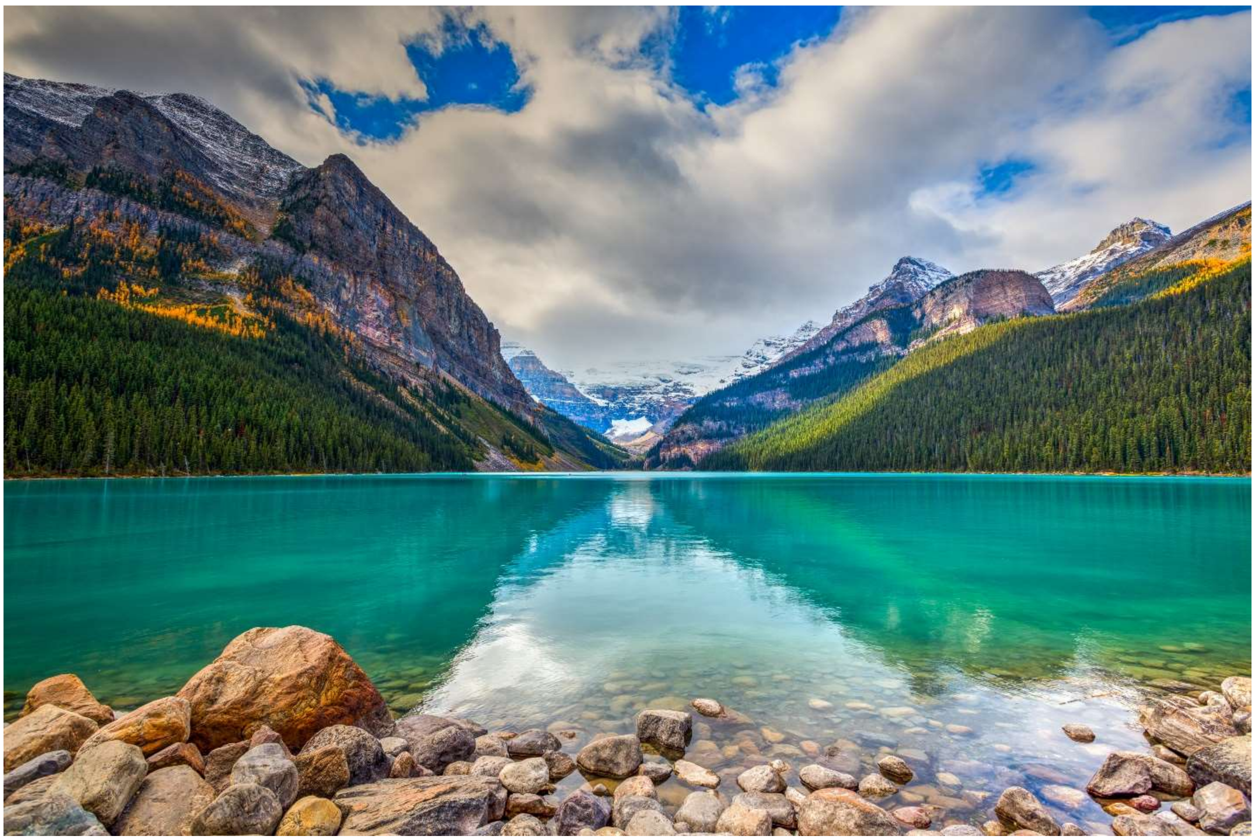
THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED



Interim Management's Discussion and Analysis

Quarterly Highlights

For the period ended June 30, 2020

Dated: August 20, 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 unaudited interim consolidated financial statements of the Corporation for the period ended June 30, 2020 and 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 August 20, 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 August 20, 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 June 30, 2020

Western's portfolio 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.

As we pass the first anniversary with Fortress, the company is quickly putting the business plan into action. Fortress is 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 policies in the third quarter of 2019. The plan is to have 6-8 broker programs in place by the end of 2020. Operations are quickly ramping up and we expect to see significant gains in premiums written through 2020, and 2021.

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 invested 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, 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. The effect COVID-19 will have on each of Western's businesses is varied and the ultimate effect cannot be known. Each company is working to mitigate the economic impact. It is impossible to predict the overall outcome COVID-19 will have on our final results in 2020.

GlassMasters and Ocean Sales have each been 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. When sales slowed considerably, the company responded swiftly to ensure the safe delivery of windshield replacements to clients including the offering of free mobile replacement, and sales have gradually been returning to near normal levels in recent months. The effect on Ocean Sales has been more significant, with the cancelation of all consumer 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 online sales channel. Both companies had been forced to make major cuts in operating expenses including implementing major employee layoffs. Initiatives undertaken at the onset of the pandemic included 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. Things have improved at GlassMasters in the second quarter with the onset of a busy summer season, however Ocean Sales operations remain impacted for the foreseeable future.

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 have impacted the market value of Fortress's investment portfolio.

The pandemic has had some effect on Foothills Creamery Ltd. ("**Foothills**"). Butter sales to retail grocery sales are up however carry a very small profit margin. Ice cream sales, which is a high margin product, are down thus having an impact on their bottom line. Foothills is working diligently to ensure the safety of its workers and protecting its operations.

The senior care homes in our Golden investment 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 but the ultimate impact is unknown.

Associates Highlights

- Western has passed its first anniversary for the acquisition of its 50.0% investment in Fortress that occurred 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. Fortress currently has four programs up and running and two more in negotiations. In the six months ended June 30, 2020, Fortress earned $165,798 in premium revenue but incurred large unrealized losses on the market value of its investment portfolio. The total net loss incurred for the first half of 2019 was $224,401. Fortress's goal for 2020 is to sell $4-6 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 six months ended June 30, 2020, Foothills earned revenue of $21.6 million (2019 - $21.1 million) and net income of $30,257 (2019 - $520,237). Revenue is consistent with 2019 but the bottom line has been affected by a drop in gross margins 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 six months ended June 30, 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 $288,214 before the goodwill write-down (discussed below), in the first half of 2020 compared to a loss of $177,719 in the same period of 2019. COVID-19 has eliminated 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 that was recognized in the first quarter. 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 six months ended June 30, 2020, was $4.2 million (2019 - $4.3 million) and net income for the period was $203,560 (2019 - $287,842) with results down just slightly from the prior year. A debt refinancing completed in 2019 provides excess cash to finance potential future investments in new homes or beds. During the first quarter of 2020 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 six months ended June 30, 2020, was $9.4 million, a 13% decrease from 2019. Net income for the six months was up however at $283,776 compared to $123,556 in the same period 2019. Despite the decline in revenue resulting from the global pandemic which brought sales to a sudden halt in mid-March, GlassMasters has been able to more than double net income from the previous year thanks to its quick pandemic response, cost-cutting measures, government assistance, and an improved margin control process.

Westerns Financial Highlights:

- Western's share of the goodwill and intangible impairment loss recognized at Ocean Sales has had an impact on our equity revenue in 2020. In the six months ended June 30, 2020, our total loss from equity investments was $3.43 million (June 30, 2019 - $476,092 equity income earned). This resulted in a total net loss for the first half of the year of $4.0 million ($0.132 loss per share), compared to $329,161 of net income in 2019 ($0.011 net income per share). Management fees of $225,000 were earned compared to $175,000 in 2019.

- Results for the second quarter of 2020 are on par with the same quarter in 2019 with a net income of $355,910 compared to $382,852 in this quarter 2019. Equity income of $716,827 is up 91% from the $375,269 in 2019.

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 June 30, 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 has ramped up operations in the first half of 2020 with four programs now in place. Two additional programs are currently in negotiations and Fortress has a goal for 2020 to have up to 8 programs running and $4-6 million in earned and unearned revenue. A lot of work has been completed to lay the groundwork for growth going forward.

For the six months ended June 30, 2020, Western recognized an equity loss of $112,201 from Fortress. Western earns $100,000 annually in management fees from Fortress.

Being in the start-up stage of the business, premium revenue is modest and investment revenue has the most impact on the financial results. The stock markets have experienced a significant decline in value in early 2020 resulting in substantial unrealized investment losses on Fortress' investment portfolio. Rebounds in the market have made for a profitable second quarter. 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.

Looking forward management is seeing rising premiums in the insurance market resulting from ongoing catastrophic losses in the local market place and a shortage of capacity. A number of foreign players have recently exited the Canadian market opening up more opportunities for Fortress to take advantage of.

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 six months ended June 30, 2020, Western recorded equity income of $15,250 from Foothills (June 30, 2019 - $262,199). Western earns annual management fees of $75,000 from Foothills.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2020	2019	2020	2019
Revenue	11,133,124	12,039,023	21,557,676	21,091,419
Gross profit	2,289,473	3,892,737	3,597,641	4,975,759
EBITDA[1]	913,134	1,371,641	877,857	1,602,696
Net income	355,288	654,058	30,257	520,237

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 revenues for 2020 that are comparable to the first half of 2019 however the product composition of these sales has changed significantly as a result of the pandemic. Sales of low margin butter have increased with demand at grocery stores but their high margin ice cream sales have declined. In the second quarter of 2020 ice cream revenue has seen an approximate decrease of $390,000. The pandemic caused delays in the seasonal opening of ice cream scoop shops and consumers are being cautious when in public.

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 is working 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 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 grocery shelves. Foothills has recently signed a new contract with a major retail chain to manufacture and distribute its private label product.

Operations at the creamery have been "business as usual". With the increase in demand and sales of butter, production of butter has increased and Foothills has seen an increase in overtime being paid. As the economy begins to adapt to the pandemic it is expected for sales to become more in line with expectations looking forward.

In response to the pandemic Foothills Creamery quickly acted to ensure the safety of the employees and customers. Most office staff have been equipped to work remotely from home with a modified back to work schedule being phased in. 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 to ensure Foothills is doing everything in its power to maintain safe operations.

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 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 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 affected 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 year to date.

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 six months ended June 30, 2020, Western recognized an equity loss of $3,570,976 from Ocean Sales (June 30, 2019 - $127,093 equity loss). Western's share of the goodwill and intangible impairment exceeded the carrying value of the investment, bringing our investment in Ocean Sales to nil. Western continues to charge $100,000 annually in management fee revenue from Ocean Sales however due to the increased credit risk assessed, Western has recorded a provision for credit losses on all amounts due from Ocean Sales.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2020	2019	2020	2019
Revenue	824,910	2,383,893	5,287,572	9,581,271
Gross profit	623,049	1,305,931	2,974,568	5,342,355
EBITDA[1]	(125,176)	(561,670)	20,721	89,699
Net (loss) income, before extraordinary item	(249,924)	(529,822)	(288,114)	(169,458)
Extraordinary item – intangible and goodwill impairment	-	-	(4,775,521)	-
Net (loss) income	(249,924)	(529,822)	(5,063,635)	(169,458)

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

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 the abrupt stop to all major revenue streams, including a decrease in show revenue of more than $2 million for March alone.

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 discounts offered on the website. A silver lining can be seen in this opportunity to focus their efforts on growing the company's online presence. As the pandemic continues the number of online marketing campaigns grows along with an increasing number of successes in this area.

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. It is not anticipated there will be any exhibitor shows for the remainder of the year. Some encouraging news is the return of their Costco Roadshow Program in July where the company has four products in the lineup. Ocean Sales will continue to work on increasing their digital marketing to drive online sales in both Canada and the U.S.

Ocean Sales 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 and modest 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 six months ended June 30, 2020, Western recognized equity income from Golden of $60,388 (June 30, 2019 - $87,139). Western does not earn management fees from Golden.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2020	2019	2020	2019
Revenue	2,074,328	2,152,125	4,248,738	4,308,707
EBITDA[1]	414,456	475,828	935,044	1,039,769
Net income	48,635	92,887	203,560	287,842

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 various possible scenarios.

In early 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 was $3.2 million with construction originally scheduled to start in summer 2020. Due to the pandemic, this expansion has been postponed and the feasibility of it will be revisited. Management has been 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 is the cause of the decrease in net income in 2020 compared to prior periods.

In the first half of 2020 Western borrowed $1.2 million from Golden at an annual interest rate of 4.09%. This passes excess 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 if all amounts of interest owing are not in default. No financial covenants are affecting the loan.

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 in Calgary, Edmonton, Red Deer, Lethbridge, and Saskatoon.

GlassMasters contributed equity income of $173,955 to Western's results in the six months ended June 30, 2020 (June 30, 2019 - $61,852 equity income). Western earns $175,000 annually in management fee revenue from GlassMasters.

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

	Three months ended June 30,		**Six months ended June 30,**	
Financial results ($)	2020	2019	2020	2019
Revenue	5,559,897	6,737,383	9,421,635	10,819,780
Gross profit	1,841,916	2,327,755	2,843,153	3,276,344
EBITDA[1]	1,456,548	1,184,006	1,517,558	1,286,066
Net income	675,221	447,043	283,776	123,557

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. However, with the onset of the 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 personal protective equipment. Cars being serviced are all subject to a thorough disinfection. Sales have been gradually increasing with sales in the latter part of May through June exceeding 2019 levels. The addition of an online lookup tool has expanded the wholesale customer base.

The swift action at the start of the pandemic with a focus on product costs and labour enabled GlassMasters to maintain gross profit margin percentage at just below the prior year. With the inclusion of government assistance, net income has exceeded the comparable 2019 period. As demand increased the company re-hired a large portion of the staff temporarily laid off in the first quarter. Looking forward GlassMasters continues to look to grow their customer base and consider opportunities for expansion. Continued operational process refinements will allow additional efficiencies to be gained.

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 June 30,		**Six months ended June 30,**	
Financial results ($)	2020	2019	2020	2019
Revenue	846,690	721,015	(3,163,305)	884,345
Acquisition related expenses	-	5,210	-	65,209
Professional fees	75,601	41,325	106,842	79,329
Regulatory fees	21,524	24,315	33,271	31,977
Management salaries	167,437	141,589	244,265	216,077
Share based compensation	62,748	-	62,748	-
Interest	137,659	112,481	269,663	135,997
Credit losses	20,000	-	125,000	-
Other expenses	5,811	13,243	16,814	26,595
Total expenses	490,780	338,163	858,603	555,184
Net income (loss)	355,910	382,852	(4,021,908)	329,161
Net income (loss) per share	0.012	0.013	(0.132)	0.011

	June 30, 2020	**December 31, 2019**
Financial position ($)		
Cash	6,473	149,868
Operating loan	(368,544)	(1,188,679)
Working capital	(427,747)	(576,122)
Total assets	19,132,371	22,576,851
Loans and convertible debentures	4,295,856	3,003,866
Shareholders equity	14,341,149	18,221,126

	June 30, 2020	**December 31, 2019**
Western Share Count Information		
Common shares outstanding	30,520,756	30,580,756

Management fees are comparable to the prior year with a stable portfolio of investments. As discussed above, the pandemic has resulted in a major impairment loss at Ocean Sales which has an effect on Western's equity income and bottom line this year. Due to the difficulties being experienced at Ocean Sales, Western has a major equity loss in the six months ended June 30, 2020, and has also taken expected credit losses on all amounts due from Ocean related to increased credit risk on their management fees. 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.

In the quarter ended June 30, 2020, Western's equity income is significantly higher, and this again is mostly due to the status of the Ocean Sales investment. With our investment in Ocean

Sales reduced to nil, the losses incurred at this associate are no longer impacting our equity income.

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. Stock options were issued in the second quarter in 2020 compared to in the third quarter in 2019 however the total annual value is comparable. Interest costs are considerably higher with the issuance of convertible debentures issued in the second quarter of 2019 and as well as the related party loan advanced to Western in 2020. Going forward, interest on these debentures will be a significant expense along with interest on other borrowed funds including the operating line and related party loan.

Cash obtained from the debenture financing was 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 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 collectible but not in the current year and are thus recorded as long-term receivables. Western is also supporting some associates with additional shareholder loan advances made in 2020, primarily to support our companies through the 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 has however affected both GlassMasters and Ocean Sales starting in March. It is expected the Pandemic will continue to have some effect on the earnings of these associates, and possibly others moving through to the end of 2020.

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	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018
Total income/(loss)	846.7	(4,010.0)	868.9	606.1	721.10	163.3	311.6	1,193.9
Operating expenses	490.8	367.8	235.8	315.7	338.2	217.0	216.6	250.7
Net income (loss)	355.9	(4,377.8)	633.1	290.4	382.9	(53.7)	95.0	943.2
Earnings (loss) per share								
- Basic and diluted	0.012	(0.143)	0.021	0.009	0.013	(0.002)	0.003	0.031
Total assets	19,132.3	18,193.8	22,576.9	20,545.8	21,806.9	17,912.2	17,840.8	17,692.0
Total long-term liabilities	4,295.9	4,173.0	3,003.9	2,884.7	2,910.9	-	-	-

Certain of the Corporation's associates experience seasonal fluctuations in activity and financial performance. Furthermore, the timing of the acquisitions (Fortress May 2019) has 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:

$	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash provided by (used in) operating activities	244,778	(434,042)
Cash used in investing activities	(601,664)	(70,000)
Cash provided by financing activities	213,491	2,063,021
(Decrease) increase in cash	(143,395)	1,558,979
Cash, beginning of period	149,868	8,183
Cash, end of period	6,473	1,567,162

The net cash provided by operating activities for the six months ended June 30, 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. General and administrative costs are increased from the prior year due primarily to an increase in the carrying cost of debt. Operating expenditures are only partially offset by cash received for management fees from associates.

Cash used in investing in the six months ended June 30, 2020, relates to advances to associates. This is composed of cash advances, inventory purchases, and unpaid management fees.

Cash provided by financing activities for the six months ended June 30, 2020, related to the advance on the shareholder loan received from Golden offset by repayments on the operating line and cash interest paid on the debentures. For the comparative period ended June 30, 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:

$	June 30, 2020	December 31, 2019
Demand revolving operating loan facility	368,544	1,188,679
Loan from related party	1,200,000	-
Convertible debentures	3,095,856	3,003,866
Less: cash	(6,473)	(149,868)
Net loans	4,657,927	4,042,677
Shareholders' equity	14,341,149	18,221,126

In January 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 six months ended June 30, 2020, or the comparative period 2019. During the six months ended June 30, 2020, 60,000 shares were repurchased by the Corporation in conjunction with its normal issuer bid (June 30, 2019 – 123,000 shares repurchased). This brings the total common shares outstanding at June 30, 2020, to 30,520,756 (December 31, 2019 – 30,580,756). As of the date of this MD&A, the total common shares outstanding were 30,490,756, with an additional 30,000 shares repurchased subsequent to June 30, 2020.

In the six months ended June 30, 2020, 360,000 stock options were issued (June 30, 2019 – nil). The total amount of stock options outstanding as at June 30, 2020, was 2,084,000 (December 31, 2019 – 1,724,000) with exercise prices ranging from $0.27 to $0.65. At June 30, 2020, 425,454 warrants are outstanding that were granted for broker compensation in line with the Debenture financing in April 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 six months ended June 30, 2020, a total of 60,000 shares have been repurchased for a total cost of $16,375 (June 30, 2019 – 123,000 shares repurchased for $45,908).

Off-Balance Sheet Arrangements

As at June 30, 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 six months ended June 30, 2020, the Corporation earned $225,000 in management fees from its associates (June 30, 2019 - $175,000). As at June 30, 2020, $963,866 was due from associates (December 31, 2019 - $336,380) which is composed of cash advances, unpaid management fees, expense reimbursements, and interest. $914,872 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). $125,000 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 six months ended June 30, 2019, $244,265 was paid to members of key management (June 30, 2019 - $254,703).

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. In the six months ended June 30, 2020, Western has made cash advances totaling $300,000 to GlassMasters which is included in amounts due from associates above.

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 six months ended June 30, 2020, $176,288 in inventory was sold to Ocean. As of the date of this MD&A, Western continues to own $300,767 in inventory on behalf of 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 June 30, 2020, and up to the date of this MD&A.

Proposed transactions

As at June 30, 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 June 30, 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 June 30, 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 "earnings before interest, taxes, and depreciation and amortization" ("EBITDA") used in relation to our analysis of the results of the Corporations associates.

The Corporation's method of calculating non-IFRS measures may differ from other issuers, and therefore may not be comparable to similar measures presented by other reporting issuers. These non-IFRS financial measures are included because management uses this information to analyze operating performance. Readers are cautioned that these non-IFRS financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.