024, covenants are now tighter with higher levels of debt on the balance sheet and are being managed closely. Foothills is working with its lender on a recovery plan and to address the breach. An agreement was made with the lender via a letter of comfort dated November 28, 2024, for shareholders to provide an equity cure payment of $250,000 in December. This payment was made by Western on December 6, 2024 and has been added to the shareholder loan balance due from Foothills. A second equity cure payment may be required in second quarter 2025, with an expectation that Western's partner will participate in the second equity cure. The lender has agreed that with these equity cures, they will continue to make the credit facilities available to Foothills pursuant to their loan agreement.

During the third quarter of 2024, Foothills received approval from Alberta Milk for a milk allocation from Dairy Innovation West, a new Alberta-based milk processor currently under construction. This partnership will assist Foothills in securing a stable supply of cream and showcase western dairy products. The new facility is expected to be ready for production sometime in 2025. Projected savings from this partnership are approximately $0.65 per kilogram, or approximately $750,000 annually.

In October 2022, the Corporation advanced $250,000 to Foothills Creamery in the form of a shareholder loan bearing interest at 13% per annum. Unpaid interest shall be added to the principal sum owing. The loan has a one-year maturity date, with the option to extend for four 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 share issued upon loan conversion. Each warrant shall entitle Western to purchase one share of Foothills. As of December 31, 2024, the loan balance owing to Western was $0.77 million (December 31, 2023 - $0.42 million). On October 27, 2024, Western exercised a third option to extend the maturity date for six months. The $250,000 advanced to Foothills in December, as part of the equity cure discussed above, was added to the balance of the loan.

Foothills earns the majority of its income in the spring and summer months. Based on the seasonality of operations, readers are cautioned not to weigh quarterly financial data equally for all quarters.

Western has 49% ownership of Foothills; however, it appoints two of seven directors to the Board and does not have the voting authority to pass decisions without majority board approval. This gives Western significant influence but not control over the company. As such, the Corporation is accounting for this investment under the equity method.

Golden Health Care

Western holds a 30% equity interest in three Saskatchewan senior care homes and a 25% interest in Golden Health Care Management Inc. The three homes are: 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 (together referred to as "**Golden**"). Western is pleased to be part of the skilled and experienced management team at Golden Health Care Management Inc., which provides management services to a portfolio of seven retirement communities and approximately 457 retirement suites, all under the Golden Health Care banner.

Golden Health Care is the largest full-service retirement operator in Saskatchewan. They have a unique model of "aging in place" where Golden's care homes adapt to the needs of individual residents from assisted living up to long-term care in each facility, maintaining a family environment rather than an institutional one, regardless of the level of care required.

Key Highlights:

- 2024 annual revenue grew 14% to $10.2 million compared with $9.0 million in 2023, as efforts to improve occupancy at underutilized homes yielded intended results. Two of the three homes are now near or at full occupancy.
- EBITDA grew 70% to $2.0 million in the year ended December 31, 2024, compared with $1.2 million in 2023.
- Net income for 2024 grew 196% to $0.7 million compared with a net income earned in 2023 of $0.1 million.

Western recognized equity income from Golden of $0.2 million for 2024 compared with $34 thousand in 2023. During the most recent year, Western received $45,000 in directors' fees (2023 - $22,500) and $90,000 in dividends (2023 - $105,000). The dividends were used to pay down the shareholder loan payable to Golden.

Financial highlights for Golden (at 100%) are presented below:

	Three months ended December 31,		Twelve months ended December 31,	
Financial results ($)	**2024**	**2023**	**2024**	**2023**
Revenue	2,831,195	2,329,654	10,237,692	9,005,447
Net income	**256,215**	**(22,575)**	**658,883**	**114,950**
Interest	118,135	91,235	447,002	364,618
Amortization and depreciation	133,226	135,110	538,245	562,112
Tax	108,181	55,319	326,658	116,837
EBITDA[1]	**615,757**	**259,089**	**1,970,788**	**1,158,517**

1 EBITDA is a Non-GAAP measure that management uses to assess performance. The reconciliation above ties to the audited financial statements of the company.

Golden has seen a 14% jump in revenue thanks to improvements in occupancy at the two previously underutilized homes. Inflationary pressure has eased on the expense side, allowing the company to make gains in EBITDA.

Of the three homes the Corporation has ownership in, one has been near full occupancy, one has greatly improved its occupancy levels over the past year, and one has made some small gains. Two of the three are now on-side their bank covenants, with the third making small improvements as occupancy gains are made. During the year, Western provided a $90,000 shareholder injection to address the covenant breach at the one home. Covenants are tested once annually as at August 31.

Private homes in Saskatchewan face competition from government-run homes subsidized by tax dollars. Golden homes do not receive government subsidization to assist in meeting the health care needs of its residents. Management is working with the government to change this, where the government may use some of Golden's beds for their funded patients.

Western appoints two of five members of the Board of Directors of Golden Health Care Management Inc., the company that oversees the operating companies. Through our shared ownership and appointments to the Board of Directors, the Corporation can exercise significant influence over the investment but not control over Golden. Accordingly, the Corporation is using the equity method to account for it.

Summarized financial information about Western's Associates and investments in these Associates is disclosed further in the notes to the financial statements.

Summary of Western's Quarterly Financial Information

Selected unaudited financial data for our operations during the last eight quarters are as follows:

$000s except for per share amounts	Dec. 31 2024	Sept 30 2024	June 30 2024	Mar 31 2024	Dec. 31 2023	Sept 30 2023	June 30 2023	Mar 31 2023
Insurance revenue	8,142.1	-	-	-	-	-	-	-
Insurance service result	81.3	-	-	-	-	-	-	-
Operating expenses	1,821.1	735.9	563.0	431.3	414.3	392.7	539.1	355.9
Other income/(expense)	2,506.9	1,257.0	667.0	(43.8)	(549.9)	881.3	932.3	544.2
Net income (loss)	1,126.6	521.1	104.0	(475.1)	(849.9)	488.6	393.2	188.3
Earnings (loss) per share								
- Basic and diluted	0.014	0.017	0.003	(0.016)	(0.028)	0.016	0.013	0.006
Total assets	103,745.0	21,128.2	19,999.1	19,156.6	19,864.5	19,913.3	19,690.7	18,658.3
Total long-term liabilities	1,005.0	7,634.1	7,292.3	6,636.4	5,603.3	2,585.9	2,696.3	2,241.4

Quarterly Trends and Seasonality

Effective October 1, 2024, Western acquired control over its associate Fortress Insurance, at which time Fortress became a subsidiary. Fourth quarter results for Fortress are thereafter consolidated into Western. This makes quarterly comparisons difficult. This fourth quarter marks our first quarter recognizing the consolidated results of Fortress.

Operating expenses for the fourth quarter are high, because as described above they include the expenses for Fortress. In 2024 the Corporation carried higher levels of debt up until it completed its capital raise. Costs related to the Fortress transaction have also increased expenses. Variances in costs occur based on activity and will be higher when a transaction is underway, as was the case in 2024.

Looking forward into 2025, Western has significantly reduced its debt and has significant cash on hand. While reductions in interest expense will occur, the Corporation is seeing a significant jump in administrative expenses as it transitions to a new management team. As the team searches for future acquisition opportunities, this too will increase our expenditures.

Other income primarily includes historical income from Western. Equity income was in a loss position in the fourth quarter, as management expected. Certain Associates of the Corporation experience seasonal fluctuations in activity and financial performance. The spring and summer months are generally the busiest for these seasonal Associates, and a loss is generally incurred in the fourth quarter. This equity loss was offset by a $2.6 million gain recognized in line with the acquisition of control of Fortress, whereby our equity investment was revalued to fair market value. Income for the first quarter of 2023 was impacted by a couple of one-time items, including the sale of real estate at Foothills. Removing these items would bring Western's 2024 first quarter in line with 2023. The decrease in income for the second quarter of 2024 was due to lower equity income from GlassMasters, which was affected by the cost of opening new locations, and at Foothills, which was affected by an unseasonably cold spring. Recovery occurred in the third quarter of 2024, where revenue exceeded all other third quarters for the past five years. With the acquisition of Fortress in the fourth quarter, and focus on property and casualty insurance, quarterly trends for Western will continue to evolve.

The increase in long-term liabilities in 2024 is due to the 2025 Debentures issued in December 2023, plus the repayment of the 2024 Debentures in March 2024, which was funded by the Corporations' operating line in the first quarter of 2024. As at December 31, 2024, the debentures are classified as current with maturity occurring at the end of 2025. The operating line was used to fund operations through the second and third quarters of 2024 and fully repaid in the fourth quarter with proceeds from the capital raise. The corporation continues to carry one shareholder loan. Further details are provided below.

Liquidity and Capital Resources

The following table is a summary of our statement of cash flows:

($)	Year ended December 31, 2024	Year ended December 31, 2023
Cash provided by (used in) operating activities	257,015	(15,807)
Cash provided by investing activities	10,387,157	226,512
Cash provided by financing activities	31,982,456	382,253
Increase in cash	42,626,628	592,958
Cash, beginning of period	618,673	25,715
Cash, end of period	**43,245,301**	**618,673**

Results for 2024 include the consolidated results of Fortress' fourth quarter. This makes comparison with the prior year difficult.

The net cash used in operating activities for the year ended December 31, 2024, includes operations at Western, which relate to management fees and interest income, less cash flow required to fund operations, including general and administrative costs, professional fees, salaries, and working capital needs. Western's negative cash flow from operations is offset by positive cash flow from operations from Fortress' fourth quarter. Overall, the positive cash provided in operating activities results from positive changes in working capital at both companies. Cash needs are currently higher than the prior period with increased expenses resulting from the various fourth quarter transactions.

Cash provided from investing activities in 2024 relates to the cash acquired in the Fortress acquisition, representing cash on hand at Fortress that is now included in the consolidated results. Fortress also brought in $1.3 million in proceeds from the sale or maturity of investments in the fourth quarter. $2.2 million was spent on the cash portion of the Fortress acquisition.

Cash provided by financing activities for 2024 includes $36.3 million raised via the rights offering and private placement (see Strategic Developments section). This is offset by $0.9 million in issuance costs on these transactions and $1.125 million in debentures that were repaid during the year. In the comparative quarter of 2023, advances were taken on the operating loan, offset by a repayment on our related party loan.

Western's capital structure is outlined below:

($)	December 31, 2024	December 31, 2023
Loan from related party	(1,005,000)	(1,095,000)
Convertible debentures	(4,835,008)	(5,630,981)
Less: cash	43,245,301	618,673
Net capital/(loans)	**37,405,293**	**(5,012,308)**
Shareholders' equity	**60,743,922**	**12,780,056**

The Corporation has a committed revolving operating loan facility available to the maximum amount of $2,000,000. The facility has a three-year revolving period with a maturity date of October 6, 2025. Interest is paid monthly 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 includes a share pledge agreement with respect to the Corporation's interest in some of its Associates. The corporation used this facility to facilitate the repayment of $1.125 million in debentures that matured on March 31, 2024. No amounts were drawn on the facility as at December 31, 2024, or December 31, 2023.

Western holds a $1.005 million loan from Golden Health Care. The loan bears an annual interest rate of 6.09% with interest-only payable monthly and matures on January 31 each year, with automatic annual renewal. The Corporation may prepay amounts owing at any time. During the year, Western received dividends in the amount of $90,000, which was applied to the outstanding balance on the loan. With the perpetual nature of the loan, Western has no set plans to repay amounts on the outstanding principal balance and expects to make payments from time to time as cash is available and dividends are received. Effective April 1, 2024, this loan's interest rate increased from 4.09% to 6.09%. Based on this new rate, the total annual interest payments on this loan are $61,204 per year.

On December 1, 2023, the corporation closed a private placement of a new convertible debenture (2025 Debentures), and an issuer bid for the exchange of its existing convertible debentures (2024 Debentures). In line with this closing, $2.9 million in 2024 debentures that were due to mature on March 31, 2024, were exchanged for the new issuance of 2025 Debentures that mature on December 31, 2025. $1.1 million in 2024 Debentures were held to maturity and repaid on March 31, 2024. In addition to the exchange, $2.1 million in additional 2025 Debentures were issued, bringing the total face value of 2025 Debentures issued and outstanding as at December 31, 2024, to $5 million. The exchange was treated as an extinguishment of debt as the contractual terms of the replacement debenture are substantially different. In line with this extinguishment, Western incurred a $205,594 loss in the year ended December 31, 2023, on the settlement of these Debentures.

As at December 31, 2024, the Corporation had issued $5.0 million of unsecured convertible 2025 Debentures with a principal value of $1,000 each. Each Debenture is convertible into common shares of Western at a conversion price of $0.48 per share at the holder's discretion. The Debentures mature on December 31, 2025, and bear interest at the rate of 9.6% 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. See Subsequent event discussion for events occurring after year end.

The 2025 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 a rate of 15%, 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 $497,046 (net of pro-rated issuance costs), was allocated to the equity component. The liability component is accreted to the principal value using an effective rate of 16%.

During 2024, Western completed a capital raise, raising $30 million via a private placement, and $6.3 million via a rights offering. Cash on hand is intended to be used to support working capital requirements, and to be used for future acquisitions. The Corporation generates operating cash from finance income, management fees, and dividends from its Associates and/or subsidiary. Disposing of an investment, or a portion thereof, is also a potential source of cash for the Corporation. The Corporation's regular income does not currently cover current working capital requirements. Western is dependent on the performance of its subsidiary and Associates to provide sufficient cash flow to the Corporation to cover operating expenditures and is currently meeting this shortfall with the capital provided by the capital raise that occurred in 2024. The Corporation maintains an operating line to cover potential shortfall in the future. Management uses forecasts to monitor and manage the cash position and ensure sufficient room is available to meet operating requirements.

Outstanding Share Data

Our authorized share capital consists of an unlimited number of common and preferred shares.

On October 1, 2024, in line with the first tranche of acquisition of Fortress shares, Western issued 25,193,922 common shares.

On December 4, 2024, 15,742,365 common shares were issued on the close of the Corporation's 2024 rights offering.

In December 2024, 75,000,000 common shares were issued for the private placement.

On December 31, 2024, 2,125,000 common shares were issued in line with the second tranche of the Fortress shares acquisition.

No shares were issued in the prior year ending December 31, 2023.

During the year ending December 31, 2024, no shares were repurchased by the Corporation in conjunction with its normal course issuer bid (December 31, 2023 – 80,000 shares repurchased at a cost of $29,726). The normal course issuer bid was not renewed for 2025.

The total common shares outstanding at December 31, 2024, was 148,269,043 (December 31, 2023 – 30,207,756). Subsequent to year end, 10,582,007 shares were issued in line with the conversion of the 2025 Debentures (see subsequent events), bringing the total common shares outstanding at the date of this report to 158,851,050.

In the year ending December 31, 2024, 120,000 Western stock options were issued (December 31, 2023 – 275,000 options issued). On December 31, 2024, the total Western stock options outstanding was 3,059,000 (December 31, 2023 – 2,939,000), with exercise prices ranging from $0.27 to $0.65. At December 31, 2024, the Corporation also had 75 million warrants outstanding. The warrants expire on December 6, 2029 and have an exercise price of $0.47.

The Corporation's wholly owned subsidiary has an Employee Share Ownership Plan (ESOP), of which as at December 31, 2024, 673,524 options were outstanding, with vesting dates until September 30, 2027. These options will be settled by Fortress in cash, or Western shares.

Off-Balance Sheet Arrangements

As at December 31, 2024, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Related Party Information

The Corporation has related party transactions with management and the Corporation's Associates. A detailed description of these transactions is presented in the notes to the financial statements for the period ended December 31, 2024, to be read in conjunction with this MD&A. Related party transactions are in the normal course of operations and are recorded at the exchange amount.

Subsequent Events

On February 27, 2025, Western gave notice to holders of debentures issued pursuant to a debenture Indenture dated October 24, 2023, between Western and Odyssey Trust Company (the "Indenture") that it has triggered the forced conversion provisions of the Indenture. This followed the 20-day volume weighted average price of Western's common shares reaching $0.67 on February 25, 2025, exceeding the threshold of $0.65 set out in the Indenture. The outstanding principal amount of the debentures, totaling $5,000,000, was converted into 10,582,007 common shares of Western at a price of $0.4725 per share at the close of business on March 7, 2025. All accrued and unpaid interest from October 1, 2024, to March 7, 2025, was paid concurrently to the debenture holders and all debentures were cancelled effective March 7, 2025.

On March 10, 2025, dividends totalling $150,000 were declared at Golden payable to Western. $105,000 of this was used to pay down the Golden shareholder loan, and $45,000 was paid in cash to Western.

Subsequent to the reporting period, the U.S. government announced tariffs that may impact certain aspects of Fortress' business. As a result, the Corporation is currently assessing the potential financial and operational implications of these tariffs, and the extent of their impact on the Corporation and its associates has not yet been determined.

On April 22, 2025, Western exercised its fourth option to extend the maturity of the Foothills shareholder loan. The maturity date of this loan shall now be October 27, 2025.

Risks and Uncertainties

The Corporation and its associates are subject to a number of risks as they relate to the organizational structure and the operations of each company. When reviewing forward-looking statements and information contained within this report, investors and others should carefully consider these factors, as well as other uncertainties, potential events, and industry and Corporation-specific factors that may adversely affect the future results of each company. The Corporation and its associates' environment is highly competitive, and it is not possible for management to predict all risk factors or the impact these risks may have on the businesses. The following is a brief discussion of the factors which may have a material impact on our future business or financial performance.

Risks to the Corporation

Acquisition Opportunities and Competition

The Corporation's strategy is to build an insurance, financial services and investment holding company. Western faces competition for acquisition candidates which may increase acquisition prices and reduce the number of acquisitions that will be completed by the Corporation. Some of Western's competitors are substantially larger and have access to greater financial resources, have a longer operating history, have more personnel and different return targets. Competitors may also have a lower cost of funds and access to funding sources that are not available to the Corporation. If Western is not able to compete effectively in this regard, its future growth may be negatively impacted.

The Corporation may have limited access to suitable acquisition opportunities and such acquisitions may not be possible within a reasonable time period. There can be no assurance that the Corporation will be able to complete acquisitions at acceptable prices or acceptable terms. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns may be diminished if the Corporation is unable to find and make a sufficient number of acquisitions.

Investment Evaluation

Not all relevant risks or liabilities associated with an acquisition opportunity may be identified in any due diligence investigations carried out by the Corporation and its advisors. When conducting due diligence, the Corporation may be required to evaluate complex business, financial, tax, accounting, environmental and legal issues. Unforeseen risks or liabilities may have a material and adverse impact on the Corporation's liabilities, profitability, results of operations and financial condition.

Outside legal advisors, accountants, experts and investment banks may be involved in the due diligence process in varying degrees depending on the type of acquisition and the Corporation will be required to rely in part on such advisors' assessment of potential liabilities and risks associated with each acquisition.

Concentration of Investments

There are no restrictions or limits on the amount or proportion of the Corporation's funds that may be allocated to any particular investment. The Corporation may participate in a limited number of investments and, as a consequence, its financial results may be substantially affected by the unfavourable performance of a single investment. The Corporation's approach to investment opportunities may result in a highly concentrated investment in a particular company, geographic area or industry resulting in the performance of the Corporation depending significantly on the performance of such company, geographic area or industry. Currently, all of the Corporation's investments are comprised of its investments in Fortress, GlassMasters, Golden Health Care and Foothills.

Access to Capital

The Corporation will have ongoing requirements to support its growth, to further investment in its portfolio companies and to meet its credit facility covenants with its lenders and may seek to obtain additional funds for these purposes through public or private equity, or through additional debt. There are no assurances that the Corporation will be able to secure additional funding on acceptable terms or at all. The Corporation's liquidity and operating results, and its ability to make additional acquisitions, may be adversely affected if its sources of funding or its access to capital markets are limited, whether as a result of a downturn in market conditions generally or to matters specific to the Corporation.

Additional Issuances and Dilution

Western may issue and sell additional securities of Western, including Common Shares and other securities, to finance its operations or future acquisitions. Western cannot predict the size of future issuances of securities of Western or the effect, if any, that future issuances and sales of such securities will have on the market price of any securities of Western issued and outstanding from time to time. With any additional sale or issuance of securities of Western, holders may suffer dilution with respect to voting power and may experience dilution in Western's earnings per share. Sales or issuances of a substantial number of securities of Western, or the perception that such sales could occur, may adversely affect prevailing market prices for securities of Western issued and outstanding from time to time.

Cash Flow from Portfolio Companies

Western is dependent on the operations of its portfolio companies to support its ability to pay operating expenses and make interest payments to its lenders. Western's ability to generate income is affected by the profitability, fluctuations in working capital, margin sustainability and capital expenditures of its portfolio companies. Although Western's portfolio companies intend to distribute some amount of their cash available for distribution and also pay management fees to Western, there can be no assurance regarding the amounts of income and cash flow to be generated by them and the amounts to be paid to Western. The failure of any portfolio company to make its anticipated distributions could adversely impact Western's financial condition and cash flows and, consequently Western's ability to fund its operating expenses and make payments required by its lenders to service existing or future debt.

Management and Conflicts of Interest

The Corporation will be dependent upon the efforts, skill and business contacts of key members of management and the Board for, among other things, the information and investment opportunities they are able to generate. Accordingly, the Corporation's success may depend upon the continued service of these individuals to the Corporation. The loss of the services of any key individual could have a material adverse effect on the Corporation's revenues, net income and cash flows and could harm its ability to secure investments, maintain or grow its assets and raise funds.

From time to time, the Corporation will also need to identify and retain additional skilled management to efficiently operate its business. There can be no assurance of its ability to attract and retain such personnel. If the Corporation is not successful in attracting and training qualified personnel, the Corporation's ability to execute its business strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Certain of the current directors, officers and promoters of Western also serve as directors and/or officers of other companies which may compete with Western in its search for acquisitions. Accordingly, situations may arise where the directors, officers and promoters of Western are in a position of conflict with Western.

Common Shares Sensitive to Market Fluctuations

The Common Shares are relatively illiquid due to low trading volumes and, as such, the market price of the Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, and wars, may adversely affect the market price of the Common Shares, even if the Corporation is successful in maintaining revenues, cash flows or earnings. This illiquidity and fluctuation in market price may adversely affect the Corporation's ability to raise additional funds through the issuance of Common Shares, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Investment Risk

Western routinely evaluates and considers a wide array of potential acquisitions, including joint ventures, business combinations, acquisitions and dispositions of businesses, service or product offerings or acquisitions and other asset transactions. At any given time, Western may be engaged in discussions or negotiations with respect to one or more of these types of acquisitions. Any of these acquisitions could be material to Western's financial condition, results of operations or cash flow.

The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. In respect of an acquired business, the areas where Western, from time to time, faces cost, risk and/or difficulty, which may be material in scope and degree, include:

- diversion of an excessive amount of Western management time to manage issues in that portfolio company;
- a shift of focus of Western management, or that of a portfolio company's management, away from core operating and business strategies and priorities, to the matters of, and issues related to, integration, administration, employment or unforeseen business or operating issues;
- having to deal with an acquired entity which often lacks sufficient or effective business and financial controls, procedures, policies and operational oversight thereby increasing the risk of liabilities arising from activities of the acquired business (and its personnel) for matters both before and/or after the acquisition, including violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities;
- being able to garner the time, effort and commitment from existing personnel of an acquired business which is required in order to effectively implement controls, procedures and policies appropriate for that acquired business which, prior to the acquisition, had lacked such controls, procedures and policies;
- developing and implementing management succession planning strategies and plans to effectively provide for proper continuity of capable executive management personnel over time within the acquired entity;
- as a result of Western's acquisitions, a portion of the total assets in each portfolio company is comprised of intangible assets and goodwill. Each portfolio company is required to perform impairment tests of its goodwill and other intangible assets annually, or at any time when events occur that could affect the value of its intangible assets and/or goodwill. A determination that impairment has occurred would require the portfolio company to write-off the impaired portion of its goodwill or other intangible assets, resulting in a charge to its earnings. Such a write-off could adversely impact Western's financial condition and results of operations since Western uses the equity method to realize net income from its portfolio companies on its financial statements; and
- the risk of liabilities and contingencies arising which are not discovered prior to consummation of an acquisition, including in respect of those businesses already acquired by Western as of the date of this AIF, and in respect of which Western may not be indemnified for some or all of such liabilities and contingencies.

Put/Call Agreements

Western has entered into separate put/call agreements in relation to Fort McKay's 37% interest in GlassMasters and ATB's 38% interest in Foothills.

Pursuant to the GlassMasters Transaction, the put/call agreement with their previous partner, ATB was terminated and Western entered into a new put/call agreement with Fort McKay in relation to its 37% interest in GlassMasters, that may be exercised on February 1 on each of 2024, 2028, 2032, or 2036. If a put or call notice is provided and Western is not able to finance the acquisition of Fort McKay's 37% interest, Western must sell to Fort McKay for nominal consideration sufficient shares in the capital of GlassMasters to increase its holdings of GlassMasters by 10%. Western will then have the option to sell its holding, along with Fort McKay's holding, to any third party. There can be no assurance on the value that Western will receive for its ownership if Western sells its ownership of GlassMasters together with Fort McKay's interest.

Similarly for Foothills, if a put or call notice is provided on or prior to the seventh-year anniversary of the acquisition date of Foothills and Western is not able to finance the acquisition of ATB's 38% interest, Western must sell to ATB for nominal consideration sufficient shares in the capital of Foothills to increase ATB's holdings of Foothills by 10%. Western will then have the option to sell its holding, along with ATB's holding, to any third party. There can be no assurance on the value that Western will receive for its holding if Western sells its holding of Foothills together with ATB's holding.

If, in either case, Western is unable to finance its acquisition of its partner's holding, Western may suffer a significant loss in relation to the value of the shares of either entity it may be required to sell.

Illiquidity of Investments

Western's investment in its portfolio companies and the other businesses and assets in which it may invest, are, and likely will be, unlisted and otherwise illiquid and difficult to value. The valuation of these businesses, securities and assets is subject to a significant amount of subjectivity and discretion. There is no guarantee that fair value will be realized by Western on the purchase or sale of these assets. Further, such illiquidity will limit the ability of Western to vary its portfolio promptly in response to changing economic or investment conditions.

Unanimous Shareholders Agreements

The shareholders of GlassMasters and Foothills have entered into unanimous shareholders agreements ("USAs"). Although Western owns equal or greater than 50% of the outstanding voting securities of GlassMasters and approximately 48.3% of the outstanding voting securities of Foothills, pursuant to the applicable USAs, Western is not entitled to nominate a majority of the directors. The USAs contains provisions which increase the threshold requirements for director and shareholder approvals of significant corporate actions to levels higher than required under applicable corporate and securities laws. The USAs also contain share transfer restrictions, rights of first refusal and drag along and tag along rights. As a result, the USAs limit Western's ability to control each portfolio company or their respective businesses, operations and associated financial results.

Inaccurate or Unfavourable Research

The trading market for Western, if any, relies in part on the research and reports that securities analysts and other third parties choose to publish about Western. Western does not control these analysts or other third parties and it is possible that no analysts or third parties will cover Western. The price of Western's Common Shares could decline if one or more securities analysts downgrade Western or if one or more securities analysts or other third parties publish inaccurate or unfavourable research about Western or cease publishing reports about Western.

Uncertainty due to United States Tariffs

Potential US-led tariffs imposed on Canada, and the retaliatory tariffs that Canada implements, may impact the Corporation as tariff amounts and the goods to which they are applicable may vary. Consumer sentiment on both the American and Canadian sides of the Canada-US border may also shift as citizens proactively emphasize purchasing goods made in their own country, impacting portfolio company results.

Pandemics

An outbreak or escalation of a contagious disease may adversely affect Western or its portfolio companies. A local, regional, national or international outbreak or escalation of a contagious disease, including the COVID-19 coronavirus or any other similar illness or fear of the foregoing, could create significant societal and economic disruptions, including global stock market and financial market volatility, a general reduction in consumer activity, operating, supply chain and project development delays and disruptions and declining trade and market sentiment, all of which have and could further affect, among other things, the markets and/or industries in which Western's portfolio companies participate.

Furthermore, an outbreak could lead to governments worldwide enacting emergency measures in response to a pandemic including the implementation of regional and/or international travel bans, border closings, mandated closure of non-essential services, social and physical distancing, self-imposed quarantine periods, "shelter-in place" policies and/or similar restrictions on individuals and businesses. The past COVID-19 pandemic caused material disruption to the economy, businesses and industries globally, resulting in an economic slowdown and affecting the financial results of Western's portfolio companies.

The ever-changing and rapidly evolving effects of a pandemic, including the accompanying response measures, on investors, businesses, the economy, society and the financial markets has to date, and may in the future negatively impact Western and its portfolio companies, as well as their partners, customers, counterparties, employees, third-party service providers and other stakeholders.

Risk Factors Generally Related to the Corporation's Portfolio Companies

Economic and Political Conditions

Changes in economic conditions, including, without limitation, recessionary or inflationary trends, commodity prices, equity market levels, consumer credit availability, interest rates, foreign exchange rates, consumers' disposable income and spending levels, and overall consumer confidence could have a material adverse effect on Western and its portfolio companies.

In addition, economic and business conditions may be affected by disruptions in the financial markets caused by political or other events which may adversely impact the financial condition, results of operations or cash flows of Western or its portfolio companies.

Transaction and Legal Risks

Western and its portfolio companies may be exposed to transaction and legal risks, including potential liability under securities laws or other laws and disputes over the terms and conditions of investment arrangements. These risks are often difficult to assess or quantify and their existence and magnitude often remains unknown for substantial periods of time. Western and its portfolio companies may incur significant legal and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against Western or any one of its portfolio companies could have a material adverse effect on the results of operations and financial condition of Western.

Underwriting Risk

Fortress is subject to underwriting risk which is the risk that insurance service expenses will exceed insurance revenue and can arise as a result of numerous factors, including pricing risk, reserving risk and catastrophe risk. Pricing risk arises because actual claims experience may differ adversely from the assumptions used in pricing insurance risk. Reserving risk arises because actual claims experience may differ adversely from the assumptions used in setting reserves, in large part due to the length of time between the occurrence of a loss, the reporting of the loss to the insurer and the ultimate resolution of the claim. The degree of uncertainty will vary by line of business according to the characteristics of the insured risks, with the ultimate cost of a claim determined by the actual insured loss suffered by the policyholder. Claims provisions reflect expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, a review of historical settlement patterns, estimates of trends in claim severity and frequency, developing case law and other factors.

The time required to learn of and settle claims is often referred to as the “tail” and is an important consideration in establishing reserves. Catastrophe risk arises from exposure to large losses caused by either man-made or natural catastrophes that could result in significant underwriting losses. Weather-related catastrophe losses are also affected by climate change which increases the unpredictability of both frequency and severity of such losses.

Insurance Industry

The financial performance of the insurance industry has historically tended to fluctuate due to competition, frequency or severity of both catastrophic and non-catastrophic events, levels of capital and underwriting capacity, general economic conditions and other factors. Demand for insurance is influenced significantly by underwriting results of primary insurers and prevailing general economic conditions.

Factors such as changes in the level of employment, wages, consumer spending, business investment and government spending, the volatility and strength of the global capital markets and inflation or deflation all affect the business and economic environment and, ultimately, the demand for insurance and reinsurance products, and therefore may affect net earnings, financial position or cash flows.

The insurance business historically has been characterized by periods of intense price competition due to excess underwriting capacity, as well as periods when shortages of underwriting capacity have permitted attractive pricing. The effects of this cyclicality, which, during down periods, could significantly reduce the amount of premiums written and could harm Fortress' financial position, profitability or cash flows.

Senior Care Industry

Golden Health Care is subject to general business risks inherent in the senior care industry, including: changes in government regulation and oversight; changing consumer preferences; fluctuations in occupancy levels and business volumes; the ability of Golden Health Care to renew its government licenses and customer contracts; changes in government funding and reimbursement programs, including the ability to achieve adequate government funding increases; changes in labour relations and costs; increases in other operating costs; competition from other senior care providers; changes in neighbourhood or location conditions and general economic conditions; health related risks, including disease outbreaks (for example, COVID-19) and control risks; changes in accounting principles and policies; the imposition of increased taxes or new taxes; capital expenditure requirements; and changes in the availability and cost of both short- and long-term financing, which may render refinancing of long-term debt difficult or unattractive. Any one of, or a combination of, these factors may adversely affect the business, results of operations and financial condition of Golden Health Care. In addition, there are inherent legal, reputational and other risks involved in providing accommodation and health care services to seniors. The vulnerability and limited mobility of some seniors enhances such risks. Such risks include fires or other catastrophic events at a Golden Health Care location which may result in injury or death, negligent or inappropriate acts by employees or others who come into contact with the residents and clients, and unforeseen events at locations at which Golden Health Care operates that result in damage to Golden Health Care's brand or reputation or to the industry as a whole.

Tax Consequences

There may be an enactment, promulgation or public announcement of a change or proposed change in tax law (including a specific proposal to amend the Tax Act publicly announced by the Department of Finance of Canada or the Minister of Finance of Canada) or applicable case law or written and published interpretative guidance or policy of the Canada Revenue Agency or provincial equivalent that could result in a material impairment of, or materially adversely affect, the operations or financial or tax position of Western and its portfolio companies. Tax filings and filing positions made or taken or to be made or taken by Western and its portfolio companies, including those related to income and expenses as well as those arising out of acquisition or disposition transactions, involve interpretations of the Tax Act which, if interpreted differently or challenged by taxing authorities, could result in tax liabilities to Western and its portfolio companies. Further, the acquisition and disposition of businesses and assets by Western and its portfolio companies often involve various structuring events to complete the transactions in a tax efficient manner and, consequently, involve interpretations of the Tax Act which, if interpreted differently or challenged by taxing authorities, could result in tax liabilities to Western and its portfolio companies. Elections have been made under the Tax Act such that certain transactions pursuant to which Western and its portfolio companies or assets may be affected on a tax-deferred basis. The adjusted cost base of any property transferred to a subsidiary pursuant to acquisition agreements may be less than its fair market value, such that a gain may be realized on the future sale of the property.

Regulation and Change in Law

Western and its portfolio companies are subject to a variety of laws, regulations and guidelines and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on Western's business, financial condition, results of operations and cash flows. It is not possible for Western to predict the cost or impact of such laws, regulations and guidelines on the portfolio companies' respective future operations.

Legal, tax and regulatory changes may occur that can adversely affect Western and its portfolio companies' securityholders. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects Western and its portfolio companies' securityholders.

Reliance on Technology

Western and its portfolio companies are dependent upon information technology systems in the conduct of their operations. Any significant breakdown, invasion, virus, cyber-attack, security breach, destruction or interruption of these systems by employees, others with access to Western and its portfolio companies' systems, or unauthorized persons could negatively impact their operations. To the extent any invasion, cyber-attack or security breach results in disruption to Western and its portfolio companies' operations, loss or disclosure of, or damage to, their data or confidential information, their reputations, businesses, results of operations and financial condition could be materially adversely affected. Western and its portfolio companies' systems and insurance coverage for protecting against cyber security risks may not be sufficient. Although to date Western and its portfolio companies' have not experienced any material losses relating to cyber-attacks, they may suffer such losses in the future. Western and its portfolio companies' may be required to expend significant additional resources to continue to modify or enhance their protective measures or to investigate and remediate any information security vulnerabilities.

Access to Capital

As the portfolio companies grow, there can be no assurance that each portfolio company will have sufficient capital resources available to implement its growth strategy. Inability to raise new capital, in the form of debt or equity, could limit the portfolio company's future growth.

Each portfolio company will endeavor, through a variety of strategies, to ensure in advance that it has sufficient capital for growth. There can be no assurance that any one portfolio company will be successful in accessing these or other sources of capital in the future. Portfolio companies may use financial leverage through the use of debt, which have debt service obligations. Their ability to refinance or to make scheduled payments of interest or principal on their indebtedness will depend on their future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rates, and financial, competitive, business and other factors, many of which are beyond their control.

Excess Portfolio Company Leverage

Each portfolio company's credit facilities contain restrictive covenants that limit the discretion of management and the ability to incur additional indebtedness, to expand their business, to create liens or other encumbrances, to pay dividends and fund distributions, to redeem any equity or debt, to pay Western management fees or to make investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facilities contain a number of financial covenants that require each portfolio company to meet certain financial ratios and financial condition tests. A failure to comply with the obligations under these credit facilities could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness were to be accelerated, there can be no assurance that the assets of the portfolio company would be sufficient to repay the indebtedness in full with the result that Western could lose its entire investment in the portfolio company. There can also be no assurance that the portfolio company will be able to refinance the credit facilities as and when they mature. The credit facilities are secured by the assets of each respective portfolio company. Western has not provided any guarantees or letter of support for any credit facility obtained by the portfolio companies.

Interest Rates

A majority of Western's portfolio companies have obtained credit facilities with variable interest rates. There can be no assurance that interest rates in Canada will not increase in the future, which could result in a material adverse effect on their business.

Currency Risks

Many of Western's portfolio companies purchase inventory in a foreign currency and as such they are subject to foreign currency exchange fluctuations. The portfolio companies' financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as their functional currency. Exchange gains and losses impact net income or loss. The companies may hold cash and cash equivalents, trade and other receivables, accounts payable that are subject to currency risk. As a result, each company's financial performance may be significantly impacted by changes in foreign exchange rates.

Political instability and Inflationary Economy

Political or economic instability, including high inflation rates, or unexpected regulatory change could aversely affect Western's portfolio companies. Inflation may affect the cost of sales, and where a company is unable to pass on the increase to the customer, the company's financial performance may be impacted.

Execution on New Strategies

New initiatives may be introduced from time to time in order to grow each portfolio company. Initiatives such as entering new markets or introducing and improving related products and services have the potential to be accretive to the portfolio company's business when the opportunity is accurately identified and executed. There can be no assurance that the portfolio company identifies new initiatives that are accretive to the business or that it is successful in implementing such initiatives.

Insurance Risk

Each portfolio company insures its property, plant and equipment, including vehicles through insurance policies with insurance carriers located in Canada. Included within these policies is insurance protection against property loss and general liability. Western guides its portfolio companies to use experienced brokers, to ensure that insurable risks are insured appropriately under terms and conditions that would protect the portfolio companies from losses. There can be no assurance that all perils would be fully covered or that a material loss would be recoverable under such insurance policies.

Employee Relations and Staffing

The current work force for each portfolio company is not unionized. Although Western believes that each portfolio company is on good terms with its employees, there are no assurances that a disruption in service would not occur as a result of employee unrest or employee turnover. A significant work disruption or the inability to maintain, replace or grow staff levels would have a material adverse effect on the portfolio company, and the results of operations and cash flows of Western.

Brand Management and Reputation

A portfolio company's success is impacted by its ability to protect, maintain and enhance the value of its brands and reputation. Brand value and reputation can be damaged by isolated incidents, particularly if the incident receives considerable publicity or if it draws litigation. Incidents may occur from events beyond management's control or may be isolated to actions that occur in one particular location. Demand for services could diminish significantly if an incident or other matter damages its brand or erodes the confidence of its customers. With the evolution of social media, there is an increased ability for individuals to adversely affect the brand and reputation. There can be no assurance that past or future incidents will not negatively affect each portfolio company's brand or reputation.

Fluctuations in Operating Results and Seasonality

Some of the portfolio companies' operating results are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in customer purchasing patterns, general operating effectiveness, general and regional economic downturns, unemployment rates and weather conditions. These factors can affect any portfolio company's ability to fund ongoing operations and finance future activities and have a negative impact on the cash flows and net income earned by the Corporation.

Environmental, Health and Safety Risk

To date, each portfolio company has not encountered any environmental protection requirements or issues which would be expected to have a material financial or operational effect on its current business, and they are not aware of any material environmental issues that could have a material impact on future results or prospects. No assurance can be given, however, that the prior activities have not created a material environmental problem or that future uses will not result in the imposition of material environmental, health or safety liability upon a portfolio company.

Technological Advances

The industries of the portfolio companies continuously incorporate technological advances into the development of their respective businesses. These advances may be much more technically demanding and, to compete, it may be necessary for the portfolio companies to invest in equipment, systems and staff training. No assurance can be given that any particular portfolio company will be able to make sufficient investments in technological advances.

Operational Performance

In order to compete in the marketplace, the portfolio companies must consistently meet the operational performance metrics expected by its customers. Failing to deliver on key operational performance metrics can, over time, result in reductions in sales and pricing, or both. Certain of the portfolio companies have implemented processes as well as measuring and monitoring systems to assist it in delivering on these key metrics. However, there can be no assurance that any particular portfolio company will be able to continue to deliver on these metrics or that the metrics themselves will not change in the future.

Market Environment Change

The industries of the portfolio companies may be subject to continual change in terms of regulations, technology, processes and changes in the strategic direction of clients, suppliers and competitors. While portfolio companies may endeavor to stay abreast of developments in their industries and make strategic decisions to manage through these changes, any one portfolio company may not be able to correctly anticipate the need for change or may not effectively implement changes to maintain or improve its relative position with competitors. There can be no assurance that market environment changes will not occur that could negatively affect the financial performance of the portfolio companies.

Competition

Competition in the industries of the portfolio companies may be impacted by key factors such as price, services, products and quality. Existing or new competitors may become significantly larger and have greater financial and marketing resources than the portfolio companies. There can be no assurance that competitors will not achieve greater market acceptance due to pricing or other factors.

Customer Risk

Some or all of the Corporation's portfolio companies are reliant on a few key customers. The loss of one or more of their key customers or any significant reduction in orders from such customers could have a material adverse effect on the business, results of operations, or financial condition of the portfolio companies. Additionally, any disruption in the relationship between any such portfolio company and such customers could adversely affect the business of the portfolio companies. They could experience fluctuations in their respective customer bases or the mix of revenue by customer as markets and strategies evolve. Any consolidation of the portfolio companies' customers could reduce the number of customers to whom their products could be sold. Any inability to meet the customers' requirements could adversely impact the financial performance of the portfolio companies.

Supplier Risk

Some or all of the Corporation's portfolio companies are reliant on a few significant suppliers. The loss of one or more of their suppliers or any significant reduction in availability of raw materials or supplies from such suppliers could have a material adverse effect on the business, results of operations, or financial condition of the portfolio companies. Additionally, any disruption in the relationship between any such portfolio company and these suppliers could adversely affect the business of the portfolio companies. Any consolidation or loss of the portfolio companies' suppliers could result in a reduction in the amount of product or services any such portfolio company is able to provide and could adversely impact the financial performance of the portfolio companies.

Global Financial Conditions

Volatility in the worldwide economy has negatively impacted business in the past and future downturns could also adversely affect the business of Western or its portfolio companies. Adverse economic conditions affect demand for the products or services of the portfolio companies. Reduced demand for these products or services could result in significant decreases in their average selling prices and in overall sales. Western and its portfolio companies are also subject to increased counterparty and liquidity risk. A deterioration of current conditions in worldwide credit markets could limit Western's or its portfolio companies' ability to obtain external financing to fund operations and capital expenditures. In addition, they may experience losses on holdings of cash and investments due to failures of financial institutions and other parties, and may become exposed to credit related losses in the event of non-performance by counterparties to their financial instruments. Difficult economic conditions may also result in a higher rate of losses on accounts receivable due to credit defaults. As a result, a downturn in the worldwide economy could have a material adverse effect on the business, results of operations, or financial condition of the portfolio companies or of Western.

Governmental Regulations

In addition to environmental regulations, Western and its portfolio companies' operations are subject to a variety of other federal, provincial and local laws, regulations and guidelines, including laws and regulations relating to health and safety, the conduct of operations, and the manufacture, management, transportation, storage, and disposal of certain materials used in their operations and facilities. Each of Western and the portfolio companies have invested financial and managerial resources to comply with applicable laws, regulations and guidelines and will continue to do so in the future. Any of these laws or regulations could cause the portfolio companies to incur additional direct costs, as well as increased indirect costs related to their relationships with their customers and suppliers and otherwise harm their operations and financial condition. Any failure to comply with these laws or regulations could adversely impact the reputation of any one portfolio company and also its financial results.

In addition, Western's securities are publicly listed, and Western is accordingly subject to regulation by Canadian securities regulators and Canadian federal and provincial laws and regulations.

Changes to Leases

Certain of the portfolio companies' operations require retail locations which are leased from third parties. There can be no assurance that the portfolio companies will be able to obtain all necessary leases that may be required to maintain their operations. If the present leases are terminated or withdrawn, such event could have an adversely negative effect on the portfolio companies' operations.

Risk of Litigation

Either Western or the portfolio companies could become involved in various legal actions in the ordinary course of business. Claims will be reviewed on a case-by-case basis. The cost of litigation could have a material effect on with Western or the portfolio companies. In certain cases, legal claims may be covered under applicable insurance policies.

Expansion Risk

Certain of the portfolio companies have significant potential for further expansion of their businesses. There can be no assurance that any market for their services and products will develop either at the local, regional or national level. Economic instability, laws and regulations, and the presence of competition in all or certain jurisdictions may limit their ability to successfully expand operations.

Rapid growth can put a strain on managerial, operational, financial, human and other resources. Risks related to rapid growth include administrative and operational challenges such as the management of an expanded number of locations, the assimilation of financial reporting systems, technology and other systems of acquired companies, increased pressure on senior management and increased demand on systems and internal controls. The ability of the portfolio companies to manage their operations and expansion effectively depends on the continued development and implementation of plans, systems and controls that meet their operational, financial and management needs. If the portfolio companies are unable to continue to develop and implement these plans, systems or controls or otherwise manage their operations and growth effectively, they will be unable to maintain or increase margins or achieve sustained profitability.

Critical Accounting Estimates and Accounting Policies

This MD&A is based on the financial statements, which are prepared in accordance with IFRS. The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities. Actual results may differ from these estimates, and the differences could be material. Estimates, judgments, and assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in future years. The critical accounting estimates and judgments are described in detail in note 5 of Western's annual audited financial statements for the year ended December 31, 2024.

Financial Instruments and Risk Management

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition, all financial instruments are recognized on the statement of financial position at fair value. Subsequently, Western's financial instruments, including cash, accounts receivable, certain amounts due from related parties, accounts payable and accrued liabilities, and loans and borrowings, are measured at amortized cost. Financial instruments classified at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and include certain amounts due from related parties.

The Corporation, as part of its operations, is exposed in varying degrees to a variety of risks from the use of financial instruments. Risk management strategies are established to identify and analyze risks faced and to ensure risks and related exposures are consistent with the Corporation's business objectives and risk tolerance levels. As a result of the use of the above-mentioned financial instruments, the Corporation is exposed to risks that arise from their use, including market risk, credit risk, and liquidity risk. A detailed assessment of each of these risks is presented in the notes to the financial statements for the year ended December 31, 2024, to be read in conjunction with this MD&A.

Description of Non-IFRS Measures

The Corporation uses accounting principles accepted in Canada under the International Financial Reporting Standards ("IFRS"). Certain supplementary measures in this document do not have any standardized meaning as prescribed by IFRS, including the non-IFRS measures "earnings before interest, taxes, and depreciation and amortization" ("EBITDA") used in relation to our analysis of the results of the Corporation's Associates. At times adjusted net income may be presented, to remove non-operating income or expenses or one-time transactions. This is believed to provide a better picture of true results from operations and/or be comparable to prior year results.

The Corporation's method of calculating non-IFRS measures may differ from other issuers and therefore may not be comparable to similar measures presented by other reporting issuers. These non-IFRS financial measures are included because management uses this information to analyze operating performance. 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.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward- looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of our Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "likely," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts", "potential" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could".

Although management believes that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of our Corporation to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in the countries in which the Corporation does business; the behaviour of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; insurance risks including pricing risk, concentration risk and exposure to large losses, and risks associated with estimates of loss reserves; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which the Corporation operates; governmental investigations; litigation; changes in tax laws; changes in capital requirements; changes in reinsurance arrangements and availability and cost of reinsurance; ability to collect amounts owed; catastrophic events, such as earthquakes, hurricanes or pandemics; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; risks associated with reliance on distribution partners, capacity providers and program administrators; third party risks; risk that models used to manage the business do not function as expected; climate change risk; risk of economic downturn; risk of inflation; risks relating to cyber-security; risks relating to credit ratings; and other risks and factors detailed from time to time in our documents filed with securities regulators in Canada.

Management cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements and information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, our Corporation undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.