WESTERN PACIFIC TRUST COMPANY

Management's Discussion and Analysis of
Results of Operations and Financial Position
For the year ended December 31, 2025
(Expressed in Canadian Dollars)

The following is management's discussion and analysis ("MD&A"), dated March 25, 2026, 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 year ended December 31, 2025. This discussion should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2025 (the "Financial Statements").

Basis of Presentation

The Company's 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***. Additional information with respect to the Company can be obtained from the Company's website at ***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 ("TFSAs"), 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.

Selected Annual Information and Results of Operations

The following selected consolidated financial data for the three most recently completed financial years should be read in conjunction with the Company's audited consolidated financial statements for the respective years. The Company's consolidated financial statements and the financial information set out below are prepared in accordance with IFRS as issued by the IASB. The Company's material accounting policies are disclosed in note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2025. The Company's functional and reporting currency is the Canadian dollar.

Statements of Financial Position-selected information	As at December 31,		
	2025	2024	2023
Total current assets	$ 2,937,087	$ 2,764,401	$ 2,615,910
Total non-current assets	933,648	1,104,444	1,288,834
Total assets	$ 3,870,735	$ 3,868,845	$ 3,904,744
Total current liabilities	$ 186,609	$ 185,009	$ 158,548
Total non-current liabilities	717,978	756,784	966,086
Total equity	2,966,148	2,927,052	2,780,110
Total liabilities and shareholders' equity	$ 3,870,735	$ 3,868,845	$ 3,904,744

Current assets increased in the 2025 fiscal year compared to the same period in 2024 fiscal year due to an increase of cash and cash equivalents from income from plan fees and interest income received during the year.

Non-current assets decreased in 2025 compared to 2024 due to amortization of the right-of-use asset and the draw-down of deferred income tax asset.

Current liabilities increased in 2025 compared to 2024 due to the increase in deferred revenue at the end of the 2025 fiscal year.

Non-current liabilities decreased in 2025 compared to 2024, reflecting the net repayment of subordinated loans and a decrease of lease liabilities.

The increase in total equity in 2025 compared to 2024 is due to the increase of net income, offset by the dividends paid for preferred shares and common shares.

Statements of Comprehensive Income	For the years ended December 31		
	2025	2024	2023
Total revenue	$ 1,868,290	$ 2,047,870	$ 1,942,976
Total general and administrative expenses	(1,503,295)	(1,433,131)	(1,292,192)
Income before finance expense and income taxes	364,995	614,739	650,784
Finance expense and amortization of deferred gain on subordinated loans	(41,356)	(50,110)	(66,308)
Loss on disposal of equipment	-	(2,010)	-
Income tax expense	(87,600)	(153,000)	(158,000)
Net income before adjustment of preferred share dividends	$ 236,039	$ 409,619	$ 426,476
Preferred share dividends paid	(65,475)	(65,475)	(65,475)
Adjusted net income	$ 170,564	$ 344,144	$ 361,001
Earnings per share – basic and diluted	$ 0.007	$ 0.013	$ 0.014

Income before finance expense and income taxes is a non-GAAP financial measure which has no standard meaning under IFRS. Management is of the opinion that certain investors use this information, in addition to more conventional measures prepared in accordance with IFRS, to evaluate the Company's performance and ability to generate liquidity through operating cash flows.

Results of Operations

Comparison of 2025 fiscal year to 2024 fiscal year
The Company recorded an decrease in total revenue of $179,580 or 8.8% in 2025 compared to 2024, due to the decrease in self-administered plan revenue and interest income throughout 2025.

Comparison of 2024 fiscal year to 2023 fiscal year
The Company recorded an increase in total revenue of $104,894 or 5.4% in 2024 compared to 2023, due to the increase in self-administered plan revenue throughout 2024.

Expenses

Comparison of 2025 fiscal year to 2024 fiscal year
Total general and administrative expenses increased overall by $70,164 in 2025 when compared to 2024. The increase is mainly attributable to the increase in staff salaries and the cost of benefits of $46,911, $12,319 for bad debts, $9,340 for lease costs, $5,000 for directors' fees and $4,591 for compliance and regulatory. The increase is offset by decreases in professional fees of $5,201 and $2,216 for office and administration. Income taxes expense in 2025 of $87,600 has been recorded due to the taxable income for the year and the deferred income tax assets decreased by the same amount.

Comparison of 2024 fiscal year to 2023 fiscal year
Total general and administrative expenses increased overall by $140,939 in 2024 when compared to 2023. The increase is mainly attributable to the increase in staff salaries and the cost of benefits of $124,523, $14,440 for office and administration, and $6,007 for professional fees. The increase is offset by decreases in lease costs of $5,864. Income taxes expense in 2024 of $153,000 has been recorded due to the taxable income for the year and the deferred income tax assets decreased by the same amount.

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 $
Q4/25	December 31, 2025	455,942	40,134	0.0008/0.0008	3,870,735
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

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 and net income both increased for the **last quarter of 2025**, reflecting higher self-administered plan revenue and interest income compared to the third 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.
- **Q3 2025**: Total revenue and net income continued to decline, reflecting lower self-administered plan revenue and a decrease in interest income.
- **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.

Outlook

The Company expects near-term conditions to remain challenging, reflecting continued economic uncertainty, moderating business confidence, and evolving geopolitical developments. Trade tensions, including tariffs imposed by the United States, contributed to a more cautious private market environment in 2025, with many smaller issuers delaying capital raising activities, resulting in reduced transaction volumes.

More recently, escalating geopolitical tensions in the Middle East, including the conflict involving the United States and Iran, have contributed to increased volatility in global energy prices, financial markets, and supply chains. While the direct impact on the Company's operations is limited, these developments may further affect investor sentiment, inflation expectations, and the pace of private capital formation in Canada.

Private investment activity in Canada continues to develop, although growth remains measured and uneven across sectors.

Notwithstanding the current environment, the Company remains optimistic regarding its growth prospects in 2026. In particular, the continued development of Employee Ownership Trust (EOT) structures in Canada is expected to support increased demand for the Company's trustee and advisory services, representing a meaningful opportunity for revenue diversification.

Management will continue to prioritize disciplined cost management and operational efficiency, while maintaining flexibility to respond to changing market conditions. The Company believes it is well positioned to navigate the current environment and to capitalize on emerging opportunities over the medium to long term.

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), acting on behalf of the prospective trustees in 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
<u>Western Pacific Trust Company - Capital Adequacy</u>
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 December 31, 2025, the Company had a calculated Capital Base in excess of the Required Capital Base.

Capital Resources
As at December 31, 2025, the Company had working capital of $2,750,478 (December 31, 2024: $2,579,392) available to fund its operations.

As at December 31, 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 $135,096 in subordinated loans and $70,904 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 years ended December 31, 2025 and 2024 were in the normal course of operations and were measured at the fair value of the services provided:

	Years ended			
	December 31, 2025		December 31, 2024	
Management salaries	$	175,000	$	171,072
Directors' fees		61,250		56,250
Consulting fees paid to a company controlled by a director		124,800		121,800
Professional fees for consultant		44,900		48,450
Total compensation	$	405,950	$	397,572

Finance expense includes interest of $5,145 (2024: $6,612) for subordinated loans. Total interest of $5,143 (2024: $6,877) and preferred share dividends of $17,009 (2024: $30,725) have been paid to directors and close family members of directors.

At December 31, 2025, the Company has $40,681 (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 $571 (2024: $569) has been included in finance expense.

Financial Instruments
As at December 31, 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 Risk
The Company is exposed to risks arising from prevailing macroeconomic conditions in Canada, including inflationary pressures, elevated interest rates, and the risk of an economic slowdown. Trade-related developments, including tariffs imposed by the United States on certain Canadian exports, have contributed to increased costs, volatility in equity and foreign exchange markets, and fluctuations in the Canadian dollar. These conditions may adversely affect economic activity and investment conditions.

Management monitors macroeconomic trends, including inflation, interest rates, and indicators of recession risk, and assesses their potential impact on the Company's financial position, results of operations, and cash flows. Given the uncertainty surrounding the duration and magnitude of these conditions, the ultimate financial impact on the Company cannot be determined at this time. Refer to the *Outlook* section for additional information.

Geopolitical Risk

Global geopolitical conditions remain uncertain, reflecting ongoing conflicts and instability in regions including Eastern Europe and the Middle East. Recent escalation in the Middle East, including the conflict involving the United States and Iran, has contributed to increased volatility in global energy markets, financial markets, and foreign exchange rates.

While the Company does not have direct operational exposure to affected regions, it may be indirectly impacted by the broader economic effects of geopolitical developments. These impacts may include changes in investor sentiment, reduced private market activity, increased market volatility, and inflationary pressures, all of which could affect the pace of capital formation and demand for the Company's services.

In addition, geopolitical developments may contribute to disruptions in global supply chains and financial systems, as well as the introduction or expansion of economic sanctions or trade restrictions, which could further affect market conditions.

The extent, duration, and severity of these developments remain uncertain and are dependent on factors beyond the Company's control. Accordingly, it is not possible to reliably estimate the financial impact on the Company's operations, financial position, or cash flows at this time. Management continues to monitor geopolitical developments and will adjust its business strategies as appropriate in response to changing conditions.

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)