Interim Management's Discussion and Analysis

Quarterly Highlights

For the period ended June 30, 2026

Dated: August 25, 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 six months ended **June 30, 2026**. This MD&A should be read in conjunction with the unaudited Condensed Interim Financial Statements for the period ended June 30, 2026, the audited Consolidated Financial Statements for the year ended December 31, 2025, and the annual Management's Discussion and Analysis dated March 31, 2026. 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 **August 25, 2026**. Additional information is available at 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.

Table of Contents

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 on the TSX Venture Exchange under the symbol "WI".

This MD&A provides an update on the Corporation's business activities, financial condition, financial performance and cash flows for the six months ended June 30, 2026. Additional information relating to the Corporation's businesses and investments is provided in the annual MD&A for the year ended December 31, 2025.

As at June 30, 2026, Western's principal investments included:

Fortress Insurance Company

Western wholly owns Fortress Insurance Company ("**Fortress**"), an Alberta regulated property and casualty insurer offering a broad range of insurance products. The carrying value of the investment as at June 30, 2026 was $23.0 million.

Foothills Creamery Ltd.

Western holds a 49% interest in Foothills Creamery Ltd. ("**Foothills**"), a western Canadian producer and distributor of butter and ice cream products. The carrying value of the investment as at June 30, 2026 was $2.4 million.

Golden Health Care

Western holds interests in three Saskatchewan senior care homes and in Golden Health Care Management Inc. (collectively, "**Golden**"), a Saskatchewan-based senior care operator and management company. The carrying value of the investment as at June 30, 2026 was $4.5 million.

The following table outlines Western's investment interests as at June 30, 2026:

Investment	Percentage Owned
Fortress	100%[1]
Foothills	49%
Golden	25.0-30.0%

1 The investment is consolidated into the corporation results.

Investment sold during the period

GlassMasters ARG Autoglass Two Inc.

Western held a 55% interest in GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**"), an automotive glass repair, replacement and wholesale distribution business operating in Western Canada. In the first quarter of 2026, Western sold its investment in GlassMasters and received full repayment of the related promissory note, for gross proceeds of $25.8 million (net proceeds of $24.3 million). The carrying value of the investment at the date of sale was $8.9 million.

Key Highlights for the Period Ended June 30, 2026

The six-month period ended June 30, 2026 was profitable for Western, headlined by the successful sale of our investment in GlassMasters for substantial gain relative to its book value and profitable results from Fortress.

At the end of the period, the gain on the sale of GlassMasters was $15.4 million and generated net proceeds of $24.3 million.

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.

Gross Written Premiums ("**GWP**") at Fortress for the six-month period were $27.0 million compared to $28.8 million in the same period in 2025. GWP is a non-IFRS measure defined as total premiums written during the period, including amounts written under fronting arrangements. The variance was primarily driven by prevailing soft market conditions which have constrained growth as Fortress seeks to maintain pricing discipline.

Insurance revenue increased 17% year-over-year to $19.6 million during the first six months of 2026. For the six-month period ended June 30, 2026, Fortress contributed total comprehensive income of $552,000 versus a loss of $2,000 in the comparative period in 2025.

Fortress' stated objective is to expand the business to approximately $100 million of GWP by 2028. Fortress continues to pursue diversification by expanding its product offerings and broadening its presence across the Canadian market. Additional details regarding Fortress' performance and operations are provided below.

Foothills continues to focus on improving profitability while maintaining steady revenue growth in higher margin products. Revenue for the six months ended June 30, 2026 decreased by 7% to $17.1 million, compared to $18.5 million over the same period in 2025. The year-over-year decrease in revenue is primarily attributed to lower butter sales, partially offset by growth in ice cream sales. Gross profit margin over the same period improved to 29.5%, representing an increase of 6.5 percentage points compared to the prior year driven mainly by the strategic shift towards increasing ice cream sales, which generates a higher profit margin, and entering into a contract with a new cream supplier which lowered the cost of cream. As a result, Foothills reported net income of $48,000 for the six months ended June 30, 2026, compared to a net loss of $427,000 for the comparative period in 2025.

Golden has maintained high occupancy levels in the homes in which Western has an interest, which, together with rate increases, has led to improved profitability. Revenue for the six months ended June 30, 2026 was $5.8 million, an 8% increase over the same period in 2025.

Net income for the first six months of 2026 was $886,000, up from $648,000 in the comparative period in 2025.

GlassMasters was sold on February 2, 2026 and the year-to-date results as at June 30, 2026 include its results up to that point. During this period, revenue was $3.4 million and gross profit was $1.1 million. Operating expenses were higher than the prior year as they included additional compensation expenses related to the sale transaction, leading to a net loss of $2.3 million.

Review of Western's Operations and Financial Results

	Three months ended June 30,		Six months ended June 30,	
Financial results ($'000)	2026	2025	2026	2025
As reported				
Insurance service result				
Insurance revenue	10,247	8,518	19,555	16,730
Insurance service expenses	(5,503)	(6,957)	(14,911)	(13,530)
Net expenses from reinsurance contracts held	(3,741)	(1,204)	(3,272)	(2,523)
Total insurance service result	**1,003**	**357**	**1,372**	**677**
Net investment income	**(123)**	**356**	**170**	**486**
Net insurance financial expense	**50**	**54**	**86**	**120**
Other Operating and Administrative Expenses				
Professional and consulting fees	478	503	963	1,047
Payroll and Share-based compensation	1,290	578	2,220	1,245
Interest expense	11	17	27	171
Other expenses	213	195	433	334
Total other operating and administrative expenses	**1,991**	**1,293**	**3,644**	**2,797**
Other income (expense)				
Income from equity invesments	260	779	(1,000)	476
Finance income	384	480	716	846
Other	150	92	311	147
Gain on sale of equity investment and Note Receivable	992	-	15,346	-
Total other income	**1,786**	**1,351**	**15,373**	**1,469**
Income (loss) before income taxes	625	716	13,185	(286)
Net Income (Loss)	**509**	**752**	**12,979**	**(247)**
Net income (loss) per common share, basic	0.003	0.005	0.081	(0.002)
Net income (loss) per common share, diluted	0.002	0.004	0.055	(0.002)

Consolidated Results

The insurance service result for the first six months ended June 30, 2026 was $1.4 million in comparison to $0.7 million in 2025.

At the end of the second quarter operating and administrative expenses were $3.6 million in 2026 compared with $2.8 million in 2025. The increase was primarily attributable to higher payroll expenses following the build-out of key members of Western's executive team in the second half of 2025.

Interest expense was significantly lower than the prior period as substantially all group debt was repaid in 2025, with the exception of a shareholder loan from Golden.

For the six months ended June 30, 2026, loss from equity investments was $1.0 million compared to a profit of $0.5 million during the same period in 2025.

Finance income as of June 30, 2026 was $0.7 million year-to-date, compared with $0.8 million achieved in the comparative period in the prior year.

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 stand-alone financial results reported by Fortress.

For the six months ended June 30, 2026, these IFRS 17 consolidation adjustments resulted in a $28,000 gain recognized in the consolidated statement of income (2025 – $67,000). Additional details regarding these adjustments are provided in *Appendix A*.

Financial Position

Financial position ($'000)	June 30, 2026	December 31, 2025
Cash	85,745	55,785
Investments	1,559	5,937
Reinsurance Assets	49,738	43,516
Fronting contract assets	2,382	3,219
Investment in Associates	6,861	17,068
Goodwill	7,694	7,694
Other assets	4,084	5,201
Total assets	**158,063**	**138,420**
Insurance contract liabilities	62,740	56,959
Fronting contract liabilities	2,993	3,982
Debentures/ loan	900	900
Collateral held	7,298	6,131
Other liabilities	5,572	5,138
Total liabilities	**79,504**	**73,110**
Shareholders' equity	**78,559**	**65,310**
Total liabilities & shareholder's equity	**158,063**	**138,420**
Share count information		
Common shares issued and outstanding (Millions)	167	159

Cash remained in a strong position at the end of the second quarter, with $48.8 million held at Western and $37.3 million at Fortress. The cash balance provides strong liquidity while generating attractive interest income and limiting exposure to broader market volatility.

During the second quarter of 2026, Western invested an additional $2.5 million in Fortress to support its growth plans over the coming years.

In the six months ended June 30, 2026, an additional 8,210,958 common shares were issued mainly through the exercise of outstanding warrants (refer to Outstanding Share Data).

Investments are held at the Fortress level and have decreased since the beginning of the year, primarily as a result of the portfolio being monetized during the first quarter in 2026, followed by a limited and measured re-entry into investments during the second quarter.

Investments in associates decreased mainly as a result of the sale of GlassMasters which had a book value of $8.9 million at the time of sale.

Reinsurance assets and insurance contract liabilities increased as Fortress continued to grow in line with increased insurance revenue.

Shareholder equity increased by $12.5 million primarily as a result of the $15.4 million gain from the sale of GlassMasters.

Fortress Results and Financial Overview

Fortress is a Canadian-licensed insurer focused on specialty and surplus lines within the Canadian insurance market. While property insurance remains its principal line of business, Fortress 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, where an application is pending.

In the current soft market environment, management remains focused on diversifying the product portfolio, retaining key accounts, actively managing underwriting performance, and pursuing disciplined growth. These efforts include strengthening relationships with existing broker and Managing General Agent ("**MGA**") partners and identifying additional classes where Fortress can provide underwriting capacity. The company also continues to pursue new strategic partnerships to broaden its market presence and position the business to capitalize on growth opportunities as market conditions improve.

During the second quarter, Western made a capital contribution to Fortress of $2.5 million which is intended to provide sufficient additional capital to support Fortress' growth strategies over the next few years.

Key highlights for the six months ended June 30, 2026:

- GWP was $27.0 million compared with $28.8 million in 2025.
- Insurance revenue increased 36% over the prior-year period to $18.4 million
- Fortress' total investment portfolio, including cash and cash equivalents, grew by 15% to $38.8 million compared to $33.7 million at December 31, 2025.

Financial highlights for Fortress (stand-alone) are presented below:

	Three months ended June 30,		Six months ended June 30,	
Financial results ($'000)	**2026**	**2025**	**2026**	**2025**
Gross written premium	15,986	15,406	26,979	28,750
Insurance revenue	9,688	6,941	18,432	13,517
Total insurance service result	983	256	1,331	448
Net Investment income	(123)	268	218	471
Total Comprehensive income (loss)	**299**	**46**	**553**	**(2)**
Balance sheet		**June 30, 2026**		**December 31, 2025**
Total assets		91,362		81,771
Total liabilities		78,341		71,803
Total Shareholder's equity		**13,021**		**9,968**

1 Non-IFRS 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.

GWP is recognized as insurance revenue over the policy coverage period based on the pattern in which insurance services are provided and the underlying risk is expected to be released. For policies where risk is consistent throughout the coverage period, revenue is generally recognized evenly over the policy term. For certain multi-year products written by Fortress, particularly its specialty vehicle replacement product, the pattern of risk varies over the coverage period, resulting in a different pattern of revenue recognition. The continued earning of premiums from these multi-year policies contributed to the increase in insurance revenue during the period.

The long-term policies written under the specialty program have a back-ended profit profile, with profitability recognized progressively over the policy term as insurance services are provided. The unearned future profit associated with these contracts is reflected within the liability or asset for remaining coverage ("**LRC**" or "**ARC**") as the contractual service margin ("**CSM**") and is recognized into income over the remaining coverage period.

A breakdown of the future earning pattern of the CSM (net of reinsurance) by financial year

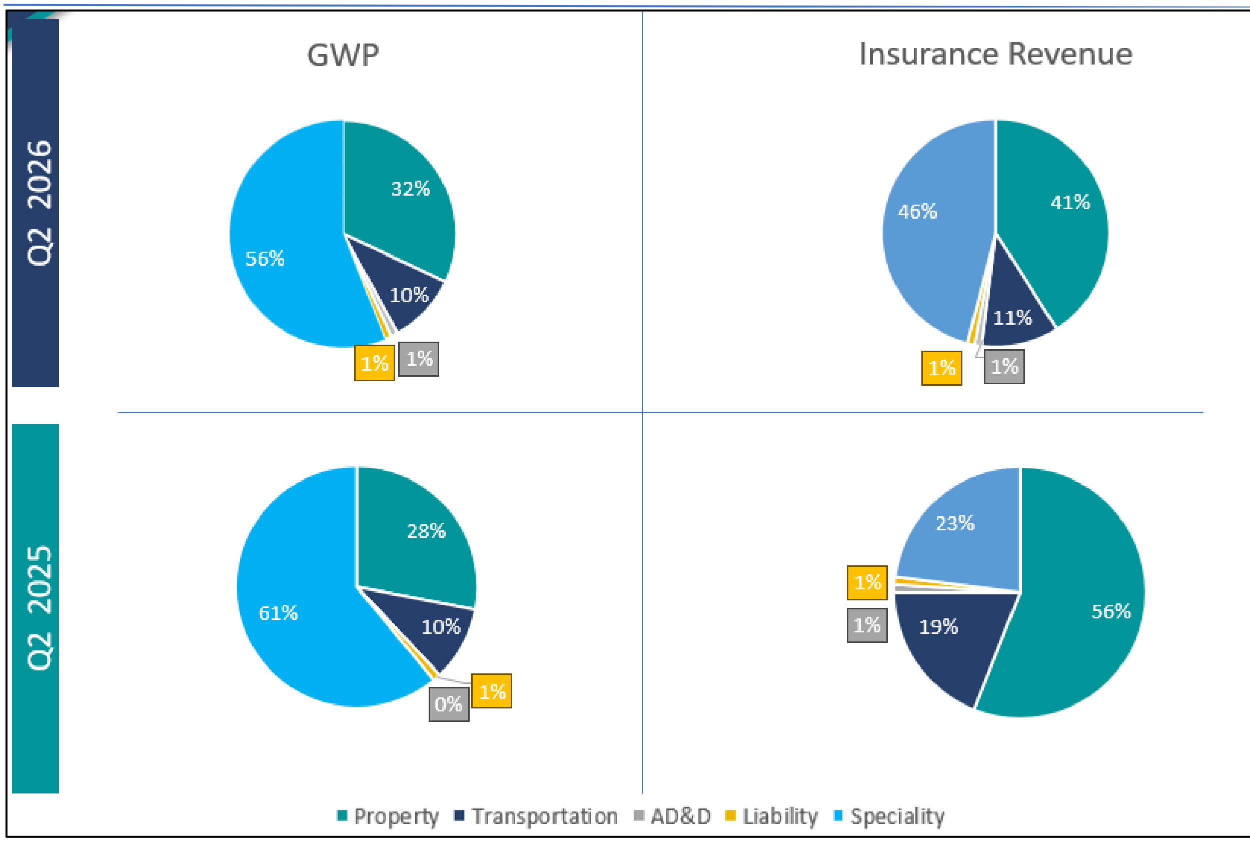
Earning year	Q2 2026 $'000	2025 Year end $'000	Movement $'000
2026	573	497	76
2027	736	602	134
2028	821	657	163
2029	780	593	187
2030 and beyond	541	276	265
TOTAL Net CSM	**3,449**	**2,624**	**825**

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 2026, consistent with the prior year. Additional capital entering the market, together with increasingly sophisticated risk segmentation and modelling tools, has contributed to heightened competition. As a result, market capacity has remained abundant and pricing has remained at relatively low levels.

Against this backdrop, management continues to focus on disciplined underwriting, diversifying the portfolio across geographies and product segments, and strengthening broker relationships to support GWP retention. Fortress is also working with existing broker partners to identify niche product opportunities and additional areas for disciplined growth.

A comparison of GWP and insurance revenue for the six months ended June 30, 2026 and the prior-year period is shown below, illustrating changes in the composition of written premiums and their subsequent recognition as insurance revenue.



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 increases as the products earn out over the years.

Fortress continues to increase capacity across all product lines, and expects continued growth in written premiums through product diversification and geographic expansion. Fortress also plans to strengthen its portfolio by obtaining a Quebec license and an Ontario auto insurance license. However, during the first and second quarters of 2026, growth within its existing book of large programs remained challenging, reflecting limited new business opportunities and disciplined underwriting amid continued soft market conditions.

The table below provides key metrics for the six months ended June 30, 2026 with a rolling 12-month comparison to the 2025 full year.

	Six months ended June 30,		Rolling 12 months to June 30,	Full Year
Key ratios [1]	**2026**	**2025**	**2026**	**2025**
Loss ratio	15.5%	44.0%	21.5%	34.8%
Expense ratio (normalized) [2]	64.9%	64.5%	66.4%	66.7%
Combined ratio	**80.4%**	**108.5%**	**87.9%**	**101.5%**

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

2 Expense ratios include an allocation of investment income earned on funds held associated with structured insurance arrangements, based on the level of working capital deployed.

The loss ratio for the first six months in 2026, comprised of incurred losses and including incurred but not reported claims was 15.5% (2025 – 44.0%). The lower loss ratio is mainly due to favourable development on existing claims and the absence of new large losses during the second quarter.

As mentioned earlier, for our multi-year specialty product, the potential for claims is higher in later years, as a result a greater proportion of insurance revenue is recognized in later periods. This alignment between exposure and premium recognition helps support more stable profitability over the term of the policies.

The expense ratio remained relatively stable, mainly due to disciplined cost management and increased insurance revenue, which allowed Fortress to spread fixed operating costs over a larger revenue base.

Fortress' Minimum Capital Test ("**MCT**") was approximately 459% at the end of the second quarter in 2026, reflecting that the business remains well capitalized and above regulatory requirements.

Investment Performance Review

The investment philosophy is centered on the prudent allocation of capital across all portfolio investments to achieve stable and long-term total returns, while supporting liabilities and maintaining strong regulatory and economic capital levels. In addition, the corporation aims to reduce reliance on external investment managers and limit external investment management fees and has engaged Tevir Capital, a related party with extensive investment management experience, to act as the portfolio manager for Fortress. Tevir Capital has waived management fees for managing Fortress' investments in 2025 and 2026.

Due to the volatility observed in global markets at the start of the year, Fortress monetized virtually all investments in the first quarter of 2026, converting them into cash on its balance sheet. During the second quarter Fortress undertook a measured redeployment of capital into marketable securities, ending the quarter with $1.6 million in marketable securities, representing 4% of total investable assets.

Summary of Cash and Investments

At the end of the second quarter of 2026, Fortress' $38.8 million investment portfolio consisted of cash and cash equivalents of $37.2 million, $1.6 million in marketable securities and $25,000 invested in a guaranteed investment certificate.

Net Investment Income

	Three months ended June 30,		Six months ended June 30,	
Financial results ($000s)	**2026**	**2025**	**2026**	**2025**
Net investment income	248	187	454	359
Net realized gains (losses)	(0)	3	135	37
Changes in fair value	(371)	78	(371)	74
Net Investment Result	**(123)**	**268**	**218**	**471**

Net investment income for the second quarter was adversely impacted by changes in the fair value of investments, while underlying investment income remained strong. Overall, the investment portfolio remains well positioned and was further strengthened by a $2.5 million capital contribution in the second quarter of 2026.

Insurance Industry Outlook

The Canadian property and casualty ("**P&C**") insurance market is expected to remain highly competitive through the remainder of 2026. Commercial lines have continued to experience soft market conditions, characterized by abundant capacity, increased competition and pressure on pricing. These conditions have made organic growth more challenging, particularly in well-performing classes where insurers are competing aggressively for both new business and renewals. OSFI has identified the softening commercial lines market, together with claims inflation, as an ongoing pressure on P&C underwriting performance.

Reinsurance market conditions have also become more favourable for insurers in 2026, reflecting increased global reinsurance capacity, favourable reinsurer results and relatively lower catastrophe losses during 2025. This has contributed to greater availability of capacity and increased competition, further supporting softer conditions in portions of the primary insurance market. More recent global renewal activity has also demonstrated continued downward pressure on reinsurance pricing, although conditions vary considerably by geography, product and loss experience.

At the same time, underlying claims pressures remain elevated. Increasing frequency and severity of weather-related catastrophe events continue to create volatility in property underwriting results, while claims inflation, remains an industry concern. These factors reinforce the importance of maintaining underwriting discipline despite competitive pressure on rates.

Broader economic conditions also remain uncertain. Tariffs and ongoing trade uncertainty are expected to constrain Canadian economic growth, while higher input, energy and supply-chain costs may contribute to claims severity and replacement costs. These conditions could particularly affect property, construction and automobile-related lines.

To navigate these conditions, Fortress is executing a balanced diversification strategy focused on underwriting discipline, key-account retention and identifying business segments with sufficient scale and revenue potential to support sustainable long-term profitability. Given current soft market conditions, management remains disciplined in pursuing growth and does not intend to prioritize premium volume at the expense of underwriting quality or appropriate risk-adjusted returns. Growth opportunities will continue to be pursued through existing broker and MGA relationships, as well as through new partnerships and specialty insurance opportunities where Fortress can deploy capacity on attractive terms.

Specialty insurance encompasses products and services that are generally not offered by standard insurers and often require specialized underwriting expertise and more sophisticated actuarial and financial analysis. These niche segments are predominantly commercial in nature and may involve more complex risks with fewer market participants. Accordingly, specialty markets may provide opportunities for Fortress to differentiate its underwriting capabilities and pursue profitable growth even where broader commercial insurance markets remain highly competitive.

MGAs also continue to represent an important distribution channel for specialty and niche insurance products. Through delegated underwriting arrangements, MGAs can provide insurers with access to specialized underwriting expertise, established distribution networks and market segments that may otherwise be less efficient for carriers to access directly. For Fortress, relationships with MGAs provide a scalable channel through which to pursue specialized commercial risks and new product opportunities, while maintaining appropriate underwriting oversight and discipline.

Given the current market conditions, Fortress will continue to prioritize diversification across both product lines and geographic regions to mitigate concentration and catastrophe ("**CAT**") risk.

IFRS and Non-IFRS Financial Measures

Non-IFRS measure	Definition
GWP - Gross Written Premiums	Gross Written Premium ("**GWP**") refers to the total premium an insurance company writes during a specific period before deductions for reinsurance and cancellations. It represents an internal metric for management to measure top-line revenue from all policies issued, providing a key measure of an insurer's business volume.
Net earned premium	Insurance premiums earned during the period, net of amounts ceded to reinsurers.
Net claims incurred	Claims and related expenses incurred during the period, net of amounts recoverable from reinsurers.
Expenses	Expenses incurred in underwriting and administering the insurance business during the period.
Investment income on working capital	Portion of investment income related to working capital for insurance operations.
Net Interest Accretion & Changes in Financial Risk	Insurance finance income or expenses arising from the passage of time and changes in financial assumptions, net of the corresponding impact of reinsurance contracts held.
Loss ratio	Loss ratio is a key insurance metric that compares Net claims incurred as a percentage of Net earned premium. It indicates how efficiently an insurer is underwriting risk – lower ratios suggest better profitability, while higher ratios may signal underwriting or pricing issues.
Expense ratio	Expense ratio is the percentage of an insurer's net earned premium that is used to cover expenses. Expenses include 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. The business measures its performance including the return on funds held to support insurance activity and from structured deals whereby funds are held as collateral (cumulatively known as working capital). As such, the expense ratio includes the allocation of investment income on working capital.
Combined ratio	The combined ratio is the sum of the Loss ratio and Expense ratio. A ratio below 100% indicates underwriting profit, while a ratio above 100% indicates an underwriting loss.
MCT – Minimum Capital Test	The Minimum Capital Test ("**MCT**") is a regulatory measure used in Canada to assess the financial strength and solvency of an insurer. It compares its available capital to its required capital, with a higher ratio indicating a stronger ability to meet obligations and absorb losses.

The following table illustrates a reconciliation between IFRS measures (financial statement line items) and non-IFRS measures for the six months ended June 30, 2026.

IFRS Measure/ Financial statement line item $'000	IFRS Measure Total $'000	Non-insurance Activties	Remove Acquired claims and consolidation adjustments	Fortress stand-alone	Non-IFRS measures from Fortress stand-alone $'000: Net earned premium [1]	Net Claims incurred [1]	Expenses [1]
Insurance revenue	19,555	-	(1,123)	18,432	18,436	-	137
Insurance service expenses	(14,911)	-	915	(13,996)	-	(7,532)	(5,548)
Net expenses from reinsurance contracts held	(3,272)	-	167	(3,105)	(13,660)	6,790	3,652
Investment income (loss)	170	-	-	170	-	-	311
Interest accreted on insurance contracts issued	(384)	-	21	(363)	-	-	-
Interest accreted on reinsurance contracts held	298	-	(17)	281	-	-	-
Expenses	(3,644)	2,618	46	(980)	-	-	(1,923)
Other Income	15,373	(15,100)	-	273	-	-	273
Income tax expense (recovery)	(206)	-	-	(206)	-	-	-
Net Income	**12,979**	**(12,482)**	**8**	**505**	**4,776**	**(742)**	**(3,099)**

[1] Used in Key ratios:
Loss ratio = Net claims incurred / Net earned premium
Expense ratio = Expenses / Net earned premium

Summary of Equity Investments

Below is a summary of the results of each of Western's Associates for the quarter ended June 30, 2026. The performance of our Associates is assessed based on revenues, net income from operations, and Earnings Before Interest Tax Depreciation and Amortization ("**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).

Foothills

Western holds a 49% interest in Foothills Creamery Ltd. ("**Foothills**"), a western Canadian producer and distributor of butter and ice cream products.

Foothills reported revenue of $17.1 million for the six months ended June 30, 2026 compared to $18.5 million in the prior-year period. Gross profit increased to $5.1 million from $4.3 million, while EBITDA increased to $1.7 million from $1.2 million in the comparative period, primarily reflecting a shift in sales mix toward higher-margin ice cream products and lower input costs.

For the six months ended June 30, 2026, Western recorded equity income from Foothills of $24,000 compared to a loss of $209,000 in the comparative period of 2025. Western also earned management fee income of $37,500 and interest income of $88,000 on its shareholder loan to Foothills during the period (2025: $37,500 and $52,000 respectively).

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($'000)	**2026**	**2025**	**2026**	**2025**
Revenue	11,125	11,502	17,145	18,503
Gross profit	3,115	2,696	5,065	4,273
Net income	**307**	**114**	**48**	**(427)**
Interest	428	469	868	898
Amortization and depreciation	389	428	776	825
Tax	92	(8)	14	(86)
EBITDA[1]	**1,215**	**1,003**	**1,707**	**1,210**

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

Foothills continues to focus on expanding its retail distribution network and product offerings while actively managing liquidity and covenant compliance under its lending arrangements. As of June 30, 2026, Foothills remained in compliance with its financial covenants.

Foothills continues to operate with a leveraged capital structure, including approximately $2.3 million of annual debt servicing requirements. Western has previously provided shareholder support through additional advances under a shareholder support arrangement intended to assist with covenant compliance.

Western also holds a shareholder loan bearing interest at 13% per annum, with accrued interest capitalized to the principal balance. The loan maturity has been extended to September 30, 2026 and includes an option for Western to convert the outstanding balance into common shares of Foothills.

Golden

Western holds equity interests in three Saskatchewan senior care homes and in Golden Health Care Management Inc. (collectively, "**Golden**"), a Saskatchewan-based operator and manager of retirement communities and senior care facilities.

For the six months ended June 30, 2026, Western recognized equity income from Golden of $243,000 compared to $195,000 in the prior-year period. Dividends totaling $315,000 were received in the period (2025: $150,000).

Golden reported revenue of $5.8 million for the six months ended June 30, 2026, compared to $5.4 million in the prior-year period, EBITDA remained at $1.4 million in line with 2025, and net income increased to $886,000 from $648,000. The improved results primarily reflected strong occupancy levels across the homes and rate increases, while operating costs remained relatively stable.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($'000)	**2026**	**2025**	**2026**	**2025**
Revenue	2,948	2,737	5,815	5,406
Net income	406	358	886	648
Interest	35	116	70	229
Amortization and depreciation	97	137	190	270
Tax	108	112	232	228
EBITDA[1]	**646**	**723**	**1,377**	**1,374**

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

In June 2025, Golden declared a return of capital distribution to shareholders. Western's share of the distribution amounted to $479,700 and was recorded as a reduction in the carrying value of the investment. No further return of capital distributions had been received as of June 30, 2026.

As of June 30, 2026, all three homes were in compliance with their banking covenants. Covenant testing is performed annually at August 31. During the six months ended June 30, 2026, no repayment of the loan was made ($105,000 in 2025).

Western appoints two of the five directors of Golden Health Care Management Inc. and accounts for the investment using the equity method, as it exercises significant influence but not control over the investment.

GlassMasters

Prior to its disposition on February 2, 2026, Western held a 55% interest in GlassMasters, an automotive glass repair, replacement and wholesale distribution business operating across Alberta, Saskatchewan, British Columbia and Manitoba.

GlassMasters represented Western's first investment transaction made in 2016. Over the investment period, Western supported the growth and expansion of the business alongside management, while also earning recurring management fee, interest and equity income.

On February 2, 2026, Western sold its entire investment in GlassMasters and was repaid in full on its promissory note, for net proceeds of approximately $24.3 million, resulting in a realized gain on sale of $15.4 million. At the date of sale, the carrying value of the investment was $8.9 million, consisting of an investment in shares of $4.2 million and a promissory note receivable of $4.7 million. From a tax perspective, the gain recognized in the transaction is expected to be treated as a capital gain and will enable the Corporation to utilize tax losses accumulated in prior years to offset the tax liability.

The transaction represented a significant realization of value for Western and generated a substantial return on the Corporation's original investment. Proceeds from the sale have strengthened Western's liquidity and financial flexibility and are expected to support future investment opportunities and capital allocation initiatives.

Western accounted for its investment in GlassMasters using the equity method, as it exercised significant influence through board representation but did not control the entity.

As of June 30, 2026, Western has recognized an equity loss from GlassMasters of $1.3 million and interest income on the promissory note of $54,000 during the first quarter of 2026. The equity loss in the period primarily reflected transaction-related management bonuses paid. In the comparative period in 2025, Western recognized equity income of $0.5 million, interest income of $346,000 and management fee income of $37,500.

Financial highlights for GlassMasters (at 100%) are presented below (six-month cumulative results include results only up to the date of sale of GlassMasters on February 2, 2026):

	Three months ended June 30,		Six months ended June 30,	
Financial results ($'000)	**2026**	**2025**	**2026**	**2025**
Revenue	-	14,094	3,448	22,729
Gross profit	-	4,668	1,109	6,966
Net Income	-	1,086	(2,289)	886
Note payable interest paid to shareholders n	-	227	-	454
Adjusted Net income [1]	**-**	**1,313**	**(2,289)**	**1,340**
Interest	-	408	136	830
Amortization and depreciation	-	517	263	1,006
Tax	-	470	(595)	408
EBITDA[2]	**-**	**2,482**	**(2,485)**	**3,130**

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

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

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	Jun 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024	Sep 30 2024
Insurance revenue	10,247.2	9,307.6	9,050.8	10,015.5	8,518.1	8,212.0	8,142.1	-
Insurance service result	1,003.3	368.8	40.5	277.1	357.2	319.8	81.3	-
Operating expenses	1,991.2	1,652.4	1,629.7	1,277.5	1,293.3	1,503.7	1,821.1	735.9
Other income/(expense)	1,786.0	13,586.9	651.2	1,436.9	1,351.1	132.5	2,506.9	1,257.0
Net income (loss)	509.4	12,517.9	(935.0)	602.2	752.0	(983.8)	1,126.6	521.1
Earnings (loss) per share								
Basic	0.003	0.079	(0.006)	0.004	0.005	(0.007)	0.014	0.017
Diluted	0.002	0.053	(0.006)	0.003	0.004	(0.007)	0.014	0.017
Total assets	158,062.6	155,413.5	138,420.4	126,261.9	112,200.0	105,756.1	103,745.0	21,128.2
Long-term debt	900.0	900.0	900.0	900.0	900.0	900.0	1,005.0	7,634.1

Quarterly Analysis and Seasonality

The Corporation obtained majority ownership of Fortress and began consolidating the financial results of Fortress in its consolidated financial statements from the fourth quarter of 2024 (Q4 2024). Prior to Q4 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 Q4 2024 are not directly comparable to the consolidated results presented thereafter.

Insurance revenue increased in the second quarter of 2026 (Q2 2026) relative to the comparative quarter in the prior year by 20%. Insurance revenue reflects the portion of premiums and other insurance contract consideration earned during the period in exchange for insurance coverage and related services provided to policyholders. Under IFRS 17, insurance revenue is recognized as insurance services are provided and differs from gross written or gross earned premiums used under previous accounting standards, as well as IFRS 17 adjustments recorded on consolidation (see *Appendix A*).

The insurance service result generated a profit in Q2 2026 of $1.0 million, compared to a profit of $357,000 in the same period in 2025.

Operating expenses in the second quarter were higher than in the prior year, primarily due to increased headcount costs at the Western level following the appointment of additional senior management personnel from the second half of 2025.

As of the end of Q2 2026, the Corporation has long-term debt of $0.9 million comprising a shareholder loan outstanding with Golden.

Other income in Q2 2026 totaled $1.8 million (2025 – $1.4 million), consisting mainly of an increase in the gain from the sale of GlassMasters of $1.0 million as proceeds on the transaction are being finalized (2025 – $nil), profit from equity investments of $0.3 million (2025 – $0.8 million), $0.4 million in finance income (2025 – $0.5 million), and fronting administrative fees of $0.1 million (2025 – $0.1 million).

Total assets increased in the quarter, primarily driven by increase in reinsured assets as Fortress continues to increase its insurance revenue.

Liquidity and Capital Resources

Western's liquidity requirements primarily relate to funding holding company operating expenses, investment activities, debt servicing obligations and supporting capital requirements within its subsidiaries and associates. Management believes the Corporation maintains sufficient financial flexibility through cash on hand, operating cash flows, distributions from investments and available credit facilities to meet its current and anticipated obligations.

Cash and cash equivalents increased significantly in the period ended June 30, 2026 mainly from proceeds from the sale of GlassMasters and the monetization of a portion of Fortress' fixed income investment portfolio in the first quarter.

For the six months ended June 30, 2026, net cash provided by operating activities was $0.5 million, compared to net cash used in operating activities of $1.9 million in the comparative period of 2025.

During the same period, net cash provided by investing activities was $29.4 million, compared to $1.4 million in the first quarter of 2025. The increase primarily reflected net proceeds of approximately $24.3 million received on the disposition of GlassMasters, together with approximately $6.2 million generated from the monetization of fixed income investments held by Fortress.

Net cash used in financing activities was minimal during both the current and comparative periods.

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

	Six months ended	
Cash flow ($'000)	2026	2025
Cash provided by (used in) operating activities	544	(1,905)
Cash provided by (used in) investing activities	29,382	1,383
Cash provided by (used in) financing activities	35	(152)
Increase (decrease) in cash	29,961	(674)
Cash at beginning of period	55,785	43,245
Cash at end of period	**85,745**	**42,571**

Western's primary sources of liquidity include cash and cash equivalents, distributions received from investments and available borrowing capacity under its credit arrangements. During the second quarter of 2026, subsequent to quarter end, the Corporation received dividends totaling $315,000 from Golden. During the first quarter of 2025, Western received dividends from Golden totaling $150,000, of which $45,000 was received in cash and the remaining $105,000 was applied against the shareholder loan.

Western's capital structure is outlined below:

	June 30, 2026	December 31, 2025
Cash and cash equivalents	85,745	55,785
Less: Loan from related party	(900)	(900)
Net capital	**84,845**	**54,885**
Shareholder's equity	**78,559**	**65,310**

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, 2025). 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, 2027. As at June 30, 2026 the amount utilized in the facility was $nil (December 31, 2025 : $nil).

Western also has a shareholder loan payable to Golden of approximately $0.9 million bearing interest at 6.09% per annum, with interest-only payments due monthly. The facility matures annually on January 31 and renews automatically unless otherwise terminated.

For 2026, quarterly and annual interest payments on this loan are $14,000 and $56,000 respectively.

During the prior year, all outstanding convertible debentures were converted into common shares. On March 7, 2025, debentures with a combined carrying value of approximately $5.2 million, including the equity component, were converted into 10.6 million common shares at a conversion price of $0.4725 per share, strengthening the Corporation's capital structure and reducing future financing obligations.

Outstanding Share Data

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

As at June 30, 2026 the Corporation had issued 167,062,008 common shares and no preferred shares.

During the six months ended June 30, 2026, 8,210,958 common shares were issued, including 7,685,610 shares issued upon the exercise of 15,215,000 warrants, and 525,348 shares issued upon the exercise of 1,021,000 options. The majority of the shares were issued following cashless exercises and total cash proceeds of $7,050 was received. No common shares were issued in the comparative period in 2025.

As at June 30, 2026, there were 59,785,000 warrants and 2,038,000 options outstanding.

All warrants outstanding expire on December 6, 2029 and have an exercise price of $0.47.

Options outstanding have expiry dates ranging from April 21, 2027 to October 17, 2034, with exercise prices ranging from $0.27 to $0.65.

The Corporation's wholly owned subsidiary, Fortress, has an Employee Share Ownership Plan, of which as at June 30, 2026, 1,012,900 options were outstanding (June 30, 2025 – 683,655), with vesting dates until December 31, 2028. These options will be settled by Fortress in Western shares.

Off-Balance Sheet Arrangements

As at June 30, 2026, 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.

Risks and Uncertainties

An investment in the Corporation's securities is subject to certain risks and uncertainties that investors should carefully consider. These risks include, but are not limited to, market volatility, regulatory changes, operational risks, and availability of equity and debt financing. A comprehensive list of risks and uncertainties to which the Corporation is exposed can be found in our annual MD&A for the year ended December 31, 2025, available at www.sedarplus.com. No material changes have occurred from the annual MD&A for the year ended December 31, 2025.

Critical Accounting Estimates and Accounting Policies

This MD&A is based on the financial statements, which are prepared in accordance with IAS 34. The preparation of the financial statements 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 IFRS. Certain supplementary measures in this document do not have any standardized meaning as prescribed by IFRS, including the non-IFRS measure, 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 cybersecurity; 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 made on consolidation:

Impact to Income statement ($'000)	For the quarter ended June 30, 2026	For the quarter ended June 30, 2025
Insurance service result		
Insurance revenue	1,123	3,213
Insurance service expenses	(914)	(2,546)
Net expenses from reinsurance contracts held	(168)	(537)
Total insurance service result	**41**	**130**
Interest accreted on insurance contracts issued	(21)	(252)
Interest accreted on reinsurance contracts held	17	212
Net insurance financial expense	**(4)**	**(40)**
Total Consolidation adjustment before tax	**37**	**90**
Tax expense	(9)	(23)
Total Consolidation adjustment after tax	**28**	**67**