

## WESTERN PACIFIC TRUST COMPANY

Management's Discussion and Analysis of  
Results of Operations and Financial Position  
For the nine months ended September 30, 2025  
(Expressed in Canadian Dollars)

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The following is management's discussion and analysis ("MD&A"), dated November 26, 2025, of the consolidated financial condition and results of operations of Western Pacific Trust Company and its wholly-owned subsidiaries, WP Private Equity Transfers Inc. ("WPPET"), WP Private Health Inc. ("WPPH"), 1128668 BC Ltd. and 1211263 BC Ltd. (collectively "WPTC" or the "Company") for the nine months ended September 30, 2025. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company and the notes thereto for the nine months ended September 30, 2025 (the "Financial Statements").

### **Basis of Presentation**

The Company's condensed interim consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The IASB continues to amend and add to current IFRS standards and interpretations. As of the date of this MD&A, there are no new IFRS standards that have been recently issued that would have any significant impact to the Company's consolidated financial statements.

### **Forward Looking Statements**

This MD&A contains certain forward-looking statements. All statements included herein, other than statements of historical fact, including without limitation statements regarding the future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will provide accurate information, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in Company documents filed from time-to-time with the regulatory authorities and on [www.SEDARplus.ca](http://www.SEDARplus.ca). Additional information with respect to the Company can be obtained from the Company's website at [www.westernpacifictrust.com](http://www.westernpacifictrust.com).

### **Overview**

Western Pacific Trust Company is a non-deposit taking financial institution which is licensed under the **Financial Institutions Act ("FIA")** in British Columbia as a Trust Company. WPTC is also registered extra-provincially in Alberta and Saskatchewan as a non-deposit taking Trust Company.

#### *Self-Administered Plans*

WPTC Self-Administered Plans permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. In addition to self-administered Registered Retirement Savings Plans ("RRSPs"), WPTC offers self-administered Tax-Free Savings Accounts ("TFSA's"), self-administered Registered Retirement Income Funds ("RRIFs"), and self-administered Locked-In Retirement Accounts ("LIRAs"), within which clients can earn tax-free investment income during their lifetime. Qualified investments for RRSPs and all other self-administered accounts include, but are not limited to, securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm's length mortgages.

#### *Trust Services*

As part of its trust services, WPTC offers strategic counsel, organizational assistance and consults with clients' legal advisors in the establishment and administration of various forms of trusts, an effective vehicle and flexible tool for present and future management of assets.

#### *Employee Ownership Trust (EOT) Services*

An Employee Ownership Trust (EOT) is a form of business ownership structure where a trust holds shares in a company on behalf of its employees, allowing them to collectively benefit from the company's success without paying for and directly owning shares.

On January 1, 2024 new legislation came into effect in Canada establishing EOTs to support employee ownership succession. The goal is to help business owners transition ownership to employees in a tax-efficient and sustainable way, especially for small and medium-sized enterprises (SMEs).

Western Pacific Trust Company provides its services as professional Trustee on the EOT Board of Trustees, or as independent trust advisor to the Board of Trustees.

#### *Client Consulting Services*

The Company provides a range of Accounting, Administrative and Corporate Secretarial services to select clients on a fee-for-service basis.

#### *Corporate Registrar Services*

The Company provides registrar services to unlisted and non-reporting issuer companies. These services are provided through the company's wholly-owned subsidiary, WPPET, a British Columbia incorporated company.

#### *Collateral Agency Services*

The Company acts as Collateral Agent for clients in the conduct of their bond business. The wholly-owned subsidiaries, 1128668 BC Ltd. and 1211263 BC Ltd., are maintained solely for the purpose of offering these services to these clients. The costs of the annual maintenance of these subsidiaries are absorbed by the clients, pursuant to the contract between the parties.

#### **Change in Accounting Policy**

A change in accounting policy was effected to more accurately reflect the outstanding and vested stock options in the balance of the reserves.

During the year ended December 31, 2024 a retrospective change in accounting policy was made, where the Reserves account balance pertaining to the fair value of stock options granted, but since expired unexercised, was applied against the accumulated retained earnings (deficit).

As a result of this change, as at December 31, 2023, the balance of \$275,365 in the reserves decreased to \$Nil and the accumulated deficit of \$494,722 was decreased to \$219,357. In addition, as at January 1, 2023, the balance of reserves of \$275,365 was decreased to \$Nil and the accumulated deficit of \$724,255 was decreased to \$448,890.

There have been no changes to net or comprehensive income, basic and diluted earnings per share or cash flows as a result of this change or the years presented.

## Results of Operations

The following selected consolidated financial data for the nine-month periods ended September 30, 2023 to September 30, 2025 should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the respective periods.

	Nine months ended September 30		
	2025	2024	2023
Total revenue	\$ 1,412,348	\$ 1,598,213	\$ 1,485,193
Total general and administrative expenses	(1,111,947)	(1,064,738)	(964,273)
Income from operations	300,401	533,475	520,920
Finance expense and amortization of deferred gain on subordinated loans	(35,992)	(42,773)	(53,425)
Accretion on subordinated loans	4,496	4,177	2,573
Income before income taxes	268,905	494,879	470,068
Income tax expense	(73,000)	(133,600)	(127,000)
Net income	\$ 195,905	\$ 361,279	\$ 343,068
Earnings per share – basic and diluted	\$ 0.0056	\$ 0.0119	\$ 0.0112

## Results of Operations During the Nine Months Ended September 30, 2025

### Revenues

The Company recorded a decrease in total revenue of \$185,865 compared to the same period in 2024, an overall decrease of 11.6%. Fees received in respect to self-administered plans decreased by \$87,795. In addition, interest income decreased by \$157,761 and consulting and trust service fee income increased by \$59,691 compared to the first nine months of 2024.

### Expenses

Total general and administrative expenses increased overall by \$47,209 (4.4%), in the first nine months of 2025 compared to 2024. This is mainly attributable to increases in the following: salaries and benefits of \$38,725; directors fees of \$3,500; bad debts of \$2,881; compliance and regulatory of \$2,466; office and administration of \$2,247 and lease costs of \$2,081. The increases are offset by a decrease in professional fees of \$4,124.

## Summary of Quarterly Results

The following is selected financial information for the last eight quarters.

Quarter ended	Total revenue	Net income and comprehensive income	Earnings per share (basic and diluted)	Total assets
	\$	\$	\$	\$
Q3/25 September 30, 2025	425,760	37,354	0.0008/0.0008	3,979,413
Q2/25 June 30, 2025	428,911	35,661	0.0007/0.0007	3,916,228
Q1/25 March 31, 2025	557,677	122,890	0.0041/0.0041	3,951,233
Q4/24 December 31, 2024	449,657	48,340	0.0018/0.0018	3,868,845
Q3/24 September 30, 2024	459,550	66,003	0.0019/0.0019	4,037,572
Q2/24 June 30, 2024	492,256	88,711	0.0028/0.0028	3,992,933
Q1/24 March 31, 2024	646,407	206,565	0.0072/0.0072	4,106,437
Q4/23 December 31, 2023	457,783	83,408	0.0029/0.0029	3,904,744

### Revenue and net income (loss) for each quarter

The fluctuations in total revenue from quarter to quarter are due to the seasonal variations in revenue from self-administered plans and the related increase/decrease in interest income from changes in interest rates.

Total revenue decreased and net income for the **third quarter of 2025**, reflecting lower in self-administered plan revenue and expenses compared to the second quarter.

### **Significant Quarterly Variances**

The following summarizes the significant changes in total revenue and net income across recent quarters:

- **Q1 2025:** Both total revenue and net income increased, driven by higher self-administered plan revenue associated with the annual RRSP contribution deadline, offset by a decrease in investment and interest income.
- **Q2 2025:** A decrease in both total revenue and net income, primarily due to seasonal declines in self-administered plan revenue compared to the first quarter.
- **Q1 2024:** Both total revenue and net income increased, driven by higher self-administered plan revenue associated with the annual RRSP contribution deadline, along with increased investment and interest income.
- **Q2 2024:** A decrease in both total revenue and net income was observed, primarily due to seasonal declines in self-administered plan revenue compared to the first quarter.
- **Q3 2024:** Total revenue and net income continued to decline, reflecting lower self-administered plan revenue and a decrease in interest income.
- **Q4 2024:** The downward trend persisted, with decreases in both metrics mainly attributed to a further reduction in interest income.
- **Q4 2023:** Total revenue and net income decreased, primarily due to lower self-administered plan revenue.

### **Outlook**

The Company anticipates ongoing challenges in the near term, driven by broader economic conditions that continue to impact business confidence and investor activity. Tariffs imposed by the U.S. have contributed to a more cautious private market environment, with many smaller companies delaying capital raises, leading to a slowdown in private investment opportunities. While the lower interest rates may lead to decreased interest income, they could also help stimulate market activity over time.

Despite the current environment, we are optimistic about future growth, particularly through the expansion of our Employee Ownership Trust (EOT) services, which present a compelling new revenue stream. Management remains committed to prudent expense management and will continue to focus on adapting to the evolving landscape while positioning the Company for long-term success.

### ***Self-Administered Plans***

Trustee services for Self-Administered Plans are required for any issuer wishing to offer RRSP or TFSA eligible securities, as well as for investors wishing to purchase a private market security in an RRSP or TFSA. Such investments include, but are not limited to, private Mutual Fund Trusts, eligible Canadian Controlled Private Corporations, Eligible Business Corporations, Venture Capital Corporations and arm's length mortgages.

Annual trustee fees earned from each plan build year-over-year for the life of the plan, creating a continuing revenue base for each succeeding year. Transactional fees earned on new accounts increase in proportion to the numbers of plans opened, in addition to transaction fees generated for new purchases in existing accounts.

Western Pacific Trust Company continues to earn increasing recognition in the private capital markets as a trustee for self-administered plans holding eligible private investments. While the Company offers competitive pricing, it is the commitment to offering knowledgeable and responsive service delivered on a consistent basis which distinguishes the company in the marketplace.

### ***Employee Ownership Trusts (EOT)***

Western Pacific Trust Company (WPTC) provides professional guidance to the individuals appointed as trustees of an Employee Ownership Trust (EOT), either by serving as a trustee itself or by acting in an advisory capacity to the trustees. In both roles, WPTC supports trustees in making informed decisions on

behalf of the employee-owners (the beneficiaries of the EOT) regarding the long-term viability, sustainability, and strategic direction of the business.

WPTC's involvement begins prior to the transaction (i.e., the purchase by the EOT of the company shares), assisting with the review of due diligence materials, trust documentation, and shareholder agreements, and supporting the training of selected employee trustees. This support continues following the transaction and remains in place until the employee trustees have developed the confidence and capacity to fulfil their obligations independently, and proper governance practices are well established and sustainable without ongoing professional assistance.

### ***Client Consulting Services***

The Company offers a range of administrative and accounting services to select clients.

### ***Transfer Agency Services***

The Company provides transfer agent and registrar services to unlisted and non-reporting issuer companies. These services are provided through the company's wholly-owned subsidiary, WPPET, a British Columbia incorporated company.

### ***Private Health Plans***

Through its wholly-owned subsidiary, WP Private Health Inc., the Company offers private health care plans for small business owners. Not insurance, rather a tax planning tool, these plans help clients who own small corporations to save taxes and reduce the after-tax cost of health care for themselves and their families.

### ***Collateral Agent Services***

Wholly-owned subsidiaries 1128668 BC Ltd. and 1211263 BC Ltd. provide Collateral Agent services to clients in the conduct of their bond business.

## **Liquidity**

### **Western Pacific Trust Company - Capital Adequacy**

As a trust company, the Company is governed by the BC Financial Services Authority ("BCFSA") pursuant to the *Financial Institutions Act* (British Columbia). The Company is required to submit to the BCFSA, on a quarterly basis, within 30 days of each quarter end, a Financial Return in which a Capital Adequacy calculation is required to set forth the Primary Capital (Shares, Retained Earnings and Reserves) and the Secondary Capital (Subordinated Debt and Other equity investments) to arrive at the Company's Capital Base. The Required Capital Base is calculated as 0.5% of the Assets Held in Trust. The Company must also maintain the required regulatory capital thresholds in Alberta and Saskatchewan.

As at September 30, 2025, the Company had a calculated Capital Base in excess of the Required Capital Base.

## **Capital Resources**

As at September 30, 2025, the Company had working capital of \$2,719,740 (December 31, 2024: \$2,579,392) available to fund its operations.

As at September 30, 2025, the Company had subordinated debt outstanding in the aggregate amount of \$600,500. The subordinated loans include loans totaling respectively \$73,500 with interest at 7% per annum from related parties; \$165,000 subordinated loans with interest at 7% per annum; \$156,000 with interest at 5% per annum from non-related parties; and \$206,000 of the subordinated loans (comprised of \$133,244 in subordinated loans and \$72,756 in deferred gain on subordinated loans) are from unrelated parties and bear no interest.

## **Off-Balance Sheet Arrangements**

Other than Self-Administered Plan revenues beyond the reporting period and interest income held in term deposits from trust assets, the Company does not have any off-balance sheet items that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

### Transactions with Related Parties

Pursuant to the requirements of the Financial Institutions Act, WPTC's Conduct Review Committee is required to approve all related party transactions of the Company and report same to the Directors at meetings of the Board, which are held quarterly.

Related parties include directors and officers of the Company. Share-based payments consist of stock option issuances.

The following transactions with related parties for the nine months ended September 30, 2025 and 2024 were in the normal course of operations and were measured at the fair value of the services provided:

	Nine months ended	
	September 30, 2025	September 30, 2024
Management salaries	\$ 131,250	\$ 127,322
Directors' fees	45,250	41,750
Consulting fees paid to a company controlled by a director	93,600	90,600
Professional fees for consultant	29,700	36,150
<b>Total compensation</b>	<b>\$ 299,800</b>	<b>\$ 295,822</b>

Finance expense includes interest of \$3,848 (September 30, 2024: \$5,319) for subordinated loans. Total interest of \$4,244 (September 30, 2024: \$5,981) and preferred share dividends of \$13,927 (September 30, 2024: \$23,044) have been paid to directors and close family members of directors.

At September 30, 2025, the Company has \$31,842 (December 31, 2024: \$40,049) in accounts payable and accrued liabilities due to officers and directors of the Company, and companies controlled by directors. In addition, \$73,500 (December 31, 2024: \$73,500) of subordinated loans are due to directors or close family members of directors of the Company and accrued interest of \$174 (September 30, 2024: \$174) has been included in finance expense.

### Financial Instruments

As at September 30, 2025, the Company had not entered into any derivative financial instruments as a method of managing market risks associated with interest rates and foreign exchange fluctuations. Note 4 to the consolidated financial statements include a discussion of the Company's financial instruments and the related risks.

### Risks and Uncertainties

#### *Inflation and Recession Threat*

There is significant economic uncertainty in Canada resulting from the recent tariffs on Canadian exports imposed by the USA., which have already lead to increased prices of goods and fluctuations in the value of the Canadian dollar and other currencies and may affect domestic investment strategies. The trade tensions have already led to stock market volatility, underscoring the broader economic impact. The Company is closely monitoring these developments, assessing their financial implications, and considering adjustments to mitigate adverse effects

Management continues to monitor the impact of inflation and recession threat on interest rates through the coming year. See Outlook section above for further detail.

#### *Geopolitical Uncertainty*

Ongoing geopolitical instability, including conflicts in Eastern Europe, the Middle East, and other global hotspots, continues to contribute to overall economic uncertainty. The duration and potential escalation of these crises remain unknown, as does their broader impact on global oil and commodity prices. These developments pose potential risks to investor sentiment, inflationary pressures, and consumer confidence, making their ultimate effect on the Company and the broader economy difficult to predict at this time.

#### *Dependence on major clients*

Plans opened for the Company's two largest issuer clients comprise a significant percentage of total revenues. As such, any disruption in the Company's relationships with these major clients or any decrease in revenue from them, could have an adverse effect on the Company.

#### *Tax laws*

Tax laws in Canada and internationally are undergoing frequent and sometimes significant changes, potentially creating compliance challenges for businesses.

#### *Dependence on key personnel*

Loss of certain members of the executive team or key management members of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacements are found. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

### **Outstanding Share Information**

As at the date of this report there are 26,293,558 Common shares, 400 Series I Preferred shares and 130,550 Series II Preferred shares issued and outstanding. The terms of the preferred shares are described in the consolidated financial statements.

### **Share Purchase Options**

The Company has a 20% fixed stock option plan. Under the current stock option plan, a total of 5,258,711 Common shares are reserved for issuance under the Company's Stock Option Plan (the "Plan").

As at the date of this report, there are no stock options outstanding and 5,258,711 shares are available for issuance under the Plan.

### **Common Share Dividend**

In September 2025, the Company declared a common share dividend of \$0.005 per common share. The dividend totaling \$131,468 was paid on October 17, 2025.

### **Leased Premises**

The Company lease agreement for existing premises was effective March 1, 2023, for a term of five years to mature February 29, 2028. The base rent for the first two years will be \$6,230 per month, \$6,453 per month for the third and fourth years and \$6,675 per month for the fifth year. In addition, the Company acquired additional contiguous office space. The lease for the additional space commenced November 1, 2022 for a term of five years and four months, maturing February 29, 2028. The base rent for the additional space will be \$1,629 per month for the first and second years, \$1,687 per month for the third and fourth years, and \$1,745 per month for the remaining term.

### **Directors**

As of the date of this report, the Board of Directors is composed of the following:

Anthony Liscio, DDS (Chair)  
Alison Alfer  
Bruce H. Bailey, CPA, CA  
G. Benjamin Cutler

John C.A. de Wit, CPA, CA  
Keith E. Macdonald, CPA, CA  
Steven O. Youngman, B.Comm., LL.B (Deputy Chair)