

The Western Investment Company of Canada Limited

Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

Independent auditor's report

To the Shareholders of
The Western Investment Company of Canada Limited

Opinion

We have audited the consolidated financial statements of **The Western Investment Company of Canada Limited** [the "Group"], which comprise the consolidated statements of financial position as at December 31, 2025, and 2024, the consolidated statements of income (loss), the consolidated statements of comprehensive income (loss), the consolidated statements of changes in shareholders' equity and the consolidated statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matter	How our audit addressed the key audit matter
<i>Valuation of insurance contract liabilities</i>	
<p>The Group recorded insurance contract liabilities of \$57.0 million at December 31, 2025 on its consolidated statement of financial position, of which \$34.5 million has been measured under the general measurement model ["GMM"] and \$16.0 million relates to the liabilities for incurred claims, as disclosed in note 7 "Insurance and reinsurance results".</p> <p>The Group describes its material accounting judgments and estimates in relation to the valuation of these insurance contract liabilities in note 5 "Insurance and reinsurance contracts" to the consolidated financial statements.</p> <p>The principal consideration for our conclusion that these insurance contract liabilities are a key audit matter is that its determination involves the application of methodologies and assumptions that require significant auditor attention.</p> <p>The insurance contract liabilities under GMM is a total of fulfilment cash flows, which comprise a] estimates of present value of future cash flows and a risk adjustment for non-financial risk and b] a contractual service margin ["CSM"], which represents the estimate of unearned profit the Group will recognize as it provides service under the insurance contracts. When projecting future cash flows, the Group primarily uses deterministic projections using best estimate assumptions. Key assumptions are subjective and include loss and expense assumptions.</p> <p>The main assumption underlying liability for incurred claims estimates is that the Group's past claims development experience can be used to project future claims development. As such, actuarial claims projection techniques extrapolate the development of paid and incurred losses, frequency and severity of claims based on the observed development of earlier years and expected loss ratios. Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future to arrive at the estimated ultimate cost of claims that represents the likely outcome from the range of possible outcomes, considering the uncertainties involved, including the impact of the changes in the prevailing social, economic and legal environment. As a result, the estimate has a high degree of estimation uncertainty and may materially change in future periods.</p>	<p>Our audit procedures related to the determination of the valuation of insurance contracts liabilities were conducted with the support of our actuarial specialists and included the following, among other procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's actuarial methodologies and assessed whether they were determined in accordance with IFRS 17, <i>Insurance Contracts</i>; • Evaluated the objectivity, independence and expertise of the actuarial valuator appointed by management; • Performed an independent calculation of the fulfillment cashflows and CSM for insurance contract liabilities under GMM and compared the result to those determined by the Group. • Performed an independent reprojection of the liability for incurred claims for a sample of lines of business that reflected our expectations based on the Group's historical experience, current trends, and our industry knowledge; • Performed data integrity testing of incurred claims, paid claims, and earned premiums used in the reprojection of liability for incurred claims; and • Assessed the adequacy of the disclosures pertaining to the insurance contract liabilities provided in note 7 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Julien Racine.

Ernst & Young LLP

Toronto, Canada
March 31, 2026

Chartered Professional Accountants
Licensed Public Accountants



The Western Investment Company of Canada Limited
Consolidated Statement of Financial Position
as at December 31

		2025	2024
	Notes	\$	\$
Assets			
Cash and cash equivalents		55,784,704	43,245,301
Accounts receivable		906,534	50,263
Accrued interest receivable		-	75,857
Income taxes receivable		350,160	-
Investments	6	5,936,868	11,861,210
Reinsurance contract assets	7	43,516,133	20,953,679
Fronting contract assets		3,219,470	-
Prepaid expenses		587,859	261,861
Due from related parties	25	1,563,129	1,303,339
Intangible assets	8	1,699,736	1,900,508
Right of use asset		65,848	137,682
Property, plant & equipment		28,031	35,389
Investment in associates	9	17,068,008	16,226,006
Goodwill	10	7,693,912	7,693,912
Total Assets		138,420,392	103,745,007
Liabilities			
Accounts payable and accrued liabilities	11	1,123,748	2,234,745
Due to related parties	25	6,025	234,966
Income taxes payable		-	84,641
Other liabilities		311,284	-
Lease liabilities		66,364	136,337
Fronting payable		3,427,816	1,460,149
Fronting contract liabilities		3,982,257	-
Collateral held	12	6,131,099	213,891
Convertible debentures	13	-	4,835,088
Loan from related party	14	900,000	1,005,000
Deferred taxes payable	20	203,040	260,668
Insurance contract liabilities	7	56,958,713	32,535,600
Total Liabilities		73,110,346	43,001,085
Equity			
Share capital	16	51,332,407	46,171,043
Contributed surplus		19,156,587	19,059,726
Equity component of convertible debentures	13	-	400,908
Deficit		(6,514,378)	(5,949,811)
Accumulated other comprehensive Income (loss)		(48,475)	(22,659)
Equity attributable to shareholders		63,926,141	59,659,207
Equity attributable to non-controlling interests	17	1,383,905	1,084,715
Total Equity		65,310,046	60,743,922
Total Liabilities and Equity		138,420,392	103,745,007
Nature of operations	2		
Subsequent events	27		

Approved by the Board of Directors

“Scott Tannas”
Director

“Sharon Ranson”
Director

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

The Western Investment Company of Canada Limited
Consolidated Statement of Income (Loss)
For the year ended December 31

		2025	2024
	Notes	\$	\$
Insurance service result			
Insurance revenue	7	35,796,456	8,142,078
Insurance service expenses	7	(31,118,038)	(7,482,484)
Net expenses from reinsurance contracts held		(3,683,744)	(578,280)
Total insurance service result		994,674	81,314
Net investment income			
	18	986,620	284,137
Insurance finance expenses for insurance contracts issued		1,360,819	(492,397)
Insurance finance expenses for reinsurance contracts held		(1,068,548)	390,264
Net insurance financial expense		292,271	(102,133)
Other Operating and Administrative Expenses			
Payroll		2,579,273	846,638
Share-based compensation	16,17	258,130	191,672
Director fees		124,909	15,840
Consulting fees		968,864	172,056
Professional fees		981,473	1,270,276
Depreciation and amortization		137,003	28,622
Other operating expenses		445,010	95,724
Interest expense	13	209,619	932,984
Total other operating and administrative expenses		5,704,281	3,553,812
Other income			
Income from equity investments	9	1,471,702	733,778
Other finance income	18	1,668,828	844,168
Fronting administration fees		284,034	16,875
Management fees	25,26	147,225	197,532
Gain on acquisition	19	-	2,597,162
Total other income		3,571,789	4,389,515
Income (loss) before income taxes		(443,469)	1,303,287
Income tax expense (recovery)		178,726	164,061
Deferred tax expense (recovery)		(57,628)	(137,306)
Net income (loss)		(564,567)	1,276,532
Net income (loss) attributable to:			
Shareholders		(564,567)	1,312,204
Non-controlling interests		-	(35,672)
		(564,567)	1,276,532
Net income (loss) per common share			
Basic	23	(0.004)	0.030
Diluted		(0.004)	0.030
Weighted average number of common shares outstanding			
Basic	23	156,966,582	42,774,905
Diluted		176,875,062	43,241,351

The accompanying notes are an integral part of the consolidated financial statements.

The Western Investment Company of Canada Limited

Consolidated Statement of Comprehensive Income (Loss)

For the year ended December 31

	2025	2024
	\$	\$
Net income (loss)	(564,567)	1,276,532
Items that may be reclassified to profit or loss in subsequent periods:		
Gross Unrealized profit (loss) for FVOCI instruments	(35,111)	(35,213)
Tax impact	9,295	8,099
Unrealized profit (loss) for FVOCI instruments	(25,816)	(27,114)
Reclassification of cumulative translation adjustment to profit and loss, net of tax	-	(22,978)
Other comprehensive loss for the period	(25,816)	(50,092)
Total comprehensive income (loss) for the period	(590,383)	1,226,440
Total comprehensive income (loss) attributable to:		
Shareholders	(590,383)	1,266,567
Non-controlling interests	-	(40,127)
	(590,383)	1,226,440

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

The Western Investment Company of Canada Limited
Consolidated Statement of Changes in Shareholder's Equity
For the year ended

	Notes	Number of shares	Share capital	Contributed surplus	Equity component of convertible debentures	Deficit	Accumulated other comprehensive income (loss)	Equity attributable to NCI	Total Equity
			\$	\$	\$	\$	\$	\$	\$
Balance – December 31, 2023		30,207,756	15,646,943	2,041,586	623,176	(5,554,627)	22,978	-	12,780,056
Net Income (loss) for the period		-	-	-	-	1,312,204	-	(35,672)	1,276,532
Other comprehensive income (loss)		-	-	-	-	-	(45,637)	(4,455)	(50,092)
Total comprehensive loss		-	-	-	-	1,312,204	(45,637)	(40,127)	1,226,440
Private placement and rights offering	16	90,742,365	19,541,946	16,755,000	-	-	-	-	36,296,946
Share issuance costs	16	-	(938,043)	-	-	-	-	-	(938,043)
Issuance of shares for acquisition of Fortress	10	27,318,922	11,920,197	-	-	-	-	2,758,569	14,678,766
Issuance of share-based compensation	16,17	-	-	40,872	-	-	-	150,800	191,672
Maturity of debentures	13	-	-	222,268	(222,268)	-	-	-	-
Acquisition of non-controlling interest	10	-	-	-	-	(1,707,388)	-	(1,784,527)	(3,491,915)
Balance – December 31, 2024		148,269,043	46,171,043	19,059,726	400,908	(5,949,811)	(22,659)	1,084,715	60,743,922
Net Income (loss) for the period		-	-	-	-	(564,567)	-	-	(564,567)
Other comprehensive income (loss)		-	-	-	-	-	(25,816)	-	(25,816)
Total comprehensive loss		-	-	-	-	(564,567)	(25,816)	-	(590,383)
Share-based compensation expense	16,17	-	-	96,861	-	-	-	303,264	400,125
Redemption of share-based compensation		-	-	-	-	-	-	(4,074)	(4,074)
Debenture conversion	13	10,582,007	5,161,364	-	(400,908)	-	-	-	4,760,456
Balance – December 31, 2025		158,851,050	51,332,407	19,156,587	-	(6,514,378)	(48,475)	1,383,905	65,310,046

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

The Western Investment Company of Canada Limited

Consolidated Statement of Cash flows

For the year ended December 31

		2025	2024
	Notes	\$	\$
Cash provided by (used in):			
Operating activities			
Net Income (loss) for the year		(564,567)	1,276,532
Adjustments for non-cash items:			
Income from equity investments	9	(1,471,702)	(733,778)
Gain on acquisition	19	-	(2,597,162)
Interest on convertible debentures		(74,632)	329,106
Share based compensation	16,17	400,125	191,672
Realized gain (loss) on Investments	18	(206,018)	(28,362)
Unrealized gain on investments	18	-	(73,280)
Amortization and depreciation		330,046	79,022
Deferred tax recovery	20	(57,628)	(137,306)
Interest accreted on lease liabilities		9,413	952
Net change in non-cash balances related to operations	24	7,738,307	1,949,619
Cash provided by operating activities		6,103,344	257,015
Investing activities			
Cash acquired in business combination	10	-	10,039,572
Repayments from related parties		283,412	10,406
Advances to related parties	25	(336,700)	(573,541)
Return of capital from associates	9	479,700	-
Dividends from associates	9, 14	45,000	-
Purchase of intangible assets & property, plant & equipment		(50,081)	(28,188)
Purchases of investments	6	(2,375,079)	(433,451)
Proceeds from sale and maturities of investments	6	8,469,193	1,282,359
Cash provided by investing activities		6,515,445	10,297,157
Financing activities			
Repayment of convertible debentures	13	-	(1,125,000)
Acquisition of NCI of subsidiary	10	-	(2,153,164)
Proceeds from Private placement and rights offering	16	-	36,296,946
Equity issuance costs	16	-	(938,043)
Lease liabilities payments		(79,386)	(8,283)
Cash provided (used) in financing activities		(79,386)	32,072,456
Net increase (decrease) in cash and cash equivalents during the year		12,539,403	42,626,628
Cash and cash equivalents, beginning of period		43,245,301	618,673
Cash and cash equivalents, end of period		55,784,704	43,245,301
Supplemental cash flow information			
Restricted cash	12	6,131,099	213,891
Interest paid		284,251	589,509
Interest received		1,672,352	743,019
Dividends received		105,945	-

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

The Western Investment Company of Canada Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1 Incorporation

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

2 Nature of operations

The head office and principal address of the Corporation is #Suite 1700 - 95 St Clair Avenue West, Toronto, Ontario, M4V 1N6.

These consolidated financial statements include the accounts of the Corporation, its subsidiary and equity accounted non-controlling interests as noted below.

Subsidiary

Fortress Insurance Company

The Corporation has an investment in a wholly owned subsidiary, as at the reporting date, which operates in Canada and is incorporated under the Alberta Insurance Act. The principal business of the wholly owned subsidiary, Fortress Insurance (“Fortress”), involves property insurance, but the company also offers insurance in niche products including accident & sickness, automobile, boiler & machinery, fidelity, legal expense, liability, marine and surety. Fortress is incorporated under the Alberta Insurance Act and has regulatory licences and operates across Canada in all provinces and territories except for Quebec.

Equity accounted non-controlling investments

GlassMasters ARG Autoglass Two Inc

In 2016, GlassMasters ARG Autoglass Two Inc. (“GlassMasters”) became Western’s first investment. The Corporation’s total investment in GlassMasters at the reporting date is 55%. GlassMasters is an automotive glass service company providing repair and replacement of automotive glass and an automotive glass warehouse that imports to sell wholesale a full line of quality aftermarket glass parts and materials. GlassMasters’ principal markets are in Alberta, Saskatchewan, and British Columbia.

Golden Health Care

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

Foothills Creamery Ltd

In 2018, Western acquired a 50% interest in Foothills Creamery Ltd. (“Foothills”), subsequently, and as at the reporting date, the Corporation holds a 49% interest in Foothills. Foothills is a producer and distributor of high-quality butter and ice cream products with over 50 years of operations in western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and food service network spanning across western Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, British Columbia.

3 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The Corporation presents its consolidated balance sheets broadly in order of liquidity.

The Western Investment Company of Canada Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Basis of measurement

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

The preparation of consolidated financial statements necessitates the use of judgments, estimates and assumptions that will affect assets, liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as income and expenses during the reporting periods.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiary as at December 31, 2025. Control is achieved when the Corporation is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Corporation controls an investee if and only if, the Corporation has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, when the Corporation has less than a majority of the voting or similar rights of an investee, the Corporation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Corporations' voting rights and potential voting rights

The Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Corporation and to the non-controlling interests, even if the results in the non-controlling interest have a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Corporation's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Corporation loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while a resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Role of the Appointed Actuary

The Appointed Actuary is appointed by the relevant Board of Directors pursuant to relevant legal and statutory requirements. The Appointed Actuary is responsible for ensuring that the assumptions and methods used in the valuation of the Corporation's insurance contract liabilities are in accordance with IFRS 17 Insurance contracts ("IFRS 17"), applicable legislation and associated regulations or directives.

4 Material accounting policy information

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with original maturities of 90 days or less that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value. Short term investments with original maturities greater than 90 days are classified as investments.

The Western Investment Company of Canada Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are obligations to pay for goods and services that have been purchased in the normal course of business. Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Stock-based compensation

During the year the Corporation approved and adopted an Omnibus Equity Incentive plan with the purpose of developing the interest of Service Providers (directors, officers, bona fide Employees and bona fide Consultants of the Corporation and/or any Related Entity) in the growth and development of the Corporation by providing such persons with the opportunity to acquire a proprietary interest in the Corporation. The plan was approved by the Board of directors on September 22, 2025 and by the TSX Venture exchange on September 29, 2025.

The Plan seeks to achieve these purposes by providing for awards in the form of Stock Options, Restricted Share Units (RSUs), Performance Share Units (PSUs), Deferred Share Units (DSUs) and Dividend-Equivalent Rights (all together referred to as equity-based awards) and provides governance of how equity-based awards are granted, managed and settled.

In terms of the plan, the Board of Directors of the Corporation may, from time to time, at its discretion, and in accordance with the TSX Venture Exchange requirements, grant Service providers equity-based awards provided that the number of common shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares. (refer to note 16)

The Corporation's subsidiary ("Fortress") has an employee share ownership plan that grants its employees the option to acquire shares of the company. In line with the acquisition of control, this plan will now be settled with the Corporation's stock and is therefore included in the Corporation's stock option plan. The fair value of the outstanding unvested options at the acquisition date, October 1, 2024, is included in non-controlling interest and is revalued at each period end.

Fair value measurement at grant date

The Corporation measures the fair value of equity-settled share-based payment awards at the grant date. Fair value represents the market value of the underlying equity instrument, determined using observable market prices where available. For instruments that do not have a quoted market price (e.g., stock options), fair value is estimated using an appropriate valuation model that reflects the terms and conditions of the award, including expected volatility, expected term, dividend yield, risk-free interest rate, and any other relevant assumptions.

Grant date is the later date on which both the Corporation and the employee have a shared understanding of the terms and conditions of the award and the Corporation becomes committed to issuing the award and the date the equity incentive plan is approved by the relevant governing body (the TSX in this case).

Expense Recognition over the vesting period

The fair value of awards granted to employees is recognized as compensation expense on a straight-line basis over the vesting period, which is the period during which the employee becomes unconditionally entitled to the award. The corresponding credit is recorded in equity (contributed surplus).

The amount of expense recognized reflects the number of awards expected to vest, and the Corporation revises this estimate at each reporting date based on the most current expectations. Any cumulative adjustment arising from changes in the estimate of expected vesting is recognized in the period of change. Upon vesting, the amount recognized in the contributed surplus is reclassified to share capital.

Business combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Corporation obtains control of the acquiree.

The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS accounting standards provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net identifiable assets acquired. Acquisition costs incurred are expensed through the consolidated statement of income (loss). Results of operations of a business acquired are included in the Corporation's consolidated financial statements from the date of the acquisition.

The Corporation determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs and the inputs acquired include an organized workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

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Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. The Corporation has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net asset acquired is in excess of the aggregate consideration transferred, the Corporation re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Corporation's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Investments in associates

An associate is an entity over which the Corporation exercises significant influence, without having control or joint control. The Corporation's investments in associates are accounted for using the equity method. Under this method, investments are initially recognized at cost and, thereafter, the carrying amount is increased or decreased by the Corporation's post-acquisition share of the associate's income or loss and decreased by distributions received.

The Corporation's share of its associates' post-acquisition net income or loss is recognized in the consolidated statements of income (loss) and comprehensive income (loss), and its share of the post-acquisition movements in other comprehensive income (loss) is recognized in other comprehensive income (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of each investment.

The Corporation determines at each reporting date whether there is any objective evidence that an investment in associate is impaired. If this is the case, the Corporation calculates the amount of the impairment as the difference between the recoverable amount and its carrying value and recognizes the amount as an impairment to investments in associates on the consolidated statements of income (loss) and comprehensive income (loss). In assessing the recoverable amounts for the investments in associates, the Corporation applies IFRS 36 Impairment of assets to the carrying amount of the investment and IFRS 9 Financial Instruments to any other interests in the associates that do not form part of the net investment.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities or assets are settled or recovered.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are designated as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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Property, plant and equipment

Items of property, plant and equipment are recorded at cost, less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss based on the declining balance method of calculating depreciation since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation methods and residual values are reviewed at each financial year-end and adjusted if appropriate. Any changes in these estimates are accounted for prospectively. Property, plant and equipment assets are amortized using the straight-line method over their estimated useful lives. Property, plant and equipment assets include office furniture which are amortized over 5 years and computer equipment which is amortized over 2 years.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Corporation. Ongoing repairs and maintenance are expensed as incurred.

Leases

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For leases where the Corporation acts as the lessee and the term is more than 12 months in duration, it recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

The Corporation's leases are classified as operating leases. Operating leases are recognized into income on a straight-line basis. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability with certain adjustments, and subsequently depreciated using the straight-line method, with depreciation expense included in the Statement of Profit (Loss) and Other Comprehensive Income (Loss). The right-of-use asset is depreciated to the earlier of the lease term and its useful life.

The right-of-use asset is assessed for impairment under IAS 36 Impairment of Assets. Right-of-use assets are assessed for indicators of impairment at each reporting period. If there is an indication that a right-of-use asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. If an impairment loss has been incurred, the carrying value of the right-of-use asset is reduced with the corresponding amount recognized in income.

The lease liability is initially measured at the present value of lease payments over the term of the lease using a discount rate that is based on the Corporation's incremental borrowing rate. The discount rate is specific to each lease and is determined by various factors, such as the lease term and currency. The lease term includes the non-cancellable period and the optional period where it is reasonably certain we will exercise an extension or termination option, considering various factors that create an economic incentive to do so.

Subsequently, the lease liability is measured at amortized cost using the effective interest rate method, with interest charged to Sundry expense in the Statement of Profit (Loss) and Other Comprehensive Income (Loss). Lease liabilities and right-of-use assets are remeasured upon lease modifications. A lease modification is considered as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease.

Intangible assets

Intangible assets acquired in a business combination are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at costs less any accumulated amortization and accumulated impairment losses.

The Corporation assesses whether the useful life of an intangible asset is finite or indefinite. Intangible assets are amortized using the straight-line method over their estimated useful lives. Intangible assets with finite useful lives include a data management system that is amortized over 2 years, and broker relationships amortized over 7 years. Intangible assets with indefinite useful lives include license acquisition costs.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not the change in useful life from indefinite to finite is made on a prospective basis.

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Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

Goodwill is not subject to amortization but rather is tested for impairment on an annual basis or earlier when there is an indication of potential impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each Cash Generating Units ("CGU") that is expected to benefit from the synergies of the combination. Each CGU to which the goodwill is allocated represents the lowest level within the Corporation at which the goodwill is monitored for internal management purposes. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of fair value less costs to sell and value in use. Any impairment is recognized immediately in net income and comprehensive income and is not subsequently reversed.

Cost and capital neutral mechanism

SM2 Holdings Limited is a shareholder of WICC and owns 100% of the shares of Prairie View Holdings (PVH) and Calgary Park and Jet (CPJ), with whom Fortress has a Cost and Capital Neutral Mechanism.

The Cost and Capital Neutral Mechanism is a structure to ensure that the premiums paid by PVH and CPJ for third party auto liability and the losses incurred from this business, including actuarial liabilities incurred, are profit neutral and do not impact the value of Fortress.

Any excess funds under this structure are credited back to PVH and CPJ in the form of a premium credit and similarly any deficit in reserves shall be paid to Fortress by PVH and CPJ. The company doesn't incur insurance risk from this mechanism and the administrative fee received as payment is recorded based on IFRS 15 Revenue recognition ("IFRS 15"). The amounts receivable and payable under this agreement represented in balances due from/to related parties respectively. The liability related to claims payable from reinsurer are presented in fronting contract liabilities.

Captive fronting agreement

During 2025, the Corporation entered into a contract wherein it assumes risk from the insured and cedes 100% of the risk to a captive that is owned by the insured (collectively referred to as "the captive fronting agreement"). The combined impact of these transactions is such that the Corporation retains no insurance risk and only charges administrative fees as income. The captive fronting agreement has been accounted for under IFRS 15. The amounts receivable and payable under this agreement are presented in accounts receivable, fronting payable, and other liabilities.

The asset and liability related to claims payable and receivable from reinsurer are presented in fronting contract assets and fronting contract liabilities. The administrative fees earned by the Corporation are recorded in other income in the Statement of Profit (Loss) and Other Comprehensive Income (Loss). These fees are recognized on a straight-line basis over the service period of the contract.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized on extinguishment. A modification of a financial liability with an existing lender is evaluated to determine whether the amendment results in substantially different terms in which case it is accounted for as an extinguishment.

I. Initial recognition and measurement categories

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially recognized on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at fair value through profit and loss (FVPL), transaction costs are added to this amount.

The Corporation classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms. The categories include amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVPL).

Instruments measured at amortized cost

Debt instruments are held at amortized cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

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The details of these conditions are outlined below.

Business model assessment

The Corporation determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. It holds financial assets to generate returns and provides a capital base to provide for settlement of claims as they arise. The Corporation considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximize return for shareholders and future business development.

The Corporation's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of asset sale

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Corporation's original expectations, the Corporation does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(a) Instruments measured at fair value through other comprehensive income (FVOCI)

The Corporation applies IFRS 9 for debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test, as described below

As a second step of its classification process the Corporation assesses the contractual terms of instruments to assess whether they meet the SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Corporation applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

(b) Instruments measured at fair value through profit or loss (FVTPL)

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.

II. Subsequent measurement

(a) Instruments measured at amortized cost

After initial measurement, debt instruments are measured at amortized cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Any Expected credit losses (ECLs) are recognized in the statement of profit or loss.

This includes the Corporation's cash and cash equivalents, accounts receivable, certain amounts due from related parties, the operating loan, accounts payable and accrued liabilities, convertible debentures and loans from related parties.

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(b) Instruments at fair value through other comprehensive income (FVOCI)

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Corporation holds more than one investment in the same security, they are deemed to be disposed of on a weighted average cost basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

(c) Instruments measured at fair value through profit or loss (FVTPL)

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Reclassification of financial assets and liabilities

The Corporation does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Corporation acquires, disposes of, or terminates a business line.

Derecognition

(a) Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Corporation has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Corporation has transferred substantially all the risks and rewards of the asset; or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

(b) Derecognition due to substantial modification of terms and conditions

The Corporation derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognized as a derecognition gain or loss. In the case of debt instruments at amortized cost, the newly recognized loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognize an instrument, amongst others, the Corporation considers the following factors:

- Change in currency of the debt instrument;
- Introduction of an equity feature;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criteria.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Corporation records a modification gain or loss.

Derecognition of financial liabilities

The Corporation de-recognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

Fair value of financial instruments

The fair value of non-derivative financial assets and liabilities with standard terms and conditions and traded on active liquid markets is determined by reference to quoted market prices.

The fair value of other non-derivative financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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Convertible debentures

Convertible debentures are separated into liability and equity components based on the terms of the contract. On issuance of the convertible debentures, the fair value of the liability component is determined using the market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of pro-rated transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible debentures, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

The exchange of convertible debentures where there has been a substantial modification of terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the original financial liability and the consideration paid to extinguish, which includes the fair value of the new financial liability including transaction costs, is recognized in income and loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is determined based on cash flow projections consistent with the most recent budget and business plan approved by management. The discount rate applied reflects current market assessments of the time value of money and the risks specific to the asset. The calculation takes into account net cash flows to be received on disposal of the asset at the end of its useful life.

Fair value less costs to sell is the estimated amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less costs to sell. These values are determined based on market data (comparison with similar listed companies, value attributed in recent transactions and stock market prices), or in the absence of reliable data, based on discounted future cash flows.

An impairment loss is recognized when the carrying amount of any asset exceeds its estimated recoverable amount. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognized in income or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Expected credit losses

The Corporation recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate.

Incorporation of forward-looking information

The Corporation incorporates forward-looking information into both its initial measurement of ECL and its assessment of whether the credit risk of an instrument has increased significantly since initial recognition.

The Corporation formulates three economic scenarios: a base case, which is the central scenario, developed internally and two less likely scenarios, one upside and one downside scenario. The central scenario is aligned with information used by the Corporation for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies, monetary authorities and other selected forecasts such as:

- GDP growth; and
- Central Bank base rates.

ECL are sensitive to judgements and assumptions made regarding the formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations.

Financial assets are written off either partially or in their entirety only when the Corporation has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these consolidated financial statements.

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Definition of default

The Corporation considers a financial asset to be in default (credit impaired) when:

- the debtor is unlikely to pay its credit obligations in full, without recourse to actions such as realizing security (if any is held); or
- the contractual payments are 90 or more days past due.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Debt instruments measured at fair value through other comprehensive income.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI with a corresponding charge to profit or loss. The accumulated gains and losses recognized in OCI are recycled to the profit or loss up on derecognition of the assets.

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Corporation's experience, expert credit assessment and forward-looking information.

The Corporation primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Whenever available, the Corporation monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Corporation also reviews changes in available press and regulatory information about issuers.

Where external credit ratings are not available, the Corporation allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections and available regulatory and press information about debtors) and applying experienced credit judgement.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned with external credit rating definitions.

The Corporation has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Corporation considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Corporation considers this to be BBB- or higher.

The Corporation identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed on an individual instrument basis as described above.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either financial liabilities at FVPL or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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Related party transactions

Transactions with related parties are entered into at the exchange amounts, which are the amounts established and agreed to by the parties.

Insurance and reinsurance contracts

I. Classification

Insurance contracts transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Corporation agrees to compensate a policyholder on the occurrence of an adverse specified uncertain future event.

The Corporation issues property, liability and auto insurance contracts in the normal course of business (direct business) and holds reinsurance contracts (ceded business), under which it is compensated by other entities for claims arising from one or more insurance contracts issued by the Corporation. The Corporation may acquire insurance and reinsurance contracts through a business combination or transfer of contracts. All references to insurance and reinsurance contracts include contracts issued, held, and acquired by the Corporation, unless otherwise stated.

II. Measurement

Insurance contracts are measured in accordance with IFRS 17, using one of the following approaches:

Premium Allocation Approach (PAA): this is a simplified measurement approach and is applied to all insurance contracts that are eligible to use it. Currently, the PAA applies to all insurance and reinsurance contracts except the gap coverage business (all under Fortress).

General Measurement Model (GMM): this approach is the default model for the measurement of insurance contracts. This approach applies to the gap coverage business only.

PAA is applied to all eligible contracts, which are contracts for 12 months or less in duration or where PAA is determined to be materially consistent with GMM.

Reinsurance contracts held are measured in a manner consistent with the associated underlying insurance contracts and in accordance with the terms of each reinsurance contract held. The measurement of reinsurance contracts held includes a provision for the risk that the reinsurer will not honour its obligations under the contract, where relevant.

The Corporation does not issue any contracts with direct participating features.

III. Separating components from insurance and reinsurance contracts

The Corporation assesses its insurance products and reinsurance contracts held to determine whether they contain distinct components which must be accounted for under another standard other than under IFRS 17. After separating any distinct components, the Corporation applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Corporation's products do not include any distinct components that require separation.

IV. Level of aggregation

IFRS 17 requires a Corporation to determine the level of aggregation for applying its requirements. The level of aggregation for the Corporation is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No group for level of aggregation purposes may contain contracts issued more than one year apart.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Corporation assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Corporation assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Corporation considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

The Corporation divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

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V. Recognition

The Corporation recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts,
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date,
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Corporation recognizes a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held (however, the Corporation delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognized, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held), and
- The date the Corporation recognizes an onerous group of underlying insurance contracts if the Corporation entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Corporation adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

VI. Contract boundary

The Corporation includes in the measurement of a group of insurance and reinsurance contracts all the future cash flows within the boundary of each contract in the group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Corporation can compel the policyholder to pay the premiums, or in which the Corporation has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Corporation has the practical ability to reassess the risks of the portfolios or individual policyholders and, as a result, can set a price or level of benefits that fully reflects those risks. When assessing whether the entity has the practical ability to set a price that fully reflects the risks in the contract or portfolio, it considers all the risks that it would consider when underwriting equivalent contracts on the renewal date for the remaining service. In determining the estimates of future cash flows at the end of a reporting period, the Corporation reassesses the boundary of an insurance contract to include the effect of changes in circumstances on the entity's substantive rights and obligations.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

VII. Insurance contracts and associated cash flows

The carrying amount of a group of insurance and reinsurance contracts at the end of each reporting period is composed of the following:

Basic components of insurance and reinsurance contracts.

Component	Description	Relates to
Liability for remaining coverage (LRC)	The obligation to provide coverage after the reporting period for insured events that have not yet occurred.	Future service
Liability for incurred claims (LIC)	The obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses.	Past service
Contract service margin (CSM)	The obligation to provide coverage after the reporting period for insured events that have not yet occurred. For those contracts measured under GMM, the LRC includes the CSM, which represents the present value of unearned profit that a group of insurance contracts will recognize as it provides services under those contracts.	Future service
Asset for remaining coverage (ARC)	The right to receive coverage from a reinsurer after the reporting period for reinsured events that have not yet occurred.	Future service
Asset for incurred claims (AIC)	The right to receive compensation for reinsured events that have already occurred, including events that have occurred, but for which reinsured claims have not been reported.	Past service

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VIII. Insurance and reinsurance contracts recognition, measurement, and presentation

a) PAA Insurance contracts – recognition, initial measurement and presentation

The Corporation applies PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, except for the automobile replacement value insurance product, as:

- For most of the Corporation's contracts, the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary,
- For contracts longer than one year, the Corporation has modelled possible future scenarios and reasonably expects that the measurement of the LRC for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the GMM, and

For the automobile replacement value insurance product, the Corporation applies the GMM.

In assessing materiality, the Corporation has also considered qualitative factors such as the nature of the risk and types of its lines of business.

If facts and circumstances indicated that contracts are onerous at initial recognition, the Corporation would perform additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts would be separately grouped from other contracts and the Corporation would recognize a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cashflows. A loss component would be established by the Corporation for the liability for remaining coverage for such onerous group depicting the losses recognized.

Insurance revenue in each reporting period represents the changes in LRC that relate to services provided for which the Corporation receives consideration. For PAA insurance contracts, the Corporation has elected not to adjust the carrying amount of the LRC to reflect the time value of money and the effect of financial risk where the Corporation expects the time between providing each part of the services and the related premium due date to be no more than a year.

Insurance acquisition cash flows are allocated to existing contracts on a systematic and rational basis. Under the PAA, the Corporation defers insurance acquisition cash flows and recognizes these cash flows as an expense over the term of the contract. The risk adjustment in the insurance liability reflects the compensation that an insurer requires for bearing the uncertainty arising from non-financial risk. For insurance contracts issued the portion relating to the LIC is recognized in insurance service expenses.

Finance expense and income from insurance and reinsurance contracts held, are presented separately from insurance revenue and insurance service expenses.

Income and expenses from reinsurance contracts other than finance income from reinsurance contracts held are now presented as a single net amount in profit or loss.

b) GMM Insurance contracts – recognition, measurement and presentation

GMM measures groups of contracts based on the Corporation estimates of the present value of future cash flows that are expected to arise as the Corporation fulfills the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM). The corporation applies GMM for its gap coverage lines of business.

Insurance revenue in each reporting period represents the changes in the LRC that relate to services for which the Corporation expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

For insurance contracts measured under the GMM, insurance revenue includes claims and other insurance service expenses as expected at the beginning of the reporting period.

Insurance acquisition cash flows are allocated to existing contracts on a systematic and rational basis.

The Corporation estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders;
- Other information about the known or estimated characteristics of the insurance contracts;
- Historical data about the Corporation's own experience, supplemented, when necessary, with data from other sources. Historical data is adjusted to reflect current conditions; and
- Current pricing when available.

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When estimating future cash flows, the Corporation includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows;
- Claims and benefits, including reported claims but not yet paid, incurrent claims but not yet reported, and expected future claims;
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts; and
- Transaction-based taxes.

The Corporation does not provide investment-return services in respect of contracts that it issues, nor does it perform investment activities for the benefit of policyholders.

In the event upon initial recognition whereby fulfillment cash flows are a net outflow and deemed onerous, the net outflow is recognized as a loss in the statement of comprehensive income. The Corporation did not identify any onerous contracts in the period.

The risk adjustment in the insurance liability reflects the compensation that an insurer requires for bearing the uncertainty arising from non-financial risk. For insurance contracts issued, a portion of the risk adjustment for non-financial risk relating to the LRC is recognized in insurance revenue as the risk is released, while a portion relating to the LIC is recognized in insurance service expenses.

Finance expense and income from insurance and reinsurance contracts held, are presented separately from insurance revenue and insurance service expenses.

Similarly to PAA, income and expenses from reinsurance contracts other than finance income from reinsurance contracts held are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

c) Contractual service margin - measurement

Included in the GMM measurement model is the CSM. The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Corporation will recognize as it provides insurance contract services in the future. An amount of the CSM for a group of insurance contracts is recognized in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period.

At initial recognition, the CSM is an amount that results in no income or expenses arising from:

- The initial recognition of the fulfillment cash flows (FCF); and
- Cash flows arising from the contracts in the group at that date.

Subsequently at the end of each reporting period the Corporation adjusts the carrying amount of the CSM to reflect the effect of the following changes:

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM, measured at the discount rates at initial recognition
- Changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with a corresponding impact to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM; and
- The amount recognized as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

d) Contractual service margin – interest accretion

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items.

e) Contractual service margin – release

The amount of the CSM recognized in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the Corporation provides insurance contract services for an insured event (insurance coverage).

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The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- the quantity of benefits provided by contracts in the group;
- the expected coverage period of contracts in the group; and
- the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Corporation uses the future exposure as the basis for the quantity of services and does not reflect the time value of money in the allocation of the CSM to coverage units for the determination of the services provided in the period. The future exposure is equal to the escalated purchase price minus the depreciated value of the vehicle at each point in time.

f) Reinsurance contracts held – recognition, measurement and presentation

The Corporation measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue and counter party credit risk or non-performance by reinsurer.

If the Corporation recognized a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Corporation would establish a loss-recovery component of the ARC for a group of reinsurance contracts held depicting the recovery of losses. The Corporation would then calculate the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Corporation expects to recover from the group of reinsurance contracts held. The Corporation would use a systematic and rational method to determine the portion of losses recognized on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Corporation has established a loss-recovery component, the Corporation subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

g) PAA insurance contracts – subsequent measurement

The Corporation measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows

- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognized as an expense in the reporting period for the group
- Minus the amount recognized as insurance revenue for the services provided in the period.

The Corporation estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims.

The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Corporation and include an explicit adjustment for non-financial risk (the risk adjustment).

The Corporation does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred. Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Corporation recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Corporation for the liability for remaining coverage for such onerous group depicting the losses recognized.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance service expenses).

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h) Insured contracts acquired in a business combination in the scope of IFRS 3

Overview

Acquired Claims are treated as new insurance contracts issued by the Corporation at the date of their acquisition. The Corporation is deemed to have received a premium in consideration to cover adverse development and the settlement of future claims which is expected to be medium to long tail, and as a result the GMM must be applied.

Consequently, acquired direct claims are reclassified as a liability for remaining coverage (acquired ceded claims are reclassified as an asset for remaining coverage) in the acquirer's consolidated balance sheets.

Additionally, a loss component may be recognized after the acquisition if the Corporation pays claims later than initially anticipated. There is a gross presentation in net income of insurance service revenue representing the liability for remaining coverage recognized over the claims settlement pattern and expenses representing the settlement of claims.

Contracts applying this model

Insurance contracts for the acquisition of Fortress on October 1, 2024, and any future acquisitions.

Initial recognition (Acquisition date)

At initial recognition, the Corporation identifies the groups of contracts acquired based on the level of aggregation requirements as if it entered into the contracts at the date of the acquisition.

For measurement purposes, the consideration received or paid for the contracts is treated as a proxy for the premiums received and excludes any consideration for other assets and liabilities acquired in the same transaction. This consideration is deemed to be the contracts' fair value at the date of the acquisition.

The Corporation compares the fair value of acquired claims to its measurement of fulfilment cash flows related to the acquired claims. If the fair value exceeds the fulfilment cash flows, a contractual service margin is established at initial recognition. If the fulfilment cash flows exceed the fair value, the difference is treated as a loss component and adjusts the goodwill or gain on bargain purchase.

Subsequent measurement

The Corporation measures these contracts following the general measurement model ("GMM").

The liability for remaining coverage is released into net income over the coverage period based on coverage units provided during the period. Coverage units are based on the expected claims settlement pattern, as they expire:

- The contractual service margin is released into insurance revenue; and
- The loss component is released into insurance service expense.

As claims are settled, they are recognized as insurance service expense.

Since the expected settlement pattern is used to determine how insurance revenue will be recognized, any unexpected changes in payments beyond the reporting date such as developments in fulfilment cash flows or changes in timing, will be recognized within the contractual service margin or the loss component as follows:

- Unexpected increases will either erode any existing contractual service margin until exhausted and establish a loss component for the excess or will increase any existing loss component; and
- Unexpected decreases will either erode any existing loss component until exhausted and establish a contractual service margin for the excess or will increase any existing contractual service margin.

i) GMM insurance contracts – subsequent measurement

The subsequent measurement of FCF uses the same approach as described above for initial measurement, but with current inputs for each subsequent reporting date.

For contracts measured using the GMM, the measurement of the CSM subsequent to initial recognition is described below.

For groups of insurance contracts issued using the GMM, the CSM at the end of the reporting period is measured as the CSM at the beginning of the reporting period, adjusted for:

- The effect of any new contracts added;
- Interest accretion on the carrying amount of the CSM;
- The change in FCF relating to future service, except the extent that increases exceed the carrying amount of the CSM (giving risk to a loss), or decreases are allocated to the loss component of the LRC (reversing a prior loss); and
- The amount recognized as Insurance Revenue due to the performance of insurance contract services in the period ("CSM amortization").

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For groups of reinsurance contracts held, the CSM at the end of the reporting period is measured as the CSM at the start of the reporting period, adjusted for:

- The effect of any new contracts added;
- Interest accretion on the carrying amounts of the CSM;
- Income recognized in the reporting period as a result of gains or losses recognized to offset gains or losses on groups of underlying direct contracts with no CSM;
- Reversals of a loss-recovery component to the extent those reversals are not changes in the FCF of the group of reinsurance contracts held;
- The change in FCF relating to future service, unless the change offsets a gain or loss on groups of underlying direct contracts with no CSM; and
- The amount recognized in income due to services received in the period.

j) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Corporation uses a systematic and rational method to allocate:

(i) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts and renewal contracts,

(ii) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

At the end of each reporting period, the Corporation assesses the recoverability of the insurance acquisition cash flows. If facts and circumstances suggest that the asset might be impaired, then quantitative analysis is performed to determine the amount of the impairment loss to recognize. The facts and circumstances relevant to this analysis consist of both qualitative and quantitative information. The following are some examples that might be considered relevant to facts and circumstances in the context of recoverability testing:

- Pricing analysis that could provide insight on current and prospective profitability;
- Relevant results from budget and forecasting; and/or
- Significant experience variances or other events that trigger an adverse change in expected future cash flows relative to previous expectations.

If an impairment loss is recognized, the carrying amount of the asset is adjusted and an impairment loss is recognized in profit or loss. The Corporation recognizes in profit or loss a reversal of some or all of an impairment loss previously recognized and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

k) Insurance contracts – modification and derecognition

The Corporation derecognizes insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the company derecognizes the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Corporation recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant LRC.

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IX. Presentation

The Corporation has presented separately, in the Statement of Financial Position, the carrying amount of portfolios of insurance contracts issued that are liabilities (net of assets), and portfolios of reinsurance contracts held that are assets (net of liabilities).

The Corporation disaggregates the total amount recognized in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue, insurance service expenses, and net expenses from reinsurance contracts held. The Corporation does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Corporation separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

a) Insurance revenue

As the Corporation provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Corporation expects to be entitled to in exchange for those services. For groups of insurance contracts applied under PAA, insurance revenue is allocated to the period based on the passage of time of the coverage period. For groups of contracts applying the GMM, insurance revenue for the period is allocated based on the provision of coverage units in the period.

For purposes of presentation and measurement, PAA and GMM contracts are further discussed in Note 4, Material Accounting Policy Information, section VIII.

b) Loss components

For contracts measured under PAA, the Corporation assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Corporation establishes a loss component.

For contracts measured under PAA where facts and circumstances indicate a loss component, or for contracts measured under GMM, the loss component is measured as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the LRC of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

c) Loss-recovery components

Where the Corporation recognizes a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Corporation establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

For contracts measured under GMM, adjustments to the loss recovery component will adjust the CSM as described in VIII (e) above.

e) Net income or expense from reinsurance contracts held

The Corporation presents on the face of the statement of profit or loss the amounts expected to be recovered from reinsurers net of the reinsurance premiums paid. The Corporation treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

Other income recognition

The Corporation's revenue includes management fees earned from its associates and financing income which is primarily interest earned on related party receivables. Management fees are recognized when the Corporation has satisfied its performance obligations, which occurs evenly over the term of the contract. Finance income is recognized as it is earned on an accrual basis. The Corporation's revenue transactions do not include any financing components. The Corporation does not have any long-term contracts with unfilled performance obligations.

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Investment income recognition

- Net Investment Income

Investment return consists of dividends and interest receivable, movements in amortized cost on debt securities and other loans and receivables, realized gains and losses, and unrealized gains and losses on fair value assets and is shown net of investment management fees.

- Interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortized cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Corporation recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

- Realized gains and losses

The realized gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortized cost as appropriate. Realized gains or losses are recognized on the trade date.

- Unrealized gains and losses

Unrealized gains or losses represent the difference between the carrying value at the year-end and the carrying value at the previous year-end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

5 Accounting judgments, estimates, changes in accounting policies and disclosures, and standards issued but not yet effective

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amount, event or action, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. If the underlying estimates and assumptions change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

Business combinations

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to intangible assets and liabilities for insurance contracts.

Identified intangible assets are initially measured at fair value using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Liabilities for insurance contracts are based on estimates and assumptions used in actuarial calculations.

Actual results can be different from the estimates used. During the measurement period following the acquisition, the changes in the estimates that relate to new information obtained about facts and circumstances that existed as of the acquisition date, would have an impact on the amount of goodwill or gain on bargain purchase recognized. Any other changes in the estimates would be recognized in income.

Use of the equity method for the Corporation's investments in associates

Western holds an equal or majority equity interest in GlassMasters, and Foothills. However, pursuant to shareholders' agreements governing these associates, Western does not have the right to appoint a majority of board members. The shareholders' agreements mandate certain other terms and conditions, including that certain significant decisions require the approval of a majority of board members in order to be approved (i.e. approval of annual business plan and budget), and this would include the appointment or removal of senior management and board members. As a result, Western's investments in these associates meet the definition of 'significant influence' and therefore have been accounted for as investments in associates using the equity method of accounting.

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Investment entities

The Corporation has assessed whether it would qualify as an investment entity as defined in IFRS 10, "Consolidated Financial Statements", which requires that a company invest funds solely for returns from capital appreciation, investment income, or both, and evaluates the performance of its investments on a fair value basis. The Corporation noted that it would not qualify as an investment entity as there is no clear exit strategy for its investments as part of its business plan for the investments and does not primarily evaluate its investments based on their fair values. As a result, the Corporation has accounted for its investments in associates using the equity method.

Compound financial instruments

The Corporation had issued convertible debentures that are classified as a compound financial instrument with both equity and liability components. Key factors impacting the classification of these instruments include the existence of maturity dates, mandatory interest and principal payments, conversion and redemption rights, subordination to other equity instruments and the ability to settle the instrument in cash or equity. Upon initial recognition, the liability component is measured at fair value using a market rate of interest for an equivalent non-convertible instrument, the determination of which requires significant judgment. This rate affects the valuation of the liability and equity components of the instruments.

Impairment of investments in associates

The Corporation reviews the carrying amounts of its investments in associates whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the amount by which the carrying value of the investment exceeds the estimated recoverable value is charged to the consolidated statements of income (loss) and comprehensive income (loss). To determine the recoverable value, the Corporation uses a discounted cash flow method based on the associates' forecasts. Under the discounted cash flow method, business enterprise value is determined by discounting the discretionary cash flows with an appropriate discount rate, approximated by the associates' weighted average cost of capital. The recoverable amount is sensitive to the discount rate used for the model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The ability of each of the Corporation's associates to continue operations in the ordinary course of business is dependent on, among other things, each associate's operational performance, terms of covenants and repayment obligations with their lenders. Management believes that the regular payment of liabilities will be met out of cash, operating cash flows, available credit facilities, and, where necessary, by financial support from the shareholders, including Western.

As at December 31, 2025, the Corporation's associates were in compliance with the financial covenants contained within their loans and borrowings (note 9). Each associate is carefully managing its capital to meet its obligations.

Fulfillment cashflows and estimates of cash flows

The Corporation establishes claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims not yet reported and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts held by the Corporation. The ultimate cost of claim liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Corporation's past claims development experience or industry past claims development experience, where applicable, can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by program and by accident year. Adjustments are made for any catastrophic claims that trigger the Corporation's catastrophe reinsurance agreements.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

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LRC Under the PAA (when onerous) and GMM – Estimate of Undiscounted Future Cash Flows

The Corporation's objective in estimating future cash flows is to ensure that they represent the probability-weighted (expected) value that is current, explicit, unbiased and incorporates all reasonable and supportable information about the timing and uncertainty of the cash flows.

The Corporation utilizes a single deterministic scenario approach for determining the probability-weighted mean of its estimates of future cash flows. The risks associated with the products are largely symmetric in nature and therefore utilizing a single deterministic scenario is appropriate.

When estimating future cash flows, the Corporation includes all cash flows on a probability-weighted basis that are within the contract boundary. The Corporation incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows.

Valuation of incurred claims

At each balance sheet date estimates are made for incurred claims and the risk adjustment for non-financial risk. Incurred claims include claims reported by not yet paid as well as IBNR. In calculating the estimate for IBNR the Corporation uses a variety of estimation techniques based on a statistical analysis of historical experience, which assumes past trends can be used to project future developments.

These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Corporation's degree of risk aversion. The Corporation estimates an adjustment for non-financial risk separately from all other estimates.

The Margin Approach, as documented in the Canadian Institute of Actuaries Education Note "IFRS 17 – Risk Adjustment for Non-Financial Risk for Property and Casualty Insurance Contracts" is used to determine the risk adjustment for non-financial risk (RA). The RA was set at the actuarial line of business or program level. There were no changes in the margin percentages utilized for the LIC and AIC in the current year relative to the prior year.

The aggregate risk adjustment is calibrated to be above the 75% confidence level and to exceed the Corporation's cost of capital. The margins utilized within the Margin Approach are calibrated such that the aggregated level of confidence level is above the target confidence level and such that the RA produced utilizing the Margin Approach exceeds that produced in the Cost of Capital approach.

The confidence level of the risk adjustment for non-financial risk as at December 31, 2025 was 80.5% (2024 82.3%). The target confidence level for the risk adjustment for non-financial risk is to exceed 75%.

Discount rates

The estimates of future cash flows are adjusted using current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency, and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation.

The LIC under the PAA and GMM and the LRC under the PAA, when onerous, and GMM, are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium, where applicable.

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The Corporation utilizes a bottom-up approach for setting discount rates and locked-in rates under IFRS 17 based on the methodology outlined in the Canadian Institute of Actuaries (“CIA”) Education Note “IFRS 17 Discount Rates and Cash Flow Considerations for Property and Casualty Insurance Contracts”. This CIA Education Note develops a series of discount curves known as the “Illiquid CIA Reference Curve” and “Liquid CIA Reference Curve”, or collectively the “CIA Reference Curves”.

The Corporation selected the CIA Reference Curves as its chosen discount rate approach due to simplicity, readily available data and due to the size, nature and scale of the Corporation. The discount rates that the Corporation utilizes are the forward rates from the CIA Reference Curves.

The CIA Reference Curves source the risk-free rates from Government of Canada Bonds and Treasury Bills. The illiquidity premiums are developed based on a formulaic approach that utilizes a proportion of provincial bond spreads for the “Liquid CIA Reference Curve” and a proportion of corporate bond spreads plus a constant for the “Illiquid CIA Reference Curve”.

The LIC and AIC are both considered highly illiquid and utilize the “Illiquid CIA Reference Curve” for discounting purposes. The LRC for GMM business and for PAA business, when onerous, are both considered liquid and utilize the “Liquid CIA Reference Curve” for discounting purposes.

The locked-in discount rates for a group of insurance contracts are equal to the CIA reference curve at the start of the calendar year for each annual cohort. Note that for the automobile replacement value product (GMM group), the 2024 group utilized the May 31, 2024 CIA liquid curve due to sales starting in June 2024, instead of the January 1, 2024 liquid curve. All subsequent annual cohorts, starting with the 2025 annual cohort, utilize the CIA liquid curve at the start of the calendar year.

The discount rates applied for discounting the future cash flows are listed below:

	As at December 31, 2025				As at December 31, 2024			
	1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
Insurance contract liabilities - illiquid	3.30	4.23	4.72	5.87	3.82	4.12	4.68	5.52
Insurance contract liabilities - liquid	2.44	3.18	3.94	5.28	3.03	3.15	3.77	4.86
Reinsurance contracts held - illiquid	3.30	4.23	4.72	5.87	3.82	4.12	4.68	5.52
Reinsurance contracts held - liquid	2.44	3.18	3.94	5.28	3.03	3.15	3.77	4.86

Contract Boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Corporation’s substantive rights and obligations under the contract. Moreover, specific to insurance and reinsurance contracts there is an assessment of whether the contract transfers significant insurance risk, identification of portfolios of contracts, determination of groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently and applying techniques for estimating risk adjustments for non- financial risk.

Coverage units

Recognition of deferred profit in Net Income through the amortization of the contractual service margin is dictated by coverage units which quantify the amount of insurance service provided in any given period. The coverage units are equal to the future exposure for the product. The future exposure is equal to the escalated purchase price minus the depreciated value of the vehicle at each point in time. The Corporation has elected not to discount the coverage units.

Share-based payments

Estimating the fair value for share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the options, volatility and dividend yield and making assumptions about them.

The Corporation measures the fair value of equity-settled share-based payment transactions with employees and directors at the grant date. For awards issued under the Fortress employee share ownership plan that require remeasurement, fair value is determined at each reporting period. For options assumed as part of a business combination, fair value is measured at the acquisition date. Fair value is determined using the Black-Scholes option-pricing model, incorporating the specific terms and conditions of each award.. The assumptions used for estimating the fair value for share-based transactions are disclosed in notes 16 and 17.

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Recognition of deferred tax assets

In accordance with IAS 12, a deferred tax asset can only be recognized if it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Management has used judgment in assessing that it is probable that the entity will have sufficient taxable profits before the unused tax losses or unused tax credits expire.

Assumption and Estimates Uncertainties

In addition to the judgements outlined above, other assumptions and estimation uncertainties as at December 31, 2025, may have a material impact on the carrying amounts of assets and liabilities in the next financial year including measurement of the fair value of financial instruments.

When the fair values of financial instruments recorded in the consolidated statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Changes in accounting policies and disclosures

The Corporation has had no changes in accounting policies for the year ended Dec 31, 2025.

Standards issued but not yet effective

IFRS 18- In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"), which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Corporation will commence work to identify impacts the amendments will have on the financial statements and notes to the financial statements in 2026.

The Corporation is currently assessing the impact that the adoption of IFRS 18 will have on the Corporation's Financial Statements and its related note disclosures.

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

The Corporation has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

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6 Investments

The Corporation, as part of its operations, carries financial instruments consisting of cash, accounts receivable, investments, due from related parties, operating loan, accounts payable and accrued liabilities, loan from related party and convertible debentures.

Financial assets

Carrying amount by classification

	2025	2024
	\$	\$
Measured at Fair Value Through Profit and Loss (FVPL)	1,343,465	6,891,548
Measured at Fair Value through Other Comprehensive Income (FVOCI)	5,911,868	5,739,256
Carried at amortized cost	61,594,461	48,563,725
	<u>68,849,794</u>	<u>61,194,529</u>

Carrying amount by asset type

	2025	2024
	\$	\$
Debt securities (measured at FVOCI)		
Provincial and Government of Canada bonds	4,003,377	3,684,885
Corporate bonds	1,908,491	2,054,371
	<u>5,911,868</u>	<u>5,739,256</u>
Equities (measured at FVPL)		
Common shares	-	1,763,851
Preferred shares	-	872,071
	<u>-</u>	<u>2,635,922</u>
Short-term investments		
Guaranteed Investment certificates (measured at FVPL)	25,000	3,486,032
Loan with related party (measured at FVPL)	1,318,465	769,594
Other (measured at amortized cost)		
Loans and amounts due from related parties	4,903,223	5,192,304
Cash and cash equivalents	55,784,704	43,245,301
Accounts receivable	906,534	50,263
Accrued interest receivable	-	75,857
Total financial assets	<u>68,849,794</u>	<u>61,194,529</u>

As at December 31, 2025, Debt securities bear interest at rates ranging from 1.25% to 6.03% (2024 – 0.00% to 6.03%) and mature or will be called between March 2027 and June 2035 (2024 – December 2025 and December 2034).

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Valuation techniques and assumptions applied for measuring fair value

A number of the Corporation's accounting policies and disclosures require the measurement of fair values.

The Corporation measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted in active markets for identical instruments).

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of the valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Debt securities								
Government bonds	-	4,003,377	-	4,003,377	-	3,684,885	-	3,684,885
Corporate bonds	-	1,908,491	-	1,908,491	-	2,054,371	-	2,054,371
Equity securities								
Common shares	-	-	-	-	1,763,851	-	-	1,763,851
Preferred shares	-	-	-	-	872,071	-	-	872,071
Short term investments	25,000	-	-	25,000	3,486,032	-	-	3,486,032
Loan to related parties	-	-	1,318,465	1,318,465	-	-	769,594	769,594
	25,000	5,911,868	1,318,465	7,255,333	6,121,954	5,739,256	769,594	12,630,804

There were no transfers between Level 1 and Level 2 during the period ending December 31, 2025 (2024 \$nil). The loan to related parties is the Foothills shareholder loan measured at fair value through profit or loss (note 26). The fair value of the shareholder loan is estimated to be equal to its book value.

All other loans to related parties are measured at amortized cost and their carrying value approximates their fair value. Loans to related parties also include the GlassMasters promissory note which is included in investment in associates (note 9). The convertible debentures are measured at amortized cost. The carrying value approximates the fair value due to the short time frame to maturity.

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7 Insurance and reinsurance results

The following tables show the changes in the net assets or liabilities for insurance contracts issued and reinsurance contracts held. The tables that illustrate changes by measurement component exclude insurance contracts measured using the PAA. The tables that illustrate changes by Remaining Coverage and Incurred Claims include insurance contracts measured using the PAA.

Insurance contracts issued by measurement component

The following table shows the changes in liabilities for insurance contracts issued by measurement component:

December 31, 2025	Expected present value of future cash flows	Risk adjustment	Contractual service margin	Total
Beginning of period				
Opening balance Insurance contract assets	-	-	-	-
Opening balance Insurance contract liabilities	17,781,711	1,665,713	4,774,589	24,222,013
Net Opening Insurance contract balances	17,781,711	1,665,713	4,774,589	24,222,013
Changes in the statement of Profit or Loss and OCI				
Contractual service margin recognized for service provided	-	-	(1,827,337)	(1,827,337)
Change in risk adjustment for non-financial risk expired	-	(716,553)	-	(716,553)
Experience adjustments	(2,727,886)	-	-	(2,727,886)
Current Service Provided in the period	(2,727,886)	(716,553)	(1,827,337)	(5,271,776)
Contracts initially recognized in the period	(7,952,584)	1,899,803	6,052,781	-
Changes in estimates that adjust the CSM	2,138,609	(503,216)	(1,635,393)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	-	-
Future Service yet to be Provided	(5,813,975)	1,396,587	4,417,388	-
Adjustments to liabilities for incurred claims	-	-	-	-
Experience adjustments not related to incurred claims	-	-	-	-
Past Service Provided in the Prior Periods	-	-	-	-
Insurance service result	(8,541,861)	680,034	2,590,051	(5,271,776)
Net finance (income) expenses from insurance contracts	905,769	93,357	285,902	1,285,028
Effects of movements in exchange rates	-	-	-	-
Total changes in the statement of Profit or Loss and OCI	(7,636,092)	773,391	2,875,953	(3,986,748)
Cash flows				
Premiums received for insurance contracts	34,452,275	-	-	34,452,275
Claims, benefits and other expenses paid	(4,629,205)	-	-	(4,629,205)
Insurance Acquisition cash flows	(15,596,558)	-	-	(15,596,558)
Total Cash flows	14,226,512	-	-	14,226,512
Other Changes in the Net Carrying Amount of the Insurance Contract Liabilities (Rounding)	-	-	-	-
Net Ending Insurance Contract Balances	24,372,131	2,439,104	7,650,542	34,461,777
End of Period				
Ending Balance Insurance Contract Assets	-	-	-	-
Ending Balance Insurance Contract Liabilities	24,372,131	2,439,104	7,650,542	34,461,777
Ending Balance Insurance Contract Liabilities	24,372,131	2,439,104	7,650,542	34,461,777

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December 31, 2024	Expected present value of future cash flows	Risk adjustment	Contractual service margin	Total
Beginning of period				
Opening balance Insurance contract assets	-	-	-	-
Opening balance Insurance contract liabilities	-	-	-	-
Net Opening Insurance contract balances	-	-	-	-
Changes in the statement of Profit or Loss and OCI				
Contractual service margin recognized for service provided	-	-	(301,857)	(301,857)
Change in risk adjustment for non-financial risk expired	-	(179,841)	-	(179,841)
Experience adjustments	(1,619,804)	-	-	(1,619,804)
Current Service Provided in the period	(1,619,804)	(179,841)	(301,857)	(2,101,502)
Contracts initially recognized in the period	8,092,422	2,226,604	3,574,808	13,893,834
Changes in estimates that adjust the CSM	(1,069,169)	(401,911)	1,471,080	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	-	-
Future Service yet to be Provided	7,023,253	1,824,693	5,045,888	13,893,834
Adjustments to liabilities for incurred claims	-	-	-	-
Experience adjustments not related to incurred claims	-	-	-	-
Past Service Provided in the Prior Periods	-	-	-	-
Insurance service result	5,403,449	1,644,852	4,744,031	11,792,332
Net finance (income) expenses from insurance contracts	345,870	20,861	30,558	397,289
Effects of movements in exchange rates	-	-	-	-
Total changes in the statement of Profit or Loss and OCI	5,749,319	1,665,713	4,774,589	12,189,621
Cash flows				
Premiums received for insurance contracts	22,723,662	-	-	22,723,662
Claims, benefits and other expenses paid	(1,720,205)	-	-	(1,720,205)
Insurance Acquisition cash flows	(8,971,065)	-	-	(8,971,065)
Total Cash flows	12,032,392	-	-	12,032,392
Other Changes in the Net Carrying Amount of the Insurance Contract Liabilities (Rounding)	-	-	-	-
Net Ending Insurance Contract Balances	17,781,711	1,665,713	4,774,589	24,222,013
End of Period				
Ending Balance Insurance Contract Assets	-	-	-	-
Ending Balance Insurance Contract Liabilities	17,781,711	1,665,713	4,774,589	24,222,013
Ending Balance Insurance Contract Liabilities	17,781,711	1,665,713	4,774,589	24,222,013

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Insurance contracts issued by remaining coverage and incurred claims

The following table shows the changes in liabilities for remaining coverage and incurred claims for insurance contracts issued:

December 31, 2025	Liability for remaining coverage (PAA and GMM)		Liability for incurred claims			
	Excluding loss component	Loss component	Contracts under GMM	Estimates of PV of future cash flows	Risk adjustment for non-financial risk (PAA)	Total
Insurance contracts issued						
Opening Insurance contract liabilities	27,910,356	-	-	4,429,490	195,754	32,535,600
Opening Insurance contract assets	-	-	-	-	-	-
Net balance as at January 1	27,910,356	-	-	4,429,490	195,754	32,535,600
Insurance revenue	(35,796,456)	-	-	-	-	(35,796,456)
Insured claims and other insurance service expenses	-	-	4,712,805	16,791,178	677,481	22,181,464
Amortization of insurance acquisition cash flows	7,734,399	-	-	-	-	7,734,399
Adjustments to liabilities for incurred claims	-	-	-	1,173,913	28,262	1,202,175
Losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Insurance service expenses	7,734,399	-	4,712,805	17,965,091	705,743	31,118,038
Insurance service result	(28,062,057)	-	4,712,805	17,965,091	705,743	(4,678,418)
Finance (income) expense from insurance contracts issued	1,285,028	-	-	75,791	-	1,360,819
Total amounts recognized in income (loss)	(26,777,029)	-	4,712,805	18,040,882	705,743	(3,317,599)
Cash flows						
Premiums received	59,114,981	-	-	-	-	59,114,981
Claims and other directly attributable expenses	-	-	(4,629,205)	(6,983,397)	-	(11,612,602)
Insurance acquisition cash flows	(19,331,264)	-	-	-	-	(19,331,264)
Total cash flows	39,783,717	-	(4,629,205)	(6,983,397)	-	28,171,115
insurance service expense	-	-	-	(369,777)	(60,626)	(430,403)
Total items excluded from insurance revenue and insurance service expense	-	-	-	(369,777)	(60,626)	(430,403)
Closing insurance contract liabilities	40,917,044	-	83,600	15,117,198	840,871	56,958,713
Closing insurance contract assets	-	-	-	-	-	-
Net balance as at December 31	40,917,044	-	83,600	15,117,198	840,871	56,958,713

As at December 31, 2025, \$6,999,045 of the LRC relates to acquired claims (December 31, 2024 \$12,017,695)

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December 31, 2024	Liability for remaining coverage (PAA and GMM)		Liability for incurred claims			
	Excluding loss component	Loss component	Contracts under GMM	Estimates of PV of future cash flows	Risk adjustment for non-financial risk (PAA)	Total
Insurance contracts issued						
Opening Insurance contract liabilities						
Opening Insurance contract assets	-	-	-	-	-	-
Net balance as at January 1	-	-	-	-	-	-
Insurance revenue	(8,142,078)	-	-	-	-	(8,142,078)
Insured claims and other insurance service expenses	-	-	1,794,898	55,070	-	1,849,968
Amortization of insurance acquisition cash flows	1,481,964	-	-	-	-	1,481,964
Adjustments to liabilities for incurred claims	-	-	-	3,954,798	195,754	4,150,552
Losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Insurance service expenses	1,481,964	-	1,794,898	4,009,868	195,754	7,482,484
Insurance service result	(6,660,114)	-	1,794,898	4,009,868	195,754	(659,594)
Finance (income) expense from insurance contracts issued	397,290	-	-	(889,687)	-	(492,397)
Total amounts recognized in income (loss)	(6,262,824)	-	1,794,898	3,120,181	195,754	(1,151,991)
Cash flows						
Premiums received	48,224,541	-	-	-	-	48,224,541
Claims and other directly attributable expenses	-	-	(3,289,664)	1,309,309	-	(1,980,355)
Insurance acquisition cash flows	(12,556,595)	-	-	-	-	(12,556,595)
Total cash flows	35,667,946	-	(3,289,664)	1,309,309	-	33,687,591
insurance service expense	(1,494,766)	-	1,494,766	-	-	-
Total items excluded from insurance revenue and insurance service expense	(1,494,766)	-	1,494,766	-	-	-
Closing insurance contract liabilities	27,910,356	-	-	4,429,490	195,754	32,535,600
Closing insurance contract assets	-	-	-	-	-	-
Net balance as at December 31	27,910,356	-	-	4,429,490	195,754	32,535,600

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Notes to the Consolidated Financial Statements

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Reinsurance contracts held by measurement component

The following table shows the changes in assets for reinsurance contracts held by measurement component:

December 31, 2025	Expected present value of future cash flows	Risk adjustment	Contractual service margin	Total
Beginning of period				
Opening balance Reinsurance contract held assets	9,744,453	1,381,921	3,377,840	14,504,214
Opening balance Reinsurance contract held liabilities	-	-	-	-
Net Opening reinsurance contract held balances	9,744,453	1,381,921	3,377,840	14,504,214
Changes in the statement of Profit or Loss and OCI				
Contractual service margin recognized for service received	-	-	(1,327,963)	(1,327,963)
Change in risk adjustment for non-financial risk expired	-	(555,026)	-	(555,026)
Experience adjustments	(2,751,489)	-	-	(2,751,489)
Current Service Provided in the period	(2,751,489)	(555,026)	(1,327,963)	(4,634,478)
Contracts initially recognized in the period	(5,351,514)	1,625,327	3,726,187	-
Changes in estimates that adjust the CSM	1,625,977	(458,230)	(1,167,747)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	-	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	-
Future Service yet to be Provided	(3,725,537)	1,167,097	2,558,440	-
Adjustments to assets for incurred claims	-	-	-	-
Experience adjustments not related to incurred claims	-	-	-	-
Past Service Provided in the Prior Periods	-	-	-	-
Net expense from reinsurance contracts held	(6,477,026)	612,071	1,230,477	(4,634,478)
Net finance (income) expense from reinsurance contracts held	705,346	104,090	193,276	1,002,712
Effects of movements in exchange rates	-	-	-	-
Total changes in the statement of Profit or Loss and OCI	(5,771,680)	716,161	1,423,753	(3,631,766)
Cash flows				
Premiums paid	15,602,902	-	-	15,602,902
Amounts received	(3,149,133)	-	-	(3,149,133)
Reinsurance Acquisition cash flows	-	-	-	-
Total Cash flows	12,453,769	-	-	12,453,769
Other Changes in the Net Carrying Amount of the Insurance Contract Liabilities (Rounding)	-	-	-	-
Net ending reinsurance contract held balances	16,426,542	2,098,082	4,801,593	23,326,217
End of Period				
Ending Balance Reinsurance Contract held Assets	16,426,542	2,098,082	4,801,593	23,326,217
Ending Balance Reinsurance Contract held Liabilities	-	-	-	-
Ending Balance Reinsurance Contract held Liabilities	16,426,542	2,098,082	4,801,593	23,326,217

The Western Investment Company of Canada Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Reinsurance contracts held by measurement component

The following table shows the changes in assets for reinsurance contracts held by measurement component:

December 31, 2024	Expected present value of future cash flows	Risk adjustment	Contractual service margin	Total
Beginning of period				
Opening reinsurance contract held assets	-	-	-	-
Opening reinsurance contract held liabilities	-	-	-	-
Net Opening reinsurance contract held balances	-	-	-	-
Changes in the statement of Profit or Loss and OCI				
Contractual service margin recognized for service received	-	-	(229,636)	(229,636)
Change in risk adjustment for non-financial risk expired	-	(117,080)	-	(117,080)
Experience adjustments	(1,449,942)	-	-	(1,449,942)
Current Service Provided in the period	(1,449,942)	(117,080)	(229,636)	(1,796,658)
Contracts initially recognized in the period	7,739,627	1,666,752	2,187,864	11,594,243
Changes in estimates that adjust the CSM	(1,202,343)	(197,529)	1,399,872	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	-	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	-
Future Service yet to be Provided	6,537,284	1,469,223	3,587,736	11,594,243
Adjustments to assets for incurred claims	-	-	-	-
Experience adjustments not related to incurred claims	-	-	-	-
Past Service Provided in the Prior Periods	-	-	-	-
Net expense from reinsurance contracts held	5,087,342	1,352,143	3,358,100	9,797,585
Net finance (income) expense from reinsurance contracts held	260,316	29,778	19,740	309,834
Effects of movements in exchange rates	-	-	-	-
Total changes in the statement of Profit or Loss and OCI	5,347,658	1,381,921	3,377,840	10,107,419
Cash flows				
Premiums paid	5,838,909	-	-	5,838,909
Amounts received	(1,442,114)	-	-	(1,442,114)
Reinsurance Acquisition cash flows	-	-	-	-
Total Cash flows	4,396,795	-	-	4,396,795
Other Changes in the Net Carrying Amount of the Insurance Contract Liabilities (Rounding)	-	-	-	-
Net ending reinsurance contract held balances	9,744,453	1,381,921	3,377,840	14,504,214
End of Period				
Ending Balance Reinsurance Contract held Assets	9,744,453	1,381,921	3,377,840	14,504,214
Ending Balance Reinsurance Contract held Liabilities	-	-	-	-
Ending Balance Reinsurance Contract held Liabilities	9,744,453	1,381,921	3,377,840	14,504,214

The Western Investment Company of Canada Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Reinsurance contracts held by remaining coverage and incurred claims

The following table shows the changes in assets for remaining coverage and incurred claims for reinsurance contracts held:

December 31, 2025	Assets for remaining coverage (PAA and GMM)			Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Contracts under GMM	Estimates of PV of future cash flows (PAA)	Risk adjustment for non-financial risk (PAA)	Total
Insurance contracts issued						
Opening reinsurance contract held assets	17,931,835	-	-	2,880,653	141,191	20,953,679
Opening reinsurance contract held liabilities	-	-	-	-	-	-
Net balance as at January 1	17,931,835	-	-	2,880,653	141,191	20,953,679
Allocation of reinsurance premiums	(21,967,085)	-	-	-	-	(21,967,085)
Claims recovered	-	-	3,427,632	13,031,868	523,305	16,982,805
Other directly incurred attributable expenses	-	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	-	1,493,810	(193,274)	1,300,536
Net Income (expense) from reinsurance contracts held	(21,967,085)	-	3,427,632	14,525,678	330,031	(3,683,744)
Finance (income) expense from reinsurance contracts held	1,002,712	-	-	65,836	-	1,068,548
Total amounts recognized in income (loss)	(20,964,373)	-	3,427,632	14,591,514	330,031	(2,615,196)
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses	33,563,426	-	-	-	-	33,563,426
Recoveries from reinsurance	-	-	(3,149,133)	(5,236,643)	-	(8,385,776)
Total cash flows	33,563,426	-	(3,149,133)	(5,236,643)	-	25,177,650
Items excluded from reinsurance contracts held net income (expense)	-	-	-	-	-	-
Total items excluded from reinsurance contract held net income (expense)	-	-	-	-	-	-
Closing reinsurance contract held assets	30,530,888	-	278,499	12,235,524	471,222	43,516,133
Closing reinsurance contract held liabilities	-	-	-	-	-	-
Net balance as at December 31	30,530,888	-	278,499	12,235,524	471,222	43,516,133

As at December 31, 2025, \$5,908,167 of the ARC relates to acquired claims (December 31, 2024 \$10,054,502)

The Western Investment Company of Canada Limited

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For the year ended December 31, 2025

December 31, 2024	Assets for remaining coverage (PAA and GMM)			Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Contracts under GMM	Estimates of PV of future cash flows (PAA)	Risk adjustment for non-financial risk (PAA)	Total
Insurance contracts issued						
Opening reinsurance contract held assets	-	-	-	-	-	-
Opening reinsurance contract held liabilities	-	-	-	-	-	-
Net balance as at January 1	-	-	-	-	-	-
Allocation of reinsurance premiums	(6,721,113)	-	-	-	-	(6,721,113)
Claims recovered	-	-	1,189,405	298,058	-	1,487,463
Other directly incurred attributable expenses	-	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	-	4,514,179	141,191	4,655,370
Net Income (expense) from reinsurance contracts held	(6,721,113)	-	1,189,405	4,812,237	141,191	(578,280)
Finance (income) expense from reinsurance contracts held	309,834	-	-	80,430	-	390,264
Total amounts recognized in income (loss)	(6,411,279)	-	1,189,405	4,892,667	141,191	(188,016)
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses	25,710,722	-	-	-	-	25,710,722
Recoveries from reinsurance	-	-	(2,557,013)	(2,012,014)	-	(4,569,027)
Total cash flows	25,710,722	-	(2,557,013)	(2,012,014)	-	21,141,695
Items excluded from reinsurance contracts held net income (expense)	(1,367,608)	-	1,367,608	-	-	-
Total items excluded from reinsurance contract held net income (expense)	(1,367,608)	-	1,367,608	-	-	-
Closing reinsurance contract held assets	17,931,835	-	-	2,880,653	141,191	20,953,679
Closing reinsurance contract held liabilities	-	-	-	-	-	-
Net balance as at December 31	17,931,835	-	-	2,880,653	141,191	20,953,679

The Western Investment Company of Canada Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Analysis of insurance revenue

	2025	2024
	\$	\$
For the year ended December 31		
For Contracts Not Measured Using the PAA:		
Amounts Relating to Changes in Liabilities for Remaining Coverage		
Expected Claims and Other Expenses	7,433,091	1,845,243
Release of Risk Adjustment	724,152	179,841
CSM Recognized for Services Provided	1,827,337	301,856
Amortization of Insurance Acquisition Cash Flows	2,313,126	141,769
Total Insurance Revenue for Contracts Not Measured Using the PAA	12,297,706	2,468,709
For Contracts Measured Using the PAA:		
Insurance Revenue	23,498,750	5,673,369
Total Insurance Revenue	35,796,456	8,142,078

Analysis of insurance service expenses

	2025	2024
	\$	\$
For the year ended December 31		
Incurring Claims	20,541,855	1,743,568
Directly Attributable Operating Expenses and Commissions	1,639,609	51,134
Total Incurred Claims and Other Expenses	22,181,464	1,794,702
Amortization of Insurance Acquisition Cash Flows	2,313,126	141,769
Insurance Acquisition Cash Flows Expensed as Incurred	5,421,273	1,340,195
Changes Related to Future Service (Losses on Onerous Groups and Reversals of Such Losses)	-	-
Changes Related to Past Service (Changes in FCF related to Liability for Incurred Claims)	1,202,175	4,285,469
Total Insurance Service Expenses	31,118,038	7,562,135

Contracts initially recognized in the period - insurance contracts issued

The table below illustrates the effect on the Statement of Financial Position of insurance contracts initially recognized during the period, excluding contracts measured using the PAA:

	2025	2024
	\$	\$
For the year ended December 31		
Insurance contracts issued		
Contracts Initially Recognized in the Period:		
Amounts Related to All Contracts Initially Recognized:		
Estimates of Present Value of Future Cash Inflows	(39,326,171)	(36,563,329)
Estimates of Present Value of Future Cash Outflows	31,373,588	30,761,917
Insurance Acquisition Cash Flows	15,541,789	8,971,066
Other Cash Outflows	15,831,799	21,790,851
Risk Adjustment	1,899,803	2,226,604
CSM	6,052,780	3,574,808
Total Contracts Initially Recognized in the Period:	-	-
Amounts Related to Onerous Contracts Included in Total Contracts Above:		
Estimates of Present Value of Future Cash Inflows	-	-
Estimates of Present Value of Future Cash Outflows	-	-
Insurance Acquisition Cash Flows	-	-
Other Cash Outflows	-	-
Risk Adjustment	-	-
Total Onerous Contracts	-	-

The Western Investment Company of Canada Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Contracts initially recognized in the period – reinsurance contracts held

The table below illustrates the effect on the Statement of Financial Position of insurance contracts initially recognized during the period, excluding contracts measured using the PAA:

For the year ended December 31	2025	2024
Reinsurance contracts held	\$	\$
Contracts Initially Recognized in the Period:		
Amounts Related to All Contracts Initially Recognized:		
Estimates of Present Value of Future Cash Inflows	(13,610,986)	(19,237,054)
Estimates of Present Value of Future Cash Outflows	18,962,500	21,580,672
Premiums and other expenses	18,962,500	10,741,929
Insurance Acquisition Cash Flows	-	-
Risk Adjustment	(1,625,327)	(155,754)
CSM	(3,726,187)	(2,187,864)
Total Contracts Initially Recognized in the Period	-	-
Amounts Related to Onerous Contracts Included in Total Contracts Above:	-	-
Estimates of Present Value of Future Cash Inflows	-	-
Estimates of Present Value of Future Cash Outflows	-	-
Insurance Acquisition Cash Flows	-	-
Other Cash Outflows	-	-
Risk Adjustment	-	-
Total reinsurance contracts held with a loss recovery component	-	-
Loss recoveries at initial recognition of onerous underlying contracts	-	-

CSM recognition timing

The following tables set out the expected recognition of the CSM for insurance contracts issued and reinsurance contracts held:

For the year ended December 31	2025	2024
Insurance contracts issued	\$	\$
Within 1 Year	1,646,977	1,277,678
1 - 3 Years	3,549,737	1,771,380
3 - 5 Years	2,195,437	1,447,830
5 - 10 Years	258,390	277,701
Total	7,650,541	4,774,589

For the year ended December 31	2025	2024
Reinsurance contracts held	\$	\$
Within 1 Year	1,069,175	953,601
1 - 3 Years	2,208,081	1,234,961
3 - 5 Years	1,340,763	982,896
5 - 10 Years	183,574	206,381
Total	4,801,593	3,377,839

The Western Investment Company of Canada Limited

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For the year ended December 31, 2025

8 Intangible assets

2025	Licenses	Broker relationships	Data management system	Total
	\$	\$	\$	\$
Cost January 1	1,110,000	650,000	199,700	1,959,700
Additions in the year	10,728	-	27,963	38,691
At December 31	1,120,728	650,000	227,663	1,998,391
Accumulated amortization January 1	-	(23,214)	(35,978)	(59,192)
Amortization in the year	-	(92,857)	(146,606)	(239,463)
At December 31	-	(116,071)	(182,584)	(298,655)
Net carrying amount December 31	1,120,728	533,929	45,079	1,699,736

2024	Licenses	Broker relationships	Data management system	Total
	\$	\$	\$	\$
Cost - Business combination October 1 (refer note 10)	1,110,000	650,000	175,610	1,935,610
Additions in the year	-	-	24,090	24,090
At December 31	1,110,000	650,000	199,700	1,959,700
Accumulated amortization October 1	-	-	-	-
Amortization in the year	-	(23,214)	(35,978)	(59,192)
At December 31	-	(23,214)	(35,978)	(59,192)
Net carrying amount December 31	1,110,000	626,786	163,722	1,900,508

The Data Management System has a useful life of 2 years, and the broker relationships have a useful life of 7 years. Amounts incurred related to the acquisitions of insurance licenses are considered to have an indefinite life.

9 Investment in associates

The investments in associates balance consists of the following:

	2025	2024
	\$	\$
Western's interest in Foothills Creamery Ltd	2,362,851	2,573,167
Western's interest in Golden Health Care	4,546,590	4,820,146
Western's interest in GlassMasters ARG Autoglass Two Inc	10,158,567	8,832,693
	17,068,008	16,226,006

The Western Investment Company of Canada Limited

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For the year ended December 31, 2025

(a) Nature of investments in associates

Foothills Creamery Ltd (Foothills)

The Corporation holds a 49% interest in Foothills, which was acquired in 2018. Western appoints two of seven directors of the Board of Directors and, as such, has the ability to exercise significant influence but not control over Foothills and, accordingly, the Corporation is using the equity method to account for this investment.

On April 22, 2025, Western exercised its sixth option to extend the maturity of the Foothills shareholder loan to October 27, 2025, upon which time the loan was not repaid and was extended until June 30, 2026.

Due to a covenant breach with its lender in the prior year, Foothills entered into an agreement requiring shareholders to provide funding to restore compliance. In accordance with this agreement, Western contributed \$250,000 in December 2024 and \$336,700 in June 2025, which were added to the shareholder loan balance receivable from Foothills. The company also entered into an extension agreement for its bank facilities on August 1, 2025, resulting in a 0.4% reduction in the interest rate.

As at December 31, 2025, Foothills was in compliance with its Senior Funded Debt and Fixed Charge Coverage covenants.

Western has entered into a put/call agreement with ATB for its 38% interest in Foothills, in which ATB has the option to require Western to purchase their 38% interest, or Western has the option to require their partner to sell to Western. The Corporation has deemed the fair value of this agreement to be nil as at December 31, 2025, and 2024. The agreement is in place until April 30, 2028.

Golden Health Care group of companies (Golden)

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

The financial statement reporting date for Golden is August 31; however, the Corporation records equity income aligned with its own reporting periods.

On June 24, 2025, Golden declared a return of capital, of which Western's share amounted to \$479,700. This amount was applied as a reduction to the carrying value of the investment.

GlassMasters ARG Autoglass Two Inc (Glassmasters)

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

In 2022, the shareholders of GlassMasters passed a special resolution to distribute \$8 million in capital to shareholders by way of reducing the stated capital on the Class A common shares. The distribution has been treated as a return of paid-up capital for tax purposes and was paid by the issuance of a five-year-term promissory note. The return of capital and related promissory note related to Western's shareholdings was \$4,658,559. Terms on the note include a five-year term, with automatic renewal for a period of five years upon each maturity date, unless the directors of GlassMasters otherwise determine. The next automatic renewal date is March 31, 2027. The interest rate will be set by the Board of Directors of GlassMasters from time to time and was set at 14% for the fiscal year 2025 (2024 – 14%).

During the year ended December 31, 2025, \$652,199 of interest was earned related to this note (2024 – \$652,199). This promissory note is considered part of Western's net investment in GlassMasters.

Western has entered into a put/call agreement in regards to its partner's 37% interest in GlassMasters, in which Western's partner has the option to require Western to purchase their 37% interest, or Western has the option to require their partner to sell to Western. The Corporation has deemed the fair value of this agreement to be nil as at December 31, 2025, and 2024. The agreement may be exercised on February 1 on each of 2024, 2028, 2032, or 2036.

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Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Fortress Insurance Company

For the year ended December 31, 2023, and up to the acquisition date, October 1, 2024, the Corporation held a 28% interest in Fortress. Western appointed two of eight directors to the Board of Directors and, as such, had the ability to exercise significant influence but not control over Fortress and, accordingly, the Corporation used the equity method to account for this investment. As at October 1, 2024, through a share acquisition, the Corporation obtained control over Fortress becoming a subsidiary of Western (note 10).

In association with the acquisition of control of Fortress on October 1, 2024, Fortress ceased to be an associate. A gain on disposal was recognized in the amount of \$2.6 million on the revaluation of this portion of our investment in Fortress to its fair value at the acquisition date.

(b) Summarized financial information for associates

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

2025	Foothills \$	Golden \$	GlassMasters \$	Fortress \$
Current assets	9,605,935	2,247,806	9,662,888	-
Non-current assets	23,968,743	16,697,167	21,430,460	-
Current liabilities	24,712,007	1,183,741	6,843,195	-
Non-current liabilities	3,925,015	10,874,950	14,660,270	-
Net assets	4,937,656	6,886,282	9,589,883	-
Revenue	37,603,697	11,047,847	47,128,076	-
Total net Income and comprehensive income	(430,709)	1,342,913	2,396,736	-

2024	Foothills \$	Golden \$	GlassMasters \$	Fortress \$
Current assets	8,667,908	1,561,114	8,624,097	-
Non-current assets	22,949,199	17,150,386	20,789,201	-
Current liabilities	23,633,271	1,310,716	8,102,575	-
Non-current liabilities	2,615,471	9,708,631	14,151,332	-
Net assets	5,368,365	7,692,153	7,159,391	-
Revenue	35,731,916	10,237,692	42,486,026	17,778,333
Total net Income and comprehensive income	(536,696)	658,883	1,112,431	529,499

Fortress ceased to be an associate on Oct 1, 2024. Revenue and net income are for the nine-month period ended September 30, 2024, for which Fortress was an associate of Western.

The Western Investment Company of Canada Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

(c) Reconciliation of investments in associates' carrying value

2025	Fortress \$	Foothills \$	Golden \$	GlassMasters \$	Total \$
Western's ownership interest (%)	N/A	49%	25-30%	55%	
Investment at December 31 2024	-	2,573,167	4,820,146	8,832,693	16,226,006
Share of dividends paid out	-	-	(150,000)	-	(150,000)
Loss on dilution	-	-	(479,700)	-	(479,700)
Share of net income (loss)	-	(210,316)	356,144	1,325,874	1,471,702
Investment at December 31 2025	-	2,362,851	4,546,590	10,158,567	17,068,008

2024	Fortress \$	Foothills \$	Golden \$	GlassMasters \$	Total \$
Western's ownership interest (%)	28%	49%	25-30%	55%	
Investment at December 31 2023	2,726,191	2,842,164	4,711,339	8,188,455	18,468,149
Share of dividends paid out	-	-	(90,000)	-	(90,000)
Loss on dilution	-	(9,102)	-	-	(9,102)
Share of net income (loss)	150,628	(259,895)	198,807	644,238	733,778
Disposal of associate	(2,876,819)	-	-	-	(2,876,819)
Investment at December 31 2024	-	2,573,167	4,820,146	8,832,693	16,226,006

10 Business combination

On October 1, 2024, the Corporation completed the acquisition of Fortress ("the Acquisition"). Prior to the Acquisition, the Corporation held a 28% interest in the shares of Fortress. The Corporation issued 25,193,922 shares to acquire an additional 56% interest of Fortress, thereby increasing its total ownership interest to 84%. Fortress was acquired by the Corporation in line with its long term strategy to become a successful Canadian Insurance and Investments group.

The Acquisition has been accounted for as a business combination under IFRS 3 whereby the Corporation was identified as the acquirer and Fortress as the acquiree. The Corporation has elected to measure the non-controlling interest at its proportionate share of the fair value of the acquiree's net identifiable assets.

The Western Investment Company of Canada Limited

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For the year ended December 31, 2025

The following table summarizes the total consideration paid and the fair value of the identifiable assets acquired, and liabilities assumed at October 1, 2024, the date of acquisition.

	\$
Purchase consideration	
Share consideration	10,581,447
Fair value of previously held equity interest in Fortress	5,460,108
Non-controlling interests	2,758,569
	<u>18,800,124</u>
Net identifiable assets acquired (liabilities assumed)	
Assets	
Cash and cash equivalents	10,039,572
Investments	12,635,591
Receivables	68,243
Prepaid assets	351,229
Reinsurance contract assets	12,593,518
Property, plant and equipment	35,509
Intangible assets	1,935,610
Income taxes recoverable	42,136
	<u>37,701,408</u>
Liabilities	
Deferred tax liability	(397,975)
Accounts payable	(616,246)
Fronting payable	(1,817,324)
Due to related parties	(211,284)
Insurance contract liabilities	(23,552,367)
	<u>(26,595,196)</u>
Total identifiable net assets at fair value	11,106,212
Goodwill arising on acquisition	7,693,912

Goodwill arising from the acquisition represents future income and growth, and other intangibles that do not qualify for separate recognition. Intangible assets acquired include a data management system and licenses, which were valued by the cost approach, based on replacement cost; and broker relationships, which were valued by the income approach using the present value of the after-tax cash flows attributable to the relationships. Goodwill is not deductible for tax purposes.

Non-controlling interest was calculated as \$1,824,653 based on the percentage of net assets acquired plus \$933,916 for the fair value of outstanding Fortress's employee stock options that had vested as at the acquisition date. Fair value was determined with the Black Scholes option pricing model. Settlement of the employee option plan will be made with Western shares.

A gain of \$2.6 million was recognized from remeasuring the Corporation's equity interest in Fortress held just prior to the business combination to fair value. From the date of acquisition through December 31, 2024, Fortress contributed \$8.1 million to the Corporation's insurance revenue and losses of \$244,227 to total comprehensive loss for the year. If the acquisition had occurred on January 1, 2024, insurance revenue would have been \$23.9 million and consolidated total comprehensive income for the year would have been \$1.5 million.

At December 31, 2024, Western acquired the remaining 16.4% of Fortress shares for \$3.5 million, paid for with a combination of \$2.2 million in cash and 2.125 million of Western shares at a fair value of \$1.3 million. The Corporation incurred a loss, recorded directly to equity, of \$1.7 million on the acquisition of \$1.8 million in non-controlling interest.

Transaction costs relating to the Acquisition were expensed as incurred and total \$nil in 2025 (2024 - \$187,107).

The Western Investment Company of Canada Limited

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The Corporation performed its annual goodwill impairment assessment for Fortress as at December 31, 2025. The recoverable amount of the cash-generating unit was determined using fair-value less costs to dispose approach based on management's forecasted financial performance and discounted cash flow projections. Key assumptions include

- Growth rate of insurance revenue reflecting management's 5 year forecast for written premium and the expected earning of existing multi-year premium. The growth rate range is between 6 - 57% and terminal value growth is forecasted at 2%.
- Discount rates used are market adjusted and after tax and ranged between 12-14%

Based on the results of this analysis, the recoverable amount exceeded the carrying value of the cash-generating unit, including goodwill, and accordingly no impairment of goodwill was recognized during the year.

11 Accounts payable, accrued and other liabilities	2025	2024
	\$	\$
Accounts payable	221,811	739,003
Accruals and provisions	901,937	1,495,743
	1,123,748	2,234,745

12 Collateral

Fortress is currently the beneficiary of two standby letters of credit issued by the Bank of Montreal in the amount of \$3,300,000 (\$2,300,000 – December 31, 2024) associated with PVH and with Arch Reinsurance Ltd in the amount of \$2,050,000 (\$2,050,000 – December 31, 2024). From time to time, Fortress holds cash from PVH to cover any amount needed as collateral in excess of the aforementioned letter of credit. As of December 31, 2025, Fortress held \$nil (\$213,891 – December 31, 2024).

As of December 31, 2025, the company held \$6,131,099 in restricted cash from a fronting agreement and a surety bond entered into during the year. Lastly, the company held collateral of \$22,056,668 in a reinsurance security agreement account for surety bonds written during the year.

13 Interest expense	2025	2024
	\$	\$
Interest on loan from related party	56,174	57,251
Interest on convertible debentures	134,464	770,417
Other interest expense	18,981	105,316
Total Interest expense	209,619	932,984

Convertible debentures

As at December 31, 2024, the Corporation had issued unsecured convertible debentures ("the Debentures") with an aggregate face value of \$5.0 million and a principal amount of \$1,000 per Debenture. Each Debenture was convertible, at the holder's option, into common shares of Western at a conversion price of \$0.48 per share. The Debentures bore interest at 9.6% per annum, payable semi-annually at the end of March and September, and were scheduled to mature on December 31, 2025.

The Debentures were classified as compound financial instruments, comprising both liability and equity components. The liability component represented the present value of the interest and principal payments, discounted at 15%, which approximated the Corporation's borrowing rate for similar non-convertible debt at the time of issuance in 2023.

The Debentures also included a forced conversion feature allowing Western, at its option, to convert the Debentures into common shares if the closing price of Western's shares on the TSX Venture Exchange reached or exceeded \$0.65 for 20 consecutive trading days. During the six months ended June 30, 2025, these conditions were satisfied, and on March 7, 2025, Western exercised this conversion option. As a result, all outstanding Debentures were converted into 10,582,007 common shares at a conversion price of \$0.4725 per share. At the time of conversion, the carrying value of the liability component was \$4,760,456, and the equity component was \$400,908, resulting in a total increase in share capital of \$5,161,364.

During the year interest expense of \$134,464 was accounted for with regards to the debentures and \$209,096 paid including prior period accruals (2024: \$770,417 interest expense and \$441,310 interest paid).

Operating loan

The Corporation has a revolving facility agreement (the "facility") with a Canadian financial institution to a maximum amount of \$2,000,000. The facility bears interest at the bank's prime rate plus 2% per annum and is due on demand. Security for the facility includes:

- (a) a general security agreement over all of the Corporation's present and after-acquired property;
- (b) a share pledge agreement in respect to the Corporation's interest in some certain of its associates; and
- (c) an assignment of material contracts.

As at December 31, 2025, \$nil was drawn on the facility (2024 – \$nil).

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14 Loan from related party

The Corporation holds a \$0.9 million shareholder loan from Golden (December 2024 – \$1.005 million). The loan bears interest at 6.09% annually, payable with monthly interest only and matures annually on January 31 with automatic annual renewal if all amounts of interest owing are not in default. There have been no amounts in default since the inception of the loan and there are no financial covenants affecting the loan. The Corporation has signed a share pledge agreement with respect to its interest in Golden as security for the loan. During the year ended December 31, 2025, Golden declared and paid dividends to its shareholders. Western's share of the dividend was \$150,000 of which \$105,000 was applied to the outstanding balance of the loan.

15 Capital management

The Corporation's capital consists of share capital and debt. The Corporation's objective for managing capital is to maintain sufficient capital to cover its expenses and to identify, evaluate and execute acquisitions of private businesses that meet its investment criteria. The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital and acceptable risk;
- to maintain investor, creditor and market confidence in order to sustain the future development of the business, and
- to maintain compliance with minimum capital requirements under statutory insurance legislation.

The Corporation is subject to certain requirements and restrictions under statutory insurance legislation in Alberta, which apply to the regulated insurance company of Fortress. Property and casualty insurance companies must maintain minimum levels of capital as determined in accordance with a prescribed test, the minimum capital test ("MCT"), which expresses available capital (actual capital plus or minus specified adjustments) as a percentage of required capital. Dividend restrictions are also regulated. As at December 31, 2025 and 2024, Fortress was in compliance with the MCT requirements.

16 Share capital

Authorized

Unlimited number of preferred shares, without par value

Unlimited number of common shares, without par value

Issued

There are no preferred shares issued to date.

The following is a summary of the common shares issued for the years ended December 31, 2025, and 2024.

	Number of shares	Amount \$
Balance December 31, 2023	30,207,756	15,646,943
Shares issued in private placement	75,000,000	12,347,481
Shares issued in rights exercise	15,742,365	6,256,422
Shares issued in Fortress acquisition	27,318,922	11,920,197
Balance December 31, 2024	148,269,043	46,171,043
Conversion of debentures	10,582,007	5,161,364
Balance December 31, 2025	158,851,050	51,332,407

On October 1, 2024, the Corporation issued 25,193,922 in line with the acquisition of 55.3% of Fortress as discussed in note 10.

On December 19, 2024, the Corporation closed a private placement and issued 75,000,000 shares for gross proceeds of \$30 million. Transaction costs relating to this transaction of \$897,519, were recorded in equity. Each unit subscribed to in the private placement included one common share and one share purchase warrant. 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. The fair value of the warrants, as determined by the Black-Scholes option pricing model, was \$16.8 million and is included in contributed surplus. As at December 31, 2025, all 75 million warrants remained outstanding.

On December 5, 2024, the Corporation closed a rights offering, issuing 15,742,365 shares at \$0.40 per common share for gross proceeds of \$6.3 million. \$40,524 in transaction costs related to this offering were recorded in equity.

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For the year ended December 31, 2025

On December 31, 2024, 2,125,000 common shares were issued in line with the acquisition of the remaining 16.4% non-controlling interest in Fortress, as discussed in note 10.

During the year all convertible debentures were converted into 10,582,007 common shares at a conversion price of \$0.4725 per share (refer to note 13 and below).

Omnibus equity incentive plan

During the year the Corporation approved and adopted an Omnibus Equity Incentive plan with the purpose of developing the interest of Service Providers (directors, officers, bona fide Employees and bona fide Consultants of the Corporation and/or any Related Entity) in the growth and development of the Corporation by providing such persons with the opportunity to acquire a proprietary interest in the Corporation. The plan was approved by the Board of directors on September 22, 2025 and by the TSX Venture exchange on September 29, 2025.

The Plan seeks to achieve these purposes by providing for awards in the form of Stock Options, Restricted Share Units (RSUs), Performance Share Units (PSUs), Deferred Share Units (DSUs) and Dividend-Equivalent Rights (all together referred to as equity-based awards) and provides governance of how equity-based awards are granted, managed and settled.

In terms of the plan, the Board of Directors of the Corporation may, from time to time, at its discretion, and in accordance with the TSX Venture Exchange requirements, grant Service providers equity-based awards provided that the number of common shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares.

Convertible Debentures

In February 2025, Western notified holders of the debentures issued under the debenture indenture dated October 24, 2023, between Western and Odyssey Trust Company (the "Indenture"), that the forced conversion provisions of the Indenture had been triggered. This occurred after the 20-day volume-weighted average price of Western's common shares reached \$0.67 on February 25, 2025, surpassing the \$0.65 threshold per the Indenture. The outstanding principal of \$5,000,000 was subsequently converted into 10,582,007 common shares of Western at a conversion price of \$0.4725/share as of the close of business on March 7, 2025. Accrued and unpaid interest from October 1, 2024 to March 7, 2025, was paid to debenture holders at the time of conversion, and all debentures were cancelled effective March 7, 2025.

Stock options

During the year ended December 31, 2025, no Western stock options were issued (2024 – 120,000). All options vest immediately and are expensed at the time of grant. For the year ended December 31, 2025 \$0 was expensed with regards to share-based compensation expense related to these options (2024 - \$40,872). Options are exercisable for period of up to years from the grant date.

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

	Risk-free interest rate	Spot price (\$)	Exercise price (\$)	Dividend yield	Expected life (years)	Volatility
2025	N/a	N/a	N/a	N/a	N/a	N/a
2024	3.13%	0.49	0.49	-	10	0.58

Grant date	Expiry date	Exercise price (\$)	Number of options	Remaining contractual life (years)	Fair value of options at grant date (\$)
Feb 24 2016	Feb 24 2026	0.50	790,000	0.15	0.60
Apr 06 2016	Apr 06 2026	0.56	140,000	0.26	0.46
Apr 21 2017	Apr 21 2027	0.65	30,000	1.30	0.39
Jun 19 2017	Jun 19 2027	0.65	150,000	1.47	0.33
Jul 04 2018	Jul 04 2028	0.50	320,000	2.51	0.23
Aug 23 2019	Aug 23 2029	0.40	294,000	3.65	0.25
Jun 01 2020	Jun 01 2030	0.27	360,000	4.42	0.17
May 03 2021	May 03 2031	0.27	360,000	5.34	0.18
Jun 29 2022	Jun 29 2032	0.34	220,000	6.50	0.24
Jun 22 2023	Jun 22 2033	0.35	275,000	7.48	0.21
Oct 17 2024	Oct 17 2034	0.49	120,000	8.80	0.34
TOTAL number of options			3,059,000		

A total of 3,059,000 options are outstanding and exercisable as at December 31, 2025 (2024: 3,059,000) with a weighted average exercise price of \$0.42 (2024 : \$0.42). The weighted average remaining contractual life of the outstanding options was 4.38 (2024 : 5.16). During the year no options were exercised.

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Restricted share units

During the year 3,253,966 Restricted Share Units were issued to officers (2024 - 0). These units represent the right, that upon vesting, the participant would have the right to receive one fully paid up share per unit on the date of redemption. 50% of these units vest 5 years from the issue date, with the remaining 50% vesting 10 years from the issue date.

Grant date	Vesting date	Number of units issued	Fair value of RSUs at grant date (\$)	Remaining contractual life (years)	Amount expensed in the Income statement in the current year
Sep 29 2025	Aug 06 2030	833,333	508,333	4.60	40,667
Sep 29 2025	Aug 06 2035	833,334	508,333	9.60	20,328
Sep 29 2025	Aug 31 2030	396,825	242,063	4.67	16,049
Sep 29 2025	Aug 31 2035	396,825	242,063	9.67	8,022
Nov 03 2025	Nov 02 2030	403,226	246,032	4.84	7,819
Nov 03 2025	Nov 02 2035	403,226	246,032	9.84	3,976
		3,266,769			96,861

Share repurchases

Up until February 9, 2025, the Corporation had regulatory approval for a normal course issuer bid (the "Bid") whereby Western may have purchased up to a total of 5.0% of common shares issued and outstanding at the time the bid was last renewed. The Bid was for a one-year term. As at December 31, 2025, no active Bid was in place.

For the year ended December 31, 2025, no common shares were repurchased (2024 - 0).

17 Employee share ownership plan

The Corporation's wholly owned subsidiary, Fortress has implemented an Employee Share Ownership Plan (ESOP), which previously granted employees the option to acquire shares of Fortress. The primary objective of the ESOP is to align the interests of employees with those of shareholders and to provide employees with an opportunity to share in Fortress's success.

Subsequent to the October 1, 2024, acquisition, Fortress entered into an agreement, outlining that options granted under the Fortress ESOP would be settled with shares of the Corporation. This agreement applies to all options previously granted and to be granted in the future. Settlement may occur by cash, or by buying Western's shares in the open market or through Western's treasury. As at the acquisition date, 678,414 options were outstanding. The fair value of all vested options, as determined by the Black-Scholes option pricing model, was \$933,916.

This was included in the business combination as part of the non-controlling interest. After the acquisition, the unvested portion of these Fortress options will be recognized in consolidated profit or loss as they vest and are earned by the employees, based on their fair value as determined by the Black-Scholes option pricing model. In the year \$303,264 was recognized as an expense in the consolidated profit and loss (2024 - \$150,800).

Fortress's grants recognized at acquisition have a term of 1.25 -5 years, with vesting periods of immediate to 3 years. As at December 31, 2025, 686,863 options were outstanding under the ESOP (2024 - 673,524), 623,159 of which are exercisable (2024 - 465,746). Exercise prices are between \$0.44 - \$2.78 (2024 - \$0.44 - \$1.38) with vesting dates until December 31, 2028. For the year ended December 31, 2025, each option outstanding had a fair value between \$0.87 - \$2.58 (2024- \$1.61 - \$2.34) and the weighted average duration of the options was 1.99 years (2024 2.94 years) with 312,500 of the outstanding options having no maturity date.

The key inputs into the Black-Scholes model are a dividend yield of 0.0%, volatility of 26.28% and risk free rates in the range of 2.14%-2.77%.

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For the year ended December 31, 2025

18 Net Investment income and other finance Income

2025	Income (fees) \$	Net realized gains and losses \$	Changes in fair value \$	Net investment return \$
Debt securities				
At fair value through OCI	153,158	87,062	-	240,220
Equities				
At fair value through profit/loss	66,029	118,956	-	184,985
Short-term investments				
At fair value through profit/loss	88,827	-	-	88,827
Cash and cash equivalents				
At amortized cost	526,865	-	-	526,865
Management fees paid	(54,277)	-	-	(54,277)
Net investment income	780,602	206,018	-	986,620
Glassmasters Promissory note				
At amortized cost	652,198	-	-	652,198
Cash and cash equivalents				
At amortized cost	858,254	-	-	858,254
Loans to related parties				
At amortized cost	158,376	-	-	158,376
Other Finance Income	1,668,828	-	-	1,668,828
Net Investment income and Other Finance Income	2,449,430	206,018	-	2,655,448
2024				
	Income (fees) \$	Net realized gains and losses \$	Changes in fair value \$	Net investment return \$
Debt securities				
At fair value through OCI	45,380	5,423	-	50,803
Equities				
At fair value through profit/loss	22,564	22,939	71,176	116,679
Short-term investments				
At fair value through profit/loss	36,642	-	-	36,642
Cash and cash equivalents				
At amortized cost	93,111	-	-	93,111
Management fees paid	(13,098)	-	-	(13,098)
Net investment income	184,599	28,362	71,176	284,137
Glassmasters Promissory note				
At amortized cost	652,198	-	-	652,198
Cash and cash equivalents				
At amortized cost	90,820	-	-	90,820
Loans to related parties				
At amortized cost	101,150	-	-	101,150
Other Finance Income	844,168	-	-	844,168
Net Investment income and Other Finance Income	1,028,767	28,362	71,176	1,128,305

Total dividend income was \$60,945 (2024: \$83,828) and Total interest income was \$1,632,188 (2024: \$766,808)

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19 Gain on acquisition

The gain on acquisition is made up of the following transactions:

	2025	2024
	\$	\$
Revaluation of Fortress equity investment on acquisition of control (refer to note 10)	-	2,583,289
Reclassification of OCI on disposition of associate	-	22,976
Loss on dilution of Foothills	-	(9,103)
Total gain on acquisition	-	2,597,162

The reclassification of OCI on disposition of associate relates to a minor adjustment made in 2024 related to the sale of an associate, Ocean sales Group Ltd which occurred in a preceding financial year.

20 Income taxes

(a) Income tax expense

	2025	2024
	\$	\$
Net Income (loss) before income taxes	(443,469)	1,303,287
Statutory income tax rate	23.0%	23.0%
Income tax expense (recovery) at the statutory rate	(101,997)	299,756
Non-deductible and other items	90,289	93,835
Tax rate differences	18,458	(8,131)
Unrecognized temporary differences	91,766	234,894
Gain on acquisition	-	(597,347)
Prior year and tax rate adjustments	22,582	3,748
Tax expense (recovery)	121,098	26,755

(b) Deferred income taxes

2025	Opening balance	Recognized	Recognized in	Closing balance
	\$	through equity	earnings (loss)	\$
		\$	\$	
Intangible assets and PPE	(396,388)	-	33,360	(363,028)
Insurance contract liabilities	129,427	-	27,398	156,825
Amounts related to finance costs	6,294	-	(3,131)	3,163
Convertible debentures	(37,931)	55,096	(17,165)	-
Unrealized capital gain	(749,066)	-	(211,137)	(960,203)
Non-capital losses	786,996	-	173,207	960,203
Net deferred income tax liability	(260,668)	55,096	2,532	(203,040)

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2024	Opening balance \$	Business combination \$	Recognized in earnings (loss) \$	Closing balance \$
Intangible assets and PPE	-	(407,435)	11,047	(396,388)
Insurance contract liabilities	-	2,595	126,832	129,427
Amounts related to finance costs	-	6,866	(572)	6,294
Convertible debentures	(113,625)	-	75,694	(37,931)
Unrealized capital gain	(87,437)	-	(661,629)	(749,066)
Non-capital losses	201,062	-	585,934	786,996
Net deferred income tax liability	-	(397,974)	137,306	(260,668)

The following deductible temporary differences have not been recognized:

	2025 \$	2024 \$
Financing costs	668,791	911,033
Capital losses	3,449,999	3,449,999
Non-capital losses	6,374,342	4,811,402
	<u>10,493,132</u>	<u>9,172,434</u>

As at December 31, 2025, the Corporation has \$10.5 million of non-capital losses available to reduce taxable income in future years (2024 – \$8.2 million). The losses expire from 2035.

21 Insurance and financial risk management

The Corporation monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports, which analyze exposures by degree and magnitude of risks. These risks include insurance risk, market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Insurance risk

Through its insurance contracts, the corporation assumes the financial risk of losses that would otherwise be borne by its clients, providing protection against events that could cause property damage, liability, or other financial harm.

- Commercial property: risk of physical damage to real and business personal property of various industry segments
- Personal lines property: risk of physical damage to real and personal property of individuals
- Accidental Death and Dismemberment (AD&D): pays a defined benefit to an insured person or their family for injuries or death of insured person
- Liability: risk of bodily injured or physical damage to third parties caused by actions of an insured organization or person
- Fronting: policy issued on behalf of another party - financial exposure transferred fully to reinsurers
- Specialty: Ancillary automobile protection offered outside the regulated auto policy

Premiums written per line of business for the year ended December 31, 2025 are as follows:

	\$
Specialty	38,878,234
Property	17,963,170
Other	<u>7,223,317</u>
	<u>64,064,721</u>

The Corporation is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The risk exposure is mitigated by careful selection and implementation of underwriting strategy guidelines. In addition, the Corporation reinsures risk with a reinsurer to limit its maximum loss in the event of catastrophic events or other significant losses. To that end, the Corporation has entered into a quota share reinsurance agreement and a catastrophe excess of loss reinsurance agreement with its reinsurers.

For premiums written under the cost and capital neutral mechanism, even though claims up to \$250,000 are recoverable from the policyholder, the company remains liable for payment of these claims and is required to record the reserves for these claims as a liability. The policyholder has provided a written commitment to pay the company for these claims within 30 days after demand. The company is responsible for insurance coverage of its policyholder for automobile claims under \$2,000,000 per occurrence. Individual claims up to \$250,000 are subject to reimbursement from the policyholder. Individual claims in excess of \$2,000,000 are the responsibility of the policyholder.

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Assumptions and sensitivities

The risks associated with insurance contracts are complex and subject to a number of variables, which complicate quantitative sensitivity analysis. The Corporation uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios.

The Corporation considers that the liability for insurance claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

The following tables illustrate the effect on claim liabilities on an actuarial present value (APV) basis of a 10% change in the selected loss rate for insurance contract liabilities and a 2.5% change in the risk adjustment for non-financial risk. Furthermore, a 10% change in lapse rates for the GMM business is tested.

	Change in actuarial assumptions	Effect on insurance contract liabilities	Effect on reinsurance contract held assets	Effect on deductibles recoverable from shareholders	Effect on net contractual service margin	Effect on net income and shareholders' equity
2025						
Loss rate	+10%	1,853,046	1,603,047	-	(142,356)	(107,644)
Loss rate	-10%	(1,853,046)	(1,605,858)	-	142,356	107,955
Margin for adverse deviations	+2.5%	443,592	378,537	-	(58,356)	(6,699)
Margin for adverse deviations	-2.5%	(443,592)	(378,537)	-	58,356	6,699
Lapse Rates (GMM Only)	+10%	(17,930)	(44,642)	-	-	(26,712)
Lapse Rates (GMM Only)	-10%	25,350	51,349	-	-	25,999

	Change in actuarial assumptions	Effect on insurance contract liabilities	Effect on reinsurance contract held assets	Effect on deductibles recoverable from shareholders	Effect on net contractual service margin	Effect on net income and shareholders' equity
2024						
Loss rate	+10%	1,239,834	988,675	56,917	(49,836)	(194,242)
Loss rate	-10%	(1,241,452)	(990,132)	(56,917)	49,997	194,403
Margin for adverse deviations	+2.5%	370,826	282,896	32,680	(3,012)	(55,249)
Margin for adverse deviations	-2.5%	(370,826)	(282,896)	(32,680)	3,012	55,249
Lapse Rates (GMM Only)	+10%	(22,761)	(28,696)	-	(5,935)	(5,935)
Lapse Rates (GMM Only)	-10%	24,491	30,283	-	5,792	5,792

Claims development tables

	Liabilities for incurred claims			Assets for incurred claims		
	2024	2025	Total	2024	2025	Total
End of accident year	4,392,398	16,587,775	20,980,173	3,123,566	14,213,993	17,337,559
One year later	(211,543)		(211,543)	469,762		469,762
Current estimate of ultimate claims	4,180,855	16,587,775	20,768,630	3,593,328	14,213,993	17,807,321
Cumulative payments	(2,001,929)	(4,932,911)	(6,934,840)	(1,680,588)	(4,060,937)	(5,741,525)
In Balance Sheet	2,178,926	11,654,864	13,833,790	1,912,740	10,153,056	12,065,796

Payables (Receivables) and Other LIC	1,511,276	446,017
Provisions for discounting, risk adjustment, unpaid loss adjustment expense	696,603	473,432
	16,041,669	12,985,245

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Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Corporation has established policies and procedures in order to manage market risk.

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument and/or insurance contract and reinsurance contract will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk as the company invests in debt securities at fixed and floating interest rates, concentrated in government and corporate bonds. The risk is managed by the company by staggering debt security maturity dates in order to obtain market rates at the time of reinvestment. Additionally, the company is invested in long-term debt securities that hold higher fixed rates. A 1% increase in interest rates at the end of the reporting period would result in a negative impact of \$203,426 in OCI. A 1% decrease would have a positive impact of \$218,171.

The corporation is also exposed to interest rate risk for its net insurance contract liabilities as outlined in the table below.

Interest rate sensitivity	2025 Impact on			2024 Impact on		
	Insurance contract liabilities	Reinsurance contract assets held	Net income (loss)	Insurance contract liabilities	Reinsurance contract assets held	Net income (loss)
50 Basis points (BP) increase in interest rates	56,626	43,225	42	32,318	20,774	37
50 Basis points (BP) decrease in interest rates	57,299	43,813	(43)	32,758	21,138	(38)

Foreign currency risk

The Corporation has \$nil (2024 - \$1,081,777) of investments held in USD. The Corporation is also exposed to currency risk through its associates, some of which purchase inventories from foreign suppliers, and carry financial assets and liabilities denominated in foreign currencies. As such, their net income or loss may be affected by fluctuations in foreign exchange rates and the degree of volatility of those rates.

In relation to the investments held in USD, a 10% increase in Canadian versus USD would have a \$nil (2024 - \$108,178) negative effect on net income before tax. A 10% decrease in Canadian versus USD would have a \$nil (2024 - \$108,178) positive effect on net income before tax.

Other price risk management

The corporation is exposed to equity price risks arising from equity investments. The shares included in financial assets represent investments in listed securities that present the corporation with an opportunity for return through dividend income and capital appreciation. The company does not issue any participating contracts, hence no insurance or reinsurance contracts are exposed to price risk. The company mitigates its equity price risk by limiting equity investments to stable corporate entities.

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Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The key areas of exposure to credit risk for the Corporation are in relation to its investment portfolio, and to a lesser extent amounts due from policyholders and related parties.

The risk is managed by the Corporation by investing only in low-risk debt securities, mutual funds and equity instruments. The Corporation is selective with its supporting broker partners and reinsurers and works only with those having a strong financial condition. The Corporation's placement of underwriting premiums is diversified such that its not dependent on a single SBP. Uncollectible premium receivable amounts historically have been nil. Regarding reinsurers, if they are registered, the Corporation monitors their credit rating. For unregistered reinsurers, the Corporation follows the Office of the Superintendent of Financial Institutions' ("OSFI") collateral guidelines, following Fortress's Reinsurance Risk Management Policy.

The Corporation's risk related to deductibles recoverable from its policyholder is mitigated by the cost and capital neutral mechanism in place and a letter of credit is held by Alberta Superintendent of Insurance with the beneficiary being our subsidiary Fortress. The letter of credit is for \$3,300,000 to cover against the deductibles recoverable from the policy holder.

The credit risk related to amounts due from related parties is managed by working with each party to manage its liquidity through financing and budgets, and the Corporation continuously evaluates the financial condition of its related parties in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in income or loss. The Corporation's assessment of ECL's on amounts due from related parties, is based on the current financial status of the associates and on future-oriented information, including the use of forecasts. This information is used in the determination of each counter parties credit risk and if it has increased during the period.

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

	2025	2024
	\$	\$
Cash and cash equivalents	55,784,704	43,245,301
Accounts receivable	906,534	50,263
Accrued interest receivable	-	75,857
Income taxes receivable	350,160	-
Investments	5,936,868	11,861,210
Reinsurance contract assets	43,516,133	20,953,679
Fronting contract assets	3,219,470	-
Due from related parties	1,563,129	1,303,339
Promissory note from GlassMasters	4,658,559	4,658,559
	<u>115,935,557</u>	<u>82,148,208</u>

The following table shows aggregated credit risk exposure for assets with external credit ratings.

Loans and receivables from policyholders, amounts due from related parties, and GlassMasters' promissory note do not have credit ratings:

2025	AAA \$	AA \$	A \$	R2+ \$	Not rated \$	Total \$
Debt securities						-
Government bonds	2,450,115	1,470,502	82,760	-	-	4,003,377
Corporate bonds	-	-	1,179,503	728,988	-	1,908,491
Short term investments	-	25,000	-	-	-	25,000
Reinsurance contract assets	-	30,164,942	13,351,191	-	-	43,516,133
Cash and cash equivalents	-	55,784,704	-	-	-	55,784,704
Accounts receivable	-	-	-	-	906,534	906,534
Income taxes recoverable	-	-	-	-	350,160	350,160
Fronting contract assets	-	-	-	-	3,219,470	3,219,470
	<u>2,450,115</u>	<u>87,445,148</u>	<u>14,613,454</u>	<u>728,988</u>	<u>4,476,164</u>	<u>109,713,869</u>

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2024	AAA \$	AA \$	A \$	R2+ \$	PF-1 \$	PF-2 \$	Total \$
Debt securities							
Government bonds	2,116,453	1,489,430	79,002	-	-	-	3,684,885
Corporate bonds	-	-	1,410,924	643,447	-	-	2,054,371
Equity							
Common shares	-	-	-	1,763,851	-	-	1,763,851
Preferred shares	-	-	-	-	98,834	773,237	872,071
Short term investments	-	3,486,032	-	-	-	-	3,486,032
Reinsurance contract assets	-	13,995,033	6,958,646	-	-	-	20,953,679
Cash and cash equivalents	-	43,245,301	-	-	-	-	43,245,301
Accrued interest receivable	-	-	75,857	-	-	-	75,857
	2,116,453	62,215,796	8,524,429	2,407,298	98,834	773,237	76,060,190

The Corporation is currently the beneficiary of a line of credit issued by ATB Financial in the amount of \$2,000,000 (\$2,000,000 - December 31, 2024). The line of credit bears interest at the bank's prime rate plus 2%, is due on demand and has a review date of May 31, 2026. As at December 31, 2025 the amount utilized in the facility was \$nil (2024 : \$nil).

The Corporation also has collateral from third parties - refer to note 12.

Liquidity risk management

Liquidity risk is the risk that the Corporation cannot meet its obligations associated with financial liabilities as they fall due. Liquidity risk arises from the general business activities and in the course of managing the asset and liabilities of the Corporation. The liquidity requirements of the Corporation's business are met primarily by funds generated from operations, asset maturities and income and other returns received on investments. Cash provided from these sources is used primarily for claims and claim adjustment expense payments and operating expenses.

The following table indicates the estimated amount and timing of cash flows arising from the policy liabilities and contractual commitments at December 31, 2025. The insurance contract liabilities and reinsurance contract assets in the table below include those cash flows that include interest being the LIC for contracts measured under the PAA and the LIC and LRC for contracts measured under GMM.

2025	Un- discounted	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years
Insurance contract liabilities	41,153,897	19,277,529	7,953,995	5,640,134	4,272,828	1,995,711	2,013,700	-
Reinsurance contracts assets	34,850,483	15,646,931	6,893,371	4,958,565	3,781,808	1,779,958	1,789,850	-
Lease liabilities	66,364	66,364	-	-	-	-	-	-
Loan from related party	900,000	900,000	-	-	-	-	-	-
Accounts payable and accrued liabilities	1,123,748	1,123,748	-	-	-	-	-	-
Other liabilities	311,284	311,284	-	-	-	-	-	-
Fronting payable	3,427,816	3,427,816	-	-	-	-	-	-
Fronting contract liabilities	3,982,257	3,982,257	-	-	-	-	-	-
Due to related parties	6,025	6,025	-	-	-	-	-	-
Collateral held	6,131,099	6,131,099	-	-	-	-	-	-

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2024	Un-discounted	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years
Insurance contract liabilities	22,403,884	9,307,464	4,343,737	3,079,581	2,433,777	1,653,283	1,550,712	35,330
Reinsurance contracts assets	20,224,562	8,063,712	4,038,411	2,922,827	2,289,443	1,562,382	1,347,787	-
Loan from related party	1,005,000	1,005,000	-	-	-	-	-	-
Convertible debentures	5,600,000	5,600,000	-	-	-	-	-	-
Lease liabilities	136,337	69,447	66,890	-	-	-	-	-
Accounts payable and accrued liabilities	2,234,745	2,234,745	-	-	-	-	-	-
Fronting payable	1,460,149	1,460,149	-	-	-	-	-	-
Due to related parties	234,966	234,966	-	-	-	-	-	-
Collateral held	213,891	213,891	-	-	-	-	-	-

The following table details the company's expected maturity for its assets. The table below has been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

2025	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total
Debt securities	149,330	333,470	814,735	697,128	774,544	3,142,661	5,911,868
Equity investments ¹	-	-	-	-	-	-	-
Short term investments	25,000	-	-	-	-	-	25,000
Cash and cash equivalents ¹	55,784,704	-	-	-	-	-	55,784,704
Accounts receivable	906,534	-	-	-	-	-	906,534
Income taxes receivable	350,160	-	-	-	-	-	350,160
	57,215,728	333,470	814,735	697,128	774,544	3,142,661	62,978,266

2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total
Debt securities	196,614	480,517	577,384	238,827	687,733	3,558,181	5,739,256
Equity investments	2,635,922	-	-	-	-	-	2,635,922
Short term investments	3,486,032	-	-	-	-	-	3,486,032
Cash and cash equivalents ¹	43,245,301	-	-	-	-	-	43,245,301
Interest receivable	75,857	75,857	-	-	-	-	151,714
	49,639,726	556,374	577,384	238,827	687,733	3,558,181	55,258,225

¹ These assets have no specific maturity

The Corporation expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

22 Dividends declared

No dividends were declared or paid in 2025 (2024 nil).

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23 Earnings (loss) per common share	2025	2024
Earnings (loss) per common share is calculated as follows:	\$	\$
Net income for the year	(564,567)	1,276,532
Basic weighted average number of common shares outstanding	156,966,582	42,774,905
Effect of dilutive securities	19,908,480	466,446
Diluted weighted average number of common shares outstanding	176,875,062	43,241,351
Basic earnings (loss) per common share	(0.004)	0.030
Diluted earnings (loss) per common share	(0.004)	0.030

As at December 31, 2025, there were 3,059,000 share options outstanding (2024 – 3,059,000). Of these options, none were anti-dilutive (2024 – 180,000).

24 Supplemental cash flow information	2025	2024
	\$	\$
The net change in non-cash working capital is as follows:		
Accounts receivable	(836,584)	(37,574)
Accrued interest receivable	75,857	(7,613)
Income taxes	(424,369)	126,777
Reinsurance contract assets	(22,562,454)	(8,360,161)
Fronting contract assets	(3,219,470)	-
Prepaid assets	(325,998)	104,503
Accounts payable	(1,110,997)	1,260,056
Fronting payable	1,967,667	(357,175)
Due to/from related parties	(455,130)	23,682
Collateral held	5,917,208	213,891
Insurance contract liabilities	24,423,113	8,983,233
Fronting contract liabilities	3,982,257	-
Other liabilities	307,207	-
	7,738,307	1,949,619

25 Due from related parties	2025	2024
As at December 31, the following amounts are due (to) from related parties:	\$	\$
Amounts due from associates		
GlassMasters management fees	81,615	19,687
GlassMasters interest due on promissory note	163,049	163,049
GlassMasters shareholder loan	-	351,009
Foothills shareholder loan	1,318,465	769,594
	1,563,129	1,303,339
Due to related parties		
Payable from cost-neutral arrangement	(26,925)	(253,091)
Receivable from auto premiums	20,900	18,125
	(6,025)	(234,966)

Amounts due to Fortress from an entity controlled by shareholder of the Corporation

Deductibles recoverable from policholders	2,172,385	1,565,563
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Notes to the Consolidated Financial Statements

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The GlassMasters' shareholder loan was subject to 12% interest per annum compounded monthly. Interest accrued on amounts owing to Western including management fees and cash advances. The loan had composed of cash advances, unpaid management fees and interest. The loan was fully repaid in the current year and payments received during the year were \$373,933 (2024 – \$10,406).

In 2022, the Corporation provided Foothills with a \$250,000 shareholder loan bearing interest at 13% per annum. On December 6, 2024, Western advanced an additional \$250,000 to Foothills under the same arrangement. Any unpaid interest and management fees are capitalized and added to the outstanding principal balance.

The loan had an initial term of one year and may be extended in successive six-month increments at Western's discretion. Upon maturity, Western may elect to convert the outstanding principal together with all accrued and unpaid interest into common shares of Foothills at a conversion price of \$1.00 per share. If this conversion right is exercised, Western will also receive share purchase warrants equal to one-third of a warrant for each share issued on conversion. Each whole warrant entitles Western to acquire one additional Foothills share.

Because the loan includes features that result in cash flows not solely representing payments of principal and interest, it is classified as fair value through profit or loss. As at December 31, 2025, the loan's fair value was determined to be \$1,318,465 (2024 - \$769,594), comprising principal of \$836,700, accrued interest of \$245,515 (2023 – \$112,094), and management fees of \$236,250 (2024 – \$157,500). The valuation is based on Level 3 inputs using a discounted cash flow model.

On December 31, 2025, Western exercised its sixth six-month extension option, resulting in a new maturity date of June 30, 2026.

The Corporation has a cost neutral mechanism in place with Prairie View Holdings Ltd. ("PVH"), a subsidiary of a shareholder of Western. At December 31, 2025, the amount payable to PVH was \$26,925 (2024 - \$253,091). For all balances that are payable over \$250,000 for the cost neutral mechanism, PVH maintains the right to ask for payment to bring the balance outstanding down to this limit. There are no fixed repayment terms for the balance outstanding.

26 Related party transactions

Western's related parties consist of directors and officers of Western and its subsidiary, and Western's associates. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following is a summary of the Corporation's transactions with related parties:

	2025	2024
	\$	\$
Transactions with associates		
Management fees	147,225	195,000
Finance Income	753,348	753,461
Dividends received	150,000	90,000
Interest expense	(56,174)	(57,251)
Transactions with entities controlled by shareholders of the Corporation		
Office rent	-	(58,905)
Prairie View Holdings Ltd		
Cost and capital neutral mechanism	11,760	14,412
Auto premiums for the year	350,950	284,450
Deductibles assumed by policyholder	(785,173)	558,555
Claim expense for deductibles assumed	785,173	(558,555)
Tevir Capital holdings		
Management fee	510,004	-

Finance income relates to interest earned on loans to associates. As at December 31, 2025, \$163,049 in interest was due from associates (2024 – \$163,049).

The Corporation has a management services agreement in place with the Tevir Capital Corp ("Tevir"), a company owned by the CEO. The agreement was signed December 6, 2024, for a two-year term with annual renewal thereafter. The first management fee was paid in January of 2025. The management fee payable under this agreement is \$500,000 annually plus expenses, payable on monthly basis. As at December 31, 2025 \$nil was outstanding (2024- \$nil).

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From the fourth quarter of 2025, Tevir manages the investments of the group, however no amount was charged by Tevir in 2025 in this regard. During the year ended December 31, 2025, \$1,704,197 in salaries and benefits was paid or payable to key members of management (2024 – \$729,016), and an expense of \$96,861 for share-based compensation to key management and directors was recorded (2024 - \$183,576).

27 Subsequent events

On February 2, 2026 the Corporation disposed of its investment in Glassmasters for total consideration of \$24.4 million (gross of expenses to sell). At December 31, the carrying amount of the investment was approximately \$10.1 million, comprising an equity investment of \$5.4 million and a note receivable of \$4.7 million.

Net proceeds of \$23.2 million was received in cash in early February 2026.

As the transaction occurred after the reporting period, it has been treated as a non-adjusting subsequent event and, accordingly, no adjustment has been made to the amounts recognized in these financial statements. The resulting gain on disposition will be recognized in the Company's financial statements for the year ending December 31 of the subsequent year.

On March 10, 2026, dividends totalling \$315,000 were declared at Golden to be paid to Western from two of the homes where Western has an interest.