WestBond Enterprises Corporation

Quarterly Report
June 30, 2025

Management Discussion and Analysis

Dated August 21, 2025 to Accompany the Interim Consolidated Financial Statements for the Three Month Period Ended June 30, 2025

Caution Regarding Forward Looking Statements – ***There are many risk factors and uncertainties that may affect the company's actual results, performance, achievements, or developments. Consequently, all forward-looking statements in this report are qualified by this cautionary statement and the company cannot assure investors that actual results, performance, achievements, or developments that the company anticipates will be realized. Forward-looking statements are based on the beliefs of management and reflect management's current plans, expectations, estimates, projections, beliefs and opinions and the company does not undertake any obligation to update forward-looking statements should the assumptions related to these expectations, plans, estimates, projections, beliefs, and opinions change, except as required by law. The forward-looking statements contained in this MD&A speak only as of the date of this MD&A.***

Description of Our Business

We, WestBond Enterprises Corporation or the "Company", are a paper manufacturer and converter that manufactures disposable paper products for many market segments. A full description of our business and products is contained in the Management Discussion and Analysis included in our 2025 Annual Report. A pdf version of the 2025 Annual Report may be downloaded from our website at www.westbond.ca or from the SEDAR website at www.sedarplus.com. For a printed copy, please contact the Company. Additional information on the Company is also available on our website and on the SEDAR website.

Discussion of Operations and Financial Condition

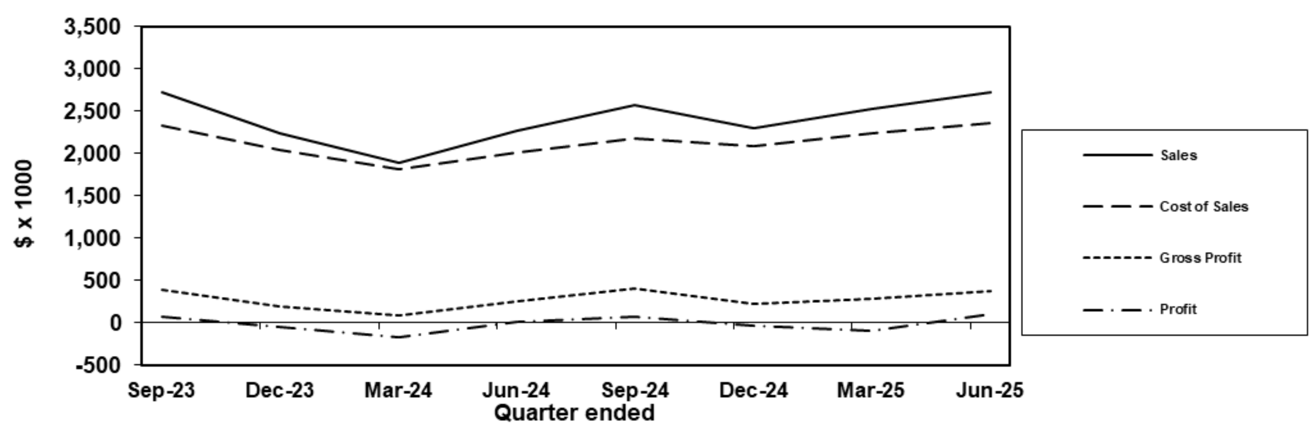
You should refer to our interim consolidated financial statements for the three-month period ended June 30, 2025 and our consolidated financial statements for the year ended March 31, 2025 while you read this discussion. Those financial statements provide significant material information that is not meant to be, nor is it included in this discussion. This discussion is meant to provide information not included in the financial statements and an explanation of some of the financial statement information. You should also refer to the Management Discussion and Analysis that was included in our 2025 Annual Report. Information included in that discussion is only updated in this discussion. Information that has not changed materially since June 24, 2025, the date of the Management Discussion and Analysis in the 2025 Annual Report, is not repeated here.

Sales were $2,727,414 for the three months ended June 30, 2025, which is 8.1% higher than for the three months ended March 31, 2025. We realized a profit of $97,710 ($0.003 per share) for the three months ended June 30, 2025 compared to a profit of $12,566 ($0.000 per share) for the same period last year, and a loss of $95,899 (-$0.003 per share) for the quarter ended March 31, 2025. The increase in profit compared to last quarter ending March 31, 2025 is a result of an increase in sales in personal hygiene, clinical, and napkins and parent rolls (air-laid) categories, offset by a decrease in sales in wipes and other categories. The table and graph on the next page show the trends over the past eight quarters.

Summary of Quarterly Results

The following table summarises the results of operations for the past eight quarters. We have extracted the data from our consolidated financial statements which are prepared in Canadian dollars and in accordance with International Financial Reporting Standards.

	Quarters ended							
Cdn$ x 1,000	**Jun 30 2025**	**Mar 31 2025**	**Dec 31 2024**	**Sept 30 2024**	**Jun 30 2024**	**Mar 31 2024**	**Dec 31 2023**	**Sept 30 2023**
Sales	2,727	2,523	2,306	2,577	2,267	1,896	2,239	2,718
Cost of Sales	2,357	2,235	2,082	2,179	2,013	1,817	2,041	2,322
Gross Profit	370	288	224	398	254	79	198	396
Selling and distribution expenses	53	36	42	48	41	30	35	46
General and administrative expenses	170	329	193	222	161	242	204	201
Operating profit	147	(77)	(11)	128	52	(193)	(41)	149
Other expenses	13	18	43	30	34	48	29	46
Profit before Tax	134	(95)	(54)	98	18	(241)	(70)	103
Income Tax Expense	37	-	(14)	27	5	(76)	(18)	28
Profit	97	(95)	(40)	71	13	(165)	(52)	75
Earnings per share, basic and diluted-Cdn$	0.003	(0.003)	(0.001)	0.002	0.000	(0.005)	(0.001)	0.002
Dividends paid per share - Cdn$	-	-	-	-	-	-	-	-
Sales % change over previous quarter	8.11	9.42	(10.55)	13.67	19.60	(15.30)	(17.60)	14.80
Costs, expenses and net income - % of Sales								
Cost of Sales	86.4	88.6	90.3	84.5	88.8	95.8	91.2	85.4
Selling and distribution expenses	1.9	1.4	1.8	1.9	1.8	1.6	1.6	1.7
General and administrative expenses	6.2	13.1	8.3	8.6	7.1	12.8	9.1	7.4
Other expenses	0.5	0.7	1.9	1.1	1.5	2.5	1.3	1.7
Income Tax Expense	1.4	-	(0.6)	1.1	0.2	(4.0)	(0.8)	1.0
Net profit	3.6	(3.8)	(1.7)	2.8	0.6	(8.7)	(2.3)	2.8



Sales

Sales for the three months ended June 30, 2025 were 20.3% higher than for the same period last year and 8.1% higher than the previous quarter, ended March 31, 2025. The increase in profit compared to last quarter ending March 31, 2025 is a result of an increase in sales in personal hygiene, clinical, and napkins and parent rolls (air-laid) categories, offset by a decrease in sales in wipes and other categories. Due to an increase in demand for our products and a projected increase in sales, we are in the process of hiring additional production employees.

We continue to invest in faster, more efficient new equipment to add to our diverse line of products. The new equipment will add capacity to support our new markets.

We continue to supply customized air-laid napkins to a high-profile national restaurant chain with the potential to increase sales in this category. Additionally, major American restaurant supply distributors have placed orders for our air-laid napkins. Demand for our products remains high and we have launched a rebranding of these products to aid in our marketing efforts.

Sales	**Three Months ended June 30**		**Change over last year**
	2025	**2024**	
Product Line	$	$	
Personal Hygiene	586,584	575,311	2.0%
Clinical	425,419	333,664	27.5%
Wipes	552,372	561,882	-1.7%
Napkins & Parent rolls (Air-laid)	1,159,401	794,384	45.9%
Other	3,638	2,135	70.4%
	2,727,414	2,267,376	20.3%

Cost of Sales

Materials are the most significant component of cost of sales. Bulk paper and pulp are our main materials cost. All of our products have a high materials component and a low labour component. Compared to the same quarter in 2024, the total cost of sales has increased, but is lower as a percentage of sales in this quarter ended June 2025.

Cost of Sales	**Three Months ended June 30**	
	% of Sales	
	2025	**2024**
Materials	44.9%	44.8%
Production labour	10.0%	9.3%
Factory overhead labour	4.9%	5.3%
Variable overhead	4.8%	4.3%
Fixed overhead	3.5%	4.1%
Shipping	8.2%	7.7%
Depreciation of plant equipment	7.9%	10.5%
Depreciation of right of use assets	2.4%	2.8%
Gross Profit	13.6%	11.2%

Selling and Distribution Expenses

Selling and distribution expenses during the three months ended June 30, 2025 were 1.9% of sales, compared to 1.8% for the three months ended June 30, 2024. The percentage cost in 2025 was higher due to an increase in sales commissions, and shipping wages and benefits.

General and Administrative Expenses

Administrative and office expenses are higher in the three months ended June 30, 2025 than in the quarter ended June 30 2024, mainly due to the adjustments to the expected credit loss and bad debts, salaries and benefits of administrative employees, and director fees.

During the three months ended June 30, 2025 the company incurred total short-term employee benefits of $100,490 (2024 – $92,249) to its key management personnel, comprising the directors and officers of the company, and incurred $2,153 (2024 – $3,300) of professional fees in the normal course of operations paid to DuMoulin Black LLP, a law firm with which J. Douglas Seppala, a director of the company, was associated. Subsequent to March 2025, Mr. Seppala was not associated with DuMoulin Black LLP and does not provide legal services to the Company. Any remuneration paid to Mr. Seppala is for acting in his capacity as a member of the board of directors of the Company or committees thereof.

Other Income and Expenses

Fluctuations in the US dollar exchange rate resulted in a $4,551 gain during the three months ended June 30, 2025, compared with a $3,830 loss in the same period last year. Compared to the previous quarter ending March 31, 2025, interest expense on bank loan is lower because of a lower balance on the revolving bank loan. Interest on lease liabilities is lower in 2025 than 2024 because of a lower principal balance.

Liquidity, Financial Position and Capital Resources

Our operating cash flows, before accounting for fluctuations in non-cash working capital were $263,644 during the three months ended June 30, 2025, an average of $87,881 per month, compared to an average of $107,978 per month during the year ended March 31, 2025. The decrease is mainly as a result of income tax payment. We had working capital of $2,478,957 at June 30, 2025, compared to $2,304,638 at March 31, 2025. The change is mainly due to increased inventory and cash and cash equivalents, offset by decreased trade receivables, prepaid expenses, bank loan, income tax payable, and trade and other payables.

We intend to spend around $300,000 on production equipment additions and improvements over the current year, which we will finance from operating cash flows, supplemented by our revolving bank loan facility.

We have a revolving bank loan facility of $1,500,000. The loan outstanding at any time may not be greater than an amount based on percentages of accounts receivable and inventory less accounts payable having priority over the bank. The amount currently available, based on our Consolidated Statement of Financial Position at June 30, 2025, is $1,426,760. Loans outstanding under the facility bear interest at bank prime plus 0.5%. Substantially all of our assets are pledged as collateral for the revolving bank loan facility. Nil was outstanding under the revolving bank loan facility at June 30, 2025.

We use the revolving bank loan facility primarily to finance operating working capital. Inventory and accounts receivable levels normally fluctuate by as much as $400,000. Accounts payable can also fluctuate by as much as $400,000. We purchase our pulp and paper supplies in relatively large quantities and often have large shipments to customers on credit, which are the main reasons for these fluctuations.

At June 30, 2025 we are in compliance with all of our covenants to the bank regarding the revolving bank loan facility and do not anticipate difficulty maintaining this compliance during the forthcoming year. If we are not compliant with the covenants and are unable to obtain a waiver from the bank, the revolving bank loan will become payable on demand.

Share Capital

The Company has only one class of share capital, common shares without par value. The Company also has a stock option plan.

	August 21, 2025
Authorized common shares without par value	Unlimited
Issued common shares	35,625,800
Shares issuable on exercise of outstanding stock options	2,265,000
Shares available for future stock option grants	1,297,580

The stock option plan permits the directors of the Company to grant incentive options to the employees, directors, officers and consultants of the Company.

Other Information

Additional information relating to the Company is available on SEDAR at www.sedarplus.com and on the Company's website at www.westbond.ca.

WestBond Enterprises Corporation

Notice to Reader

The accompanying interim consolidated financial statements of WestBond Enterprises Corporation for the three month periods ended June 30, 2025 and 2024 have been prepared by and are the responsibility of the company's management. They are unaudited and have not been reviewed by independent auditors.

WestBond Enterprises Corporation
Consolidated Statements of Financial Position
Canadian Dollars
(Unaudited)

	June 30 2025	March 31 2025
	$	$
ASSETS		
Non-Current Assets		
Plant and equipment	6,774,003	6,908,218
Right-of-use assets	1,202,148	1,271,210
Deferred tax asset	88,471	83,280
	8,064,622	8,262,708
Current Assets		
Inventory	2,192,736	2,117,447
Trade and other receivables	1,535,455	1,677,686
Income tax recoverable	-	-
Prepaid expenses	162,959	219,250
Cash and cash equivalents	227,442	143,266
	4,118,592	4,157,649
Total Assets	12,183,214	12,420,357
EQUITY AND LIABILITIES		
Equity		
Common shares issued and outstanding	4,206,910	4,206,910
Stock options	158,550	158,550
Contributed surplus	326,989	326,989
Retained earnings	3,066,284	2,968,574
Equity attributable to common shareholders	7,758,733	7,661,023
Liabilities		
Non-Current Liabilities		
Lease liability	1,132,402	1,210,023
Deferred tax liability	1,652,443	1,696,300
	2,784,845	2,906,323
Current Liabilities		
Revolving bank loans	-	145,000
Lease liability	305,792	302,390
Income tax payable	75,655	134,223
Trade and other payables	1,258,188	1,271,398
	1,639,635	1,853,011
Total Liabilities	4,424,480	4,759,334
Total Equity and Liabilities	12,183,214	12,420,357

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

WestBond Enterprises Corporation
Consolidated Statements of Profit and Comprehensive Income
Canadian Dollars
(Unaudited)

	Notes	Three months ended June 30 2025 $	Three months ended June 30 2024 $
Sales	5	2,727,414	2,267,376
Cost of sales	6	2,357,369	2,012,598
Gross Profit		370,045	254,778
Selling and distribution expenses	7	52,754	41,173
General and administrative expenses	8	169,533	161,465
Operating Profit (Loss)		147,758	52,140
Foreign exchange (gain) loss		(4,551)	3,830
Interest expense-bank loans		1,535	11,080
Interest expense on lease liability		16,220	19,392
Profit (Loss) Before Tax		134,554	17,838
Income tax expense (recovery)		36,844	5,272
Profit (Loss) and Comprehensive Income		97,710	12,566
Weighted average shares outstanding		35,625,800	35,625,800
Earnings per share, basic and fully diluted		0.003	0.000

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

WestBond Enterprises Corporation
Consolidated Statements of Changes in Equity
Canadian Dollars
(Unaudited)

	Common Shares	Stock Options	Contributed Surplus	Retained Earnings	Total
	$	$	$	$	$
Balance as at March 31, 2024	4,206,910	65,800	326,989	3,020,954	7,620,653
Grant of stock options	-	92,750	-	-	92,750
Profit for the period	-	-	-	(52,380)	(52,380)
Balance as at March 31, 2025	4,206,910	158,550	326,989	2,968,574	7,661,023
Balance as at March 31, 2025	4,206,910	158,550	326,989	2,968,574	7,661,023
Profit (Loss) for the period	-	-	-	97,710	97,710
Balance as at June 30, 2025	4,206,910	158,550	326,989	3,066,284	7,758,733

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

WestBond Enterprises Corporation
Consolidated Statements of Cash Flows
Canadian Dollars
(Unaudited)

	Notes	Three months ended June 30 2025	Three months ended June 30 2024
		$	$
Operating Activities			
Profit (Loss)		97,710	12,566
Adjustments to reconcile profit to cash flows from operating activities			
- depreciation of plant and office equipment		216,733	240,345
- depreciation of right-of-use assets		69,062	69,062
- Expected credit loss on trade receivables		(30,000)	(20,000)
- interest expense on bank loans		1,535	11,080
- interest expense on lease liabilities		16,220	19,392
- income tax expense		36,844	5,272
- income tax recovered (paid)		(144,460)	-
Cash flows from operating activities before changes in non-cash working capital		263,644	337,717
Decrease (increase) in			
- inventory		(75,289)	35,545
- trade and other receivables		172,231	(284,051)
- prepaid expenses		56,291	(93,977)
Increase (decrease) in			
- trade and other payables		(27,265)	200,615
Net Cash Flow from Operating Activities		389,612	195,848
Investing Activities			
Purchase of plant and equipment	9	(73,719)	(24,793)
Net Cash Flow from Investing Activities		(73,719)	(24,793)
Financing Activities			
Interest paid on bank loans		(1,535)	(11,080)
Increase (decrease) in revolving bank loans		(145,000)	(145,000)
Interest portion of lease payments		(10,963)	(13,082)
Principal portion of lease payments		(74,219)	(67,809)
Net Cash Flow from Financing Activities		(231,717)	(236,971)
Net Increase (Decrease) in Cash and Cash Equivalents		84,176	(65,916)
Cash and Cash Equivalents at the Beginning of the Period		143,266	111,001
Cash and Cash Equivalents at the End of the Period		227,442	45,085

1. GENERAL INFORMATION

WestBond Enterprises Corporation and its wholly owned subsidiary, WestBond Industries Inc., (together, the company) are a paper manufacturer and converter that manufactures disposable products for the medical, personal hygiene and food service/hospitality markets. The company's manufacturing facilities are in Canada and its sales are primarily to Canada and the United States of America. The company is incorporated in British Columbia, Canada, and has its principal place of business at 101 – 7403 Progress Way, Delta, British Columbia.

The interim consolidated financial statements of the company for the three month periods ended June 30, 2025 were approved and authorized for issue by resolution of the directors on August 21, 2025.

2. BASIS OF PREPARATION AND INTERIM PERIOD REPORTING

The interim consolidated financial statements of the company have been prepared in compliance with International Accounting Standard 34, *Interim Financial Reporting,* ("IAS 34"). The policies applied in these interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending March 31, 2026 could result in restatement of these interim consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention.

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as in the consolidated financial statements for the year ended March 31, 2025.

The disclosure contained in these interim consolidated financial statements is condensed and includes only selected explanatory notes and does not duplicate or repeat disclosure reported in the consolidated financial statements for the year ended March 31, 2025 that has not changed materially since their date of issue. Accordingly, these interim consolidated financial statements should only be read in conjunction with the consolidated financial statements of the company for the year ended March 31, 2025.

3. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2025 the company incurred total compensation, comprising short-term employee benefits, of $100,490 (2024 – $92,249), to the directors and officers of the company and incurred $2,153 (2024 – $3,300) of legal fees in the normal course of operations with a firm in which a director of the company was associated. From March 2025, the director is not associated with the legal firm and does not provide legal services to the Company. Any remuneration paid to the director is for acting in his capacity as a member of the board of directors of the Company or committees thereof.

WESTBOND ENTERPRISES CORPORATION
Notes to the Interim Consolidated Financial Statements
June 30, 2025 and 2024
Canadian Dollars
(unaudited)

	Three months ended June 30	
	2025	**2024**
	$	**$**
5. SALES		
Personal hygiene products	586,584	575,311
Clinical products	425,419	333,664
Wipes	552,372	561,882
Napkins & Parent Rolls (Air laid)	1,159,401	794,384
Other products	3,638	2,135
	2,727,414	2,267,376
6. COST OF SALES		
Materials	1,223,698	1,015,758
Production labour	271,693	211,543
Factory overhead labour	132,691	120,153
Variable overhead	131,597	97,515
Fixed overhead	96,525	91,863
Shipping	222,674	174,186
Depreciation of plant equipment	214,125	237,214
Depreciation of right-of-use assets	64,366	64,366
	2,357,369	2,012,598
7. SELLING AND DISTRIBUTION EXPENSES		
Wages, commissions and other employee benefits	41,604	33,670
Other	11,150	7,503
	52,754	41,173
8. GENERAL AND ADMINISTRATIVE EXPENSES		
Administration and office	34,029	30,243
Corporate promotion	398	398
Depreciation of right-of-use assets	4,696	4,696
Impairment (gain) loss on trade receivables	(30,000)	(19,374)
Professional fees	23,396	17,550
Salaries and other employee benefits	137,014	127,952
	169,533	161,465
9. NON-CASH INVESTING ACTIVITIES		
Increase (decrease) in accounts payable related to purchase of plant and equipment	8,799	28,033