



**Management's Discussion and Analysis**

For the year ended December 31, 2025

Dated: March 31, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Management's Discussion and Analysis ("MD&A") assesses the results of operations and financial condition of The Western Investment Company of Canada Limited ("we", "our", "**Western**," or the "**Corporation**") for the three and twelve months ended **December 31, 2025**. This MD&A should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2025. Unless indicated otherwise, references in this MD&A to the "Corporation" refer to Western and references to "us", "we" or "our" refer to the Corporation and its subsidiaries and consolidated entities. The Corporation's Consolidated Financial Statements are in Canadian dollars and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. In this MD&A, all references to "\$" are to Canadian dollars unless otherwise specified. This MD&A is dated **March 31, 2026**. Additional information is available at [www.sedarplus.ca](http://www.sedarplus.ca).

Management is responsible for the accuracy and timeliness of the disclosures included herein, and the supporting controls, processes, and systems. This document has been reviewed by the Corporation's Audit Committee and approved by its Board of Directors.

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## Introduction

Western is an Insurance and Investments holding company focused on decentralized ownership of insurance businesses and centralized investment management. Western is a publicly traded company (TSX-V: WI) and our purpose is to create long-term value for shareholders.

This MD&A provides an update on the Corporation's business activities, financial condition, financial performance, and cash flows since for the twelve (12) months ending December 31, 2025.

Western's investment interests as at December 31, 2025 include:

### **Fortress Insurance Company**

The Corporation wholly-owns Fortress Insurance ("**Fortress**"), which operates in Canada and is incorporated under the Alberta Insurance Act and offers property and casualty insurance products such as accident & sickness, automobile, boiler & machinery, fidelity, legal expense, liability, marine and surety. The initial investment was \$15.7 million and the carrying value as at December 31, 2025 is \$20.5 million

### **GlassMasters ARG Autoglass Two Inc**

GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**") became Western's first investment in 2016. 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, British Columbia and Manitoba. The initial investment was \$4.0 million and in early 2026, GlassMasters was sold for \$23.1 million, see Subsequent Event note.

### **Foothills Creamery Ltd**

Western acquired a 50% interest in Foothills Creamery Ltd. ("**Foothills**") in 2018, 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. The initial investment was \$3.3 million and the carrying value as at December 31, 2025 is \$2.3 million.

### **Golden Health Care**

Western 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**") in 2017. 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.

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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. The initial investment was \$4.7 million and the carrying value as at December 31, 2025 is \$4.8 million.

The following table outlines Western's investment interests as at December 31, 2025:

Investment	Percentage Owned
Fortress	100% <sup>1</sup>
GlassMasters	55.3%
Foothills	48.8%
Golden	25.0-30.0%

<sup>1</sup> This investment is eliminated on consolidation.

## Key Highlights for the Year Ended December 31, 2025

Western entered 2025 having initiated a strategic repositioning toward property and casualty insurance and investment management, following a transformative recapitalization and change in management late in 2024. In December 2024, the Corporation completed an oversubscribed \$30M private placement, appointed a new Chief Executive Officer, Paul Rivett, and refreshed its Board of Directors. In addition, Western raised \$6.3 million through a rights offering and increased ownership in Fortress from 28.5% to 100% of the issued and outstanding shares. Collectively, these initiatives significantly strengthened the Corporation's capital base and positioned it to execute on its strategic transition.

In 2025, the Corporation further enhanced its leadership team with the appointment of a Chief Financial Officer, Pablo Dancuart, Chief Client Officer, Wayne Connelly and a Chief Actuary, Keith Lau, all of whom joined Western over the third and fourth quarters. These personnel additions deepen the organization's financial oversight and client-focused capabilities as it advances its growth objectives.

Management remains focused on identifying and investing in high-quality, entrepreneurial insurance businesses aligned with Western's long-term strategy. The Corporation is actively progressing a robust pipeline of potential acquisition and partnership opportunities.

On March 7, 2025, Western exercised its conversion option on its outstanding convertible debentures due December 31, 2025. Debentures with an aggregate principal amount of \$5M were converted into 10,582,007 common shares, further strengthening the Corporation's balance sheet.

Gross Written Premiums ("**GWP**") at Fortress increased by 42% in 2025 to \$64.4 million, compared to \$45.4 million in 2024. GWP is a non-GAAP measure defined as total premiums written during the period, including amounts written under fronting arrangements. These premiums are recognized as revenue over the policy term based on the distribution of risk, which is typically earned over time but may vary where risk is unevenly distributed throughout the coverage period.

This growth is consistent with Fortress' previously stated objective of expanding the business to approximately \$100 million of GWP by 2028. Fortress continues to pursue diversification through the expansion of its product offerings, including liability insurance, and by increasing its presence in the Ontario market. Additional details regarding Fortress' performance and operations are provided below.

GlassMasters continued its growth in 2025, with topline revenue increasing 11% to \$47.1 million compared to \$42.5 million in 2024. This growth was driven by a combination of organic expansion at existing retail and warehouse locations, as well full-year contributions from locations opened in 2024. During the year, the company expanded its Winnipeg operations and expects to open a second location in Saskatoon in early 2026.

Net income increased in 2025 to \$2.4 million compared to \$1.1 million in 2024.

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Foothills continues to focus on improving profitability while maintaining steady revenue growth. Revenue for 2025 increased by 5% to \$37.6 million, compared to \$35.7 million in 2024. Ice cream sales remained a key driver of performance, with the majority of annual revenue typically generated during the summer months.

Gross profit margin improved to 24.1%, representing an increase of 1.9 percentage points compared to the prior year. Administrative and interest expenses increased by 9%, primarily due to one-time technology-related costs as well as increased advertising and promotional spending aimed at supporting future sales growth. As a result, Foothills reported a net loss of \$0.3 million in 2025, compared to a net loss of \$0.5 million in 2024.

Golden continues to improve occupancy at the homes Western has an interest in, leading to improved profitability. Revenue for 2025 ended on \$10.7 million, a 4.8% increase over 2024.

Net Income for 2025 ended on \$1.3 million up from \$659K achieved in 2024.

### **Strategic Developments**

During the second half of 2025, Western initiated a process to evaluate the potential sale of GlassMasters, consistent with the Corporation's long-term strategic focus on insurance and investment activities. Following the identification of a suitable buyer, a due diligence process was undertaken, and the transaction was completed in early February 2026. Additional details are provided in the Subsequent Events section.

## Review of Western's Operations and Financial Results

Financial results (\$'000)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
<b>As reported</b>				
<b>Insurance service result</b>				
Insurance revenue	9,051	8,142	35,796	8,142
Insurance service expenses	(9,295)	(7,482)	(31,118)	(7,482)
Net expenses from reinsurance contracts held	285	(578)	(3,684)	(578)
<b>Total insurance service result</b>	<b>41</b>	<b>81</b>	<b>995</b>	<b>81</b>
<b>Net investment income</b>	<b>204</b>	<b>284</b>	<b>987</b>	<b>284</b>
<b>Net insurance financial expense</b>	<b>112</b>	<b>(102)</b>	<b>292</b>	<b>(102)</b>
<b>Other Operating and Administrative Expenses</b>				
Professional and consulting fees	597	882	1,950	1,442
Payroll and Share-based compensation	786	607	2,837	1,038
Interest expense	21	241	210	933
Other expenses	225	91	707	140
<b>Total other operating and administrative expenses</b>	<b>1,630</b>	<b>1,821</b>	<b>5,704</b>	<b>3,554</b>
<b>Other income (expense)</b>				
Income from equity investments	102	(445)	1,472	734
Finance income	342	255	1,669	844
Gain on Acquisition	-	2,597	-	2,597
Other	207	99	431	214
<b>Total other income</b>	<b>651</b>	<b>2,507</b>	<b>3,572</b>	<b>4,390</b>
<b>Income (loss) before income taxes</b>	<b>(845)</b>	<b>1,153</b>	<b>(443)</b>	<b>1,303</b>
<b>Net Income (Loss)</b>	<b>(935)</b>	<b>1,127</b>	<b>(565)</b>	<b>1,277</b>
Net income (loss) per common share, basic	(0.006)	0.014	(0.004)	0.030
Net income (loss) per common share, diluted	(0.006)	0.014	(0.004)	0.030

### Change in Basis of Presentation – Consolidation of Fortress

Effective October 1, 2024, the Corporation obtained majority ownership of Fortress and began consolidating the financial results of Fortress in its consolidated financial statements. As a result, the consolidated results for the year ended December 31, 2025 include the full operating results financial position, and cash flows of Fortress. Prior to October 1, 2024, the Corporation accounted for its investment in Fortress using the equity method, and Fortress' financial performance was presented within *income from equity investments* in the consolidated statement of income. Accordingly, the results for periods prior to October 1, 2024 are not directly comparable to the consolidated results presented thereafter.

### **IFRS 17 Consolidation Adjustments**

Upon consolidation of Fortress, adjustments are required to align Fortress' insurance and reinsurance contract balances with the Corporation's consolidated accounting policies under IFRS 17 Insurance Contracts.

These adjustments affect the measurement of insurance contract liabilities and reinsurance recoverables and therefore impact both the consolidated balance sheet and consolidated statement of income. As a result, the consolidated financial results presented by the Corporation will not directly reconcile to the standalone financial results reported by Fortress.

For the year ended December 31, 2025, these IFRS 17 consolidation adjustments resulted in a \$161,000 Gain recognized in the consolidated statement of income (2024 – (\$287,000) Loss). Additional details regarding these adjustments are provided in *Appendix A*.

### **Consolidated results**

Overall, the business continues to grow with GWP at a Fortress level reaching \$64.4 million increasing by over 40% from the prior year. Insurance revenue also continues to grow as a result of the business growth mentioned above, but also as more premium is earned on long-tailed product lines (refer to the Fortress section).

The insurance result was a profit of \$1.0 million for the year (the annual figure is not comparable to 2024 as results were only consolidated from the fourth quarter).

Similarly, operating and administrative expenses include consolidated expenses from Fortress and have thus increased significantly relative to the comparative period.

At a Western level Salary and related headcount expenses have increased with key senior appointments made during the third and fourth quarters. Interest expense decreased relative to prior periods as most debt has been repaid except for a shareholder loan from Golden.

Income from Equity Investments increased from the prior year by \$738,000, mainly due to the strong performance of our investment in GlassMasters and Golden. In 2024 Fortress contributed \$151,000 towards this line up until the point Fortress became a subsidiary of Western.

Finance Income increased in 2025 driven by a higher level of investments throughout the year relative to the prior year, as well as the disciplined deployment of our capital.

During the first quarter of 2025, Western converted \$5 million of outstanding debentures into common shares, transforming a significant liability into equity and reducing future interest expense. Income from equity investments increased primarily due to strong performance at GlassMasters, which continues to achieve record profits. Other finance income reflects interest earned on loans to associates and cash deposits. Investment income also includes earnings from Fortress' investment portfolio; further details on this portfolio are provided in the Fortress section.

## Financial Position

Financial position (\$'000) at December 31,	2025	2024
Cash	55,785	43,245
Investments	5,937	11,861
Reinsurance Assets	43,516	20,954
Fronting contract assets	3,219	-
Investment in Associates	17,068	16,226
Goodwill	7,694	7,694
Other assets	5,201	3,765
<b>Total assets</b>	<b>138,420</b>	<b>103,745</b>
Insurance contract liabilities	56,959	32,536
Fronting contract liabilities	3,982	-
Debentures/ loan	900	5,840
Collateral held	6,131	214
Other liabilities	5,138	4,412
<b>Total liabilities</b>	<b>73,110</b>	<b>43,001</b>
<b>Shareholders' equity</b>	<b>65,310</b>	<b>60,744</b>
<b>Total liabilities &amp; shareholder's equity</b>	<b>138,420</b>	<b>103,745</b>

### Share count information

Common shares issued and outstanding (Millions)	158.8	148.3
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Cash remains in a strong position at end of the year with \$28.0 million held at Western and \$27.8 million at Fortress. Cash held not only provides immediate liquidity but is also subject to attractive interest rates and avoids much of the volatility in the markets.

Investments are held at a Fortress level and the drop since the beginning of the year is due to monetizing of Preferred and common equities into cash during Q3/25.

Investments in associates has increased mainly due to the equity Income from the associates of \$1.5 million, netted off with repayments of capital of \$0.5 million and dividends of \$0.15 million from the Golden investment.

Reinsurance assets and insurance contract liabilities increased as Fortress continues to grow and write additional business

Other liabilities increased from year-end, mainly due to timing in settlement of amounts due, which included fronting payables increase of \$3.4 million and \$6.1 million in collateral held, other payables reduced relative to their opening balance.

Shareholder equity has increased by \$4.6 million coming from total comprehensive loss of \$0.6 million, conversion of the convertible debentures into Western shares of \$4.8 million and share based compensation of \$0.4 million.

## Fortress Results and Financial Overview

Fortress is a Canadian-licensed insurer focused on specialty and surplus lines within the Canadian insurance market. While its principal line of business is property insurance, the company also writes a range of niche products, including accident and sickness, liability, boiler and machinery, marine, fidelity, legal expense, and surety. Fortress is licensed across Canada, with the exception of Quebec. During the second quarter of 2025, Fortress obtained licenses in Newfoundland and Labrador and Nova Scotia, and in early August 2025 received additional licenses in New Brunswick and Prince Edward Island.

Amid a challenging soft market environment, management has focused on diversifying the product portfolio, maintaining strong account retention, actively managing underwriting performance, and pursuing disciplined growth. These efforts have been supported by strengthening relationships with existing broker and MGA partners, including exploring additional classes where underwriting capacity may be required. In parallel, the company continues to develop new strategic partnerships to expand scale and position the Corporation to capitalize on opportunities when market conditions strengthen.

### Key Highlights:

- GWP grew 42% to \$64.4 million in 2025 compared with \$45.4 million in 2024.
- Fortress added a significant specialty program in Q3/24 which continued to scale throughout 2025 and now makes up ~60% of total GWP, as well as six additional products to add more diversity to the portfolio.
- Fortress' total investment portfolio, including cash and cash equivalents, grew by 44% to \$33.7 million compared to \$23.4 million at December 31, 2024, including \$6.1 million held in cash as collateral for a fronting agreement and a surety bond that started in 2025.

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

Financial results (\$'000)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Gross written premium <sup>1</sup>	18,895	14,443	64,415	45,389
Insurance revenue	7,782	6,138	29,139	23,916
Total insurance service result	(10)	603	819	1,721
Net Investment income	141	257	952	1,232
<b>Total Comprehensive income (loss)</b>	<b>(409)</b>	<b>(428)</b>	<b>(138)</b>	<b>(128)</b>
<b>Balance sheet</b>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
Total assets	81,771		43,961	
Total liabilities	71,803		34,855	
Total Shareholder's equity	9,968		9,106	

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

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

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GWP for Q4/25 saw a 30.8% increase as compared to Q4/24.

On a full year basis, the introduction of the new programs in Q3/24 and in Q2/25 and Q3/25 resulted in a net overall increase of 41.9% versus 2024. Insurance revenue increased by 21.8% year over year, while net insurance expenses increased by 27.6% in the same period. The differential in increased expenses over revenue is due to higher claims expensed and an accrual for future year's profit share accounted for in 2025. Note that long-term policies written under the specialty programs have end-tailed profitability which means that the profitability thereon will increase gradually over their term. The future profitability is recorded in the balance sheet as "contractual service margin" (CSM).

A breakdown of the future earning pattern of the CSM (Net of reinsurance) by financial year end is shown below.

Earning year	2025 Year end (\$'000)	2024 Year end (\$'000)
2025	-	132
2026	497	195
2027	602	232
2028	657	243
2029	593	178
2030 and beyond	276	31
<b>TOTAL Net CSM</b>	<b>2,624</b>	<b>1,011</b>

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

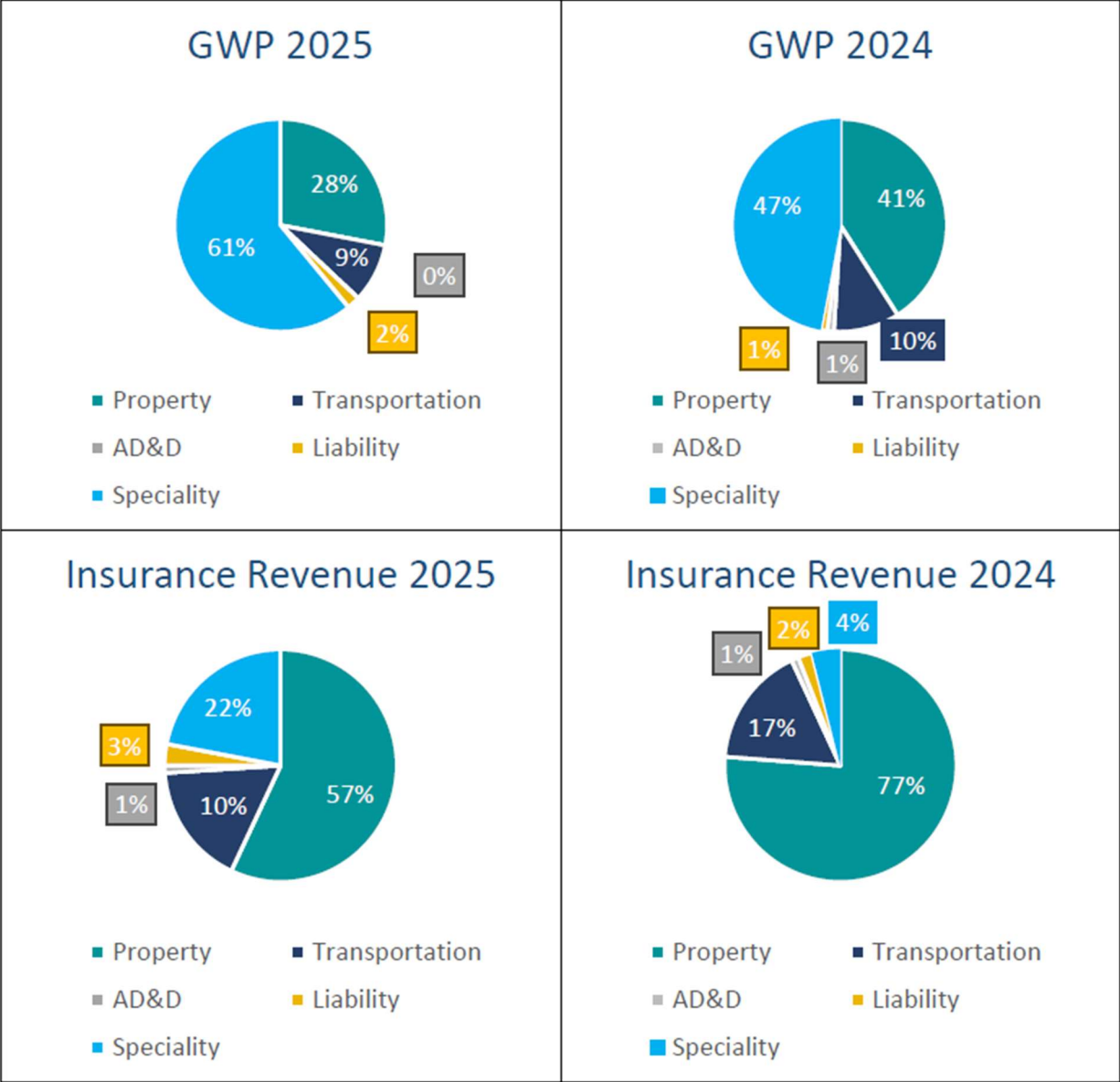
The Canadian insurance industry continued to experience 'soft market' conditions throughout 2025, particularly in the residential property segment. An abundance of capital—driven by global investors seeking the relative stability of the Canadian market—combined with increasingly sophisticated risk segmentation and modelling tools, has heightened competition. As a result, market capacity remained abundant, while rates continued to decline, consistent with 2024 trends.

Despite these headwinds, management remains focused on disciplined underwriting, diversifying the portfolio by geography and product segment, and supporting broker relationships to retain GWP. Additionally, Fortress management is exploring niche product opportunities with existing broker partners to identify areas of growth.

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A comparison of GWP and insurance revenue for 2025 and 2024 illustrates changes in the composition of written premiums and their subsequent recognition as insurance revenue is shown below.



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

The graphs above illustrate specifically the long tail nature of the specialty line, and how its proportion of insurance revenue relative to its proportion of GWP grows as the products earns out over the years.

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Fortress continues to increase capacity on all its products, recently adding additional automobile replacement value insurance products in the transportation segment, and adding a new Ontario property program to its lineup. We expect to see continued growth in written premiums with a focus on the diversification of product lines and geographic expansion, with a focus on growing business in Ontario, Manitoba, and Saskatchewan. New programs added during the year contributed 22% of the increase in gross written premiums. These new programs increased expenditures, and they will take time to contribute substantially to the bottom line due to the length of some of the policies written.

	Twelve months ended	
	December 31,	
Key metrics <sup>1</sup>	2025	2024
Loss Ratio	52.1%	55.0%
Expense ratio (normalized) <sup>2</sup>	50.0%	51.4%
<b>Combined ratio</b>	<b>102.1%</b>	<b>106.4%</b>

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

2 Normalized expense ratio excludes expenses related to Western's acquisition of Fortress in 2024 (the acquisition), as well as once-off costs related to amending an existing employee share ownership plan to a cash-settled basis following the acquisition

The loss ratio for the full year 2025, comprised of incurred losses and including incurred but not reported claims was 52.1% (2024 – 55.0%). As Fortress' earned premiums grow, so does the potential for claims. In 2025, more claims were received, but the loss ratio decreased as more premium was recognized in insurance revenue throughout the year.

The expense ratio improved modestly from the prior year mainly due to disciplined cost management and increased premium volume, which enabled fixed operating costs to be spread over a larger revenue base.

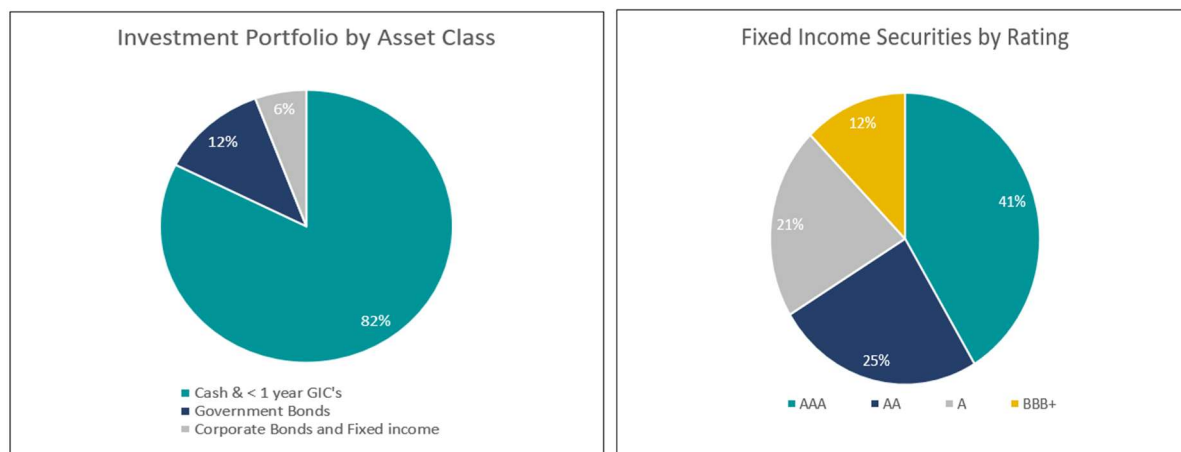
Fortress' Minimum Capital Test ("MCT") ended 2025 at ~325%, as the business remains well capitalized and in excess of limits required for compliance insurance regulations.

### Investment Performance Review

Fortress' investment policy seeks to achieve superior long-term total returns in order to support its liabilities and maintain strong regulatory and economic capital levels. In 2025, Fortress adopted a new investment philosophy centered on deep understanding of each portfolio investment, applying the same rigour as in insurance underwriting, while reducing reliance on external investment managers and limiting the corrosive impact of layered investment management fees. At the end of Q3/25, Fortress liquidated the preferred and common shares portfolios, and the proceeds are reflected as cash on its balance sheet at the end of the quarter. Subsequent to the end of 2025, Fortress also decided to move into cash with its fixed income portfolio (see Subsequent Events). These changes reflect the management of Fortress' portfolio by Tevir Capital from October 1, 2025. Tevir Capital is a related party with extensive experience in investment management, who will act as the portfolio manager for Fortress. Tevir Capital has waived any management fees for managing Fortress' investments in 2025 and 2026 (see Subsequent Events).

### Summary of Cash and Investments

Fortress' \$33.7M investment portfolio consists of cash and cash equivalents, short-term securities, and government and corporate bonds. All of Fortress' fixed income holdings are highly liquid (able to sell a fixed income investment within a short period of time). 87% of fixed income holdings are rated A or higher.



### Net Investment Income

	Three months ended		Twelve months ended	
	December 31,		December 31,	
Financial results (\$'000)	2025	2024	2025	2024
Net Investment income	183	185	781	710
Net realized gains (losses)	22	28	206	33
Changes in fair value	(64)	(92)	(35)	489
<b>Net Investment Result</b>	<b>141</b>	<b>121</b>	<b>952</b>	<b>1,232</b>

During 2025, invested capital consisted of a combination of cash and cash equivalents, investment-grade government bonds, corporate bonds, common shares and preferred shares. As our gross written premiums grow, so shall our investment base and associated investment returns. Net investment income for the quarter and year to date decreased compared to the respective prior periods reflecting lower prevailing interest rates than in the past and reduced the invested asset base as capital was redeployed to the new investment manager.

Net realized gains (losses) and changes in fair value represent Fortress' returns from holding and transacting in bonds and equities. These returns are driven by market valuations and foreign exchange fluctuations at the time investments are sold or mature, or revaluation to market value at period end. Fortress had favourable net realized gains during 2025 as proceeds from assets sold or matured exceeded their cost base. Conversely, changes in fair value decreased from prior periods, reflecting a reduced capital base deployed in the market and more modest investment returns.

## **2026 Insurance Industry Outlook**

In 2026, Fortress will continue to prioritize diversification across both product lines and geographic regions to mitigate concentration and catastrophe (CAT) risk. The commercial insurance market is expected to remain competitive and soft, consistent with 2025, although rates are anticipated to remain broadly stable given abundant capacity and readily available reinsurance.

Macroeconomic pressures, including a slowing economy, persistent inflation, and the introduction of new tariffs, may influence demand for certain insurance products and increase claims costs. Tariffs, in particular, could affect clients' operating expenses and insurance requirements, adding further complexity to market dynamics.

To navigate these challenges, Fortress is executing a balanced diversification strategy, targeting a range of business segments with sufficient scale and revenue potential to support long-term profitability and resilience.

Growth opportunities will be pursued by leveraging existing relationships with key broker partners, including within the specialty insurance market and through Managing General Agents ("**MGAs**").

Specialty insurance encompasses products and services typically not offered by standard insurers, often requiring specialized underwriting expertise and advanced actuarial and financial analysis. These niche segments focus almost exclusively on commercial lines, featuring more complex risks and fewer competitors. While the broader property and casualty market is evenly split between personal and commercial lines, specialty insurers maintain a distinct commercial portfolio that differs from the general market.

MGAs play a critical role in distributing and administering insurance products and have experienced growth that exceeds that of the broader market. This expansion has been supported by private equity investment, conservative traditional market capacity, structural market changes, increased reinsurance support, and the contribution of entrepreneurial underwriting talent. MGAs therefore provide carriers like Fortress with a scalable channel to access specialized commercial risks and underserved segments.

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

## Summary of Equity Investments

Below is a summary of the results of each of Western’s Associates for the twelve-month period ended December 31, 2025. The performance of our Associates is assessed based on revenues, net income from operations, and EBITDA. EBITDA is a supplemental measure of operating income in which tax, depreciation and amortization, and interest are added back to the associate’s net income (refer to the “Description of Non-IFRS Measures” section below for more information).

### GlassMasters

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

On April 1, 2022, the shareholders of GlassMasters approved a special resolution to distribute \$8 million in capital by reducing the stated capital of the Class “A” common shares. For tax purposes, the distribution was treated as a return of paid-up capital and was settled through the issuance of a five-year promissory note, of which Western’s portion amounted to \$4.7 million. The note includes an automatic five-year renewal upon each maturity date, with an interest rate determined periodically by GlassMasters’ Board of Directors. For 2025, the Board set the interest rate at 14% (2024 – 14%). For the full year 2025, \$0.65 million of interest had been earned on this note (2024 – \$0.65 million).

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GlassMasters contributed equity income of \$1.3 million and finance income of \$0.65 million to Western's results in 2025 (2024 - \$0.64 million of equity income and \$0.65 million in finance income).

In conjunction with the strong results, GlassMasters repaid the full outstanding balance on the GlassMasters shareholder loan, for a total payment of \$0.34 million in early Q3/25 and as at December 31, 2025 the balance outstanding was related to management fees due for the year of \$81,000 which was settled in Q1/26.

Western earned \$72,225 as management fee revenue in 2025 (2024 - \$75,000)

**Key Highlights:**

- Revenue grew 10.4% to \$46.9 million in 2025 compared with \$42.5 million in 2024
- Full year gross profit ended on \$15.1 million in 2025 versus \$12.7 million in 2024, and
- EBITDA grew 25.9% from \$5.5 million in 2024 to \$7.0 million for 2025
- Net Income increased by to \$2.4 million from \$1.1 million in 2024.

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

	Three months ended		Twelve months ended	
	December 31,		December 31,	
Financial results (\$'000)	2025	2024	2025	2024
Revenue	10,354	9,754	46,885	42,486
Gross profit	3,215	2,764	15,082	12,669
Net Income	359	(296)	2,397	1,112
Note payable interest paid to shareholders net of tax	227	227	908	908
<b>Adjusted Net income <sup>1</sup></b>	<b>586</b>	<b>(69)</b>	<b>3,304</b>	<b>2,020</b>
Interest	631	462	1,646	1,822
Tax	143	188	888	608
Amortization and depreciation	597	501	2,043	1,997
<b>EBITDA<sup>2</sup></b>	<b>1,730</b>	<b>855</b>	<b>6,974</b>	<b>5,539</b>

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

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

GlassMasters continued to deliver strong top-line performance, with revenue increasing by more than 10% compared to the prior year. This growth was driven by string organic growth at existing locations as well as the full-year contributions from locations opened in 2024.

Over the past year, newer locations in Kelowna and Winnipeg have continued to develop and expand their customer bases. As new locations are established, margins may be temporarily impacted as it takes time for these operations to build sufficient volume to reach breakeven levels. These locations are now beginning to contribute positively to overall profitability. During the second quarter, the Winnipeg operation relocated from its temporary retail space to its permanent facility.

Adjusted net income, which excludes interest income earned on notes payable to shareholders, increased by 64% for the year ended December 31, 2025 to \$3.3 million, compared to \$2.0 million in 2024. Relative to the prior year, gross profit increased by 19%, while EBITDA increased by 26%.

The improved results were driven by several factors, including higher volumes of insurance-related work at certain branches, which typically carry higher margins, continued focus on labour utilization and cost control, and improved management of material costs. In addition, the company benefited from recoveries of previously written-off receivables.

Management is currently planning to open a second location in Saskatoon in early 2026. During the second quarter, the company also experienced an increase in retail activity, which contributed to higher-margin revenue.

Western exercises significant influence over GlassMasters through its ability to appoint two of the six members of the board of directors; however, this does not constitute control. Accordingly, the Corporation accounts for its investment in GlassMasters using the equity method.

### **Foothills**

Western holds a 49% interest in Foothills, a producer and distributor of high-quality butter and ice cream products with over 50 years of operations in Western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and food service network across Western Canada, supported by distribution facilities in Edmonton, Alberta, and Kelowna, British Columbia. Foothills butter products are specially churned, using only the freshest cream to produce a smooth textured product with exceptional taste. Target markets for its butter products include grocery retailers and the food service industry, including commercial kitchens and bakeries. Ice cream sales are seasonal, with the busiest quarters occurring in the spring and summer months.

For the full year 2025, Western recorded an equity loss of \$210,000 from Foothills compared to an equity loss of \$260,000 in 2024. Western earns annual management fees of \$75,000 from Foothills (2024- \$75,000). \$133,000 in interest was earned on the shareholder loan during 2025 (2024 – \$61,000).

#### **Key Highlights:**

- Revenue was up 5.2% at \$37.6 million for 2025 compared to \$35.7 million in 2024
- Gross profit was up 13.9% at \$9.0 million versus \$7.9 million in 2024
- Gross margins improved from 22.2% in 2024 to 24.0% in 2025
- EBITDA was up 19.2% ending 2025 on \$3.0 million versus \$2.5 million in 2024

**The Western Investment Company of Canada Ltd.**  
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Financial highlights for Foothills (at 100%) are presented below:

Financial results (\$'000)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Revenue	7,181	7,164	37,603	35,732
Gross profit	1,630	1,102	9,015	7,915
<b>Net income</b>	<b>(373)</b>	<b>(866)</b>	<b>(431)</b>	<b>(537)</b>
Interest	448	403	1,803	1,425
Tax	(124)	(98)	(73)	(29)
Amortization and depreciation	399	432	1,665	1,628
<b>EBITDA<sup>1</sup></b>	<b>350</b>	<b>(129)</b>	<b>2,964</b>	<b>2,487</b>

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

Overall sales for 2025 increased 5% to \$37.6 million driven primarily by Ice cream sales which increased by 21% to end on \$16.2 million while butter sales declined by 2% in line with the strategy to prioritize higher margin ice-cream sales. Ice cream now makes up 43% of total revenue, up from 38% in 2024, while butter comprises 53% of total sales versus 57% in 2024.

In 2025, Foothills also strategically focused on enhancing its retail distribution channel. The enhancement involved signing contracts with major retailers in Canada for Foothills to provide set quantities annually occupying the retailers' shelf space with Foothills products. This channel provides a high level of certainty in future sales as quantities are determined by the contract. In 2025 the Ice-cream retail channel grew by \$1.7 million or ~80%. There are plans to continue to focus on this channel as significant future opportunities are being explored.

Cost of sales also benefitted from new cream supply agreement with a new supplier effective from August 2025. The decrease in the cost of cream is estimated to be between 3-4% per kilogram. Cream is a major input cost and this decrease would directly benefit the gross profit margin and EBITDA.

Going into 2026 and beyond, Foothills will continue with its strategic focus on shifting to higher margin products, continue growing its retail channel and will realize the full benefit of the new cream contract.

In addition, Foothills also continues to explore new revenue sources either in product or in portion and presentation. Prior new initiatives have exceeded plan by 7% in 2023 and by 249% in 2025. In 2026, Foothill's new product pipeline includes protein Ice-cream and flavoured whipped butter.

A key challenge for Foothills continues to be its leverage position. Total annual debt service requirements are approximately \$2.3 million, including \$1.3 million in annual interest payments. Management actively manages cash flow and closely monitors compliance with bank covenants. On August 1, 2025, the company signed an extension agreement for its bank facilities, resulting in a 0.4% reduction in its interest rate and as at December 31, 2025, Foothills was in compliance with its Senior Funded Debt and Fixed Charge Coverage covenants.

Foothills entered into an agreement requiring shareholders to provide equity injections to maintain covenant compliance. In accordance with this agreement, Western contributed \$250,000 in December 2024 and \$337,000 in June 2025. These amounts were added to the shareholder loan balance due from Foothills.

Western holds a shareholder loan to Foothills bearing interest at 13% per annum, with unpaid interest added to the principal balance. The loan initially carried a one-year term, as at December 31, 2025 the loan was not repaid and the maturity has been extended to June 30, 2026.

At maturity, Western holds the option 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 exercised, Western will also receive share purchase warrants equal to one-third of one warrant for each share issued upon conversion, with each warrant entitling Western to purchase one additional share of Foothills. As at December 31, 2025, the loan balance owing to Western was \$1.3 million (December 31, 2024 – \$0.8 million).

Due to the seasonal nature of Foothills' operations, readers are advised not to place equal weight on financial results across all quarters. Western holds a 49% ownership interest in Foothills and appoints two of seven directors to its Board. As Western does not hold voting control, decisions require majority Board approval. Accordingly, Western exercises significant influence but not control over Foothills and therefore accounts for the investment using the equity method.

### **Golden**

Western holds a 30% equity interest in three Saskatchewan senior care homes and a 25% interest in Golden Health Care Management Inc. The three homes include 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 (collectively referred to as "Golden"). Western is proud to be aligned with the experienced management team at Golden Health Care Management Inc., which provides management services to a portfolio of seven retirement communities comprising more than 450 suites under the Golden Health Care banner.

Golden Health Care is the largest full-service retirement operator in Saskatchewan. Its "aging in place" model enables residents to transition seamlessly from assisted living to long-term care within the same facility, maintaining a family-like environment rather than an institutional setting, regardless of care level.

For the year ending December 31, 2025, Western recognized \$356,000 in equity income from Golden, compared to \$199,000 in 2024. Western also received \$150,000 in dividends from Golden (2024 – \$90,000), of which \$105,000 was applied toward repayment of the shareholder loan payable to Golden.

On June 24, 2025, Golden declared a return of capital to be distributed to shareholders. Western's share of this distribution was \$479,700, which was received shortly after period end and recorded as a reduction to the carrying value of the investment.

**The Western Investment Company of Canada Ltd.**  
**Management's Discussion and Analysis**

**Key Highlights:**

- 2025 annual revenue grew 8% to \$11.0 million compared with \$10.2 million in 2024, with occupancy levels reaching >95% in two of the three homes
- EBITDA grew 38% to \$2.7 million in 2025, compared with \$2.0 million in 2024.
- Net income grew 80% in 2024 to \$1.2 million compared with \$0.7 million in 2024

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

Financial results (\$'000)	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Revenue	2,869	2,831	11,048	10,238
<b>Net income</b>	287	256	1,187	659
Interest	157	118	584	447
Amortization and depreciation	128	133	532	538
Tax	134	108	421	327
<b>EBITDA<sup>1</sup></b>	<b>707</b>	<b>616</b>	<b>2,724</b>	<b>1,971</b>

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

In 2025, Golden delivered strong revenue growth, driven primarily by high occupancy across its homes, particularly at William Albert House and The Good Shepherd Villas. At the same time, operating costs remained relatively flat thereby allowing the company to improve its EBITDA performance.

Two of the three homes are currently in full compliance with their bank covenants, while the third has shown improvement as occupancy levels continue to increase. Covenants are tested annually as of their year end on August 31 each year. During 2025, Western made a \$105,000 repayment on the Golden shareholder loan (2024 - \$90,000).

Private care homes in Saskatchewan continue to face competition from government-run facilities that are subsidized by public funding. Golden's homes do not currently receive government subsidies to support the healthcare needs of their residents. Management is actively engaging with the government to explore opportunities for collaboration, including the potential for the government to place publicly funded patients in some of Golden's available beds.

Western appoints two of the five members to the Board of Directors of Golden Health Care Management Inc., which oversees the operating companies. Through its ownership interest and board representation, the Corporation is able to exercise significant influence over the investment but does not have control. Accordingly, the investment is accounted for using the equity method.

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

## Summary of Western's Quarterly Financial Information

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

\$000s except for per share amounts	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024
Insurance revenue	9,050.8	10,015.5	8,518.1	8,212.0	8,142.1	-	-	-
Insurance service result	40.5	277.1	357.2	319.8	81.3	-	-	-
Operating expenses	1,629.7	1,277.5	1,293.3	1,503.7	1,821.1	735.9	563.0	431.3
Other income/(expense)	651.2	1,436.9	1,351.1	132.5	2,506.9	1,257.0	667.0	(43.8)
Net income (loss)	(935.0)	602.2	752.0	(983.8)	1,126.6	521.1	104.0	(475.1)
<b>Earnings (loss) per share</b>								
Basic	(0.006)	0.004	0.005	(0.007)	0.014	0.017	0.003	(0.016)
Diluted	(0.006)	0.003	0.004	(0.007)	0.014	0.017	0.002	(0.016)
Total assets	138,420.4	126,261.9	112,200.0	105,756.1	103,745.0	21,128.2	19,999.1	19,156.6
Long-term debt	900.0	900.0	900.0	900.0	1,005.0	7,634.1	7,292.3	6,636.4

## Quarterly Analysis and Seasonality

Effective October 1, 2024, Western acquired control of Fortress Insurance, at which time Fortress became a subsidiary and its results have been consolidated into Western's financial statements from that date forward. As a result, quarterly comparisons are only directly comparable beginning in the fourth quarter of 2024.

Insurance revenue increased in the fourth quarter of 2025 relative to the comparative quarter in the prior year. Insurance revenue reflects the earning of premiums written, as well as IFRS 17 adjustments recorded on consolidation (see Appendix A for the annual impact).

The insurance service result generated a modest profit in Q4 2025 compared to preceding quarters, reflecting the seasonal nature of the insurance business.

Operating expenses in the fourth quarter were higher than in previous quarters, primarily due to increased headcount costs at the Western level following the appointment of additional senior management personnel, as well as higher accounting and audit fees associated with the year-end audit for the year ended December 31, 2025.

In the first quarter of 2025, all outstanding debentures were converted into common shares. The operating line of credit used to fund operations through the second and third quarters of 2024 was fully repaid in the fourth quarter using proceeds from the capital raise. As of the end of the quarter, the Corporation has one remaining shareholder loan outstanding, as discussed further below.

Other income in Q4 2025 totaled \$651,000, consisting of \$102,000 in income from equity investments, \$341,000 in finance income, \$172,000 in fronting fees, and \$35,000 in management fees. Other income in Q4 2025 was lower than in preceding quarters, primarily reflecting seasonal trends affecting the operations of Western's associates. In comparison, Q4 2024 included a \$2.6 million gain on acquisition recognized on consolidation following Western's acquisition of Fortress.

## The Western Investment Company of Canada Ltd.

### Management's Discussion and Analysis

Total assets continued to increase throughout the year, primarily driven by growth in Fortress' insurance operations, which resulted in higher reinsurance contract balances, as well as increased collateral held in connection with new fronting arrangements.

Long-term liabilities remained stable during the period and consist primarily of a \$900,000 loan from Golden.

### Liquidity and Capital Resources

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

Cash flow (\$'000)	Twelve months ended	
	2025	2024
Cash provided by (used in) operating activities	6,103	257
Cash provided by (used in) investing activities	6,515	10,297
Cash provided by (used in) financing activities	(79)	32,072
Increase (decrease) in cash	12,539	42,627
Cash at beginning of period	43,245	619
<b>Cash at end of period</b>	<b>55,785</b>	<b>43,245</b>

With the subsequent sale of GlassMasters after the end of 2025, Western received net proceeds in cash of \$23.2 million (see Subsequent Event note). Net cash provided by operating activities for the year ended December 31, 2025, was primarily driven by an increase in collateral arising from a new fronting agreement and a surety bond.

From 2025 Western has had increased cash flow requirements to fund operations at the holding company level. This includes cash for general and administrative costs, professional fees, salaries, and working capital needs. Cash expenses are offset by interest income earned.

Cash provided from investing activities in the year include \$8.5M in cash from the proceeds on the sale and maturity of investments in the insurance investment portfolio which include the monetization of common and preferred equities at Fortress into cash. Overall, proceeds exceeded investment purchases of \$2.4M during the year. Cash was also advanced to associates. In the comparative period of 2024, results reflect only Western's operations up until the end of Q3/24, making the full years incomparable.

In 2025, dividends received from Golden of \$150K offset advances made to associates of \$479K.

Cash used by financing activities in 2025 relates to lease liability repayments. In 2024, cash provided by financing activities reflected the proceeds from the private placement and rights offering of \$36.3M, offset with share issuance costs of \$0.9M, repayment of convertible debentures of \$1.1M and acquisition of the non-controlling interest as part of the acquisition of Fortress of \$2.2M.

**The Western Investment Company of Canada Ltd.**  
Management's Discussion and Analysis

Western's capital structure is outlined below:

As at eceember 31, (\$'000)	2025	2024
Loan from related party	(900)	(1,005)
Convertible debentures	-	(4,835)
Less: cash	55,785	43,245
<b>Net capital</b>	<b>54,885</b>	<b>37,405</b>
<b>Shareholder's equity</b>	<b>65,310</b>	<b>60,744</b>

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).

Western holds a \$0.9 million loan from Golden Health Care. The loan bears an annual interest rate of 6.09% with interest-only payable monthly and matures on January 31 each year, with automatic annual renewal. The Corporation may prepay amounts owing at any time. During Q2/25, Western received dividends in the amount of \$150,000 from Golden and applied \$105,000 of this to the outstanding balance on the loan. With the perpetual nature of the loan, Western has no set plans to repay amounts on the outstanding principal balance and expects to make payments from time to time as cash is available and dividends are received. Total annual interest payments on this loan are \$56,000.

As at December 31, 2024, the Corporation had issued \$5.0 million face value of unsecured convertible Debentures (the "**Debentures**") with a principal value of \$1,000 each. Each Debenture was convertible into common shares of Western at a conversion price of \$0.48 per share at the holder's discretion. The Debentures were due to mature on December 31, 2025, and bore interest at the rate of 9.6% per annum, payable semi-annually at the end of March and September. The Debentures were compound financial instruments containing both a liability and equity component. The liability component of the Debentures represented the present value of interest and principal payments over the life of the financial instrument, discounted at 15%, which was the approximate rate available to the Corporation for similar debt without the conversion feature at the date the Debentures were issued 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 \$4.8 million, and the equity component was \$0.4 million, resulting in a total increase in share capital of \$5.2 million.

During 2024, Western completed a capital raise, raising \$30 million via a private placement, and \$6.3 million via a rights offering. Cash on hand is intended to be used to support working capital requirements, and to be used for future acquisitions. The Corporation generates operating cash from finance income, management fees, and dividends from its Associates and/or subsidiary. Disposing of an investment, or a portion thereof, is also a potential source of cash for the

Corporation. The Corporation's regular income does not currently cover current working capital requirements. Western is dependent on the performance of its subsidiary and Associates to provide sufficient cash flow to the Corporation to cover operating expenditures and is currently meeting this shortfall with the capital provided by the capital raise that occurred in 2024. The Corporation maintains an operating line to cover potential shortfall in the future. Management uses forecasts to monitor and manage the cash position and ensure sufficient room is available to meet operating requirements.

### **Outstanding Share Data**

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

As at December 31, 2025 the Corporation had issued 158,851,050 common shares and no preferred shares.

During the year no common shares nor preferred shares were issued.

In addition to issued shares, there were 75,000,000 warrants outstanding and 3,059,000 options.

No additional warrants were issued in the year. All warrants outstanding expire on December 6, 2029 and have an exercise price of \$0.47.

No additional options were issued in the year. Options outstanding have expiry dates ranging from February 26, 2026 to October 17, 2034 and with exercise prices ranging from \$0.27 to \$0.65.

During the year, the Corporation issued 3,266,769 Restricted Share Units (RSU) to senior employees of Western. The RSUs 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.

During the year ending December 31, 2025, no shares were repurchased (December 31, 2024 – nil).

The Corporation's wholly owned subsidiary has an Employee Share Ownership Plan (ESOP), of which as at December 31, 2025, 686,863 options were outstanding (December 31, 2024 - 673,524), with vesting dates until September 30, 2027. These options will be settled by Fortress in cash, or Western shares.

### **Off-Balance Sheet Arrangements**

As at December 31, 2025, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

### **Related Party Information**

The Corporation has related party transactions with management and the Corporation's Associates. A detailed description of these transactions is presented in the notes to the financial statements for the period ended December 31, 2025, to be read in conjunction with this MD&A. Related party transactions are in the normal course of operations and are recorded at the exchange amount.

## **Subsequent Events**

On February 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, 2025, 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 were received in cash in early February 2026. The final proceeds are subject to customary post-closing adjustments, including working capital true-ups and escrow arrangements.

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.

In February 2026, Fortress' fixed income portfolio was liquidated, generating total cash proceeds of \$6.1M.

On March 10, 2026, dividends totalling \$315,000 were declared at Golden payable to Western.

Tevir Capital has agreed to waive any management fees associated with the management of Fortress' investment portfolio for the 2025 and 2026 fiscal years. As a result, no investment management fees were charged by Tevir Capital during the year ended December 31, 2025, and none are expected to be charged during 2026. This waiver reduces operating expenses that would otherwise have been incurred by Fortress in connection with the management of its investment assets.

## **Risks and Uncertainties**

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

## **Risks to the Corporation**

### **Strategic Risks**

#### **Acquisition Opportunities and Competition**

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

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

#### **Investment Evaluation**

Not all risks or liabilities associated with a potential acquisition may be identified through the Corporation's due diligence process. In evaluating acquisition opportunities, the Corporation may be required to assess complex business, financial, tax, accounting, environmental, and legal matters. As a result, unforeseen risks or liabilities may arise following the completion of an acquisition, which could have a material adverse effect on the Corporation's liabilities, profitability, results of operations, and financial condition.

The Corporation may engage external legal advisors, accountants, subject matter experts, and investment banks to assist with due diligence activities, with the level of involvement varying depending on the nature and complexity of the transaction. In conducting this process, the Corporation relies in part on the assessments and analyses provided by these advisors in identifying potential risks and liabilities associated with a proposed acquisition.

### **Capital and Liquidity Risk**

Western's ability to operate its business, pursue strategic opportunities and meet its financial obligations depends on maintaining adequate levels of capital and liquidity. The Corporation's capital position may be affected by a variety of factors, including operating results, investment performance, changes in market conditions, regulatory capital requirements and the availability of external financing. Adverse developments in any of these areas could reduce the Corporation's financial flexibility and its ability to support ongoing operations or future growth initiatives.

Liquidity risk arises from the potential inability to generate sufficient cash flows or obtain funding to meet financial obligations as they become due. Western manages its liquidity position through ongoing monitoring of cash flows, maintaining appropriate levels of liquid investments and access to credit facilities where available. However, disruptions in financial markets, declines in investment values, unexpected operating cash requirements or limited access to capital markets could adversely affect the Corporation's liquidity and, as a result, its financial condition, results of operations and cash flows.

### **Key members of Management**

The Corporation is dependent on the efforts, expertise, and business relationships of key members of management and the Board, including their ability to identify investment opportunities and provide strategic guidance. The continued service of these individuals is critical to the Corporation's operations, and the loss of any key personnel could have a material adverse effect on the Corporation's revenues, net income, cash flows, and its ability to secure investments, maintain or grow assets, or raise capital.

From time to time, the Corporation will also need to attract and retain additional qualified management personnel to support its operations. There can be no assurance that the Corporation will be successful in recruiting, retaining, or adequately training such personnel. Failure to do so could hinder the Corporation's ability to execute its business strategy and may have a material adverse impact on its profitability, results of operations, and financial condition.

### **Investment and Capital management**

#### **Investment Risk**

Western routinely evaluates a broad range of potential transactions, including joint ventures, business combinations, acquisitions and dispositions of businesses, new service or product offerings, and other asset transactions. At any given time, Western may be engaged in discussions or negotiations regarding one or more such opportunities. Any of these transactions could be material to Western's financial condition, results of operations, or cash flows.

The integration of an acquired business may involve significant challenges, unforeseen operating difficulties, and additional costs. From time to time, Western may encounter risks and complexities associated with acquisitions that may be material in scope, including:

- diversion of significant management time and resources to address matters arising within a portfolio company;

- a shift in focus of Western management, or that of a portfolio company's management, away from core operating strategies and priorities toward integration, administrative, employment, or other operational matters;
- integration of businesses that may lack sufficient or effective business and financial controls, procedures, policies, or operational oversight, which could increase exposure to liabilities arising from past or ongoing activities, including potential violations of laws and regulations, commercial disputes, tax matters, and other known or unknown obligations;
- challenges in securing the time, effort, and commitment of existing personnel of an acquired business to implement appropriate governance, financial controls, procedures, and policies where such frameworks may not have previously existed;
- the need to develop and implement effective management succession and leadership continuity plans within acquired entities; and
- the risk that liabilities or contingencies associated with an acquired business may not be identified prior to the completion of the acquisition, including liabilities for which Western may not be fully indemnified.

In addition, as a result of Western's acquisition strategy, a portion of the assets of its portfolio companies consists of intangible assets and goodwill. Portfolio companies are required to assess goodwill and other intangible assets for impairment at least annually, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. If impairment is identified, the portfolio company would be required to recognize a charge to earnings reflecting the write-down of the affected assets. As Western accounts for its investments in portfolio companies using the equity method, such impairment charges could adversely affect Western's financial condition and results of operations.

### **Concentration of Investments**

There are no restrictions or limits on the amount or proportion of the Corporation's funds that may be allocated to any single investment. As a result, the Corporation may hold a relatively small number of investments, and its financial results could be materially affected by the adverse performance of any one investment. The Corporation's investment strategy may also lead to significant concentration in a particular company, industry, or geographic region, making overall performance highly dependent on the results of such investments. As at December 31, 2025, the Corporation's portfolio consists entirely of its investments in Fortress, GlassMasters, Golden Health Care, and Foothills (subject to Subsequent Event note).

### **Transaction and Legal Risks**

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

### **Access to Capital**

The Corporation may require ongoing capital to support its growth initiatives, fund investments in its portfolio companies, and maintain compliance with covenants under its credit facilities. To meet these requirements, the Corporation may seek additional financing through public or private equity issuances or through additional debt. There can be no assurance that the Corporation will be able to obtain such financing on acceptable terms, or at all. Limitations on the Corporation's ability to access funding sources or capital markets—whether due to adverse market conditions or factors specific to the Corporation—could negatively affect its liquidity, operating results, and ability to pursue additional acquisition opportunities.

As portfolio companies expand, their capital requirements may increase. There can be no assurance that each portfolio company will have sufficient capital resources available to execute its growth strategy. An inability to raise additional capital, whether through debt or equity financing, could constrain future growth and operational initiatives.

Portfolio companies seek to manage their capital requirements through a range of financing and operational strategies to support planned growth. However, there can be no assurance that these strategies will be successful in securing future sources of capital. Portfolio companies may also utilize financial leverage, which creates ongoing debt service obligations. Their ability to refinance existing indebtedness or meet scheduled principal and interest payments will depend on future operating performance and cash flows, which are influenced by economic conditions, prevailing interest rates, and other financial, competitive, and business factors, many of which are beyond their control.

### **Additional Issuances and Dilution**

Western may issue and sell additional securities, including Common Shares and other instruments, to finance its operations or future acquisitions. The Corporation cannot predict the timing, size, or terms of any future issuances, or the effect such issuances may have on the market price of securities then outstanding. Any additional issuance of securities could result in dilution of existing shareholders' voting power and may reduce earnings per share. Furthermore, the sale or anticipated sale of a substantial number of securities, or market perception that such sales could occur, could adversely affect the prevailing market price of the Corporation's securities.

### **Cash Flow from Portfolio Companies**

Western receives distributions from its portfolio companies to fund its operating expenses and meet interest and other obligations under its credit facilities. The distributions to Western are influenced by the profitability, working capital fluctuations, margin sustainability, and capital expenditure requirements of its portfolio companies. While portfolio companies intend to distribute a portion of their available cash and pay management fees to Western, there can be no assurance regarding the timing or amounts of such distributions. Any shortfall in anticipated distributions could adversely affect Western's financial condition and cash flows, potentially limiting its ability to fund operations or service existing debt obligations.

### **Illiquidity of Investments**

Western's investments in its portfolio companies, as well as other businesses and assets it may acquire, are, and are expected to remain, unlisted, illiquid, and potentially difficult to value. Determining the fair value of these businesses, securities, and assets involves a significant degree of judgment and subjectivity. There is no assurance that Western will realize the estimated fair value upon the purchase or sale of such investments. Additionally, the illiquid nature of these assets may limit Western's ability to adjust its portfolio quickly in response to changing economic or market conditions.

### **Common Shares Sensitive to Market Fluctuations**

The Common Shares have historically experienced relatively low trading volumes and may therefore be considered illiquid. As a result, the market price of the Common Shares has been, and may continue to be, subject to significant fluctuations in response to a variety of factors, including actual or anticipated variations in the Corporation's operating results, changes in financial estimates by securities analysts, and general market conditions.

Market volatility, as well as broader economic, political, and financial conditions—such as economic downturns, changes in interest rates, international currency fluctuations, or geopolitical events including armed conflicts—may adversely affect the market price of the Common Shares, regardless of the Corporation's operating performance. Such illiquidity and price volatility could also impair the Corporation's ability to raise additional capital through the issuance of Common Shares, which may have a material adverse effect on its financial condition, results of operations, and profitability.

### **Inaccurate or Unfavourable Research**

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

## **Insurance Risks**

### **Underwriting Risk**

Fortress is exposed to underwriting risk, which is the risk that insurance service expenses may exceed insurance revenues. Underwriting risk can arise from a variety of factors, including pricing risk, reserving risk, and catastrophe risk.

Pricing risk arises when actual claims experience differs adversely from the assumptions used in pricing insurance risk. Reserving risk arises when actual claims experience differs from the assumptions used to establish reserves, which is influenced by the time lag between the occurrence of a loss, the reporting of the loss to the insurer, and the ultimate settlement of the claim. The degree of uncertainty varies by line of business, depending on the characteristics of the insured risks, with the ultimate cost of a claim determined by the actual loss incurred by the policyholder. Claims provisions are established based on expectations of the ultimate cost to settle and administer claims, informed by known facts, historical settlement patterns, trends in claim frequency and severity, evolving case law, and other relevant factors. The period required to learn of and resolve claims, often referred to as the "tail," is an important consideration in establishing reserves.

Catastrophe risk arises from exposure to large losses caused by natural or man-made catastrophes, which can result in significant underwriting losses. Weather-related catastrophe losses are increasingly affected by climate change, which contributes to greater unpredictability in both the frequency and severity of such events.

### **Insurance Industry**

The financial performance of the insurance industry has historically been subject to fluctuations resulting from competition, the frequency and severity of catastrophic and non-catastrophic events, levels of capital and underwriting capacity, general economic conditions, and other factors. Demand for insurance products is influenced both by the underwriting results of primary insurers and prevailing economic conditions.

Broader economic factors—including changes in employment levels, wages, consumer spending, business investment, government expenditures, volatility in global capital markets, and inflation or deflation—can affect the operating environment, the demand for insurance and reinsurance products, and ultimately may influence net earnings, financial position, and cash flows.

The insurance sector is subject to periods of intense price competition due to excess underwriting capacity, as well as periods in which limited capacity allowed for more favorable pricing. The cyclicity inherent in the industry can, during periods of soft markets, significantly reduce premiums written and adversely affect Fortress' financial position, profitability, and cash flows.

### **Reinsurance Credit Risk**

The Corporation is exposed to credit risk in respect of amounts recoverable from reinsurers, including reinsurance assets and receivables arising from claims paid and premiums ceded. While reinsurance is used to mitigate underwriting risk and manage capital exposure, it does not relieve the Corporation of its primary obligations to policyholders. As a result, the Corporation remains exposed to the risk that a reinsurer may be unable or unwilling to meet its contractual obligations. To manage this risk, the Corporation transacts primarily with well-capitalized reinsurers with

strong financial strength ratings and monitors the financial condition and creditworthiness of its reinsurance counterparties on an ongoing basis. In addition, reinsurance exposures are diversified across multiple counterparties and are reviewed regularly to mitigate potential concentrations of credit risk.

### **Distribution Risk**

The Corporation distributes its products and services through a network of brokers, intermediaries and other distribution partners. As a result, the Corporation is dependent on maintaining strong relationships with these key distribution channels to support the generation and retention of business. Changes in the availability, performance or strategic priorities of these brokers or other distribution partners, increased competition for broker relationships, or shifts in distribution arrangements could reduce the volume of business placed with the Corporation. In addition, consolidation within the brokerage industry, changes in commission structures, or the loss of one or more significant distribution partners could adversely affect the Corporation's ability to generate revenue and may negatively impact the Corporation's financial condition, results of operations and cash flows.

The Corporation seeks to mitigate distribution risk through maintaining diversified distribution relationships, developing long-term partnerships with brokers and intermediaries, and regularly monitoring the performance and concentration of its distribution channels. The Corporation also focuses on providing competitive products, service levels and technology capabilities to support its distribution partners and enhance the attractiveness of its offerings. While these measures are intended to strengthen and diversify the Corporation's distribution network, there can be no assurance that they will fully mitigate the potential impacts of changes within distribution channels or broker relationships.

### **Technology risks**

#### **Reliance on Technology**

Western and its portfolio companies rely on information technology systems to conduct their operations. Any significant system failure, cyber-attack, virus, security breach, destruction, or operational interruption—whether caused by employees, authorized users, or unauthorized parties—could adversely affect their operations. In the event that a cyber incident disrupts operations or results in the loss, unauthorized disclosure, or damage of data or confidential information, Western's and its portfolio companies' reputations, businesses, results of operations, and financial condition could be materially impacted.

There can be no assurance that Western's and its portfolio companies' IT systems, or any insurance coverage against cybersecurity risks, will be sufficient to prevent or mitigate such events. While Western and its portfolio companies have not to date experienced material losses from cyber incidents, they may do so in the future. This risk is mitigated by purchasing cyber insurance cover, but in future additional resources may be required to enhance protective measures, investigate vulnerabilities, or remediate any information security issues.

#### **Investment in Technology**

The industries of the portfolio companies continuously incorporate technological advances into the development of their respective businesses. These advances may be much more technically

demanding and, to compete, it may be necessary for the portfolio companies to invest in equipment, systems and staff training. No assurance can be given that any particular portfolio company will be able to make sufficient investments in technological advances.

### **Macroeconomic, Regulatory and External Environment Risks**

#### **Political instability, Inflationary Economy and Regulatory changes**

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

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

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

#### **Uncertainty due to United States Tariffs**

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

#### **Tax Consequences**

There may be an enactment, promulgation or public announcement of a change or proposed change in tax law (including a specific proposal to amend the Tax Act publicly announced by the Department of Finance of Canada or the Minister of Finance of Canada) or applicable case law or written and published interpretative guidance or policy of the Canada Revenue Agency or provincial equivalent that could result in a material impairment of, or materially adversely affect, the operations or financial or tax position of Western and its portfolio companies. Tax filings and filing positions made or taken or to be made or taken by Western and its portfolio companies, including those related to income and expenses as well as those arising out of acquisition or disposition transactions, involve interpretations of the Tax Act which, if interpreted differently or challenged by taxing authorities, could result in tax liabilities to Western and its portfolio companies. Further, the acquisition and disposition of businesses and assets by Western and its portfolio companies often involve various structuring events to complete the transactions in a tax efficient manner and, consequently, involve interpretations of the Tax Act which, if interpreted differently or challenged by taxing authorities, could result in tax liabilities to Western and its

portfolio companies. Elections have been made under the Tax Act such that certain transactions pursuant to which Western and its portfolio companies or assets may be affected on a tax-deferred basis. The adjusted cost base of any property transferred to a subsidiary pursuant to acquisition agreements may be less than its fair market value, such that a gain may be realized on the future sale of the property.

### **Pandemics**

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

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

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

### **Other Portfolio Company Risks**

#### **Put/Call Agreements**

Western has entered into a put/call agreement in relation to ATB's 38% interest in Foothills.

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

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

### **Unanimous Shareholders Agreements**

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

### **Competition and operational performance**

The portfolio companies operate in competitive industries where key factors such as price, product and service offerings, and quality influence market position. Existing or new competitors may have greater financial, operational, or marketing resources than the portfolio companies, and there can be no assurance that competitors will not achieve greater market acceptance or share due to pricing, innovation, or other factors.

To remain competitive, portfolio companies must consistently meet operational performance metrics expected by their customers. Failure to meet these metrics over time could result in reduced sales, lower pricing, or both. While certain portfolio companies have implemented processes and monitoring systems to support the delivery of key performance metrics, there can be no assurance that they will continue to meet these expectations or that the metrics themselves will remain consistent in the future.

### **Execution on New Strategies**

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

### **Fluctuations in Operating Results and Seasonality**

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

### **Customer Risk**

Some or all of the Corporation's portfolio companies are reliant on a few key customers. The loss of one or more of their key customers or any significant reduction in orders from such customers could have a material adverse effect on the business, results of operations, or financial condition of the portfolio companies. Additionally, any disruption in the relationship between any such

portfolio company and such customers could adversely affect the business of the portfolio companies. They could experience fluctuations in their respective customer bases or the mix of revenue by customer as markets and strategies evolve. Any consolidation of the portfolio companies' customers could reduce the number of customers to whom their products could be sold. Any inability to meet the customers' requirements could adversely impact the financial performance of the portfolio companies.

### **Key Supplier Risk**

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

### **Excess Portfolio Company Leverage**

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

### **Impact of Interest Rates on debt**

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

### **Currency Risks**

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

### **Risk of Litigation**

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

### **Employee Relations and Staffing**

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

### **Expansion Risk**

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

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

### **Senior Care Industry**

Golden Health Care is subject to general business risks inherent in the senior care industry, including: changes in government regulation and oversight; changing consumer preferences; fluctuations in occupancy levels and business volumes; the ability of Golden Health Care to renew its government licenses and customer contracts; changes in government funding and

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

### **Changes to Leases**

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

### **Environmental, Health and Safety Risk**

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

### **Additional Governmental Regulations**

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

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

### **Brand Management and Reputation**

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

### **Critical Accounting Estimates and Accounting Policies**

This MD&A is based on the financial statements, which are prepared in accordance with IFRS. The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities. Actual results may differ from these estimates, and the differences could be material. Estimates, judgments, and assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in future years. The critical accounting estimates and judgments are described in detail in note 5 of Western's annual audited financial statements for the year ended December 31, 2025.

### **Financial Instruments and Risk Management**

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

The Corporation, as part of its operations, is exposed in varying degrees to a variety of risks from the use of financial instruments. Risk management strategies are established to identify and analyze risks faced and to ensure risks and related exposures are consistent with the Corporation's business objectives and risk tolerance levels. As a result of the use of the above-mentioned financial instruments, the Corporation is exposed to risks that arise from their use, including market risk, credit risk, and liquidity risk. A detailed assessment of each of these risks is presented in the notes to the financial statements for the year ended December 31, 2025, to be read in conjunction with this MD&A.

## Description of Non-IFRS Measures

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

The Corporation's method of calculating non-IFRS measures may differ from other issuers and therefore may not be comparable to similar measures presented by other reporting issuers. These non-IFRS financial measures are included because management uses this information to analyze operating performance. Readers are cautioned that these non-IFRS financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

## Forward-Looking Information

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

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

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in the countries in which the Corporation does business; the behaviour of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; insurance risks including pricing risk, concentration risk and exposure to large losses, and risks associated with estimates of loss reserves; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing

operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which the Corporation operates; governmental investigations; litigation; changes in tax laws; changes in capital requirements; changes in reinsurance arrangements and availability and cost of reinsurance; ability to collect amounts owed; catastrophic events, such as earthquakes, hurricanes or pandemics; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; risks associated with reliance on distribution partners, capacity providers and program administrators; third party risks; risk that models used to manage the business do not function as expected; climate change risk; risk of economic downturn; risk of inflation; risks relating to cyber-security; risks relating to credit ratings; and other risks and factors detailed from time to time in our documents filed with securities regulators in Canada.

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

## Appendix A

The following IFRS 17 adjustments were done on Consolidation

<b>Impact to Income statement (\$'000)</b>	<b>2025</b>	<b>2024</b>
<b>Insurance service result</b>		
Insurance revenue	6,658	2,001
Insurance service expenses	(5,956)	(3,776)
Net expenses from reinsurance contracts held	(526)	1,390
<b>Total insurance service result</b>	<b>175</b>	<b>(385)</b>
Interest accreted on insurance contracts issued	(67)	-
Interest accreted on reinsurance contracts held	52	-
<b>Net insurance financial expense</b>	<b>(15)</b>	<b>-</b>
<b>Total Consolidation adjustment before tax</b>	<b>161</b>	<b>(385)</b>
Tax expense	(41)	99
<b>Total Consolidation adjustment after tax</b>	<b>120</b>	<b>(287)</b>
<b>Impact to Balance sheet (\$'000)</b>	<b>2025</b>	<b>2024</b>
Increase / (Decrease) in Reinsurance contract assets	(474)	1,390
(Increase)/ Decrease in Insurance contract assets	635	(1,775)
Deferred tax	(41)	99
	120	(287)