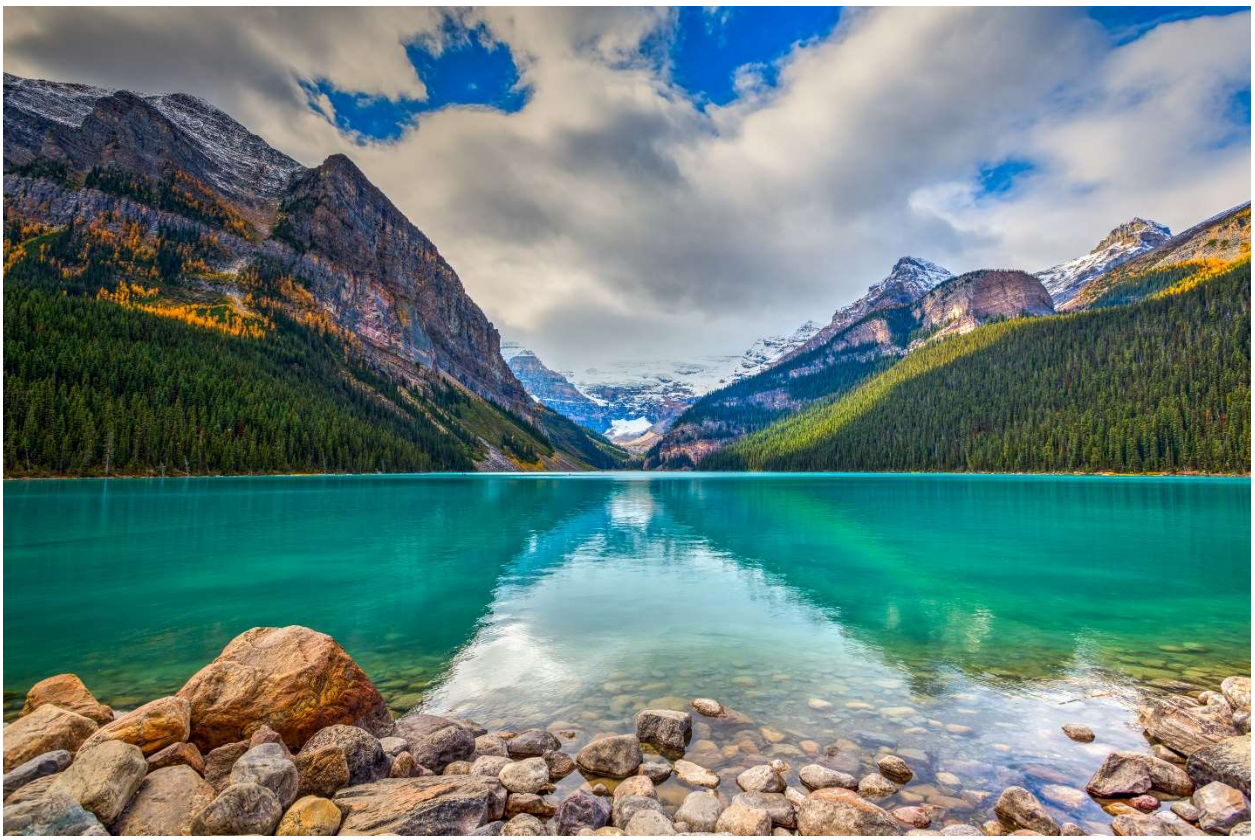
THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED



Interim Management's Discussion and Analysis

Quarterly Highlights

For the period ended March 31, 2020

Dated: May 29, 2020

Introduction

The Western Investment Company of Canada Limited ("we", "**Western**" or the "**Corporation**") is a publicly-traded private equity company based in Western Canada. Our common shares trade on the TSX-V under the trading symbol WI. **Our purpose is to create long-term wealth for shareholders by building and maintaining a diversified portfolio of strong, stable, and profitable Western-based companies while helping them to grow and prosper.** Our strategy is to use our expertise and capital to cultivate already great Western Canadian businesses, ultimately contributing to their success and legacy over the long run.

Western's targeted industry verticals align with the industry expertise of the Board of Directors and include (i) financial services and insurance; (ii) retail and distribution; (iii) human services; (iv) agriculture and related services; and (v) special situations. Western's ideal acquisition enterprise value is between $10 million and $100 million and ownership interest between 30% to 100%. Western will prospect acquisitions from; (i) director and executive networks; (ii) mid-market accounting and merger and acquisition advisors and (iii) private equity and corporate divestitures.

This Interim Management Discussion and Analysis ("MD&A") provides an update on the Corporation's business activities, financial condition, financial performance, and cash flows since December 31, 2019. The Corporation reports its financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars. The MD&A should be read in conjunction with the audited financial statements of the Corporation, and annual MD&A, for the year ended December 31, 2019. The interim MD&A was prepared by management of Western and was approved by the Board of Directors on May 29, 2020. Additional information relating to the Corporation, including its Annual Information Form, is available on SEDAR at www.sedar.com.

The following table outlines the acquisitions we have completed as of May 29, 2020;

Investments	Acquisition Date	Ownership (%)
GlassMasters ARG Autoglass Two Inc.	December 16, 2016	61.3%
Golden Health Care	September 1, 2017	25.0 - 30.0%
Ocean Sales Group Ltd.	January 1, 2018	75.0%
Foothills Creamery Ltd.	February 28, 2018	50.4%
Fortress Insurance Company	May 6, 2019	50.0%

Key Highlights for the period ended March 31, 2020

Heading into 2020 Western's portfolio now consists of five associates, including Western's most recently completed acquisition of Fortress Insurance Company ("**Fortress**") on May 6, 2019. This acquisition marks the successful completion of management's goal to invest in the insurance industry, the last of our four target industries identified in our founding investment strategy. We now have a rare opportunity to be part of building a very valuable financial institution.

Fortress has been actively building the business plan and management from Western are taking a leading role in the execution of the plan. Fortress will be positioned to take advantage of a growing need for specialty insurance capacity supported by strong broker relationships. Fortress operates in all four western Canadian provinces (Alberta, B.C., Saskatchewan, and Manitoba) and began writing their first policies in the third quarter of 2019. In the first quarter of 2020 Fortress added an additional program and plans to have 6-8 in place by the end of 2020. Operations are quickly ramping up and we expect to see significant gains in premiums written through 2020.

On December 31, 2019, Western added to its investment in GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**") with the purchase of an additional 11.2% of the issued shares bringing the total equity investment to 61.3%. Our partner, ATB, also increased their interest by 11.2% effectively allowing the founder to exit the business. Western still does not control GlassMasters, and it continues to be accounted for as an equity investment.

Results at all of our portfolio companies were looking encouraging heading into 2020. In 2019 Western spent a significant amount of hard work, patience, and creativity working with a few of our associates to navigate the difficult market conditions they had been facing. Western has helped with hiring, sales, strategy, banking, and other operational leadership tasks and we started to see improvements in results for the first couple months of 2020. Both Ocean Sales Group Ltd. ("**Ocean Sales**"), and GlassMasters who had struggled in 2019, showed improvements in results in January and February of the first quarter, successfully achieving targets set out for them.

In March of 2020, the world was hit by a global pandemic from the virus COVID-19. The effects of this pandemic have reached far and wide in the world's businesses and there are no exceptions for Western's associates. The effect COVID-19 will have on each of Western's businesses is varied and the ultimate effect cannot be known. Each company is currently working to combat the economic impact. It is impossible to predict the overall outcome COVID-19 will have on our results in 2020 but it is certain there will be an effect.

GlassMasters and Ocean Sales have each been dramatically impacted by COVID-19, both having seasonal retail operations with March being the beginning of their busy season and each carrying correspondingly high inventory levels. GlassMasters experienced a dramatic reduction in sales volume starting in the middle of March. While sales have slowed considerably, all stores but one have remained open, and the company is working to ensure the safe delivery of windshield replacements to clients including the offering of free mobile replacement. The effect on Ocean Sales has been even more significant, with the cancelation of all shows, the company has lost one of its major sources of revenue until such a time when events will be allowed to resume and consumers confidence in their safety returns. Ocean Sales has been working to find other avenues to sell their products such as expanding the on-line sales channel, however, this is not expected to make up for the significant loss in revenue they have experienced. Both companies have been forced to make major cuts in operating expenses including implementing major employee layoffs. Crisis management initiatives being undertaken include working with suppliers and banks to defer expense and principal payments, applying for government assistance, and looking to obtain additional sources of financing to maintain liquidity through the crisis. Liquidity has become a major concern for these companies and is being monitored daily.

COVID-19 has had little impact on the development of the insurance business at Fortress and management continues to move forward with the development of new insurance products. Declines experienced globally in the stock market has impacted the market value of Fortress's investment portfolio. The pandemic has had a modest effect on Foothills Creamery Ltd. ("**Foothills**") to date. While butter sales to restaurants are down, retail grocery sales are up. The dairy industry has mechanisms in place to protect suppliers from changes in demand. Foothills is working diligently to ensure the safety of its workers and protecting its operations. If the pandemic continues to affect the economy come summer, Foothills' main season for ice cream sales, revenue could be more severely impacted. Management is planning for this scenario. Our senior care homes in Saskatchewan are taking serious steps to protect the lives of their residents and staff and have plans in place to address the effects this virus could have on their ability to operate should the homes be impacted. There may be an impact on future demand and occupancy rates in the future but the ultimate impact COVID-19 will have is unknown.

Associates Highlights

- Western closed the acquisition of 50.0% of the shares in Fortress on May 6, 2019. Western spent much of 2019 developing the business plan for the company and on obtaining regulatory approval for all western Canadian provinces. By the end of the first quarter of 2020 Fortress had two programs up and running with four running by the date of this MD&A. In the three months ended March 31, 2020, Fortress earned $83,465 in premium revenue but incurred large unrealized losses on the market value of its investment portfolio. The total net loss incurred for the first quarter was $443,777. Fortress's goal for 2020 is to sell $6 million in earned and unearned premiums.

- Western owns a 50.4% interest in Foothills, one of Western Canada's premier producers of dairy products including butter and premium ice cream. In the three months ended March 31, 2020, Foothills earned revenue of $10.4 million and incurred a net loss of $325,031. Although revenue increased 15% from the same quarter 2019 the net loss has increased $191,211 due to inventory adjustments and the fact that the increases in revenue were primarily from low margin product that does not contribute significantly to the bottom line countered by the loss in the sale of high margin products.

- Western holds a 75% interest in Ocean Sales, an Alberta based specialty retailer with operations across North America. In the three months ended March 31, 2020, Ocean Sales revenue was $4.5 million, down 38% from $7.2 million in 2019 primarily a result of COVID-19 which resulted in the cancelation of their biggest shows of the year. Overall, Ocean Sales incurred a comprehensive loss of $38,189 in the first quarter of 2020 compared to $352,103 income earned in the first quarter of 2019. COVID-19 has had a dramatic impact at Ocean Sales effectively eliminating one of their major streams of revenue for the foreseeable future. As a result of this the company tested its intangible assets and goodwill for impairment, resulting in a $4.8 million impairment loss. Western's share of this loss effectively reduces our investment in Ocean Sales to nil.

- Western holds a 30% equity interest in three Saskatchewan senior care homes operating under Golden Health Care Inc., and a 25% interest in Golden Health Care Management Inc. (together known "**Golden**"). The total revenue earned by our Golden investments in the three months ended March 31, 2020, was $2.2 million and net income for the period was $154,925 with results being comparable to the prior year. A debt refinancing completed in 2019 provides excess cash to finance potential future investments in new homes or beds. During the quarter Western borrowed $1.2 million of this excess cash from Golden in the form of a shareholder loan at an annual interest rate of 4.09%.
- On December 31, 2019, Western purchased an additional 11.2% of the outstanding shares of GlassMasters, an automotive glass service company. This brings our total investment to 61.3%. The total revenue earned by GlassMasters for the three months ended March 31, 2020, was $3.9 million, a 5% decrease from 2019. The first quarter net loss, $391,445 compared to a loss of $321,346 in the same quarter 2019. The decline is the result of the global pandemic which brought sales to a sudden halt in mid-March, a time which would have otherwise have been the busiest time of the quarter. Prior to this, GlassMasters was showing significant improvements in results from the prior year. Higher sale prices and lower operating costs had been demonstrating significant improvements to profitability.

Westerns Financial Highlights:

- Western's equity share of the goodwill and intangible impairment loss at Ocean Sales resulted in a loss from equity investments of $4.15 million (March 31, 2019 - $100,823 equity income earned). This resulted in a total net loss for the quarter of $4.4 million ($0.143 Loss per share), compared to a $53,691 loss in 2019 ($0.002 loss per share) Management fees of $112,500 were earned compared to $62,500 in 2019. Overall, results, in particular the equity loss, are showing the effects of the COVID-19 pandemic.
- Net Income Normalized for Portfolio Investment Operations ("**NPIO**") for the quarter ended March 31, 2020, was the same as net loss with no acquisition costs incurred during the period. In the first quarter of 2019 NPIO was $6,308 ($0.000 per share), with acquisition costs of $59,999 added back to net income. Management believes NPIO provides investors with important information on the Corporation's ongoing operations excluding one-time acquisition expenses. This metric provides a picture of profitability from normalized operating activities. For more information on NPIO see 'Description of Non-IFRS Measures' section of this MD&A.

Management and Oversight Principles

Western provides entrepreneur-friendly governance and oversight to our portfolio companies using "the Pattison Principles and Rockefeller Habits". This approach features:

- In-depth quarterly meetings with each company's management team.
- Daily and weekly key performance indicators that allow us to accurately predict forward financial performance and health of the business in between financial reporting periods.
- Macro research and industry trend analysis to aid our understanding and help management with future planning.
- A program of continuing education and learning for executives at both Western and the portfolio companies.
- A simple but powerful strategic planning template that was specially designed for entrepreneurial growth companies. The plan focuses on a long term (5-10 year) measurable strategic aspiration, and one-year goals and tactics that align with progress toward long term success.

We believe this is a proven framework that will assist our associates to scale-up their businesses and grow to their full potential.

Summary of Equity Investments

Below is a summary of Western's investments in associates at March 31, 2020.

Fortress Insurance Company

On May 6, 2019, Western acquired 50% of the outstanding shares of Fortress Insurance Company for $1.69 million. The fair value of the net assets of Fortress on May 6, 2019, was higher than the price paid for the shares resulting in a purchase gain being recognized on the acquisition of $329,704.

Fortress is a western Canadian licensed insurance company focusing on specialty and surplus lines of business within the western Canadian insurance market place. Before the acquisition Fortress was licensed for auto liability insurance only in Alberta, and it continues to be used by the founding partner in this area solely for self-insurance purposes. A capital and cost/profit neutral structure and financial mechanism has been implemented relating to the auto insurance operations of the company which will effectively immunize Fortress from all associated claims of this division. In its new business plan Fortress writes insurance policies predominantly in property and also in accident & sickness, boiler & machinery, and marine.

Management has been actively working on developing relationships with its broker network and on negotiations for reinsurance contracts which will partially mitigate the risk taken by Fortress. The Company had its first program up and running in September 2019 and was ramping up operations in the first quarter of 2020 with a second program added. As of the date of this MD&A Fortress now has four programs up and running and has a goal for 2020 to achieve $6 million in earned and unearned revenue. A lot of work has been completed to lay the groundwork for growth going forward.

For the three months ended March 31, 2020, Western recognized an equity loss of $221,889 from Fortress. With the onset of COVID-19, the stock markets have experienced a significant decline in value resulting in substantial unrealized investment losses on Fortress' investment portfolio. With the majority of the company's assets being held in an investment portfolio, Fortress is subject to significant market risk that may be evident in 2020 with a struggling stock market affecting the market value of their portfolio. Western earns $100,000 annually in management fees from Fortress.

Western has equal ownership of Fortress with its partner and appoints two of six directors to the board. This does not give us voting authority to pass decisions without majority board approval giving Western significant influence over Fortress but not control. As such, the Corporation is accounting for our investment in Fortress under the equity method.

Foothills Creamery Ltd.

On February 28, 2018, Western acquired a 50.4% interest in Foothills Creamery Ltd. for $3.25 million paid in cash and 400,000 common shares of Western (with a market value at the acquisition date of $0.44 per share).

Foothills is a producer and distributor of high-quality butter and ice cream products with almost 50 years of operations in Western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and foodservice network spanning across Western Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, BC. Foothills butter products are specially churned using only the freshest cream to produce a smooth textured product with exceptional taste. Target markets for its butter products include grocery retailers and the foodservice industry including commercial kitchens and bakeries. Ice cream sales are seasonal and as such, its busiest quarters occur in the spring and summer months. Based on this seasonality readers are cautioned not to weigh quarterly financial data equally for all quarters.

In the three months ended March 31, 2020, Western recorded an equity loss of $163,816 from Foothills (March 31, 2019 - $67,446 loss). Western earns annual management fees of $75,000 from Foothills.

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

	Three months ended March 31,	
Financial results ($)	2020	2019
Revenue	10,424,552	9,102,635
Gross profit	1,308,168	1,742,747
EBITDA[1]	(35,276)	231,057
Net loss	(325,031)	(133,821)

1 Defined as earnings before interest, tax, depreciation, and amortization. For more information see 'description of non-IFRS measures' section of this MD&A

Foothills Creamery has seen an increase in revenues for Q1 2020 compared to Q1 2019. Total revenues are up approximately $1.4 million, butter sales have had an increase of 23%, while ice cream sales have decreased by 13%. Despite the increase in revenue the quarterly loss increased in 2020. This is primarily due to the increase in sales being all related to very low margin butter countered by a decline in high margin ice cream sales. Ice cream sales are expected to be low in Q1 as this is a seasonal product however are lower then expected this quarter due to COVID-19. The first quarter of the year is the slowest at Foothills and is typically in a loss position.

COVID-19 has caused delays for seasonal customers to open and may potentially cause them to stay closed for this upcoming summer season. Scoop shop customers who have opened to date, are seeing a 50 – 70% decrease in sales due to the current economic situation. Foothills will be monitoring the suggestions from health officials as the economy begins to reopen to understand how much of an impact this will have on our summer sales of ice cream. This will be a large variable for Foothills as the rules and regulations governing the opening of parks, facilities, and community gatherings will determine how our ice cream sales do this season.

On the retail side of sales, Foothills has seen volumes on butter up substantially. They are in the process of developing more retail offerings to help offset the loss in sales in other areas (scoop shops, bakeries, delis, etc.). The sales team at Foothills will be working hard to land shelf space at other retailers that they currently do not work with. To help offset the expected low sales in 11.4L ice cream tubs, they will be introducing more flavors (currently we have 7) in the 1.4L retail size tubs. The goal is to partner with as many retailers as possible to have Foothills ice cream and butter products on their shelves.

To reach these goals Foothills has hired a new Director of Sales who has many years of experience in sales, most of which come from the dairy industry. Over his years working in sales, the Director of Sales has developed many strong relationships with people all over the industry. Foothills is confident that with this expertise they will penetrate areas in the market that Foothills has not entered in the past. To assist with the expansion and growth plans Foothills has hired a District Sales Manager and Trade Marketing Manager and will be bringing on a Key Accounts Manager to the team to ensure relations with key accounts are strong.

Operations at the creamery have been "business as usual". With the increase in demand and sales of butter, production of butter has increased as expected and Foothills has seen a rise in the supply of cream. Management at Foothills has decided that ice cream production will be halted for a short period of time. This will allow Foothills to move what is already in finished goods inventory and monitor sales to determine how much ice cream production should occur. The expectation is that production will resume but the production volumes will decrease to stay in line with the expected sales. Production later in the year is expected to increase back to normal to build an inventory for the 2021 season.

In response to the COVID-19 pandemic Foothills Creamery quickly acted to ensure the safety of the employees and customers. Most office staff have been equipped to work remotely from the safety of their own homes. Staff is encouraged to practice quarantining and isolation to the best of their ability. Foothills has also limited customer interaction at the main Calgary production facility to pre-ordered pickup. A COVID-19 team has been put in place internally at Foothills to keep up with government and health officials' announcements and relay them back to the employees at Foothills. They are also tasked with implementing policies and procedures that relate to this pandemic to ensure Foothills is doing everything in its power to maintain the safety of the employees and customers. Employees are encouraged to reach out to this team or their direct manager with any questions or concerns while the world deals with this pandemic. This team has also been tasked with "planning for the worst" if a staff member contracts the virus and the steps Foothills needs to take thereafter.

Western has majority ownership of Foothills however appoints only two of seven directors to the board and does not have the voting authority to pass decisions without majority board approval. This gives Western significant influence over Foothills but not control. As such, the Corporation is accounting for our investment in Foothills under the equity method.

Ocean Sales Group Ltd.

On January 1, 2018, Western completed the acquisition of Ocean Sales with a total investment of $3.45 million for a 75% interest in the company.

Ocean Sales is a specialty retailer that imports and sells a line of specialty retail products through unique marketing channels across North America. The Company markets high-quality, innovative household products through live demonstrations at leading consumer shows and fairs throughout Canada and the US. The Company also has a strategic relationship with Costco, a major North American retail chain, where it demonstrates a specially selected set of products in every location in Canada. The Company is headquartered in Calgary, Alberta, and is supported by strategically located warehouses in Washington, Ontario, and Quebec. Ocean Sales has been operating for over 35 years and has a history of solid operating results and revenue growth.

With the onset of COVID-19 all consumer shows and fairs throughout Canada and the US were cancelled from March 13th onward, with no determinable date of return at this time. The loss of this major source of revenue has created an indicator of potential impairment of the company's intangible assets and goodwill. As a result, Ocean tested its intangible assets and goodwill for impairment at March 31, 2020. A value-in-use impairment test was based on Ocean's internal forecasts and represent managements best estimates at a specific point in time, and as a result are subject to measurement uncertainty. This impairment test resulted in a $4,775,521 impairment loss being recorded at Ocean as at March 31, 2020. The impairment loss was the result of the loss of this significant revenue stream, plus decreases in most other streams effected by the pandemic Additionally there is significant uncertainty regarding when the consumer show revenue stream may return to a degree sufficient enough to contribute to positive cash flows. Western's share of this impairment loss is included in the equity loss recorded from Ocean during the quarter.

In association with the above assessment done at Ocean Sales, Western has assessed the credit risk of amounts due from Ocean Sales as high. As such, Western has recognized an expected credit loss on all amounts due from Ocean.

For the three months ended March 31, 2020, prior to the goodwill impairment, Western recognized an equity loss of $22,446 from Ocean Sales (March 31, 2019 - $270,273 equity income). Western's share of the goodwill and intangible impairment exceeded the carrying value of the investment, bringing our investment in Ocean Sales to nil. The total equity loss recognized by Western in the first quarter was $3.6 million. Western continues to earn $100,000 annually in management fee revenue from Ocean Sales however due to the increased credit risk assessed, Western has recognized expected credit losses on all amounts due from Ocean sales.

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

	Three months ended March 31,	
Financial results ($)	2020	2019
Revenue	4,462,662	7,197,378
Gross profit	2,351,519	4,036,424
EBITDA[1]	145,897	651,369
Net (loss) income, before extraordinary item	(38,189)	360,364
Extraordinary item – intangible and goodwill impairment	(4,775,521)	-
Net (loss) income	(4,805,449)	360,364

1 Defined as earnings before interest, tax, depreciation, and amortization. For more information see 'description of non-IFRS measures' section of this MD&A

Prior to the onset of the pandemic, the first two months of 2020 had produced strong sales surpassing budgeted projections and exceeding 2019 sales in all revenue streams with the exception of wholesale. Sales figures in the first half of March were in keeping with the positive start to the year, however, the cancellations of all shows in the second half of March (a time that the majority of our strongest producing consumer shows are held) resulted in a decrease in show revenue of more than $2 million for March alone. COVID-19 also resulted in the loss of the Costco Roadshows in March resulting in a decrease in March revenue of 78% over March 2019.

Ocean Sales responded swiftly to the loss of revenue with 50% of office and warehouse staff issued temporary layoffs. The company has taken advantage of all applicable Government subsidy programs along with rent deferrals negotiated with landlords. Ocean Sales immediately shifted their focus to increasing their online presence with items such as Facebook/Google ads, increased Social Media presence, and substantial discounts offered on the website. The results have been very positive with an increase in online sales revenue of more than 1,400%. With this recent success in Canadian online sales, they are now expanding the marketing initiatives to include the U.S. market. New marketing campaigns will be launched in the U.S. beginning mid-May.

It is difficult to accurately project the effect COVID-19 will have on future sales during this unprecedented time, in particular when so much of their business model is based on large gatherings at consumer shows. Some encouraging news is the tentative start-up date for the Costco Roadshow Program is scheduled for June 9th. The company has three products in the Costco roadshow lineup and is looking to add one more. In addition, Ocean Sales will continue to work on increasing their digital marketing to drive online sales in both Canada and the U.S.

Ocean earns the majority of its income in the first and third quarters. Based on the seasonality of Ocean Sales operations, readers are cautioned not to weigh quarterly financial data equally for all quarters.

Although the majority shareholder, the terms of the shareholders' agreement allow Western to appoint two of five directors giving Western significant influence over Ocean Sales but not control. As such, the Corporation is accounting for our investment in Ocean Sales under the equity method.

Golden Health Care

Western holds a 30% equity interest in three Saskatchewan senior care homes and a 25% interest in Golden Health Care Management Inc. The three homes are; Hill View Manor Ltd. in Estevan, The Good Shepherd Villas Inc. in Prince Albert, and William Albert House Ltd. in the Regina suburb of Emerald Park. Two of these homes generally operate at or near 100% occupancy, with Hill View Manor currently operating at approximately 80%. Western is pleased to be part of the skilled and experienced management team at Golden Health Care Management Inc. which provides management services to a portfolio of seven retirement communities and approximately 457 retirement suites all under the Golden Health Care Banner.

Golden is a stable revenue-producing investment in Western's portfolio, with the opportunity for future expansion as Golden is uniquely positioned to meet the needs of a growing health care segment. Golden Health Care is the largest full-service retirement operator in Saskatchewan. They have a unique model of "aging in place" where Golden's care homes adapt to the needs of individual residents from assisted living up to long term care in each facility, maintaining a family environment rather than an institutional one regardless of the level of care required.

In the three months ended March 31, 2020, Western recognized equity income from Golden of $46,225 (March 31, 2019 - $58,862). Western does not earn management fees from Golden.

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

	Three months ended March 31,	
Financial results ($)	2020	2019
Revenue	2,174,410	2,156,582
EBITDA[1]	520,588	563,941
Net income	154,925	194,955

1 Defined as earnings before interest, tax, depreciation, and amortization. For more information see 'description of non-IFRS measures' section of this MD&A

Management at Golden responded swiftly to the threat of COVID-19, immediately implementing lockdown measures and infection control protocols to protect their residents. Staff was limited from working at different homes right from the start of the outbreak. Although no financial impact has occurred to date, management has prepared by building cash on hand and preparing for possible scenarios.

In the first quarter of 2020, the board of Golden Health Care Management Inc. approved the expansion plans for a 12-suite addition at William Albert House in Emerald Park. The budget for this expansion is $3.2 million with construction originally scheduled to start in summer 2020. Due to COVID-19, this expansion has been postponed. Management is currently evaluating other expansion proposals and in 2019 refinanced their debt to obtain the funds required to support planned expansion. The carrying cost of this debt has resulted in decreased net income compared to prior periods.

In the first quarter of 2020 Western borrowed $1.2 million from Golden at an annual interest rate of 4.09%. This passes access cash from the refinancing not currently being used for investment at Golden on to Western to assist it in funding general operating needs. Western pay's interest on the loan monthly. The loan matures on January 31, 2021, with automatic annual renewal.

Western appoints two of five members of the board of directors of Golden Health Care Management Inc., the company that oversees the operating companies. Through our shared ownership and appointments to the board of directors, the Corporation can exercise significant influence over the investment in Golden, and accordingly, the Corporation is using the equity method to account for its investment in Golden.

GlassMasters

On December 31, 2019, the Corporation increased its investment in GlassMasters to 61.3% buying, along with our partner, the founders' final share of the business. GlassMasters is an automotive glass service company with nine retail locations providing repair and replacement of auto glass and two automotive glass warehouses that import a full line of quality aftermarket glass parts and materials at competitive prices. GlassMasters' principal markets are the Calgary, Edmonton, Red Deer, Lethbridge, and Saskatoon regions.

GlassMasters contributed equity loss of $239,956 to Western's results in the three months ended March 31, 2020 (March 31, 2019 - $160,866 equity loss). A loss is typical in first quarter. Western earns $175,000 annually in management fee revenue from GlassMasters.

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

	Three months ended March 31,	
Financial results ($)	2020	2019
Revenue	3,861,738	4,082,397
Gross profit	1,002,087	948,918
EBITDA[1]	61,860	104,531
Net loss	(391,445)	(321,346)

1 Defined as earnings before interest, tax, depreciation, and amortization. For more information see 'description of non-IFRS measures' section of this MD&A

In late 2019 GlassMasters underwent many operational changes including the replacement of the general manager and CEO. Price increases were implemented and the market had been responding well with sales volumes remaining stable or increasing. The first two months of 2020 showed vast improvements in profitability with cost of sales and labour showing a 10% improvement from the comparative period in 2019.

With the onset of the COVID-19 pandemic, the company was hit by a sudden drop in sales volumes in mid-March. Most account customers had to shut down their business and retail customers stopped spending money. GlassMasters responded swiftly with cost reductions where possible including the temporary layoff of staff. Plans to move the northeast Calgary store to a new location in south Calgary were canceled and the northeast location was instead closed earlier than planned to save on rent. Inventory orders were canceled and all unnecessary expenses were cut. The company has taken advantage of government assistance where applicable and negotiated rent deferrals where possible. To maintain liquidity the company has received loans from shareholders and has negotiated an increase in their operating facility.

To increase sales the company focused heavily on the mobile side of the business for retail customers. Customers have been benefiting from having their windshield replaced at their own home with no contact service. Many health and safety policies have been implemented in store to protect customers and employees, including physical barriers and PPE. Cars being serviced are all subject to a thorough disinfection. Management continues to monitor the effects of COVID-19 on a minute to minute basis adjusting operations daily. Sales have been continuing to increase and they are getting closer to normal operations. Customers are loving having their windshields replaced at home and the mobile business is likely to make up a larger part of business looking forward. Cash flow is monitored daily and they have been creating some breathing room over the last few weeks in their operating line.

GlassMasters earns the majority of its income in the spring and summer driving months. Based on the seasonality of GlassMasters' operations, readers are cautioned not to weigh quarterly financial data equally for all quarters.

Western has significant influence over GlassMasters given Western appoints two of six directors however, this does not give Western control of GlassMasters. As such, the Corporation has accounted for our investment in GlassMasters under the equity method.

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

Review of Westerns Operations and Financial Results

The financial highlights of the Corporation are:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Financial results ($)		
Revenue	(4,009,994)	163,330
Acquisition related expenses	-	59,999
Professional fees	31,242	38,005
Regulatory fees	11,748	7,661
Management salaries	76,828	74,488
Share based compensation	-	-
Interest	132,004	23,516
Credit losses	105,000	-
Other expenses	11,002	13,352
Total expenses	367,824	217,021
Net income (loss) and comprehensive income (loss)	(4,377,818)	(53,691)
Net income (loss) per share	(0.143)	(0.002)
NPIO	(4,377,818)	6,308
NPIO per share	(0.143)	(0.000)

	March 31, 2020	December 31, 2019
Financial position ($)		
Cash	1,071	149,868
Operating loan	(4,741)	(1,188,679)
Working capital	261,890	(576,122)
Total assets	18,193,797	22,576,851
Loans and convertible debentures	4,173,036	3,003,866
Shareholders equity	13,925,116	18,221,126

	March 31, 2020	December 31, 2019
Western Share Count Information		
Common shares outstanding	30,530,756	30,580,756

Management fees are up as a result of our expanded portfolio of investments but this is countered by a significant loss from equity investments with decreased results from all associates in 2019. As discussed above, the COVID-19 pandemic has resulted in a major impairment loss at Ocean Sales which has an overwhelming effect on Western's bottom line this year. Due to the difficulties being experienced at Ocean Sales, Western has also taken an expected credit loss on all amounts due from Ocean related to management fees amounting to $105,000 in the first quarter. Western is earning annual management fee revenue from associates totaling $450,000, however with the fees earned from Ocean Sales removed, only $350,000 is now expected to be recognized in 2020.

The Corporation has incurred no acquisition expenses to date in 2020. Acquisition costs for 2019 relate to Fortress and are low as the majority of due diligence costs on that acquisition were incurred in 2018. The Corporation will incur acquisition expenses as it acquires other investments in the future and costs will be significant in any period surrounding an acquisition. No acquisition activity is expected in the short term.

Professional fees, salaries, and general and administrative expenses were comparable to 2019. Interest costs are considerably higher with the issuance of convertible debentures issued in the second quarter of 2019. Going forward, interest on these debentures will be a significant expense along with interest on other borrowed funds including the operating line and a shareholder loan advanced to Western in 2020.

Cash obtained from the debenture financing has been used to invest in Fortress and GlassMasters, and to fund ongoing operations. Amounts due from related parties are growing as a result of management fees receivable from associates who are not currently paying out amounts to shareholders due to restrictions currently imposed from their bank covenants. Both GlassMasters and Ocean Sales are offside on their bank covenants and we are working with these associates to improve profitability and to adjust the financing terms. Related party receivables have been assessed for credit risk and expected credit losses realized where required. Some amounts due from associates remain viewed as collectable but not in the current year and are thus recorded as long-term receivables. Western is also supporting some companies with additional shareholder loan advances in 2020, to assist them through the COVID-19 pandemic.

Western's focus for 2019 had been on the development of the insurance business in our newest associate Fortress, as well as on improving the profitability of GlassMasters and Ocean Sales. A significant amount of time and energy has gone into these three associates and all were showing positive results going into 2020. The global pandemic COVID-19 has however significantly affected both GlassMasters and Ocean Sales starting in March. It is expected the Pandemic will have a significant effect on the earnings of these associates and possibly others moving forward into 2020. Management is working closely with each company to manage the situation created by the pandemic.

Summary of Western's Quarterly Financial Information

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

in C$000s except for per share amounts	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018
Total income/(loss)	(4,010.0)	868.9	606.1	721.10	163.3	311.6	1,193.9	373.7
Operating expenses	367.8	235.8	315.7	338.2	217.0	216.6	250.7	252.2
Net income (loss) NPIO[1]	(4,377.8)	(343.0)	290.4	157.7	6.3	263.2	958.8	168.9
Net income (loss)	(4,377.8)	633.1	290.4	382.9	(53.7)	95.0	943.2	121.5
Earnings (loss) per share NPIO[2]								
- Basic and diluted	(0.143)	(0.011)	0.009	0.005	0.000	0.009	0.031	0.004
Earnings (loss) per share								
- Basic and diluted	(0.143)	0.021	0.009	0.013	(0.002)	0.003	0.031	0.006
Total assets	18,193.8	22,576.9	20,545.8	21,806.9	17,912.2	17,840.8	17,692.0	16,546.2
Total long-term liabilities	4,173.0	3,003.9	2,884.7	2,910.9	-	-	-	-

Notes:
1 Defined as Net Income Normalized for Portfolio Investment Operations, and excludes expenses associated with finding or executing new acquisitions such as due diligence, legal and advisory expenses. For more information see 'description of non-IFRS measures' section of this MD&A.
2 Defined as Net Income (Loss) NPIO divided by the basic or diluted number of shares outstanding.

Certain of the Corporation's associates experience seasonal fluctuations in activity and financial performance. For many of our associates, the third quarter is when they earn the majority of their income. Furthermore, the timing of the acquisitions of (Fortress May 2019) have impacted the quarterly results around their acquisition date. As such, the prior periods shown in the above table are not necessarily comparable and should not be relied upon as an indication of future performance.

Convertible Unsecured Debentures

On May 9, 2019, the Corporation issued $4 million of unsecured convertible debentures each with a principal value of $1,000 per debenture. Each debenture is convertible into common shares of Western at a conversion price of $0.55 per share. The debentures mature on March 31, 2024, and bear interest at the rate of 7.5% per annum, payable semi-annually at the end of March and September.

If after March 31, 2021, the closing price of the Common Shares on the TSX Venture Exchange is $0.65 or greater for 20 consecutive trading days, Western may, at its option, force the conversion of the debentures into Common Shares. Western may also elect, at its option, to redeem all or part of the debentures at any time after March 31, 2021, at the redemption price set forth below plus accrued and unpaid interest, if redeemed during the calendar year upon 45 days written notice by Western:

2021 – 107.5%
2022 – 105.0%
2023 – 102.5%
2024 – 100.0%

The Corporation incurred underwriting fees and issuance costs of $400,742, including 425,454 broker warrants valued at $29,566. The warrants are exercisable into one Common Share per warrant at an exercise price of $0.55 and expire 24 months from the Closing Date. These costs are allocated to the carrying value of the liability and equity components of the debentures.

The debentures are a compound financial instrument containing both a liability and equity component. The liability component represents the present value of future payments made over the life of the financial instrument discounted at 13.9% which was the approximate market rate available to the Corporation for similar debt without a conversion feature. The residual value of $793,814 (net of issuance costs) was allocated to the equity component. The liability will be accreted to the principal value using an effective rate of 16.5%.

Liquidity and Capital Resources

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

$	Three months ended March 31, 2020	Three months ended March 31, 2019
Cash provided by (used in) operating activities	88,892	(180,662)
Cash used in investing activities	(90,001)	-
Cash (used in) provided by financing activities	(147,688)	172,479
Decrease in cash	(148,797)	(8,183)
Cash, beginning of period	149,868	8,183
Cash, end of period	1,071	-

The net cash provided by operating activities for the three months ended March 31, 2020, relates to management fees and changes in working capital less cash flow required to fund operations including general and administrative costs, professional fees, and salaries. Operating cash was positive in this period of 2020 due to a large receivable collected during the period. Expenses are relatively consistent with the comparative period. Operating expenditures are only partially offset by cash received for management fees from associates.

Cash used in investing in the three months ended March 31, 2020, relates to advances to associates. This is composed of cash advances and unpaid management fees.

Cash used in financing activities for the three months ended March 31, 2020, primarily related to interest paid on the debentures. Repayments on our line of credit were largely offset by a shareholder loan advanced from Golden. For the comparative period ended March 31, 2019, cash provided from financing activities relates primarily to advances on the operating line of credit.

Our capital structure is composed of shareholders equity, and borrowings, less cash. The following table summarizes our capital structure:

$	March 31, 2020	December 31, 2019
Demand revolving operating loan facility	4,741	1,188,679
Loan from related party	1,200,000	-
Convertible debentures	2,973,036	3,003,866
Less: cash	(1,071)	(149,868)
Net loans	4,176,706	4,042,677
Shareholders' equity	13,925,116	18,221,126

In the first quarter of 2020 Western received a $1.2 million loan from Golden Health Care. The loan bears an annual interest rate of 4.09% with interest only payable monthly. The loan matures on January 31, 2021, with an automatic renewal option. The Corporation may prepay amounts owing at any time. The proceeds of this loan were used to repay the operating line of credit. Total annual interest payments on this loan will be $49,080 per year.

The convertible debentures were issued in the second quarter of 2019, to assist with the acquisition of Fortress and to fund daily operations. The debentures bear interest at 7.5% which will result in $300,000 in annual interest payments paid semi-annually. If not converted, the debentures will mature with $4,150,000 payable on March 31, 2024.

The corporation also has a demand revolving operating loan facility available to the maximum amount of $2,000,000. The facility bears interest at the bank's prime rate plus 2% per annum and carries a standby fee of 0.2% per annum on the unused portion. Security includes a share pledge agreement with respect to the Corporation's interest in some of its associates.

The Corporation generates operating cash from management fees and dividends from its portfolio investments. Western intends to raise equity capital when necessary to fund its expansion. The Corporation believes it can raise capital to fund this growth.

Outstanding Share Data

No shares were issued in the three months ended March 31, 2020, or the comparative period 2019. During the three months ended March 31, 2020, 50,000 shares were repurchased by the Corporation in conjunction with its normal issuer bid (March 31, 2019 – 123,000 shares repurchased). This brings the total common shares outstanding at March 31, 2020, to 30,530,756 (December 31, 2019 – 30,580,756). As of the date of this MD&A, the total common shares outstanding were 30,520,756.

In the three months ended March 31, 2020, no stock options were issued (March 31, 2019 – nil). The total amount of stock options outstanding as at March 31, 2020, was 1,724,000 (March 31, 2019 – 1,430,000) with exercise prices ranging from $0.40 to $0.65. At March 31, 2019, 425,454 warrants are outstanding. These were granted for broker compensation in line with the Debenture financing in 2019. These warrants have a two-year term and an exercise price of $0.55.

The Corporation has regulatory approval to proceed with a normal course issuer bid whereby Western may purchase up to 1,500,000 common shares in the capital of the Corporation representing approximately 4.9% of the total issued shares. The bid originally commenced May 23, 2017, for a one-year term and is renewed annually. In the three months ended March 31, 2020, a total of 50,000 shares have been repurchased for a total cost of $13,750 (March 31, 2019 – 123,000 shares repurchased for $45,908).

Off-Balance Sheet Arrangements

As at March 31, 2020, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Related Party Information

In accordance with the terms of a management fee agreement, Western earns an annual management fee from most of its associates. For the three months ended March 31, 2020, the Corporation earned $112,500 in management fees from its associates (March 31, 2019 - $62,500). As at March 31, 2020, $453,966 was due from associates (December 31, 2019 - $336,380) which is composed of cash advances, unpaid management fees, expense reimbursements, and interest. $403,209 of this amount is classified as a long-term receivable due to restrictions placed on some of our associates who are offside on their bank covenants restricting payments to shareholders (December 31, 2019 – $313,208). $105,000 of amounts due from associates was recognized as an expected credit loss during the period.

Key management personnel are persons responsible for planning, directing, and controlling the activities of the entity, and include all directors and officers. For the three months ended March 31, 2019, $76,828 was paid to members of key management (March 31, 2019 - $102,988).

Effective January 1, 2020, amounts payable from GlassMasters to the Corporation will be subject to 12% interest per annum compounded monthly. Interest shall accrue on all amounts owing to Western including management fees and any cash advances that may be made to GlassMasters. From January 1, 2020, to the date of this report Western has made cash advances totaling $300,000 to GlassMasters to assist them with liquidity issues arising from the COVID-19 pandemic.

In the first quarter of 2020, Western provided liquidity assistance to Ocean by purchasing inventory on their behalf. The intention is to sell the inventory to Ocean, at a 5% mark up, as needed by Ocean to satisfy orders from their customers. The substance of the transaction is viewed as a non-recourse loan to Ocean with inventory as collateral and is included in the due from related party amounts on the balance sheet. In the three months ended March 31, 2020, $176,288 in inventory was sold to Ocean. Due to COVID-19 Ocean's operations were impacted and as of the date of these financials, Western continues to own $300,767 in inventory on behalf of Ocean. Ocean continues to show sales of the product via on-line sales channels and it is expected that Western will be able to sell the remaining product on hand to Ocean. There are no other terms in place between Ocean and the Corporation related to this inventory.

On January 31, 2020, Western received a shareholder loan from Golden in the amount of $1,200,000. The loan bears interest at 4.09% per annum, has interest only payable monthly, and matures on January 31, 2021, with automatic annual renewal.

Related party transactions are in the normal course of operations and are recorded at fair value.

Risks and Uncertainties

The Corporation and its associates are subject to a number of risks as they relate to the organizational structure and the operations of each company. When reviewing forward-looking statements and information contained within this report, investors and others should carefully consider these factors, as well as other uncertainties, potential events, and industry and company-specific factors that may adversely affect future results of each company. The environment the Corporation and its associates operate in is highly competitive and it is not possible for management to predict all risk factors or their impact these risks may have on the businesses. The annual MD&A sets out a brief summary of certain risk factors that may have a material impact on the Corporation's future financial performance. No significant changes to those factors have occurred to date of this report.

Public Health Crises

The Corporation's financial and operating performance, and that of its associates, could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics, or outbreaks of new infectious diseases or viruses, such as the recent global outbreak of a novel coronavirus (COVID-19). Such public health crises, including COVID-19, can result in volatility and disruption to global supply chains, trade and market sentiment, mobility of people, and global financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of operations, and other factors relevant to Western. The risks to Western of such public health crises, including the ongoing COVID-19, also include risks to employee health and safety, a slowdown or temporary suspension of operations in locations impacted by an outbreak, and could negatively impact Western's business, financial condition and results of operations.

Subsequent Events

There were no subsequent events between March 31, 2020, and up to the date of this MD&A.

Proposed transactions

As at March 31, 2020, and up to the date of this MD&A, there were no proposed transactions of the Corporation, other than as disclosed herein.

Critical Accounting Estimates and Accounting Policies

Effective January 1, 2019, the Corporation adopted IFRS 16 "Leases". The adoption of this new standard did not materially impact the carrying amounts of the financial instruments or the timing and measurement of expenses. For a detailed summary of these changes, along with a description of the Corporation's accounting policies, the reader is directed to the notes to the financial statements of the Corporation for the period ended March 31, 2020, available on SEDAR at www.sedar.com.

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, all of Western's financial instruments, which include cash, amounts due from related parties, accounts payable and accrued liabilities, and loans and borrowings are measured at amortized cost.

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 our risks and related exposures are consistent with our business objectives and risk tolerance levels. As a result of the use of the above-mentioned financial instruments, we are 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 period ended March 31, 2020, to be read in conjunction with this MD&A.

Cautionary Note Regarding Forward-Looking Information

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Corporation's management, are intended to identify forward-looking information. Such statements reflect the Corporation's forecasts, estimates, and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events, or developments unless required by law.

Description of Non-IFRS Measures

The Corporation uses accounting principles that are accepted in Canada under the International Financial Reporting Standards ("IFRS"). Certain supplementary measures in this document do not have any standardized meaning as prescribed by IFRS, including the non-IFRS measures Net Income (Loss) Normalized for Portfolio Investment Operations" ("NPIO") and "earnings before interest, taxes, and depreciation and amortization" ("EBITDA").

NPIO removes from net income certain after-tax expenses incurred by the Corporation and its associates that relate directly to the finding and executing of new acquisitions. Western is currently not taxable and as such, no adjustment in tax is recorded to NPIO on expenditures directly incurred by the Corporation until Western becomes profitable. Where one-time acquisition-related expenses are incurred by the Corporation's associates, those costs are adjusted for tax, and Western's equity share of these expenses is added back to Net Income in determining NPIO. EBITDA is used primarily in relation to our analysis of the results of the Corporation's associates.

A reconciliation of the Corporation's Net Income to NPIO is as follows:

$	Three months ended March 31, 2020	Three months ended March 31, 2019
Net income - per IFRS	(4,377,818)	(53,691)
Acquisition related income	-	-
Acquisition related expenses (after tax)	-	59,999
NPIO	(4,377,818)	6,308

The Corporation's method of calculating these 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.