THE
WESTERN INVESTMENT
COMPANY OF CANADA LIMITED

Interim Management's Discussion and Analysis

Quarterly Highlights

For the period ended September 30, 2020

Dated: November 23, 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 financial statements of the Corporation for the period ended September 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 November 23, 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 November 23, 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 September 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. 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 its first policies just a year ago and is positioned to have 6 broker programs in place by the end of 2020 with many more in negotiations. Operations are quickly ramping up and we expect to see significant gains in premiums written through 2020, and 2021.

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 some difficult market conditions they had been facing. After a couple of very promising months, 2020 turned out to be a much greater challenge than anyone could have predicted going in. Western has been working with our associates every step of the way as they navigated through some harsh economic conditions. As we approach the end of 2020, we are proud of what each associate has accomplished and how they have responded to the uncertainties and impact of COVID-19 and the economic environment. Each company has had their successes through this difficult time and has been diligent to be prepared for the unknown yet to come.

Response to COVID-19

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 has had on each of Western's businesses is varied and the ultimate effect cannot be known. Management remains focused on working with each of our associates in dealing with the evolving nature and impact of the pandemic. As we approach the end of 2020 the overall impact on operations at most of our associates is becoming less.

GlassMasters and Ocean Sales Group Ltd. ("**Ocean Sales**") were each initially impacted dramatically by the pandemic, 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. Since the onset of the pandemic sales have gradually returned to near-normal levels. Heading into their traditionally slow season and being more prepared it is expected a second wave will have somewhat less impact than the first.

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 its online sales channel. Operations remain impacted to date and for the foreseeable future. Cashflow is being monitored closely. Thanks to the CEWS subsidy the company has been able to keep staff on to grow new sales channels and it is expected the company will benefit from this subsidy for the rest of 2020. Looking into 2021 the company is busy planning for its relaunch once the consumer show sales channel returns.

Initiatives undertaken at the onset of the pandemic by the above two associates included making major cuts in operating expenses including implementing employee layoffs, 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. Government assistance in the form of the CEWS program helped each company keep critical staff on.

Management at Western has worked diligently with our associates to assist them through this pandemic. Western has obtained an additional loan facility to provide us with additional liquidity should unexpected events arise in 2021 related to the pandemic. The course of the COVID-19 pandemic is highly uncertain and it has had a negative impact on the earnings of some of the Corporation's subsidiaries for 2020 and is likely to continue to do so into the foreseeable future.

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.

Review of Westerns Operations and Financial Results

The financial highlights of the Corporation are:

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2020	2019	2020	2019
Revenue	666,751	606,139	(2,496,554)	1,490,484
Acquisition related expenses	-	-	-	65,209
Professional fees	58,255	36,920	165,097	116,250
Regulatory fees	4,761	5,635	38,032	37,612
Management salaries	82,895	72,182	327,160	288,260
Share based compensation	-	74,647	62,748	74,647
Interest	139,785	116,825	409,448	252,821
Credit losses	25,000	-	150,000	-
Other expenses	6,983	9,540	23,797	36,135
Total expenses	317,679	315,749	1,176,282	870,934
Net income (loss)	349,072	290,390	(3,672,836)	619,550
Net income (loss) per share	0.011	0.009	(0.120)	0.020

	September 30, 2020	December 31, 2019
Financial position ($)		
Working capital	(707,919)	(576,122)
Total assets	19,772,756	22,576,851
Operating loan	619,906	1,188,679
Loans and convertible debentures	4,268,675	3,003,866
Shareholders equity	14,684,145	18,221,126

	September 30, 2020	December 31, 2019
Western Share Count Information		
Common shares issued and outstanding	30,490,756	30,580,756

Despite the difficult market conditions, we are proud to report equity income for the third quarter of 2020 that is comparable to the prior year. Year-to-date equity income is dramatically impacted by a goodwill impairment loss recognized at Ocean Sales. Due to the difficulties being experienced at this associate as a result of the pandemic, Goodwill was written off and Western's equity share of this loss impacts our results for the nine months ended September 30, 2020. It has also resulted in expected credit losses being taken on all amounts due from Ocean Sales with the assessed increased credit risk.

Management fees are up in the third quarter and year to date for 2020 with additional management fees being earned at GlassMasters, offset by credit losses taken on other investees bringing results in line with the prior year. Western is earning annual management fee revenue from associates totaling $350,000, after the expected credit losses are taken.

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 likely 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.

A slight increase in professional fees, for both the three and nine months ended September 30, 2020, relates to investor relations consultants hired in the third quarter and this additional expense will continue through the rest of 2020. Regulatory 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 in 2020 with the issuance of convertible debentures in 2019 and a related party loan advanced to Western in early 2020. Going forward, interest will be our most significant expense as the corporation becomes increasingly leveraged.

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. Related party receivables have been assessed for credit risk and expected credit losses recognized where required. Some amounts due from associates remain viewed as collectible but not within 12 months 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 2020 has been on the development of the insurance business in our newest associate Fortress, as well as assisting our other associates through the pandemic. Looking forward into 2021 we expect to see slow and steady growth in the insurance business. A large number of operational improvements being implemented at both Foothills and GlassMasters over this past year are expected to result in significant improvements in profitability at both companies in 2021. Ocean Sales is working hard to develop new online sales channels that will continue to grow and this new revenue stream could add a boost to the bottom line once regular operations can get back up and running.

Summary of Equity Investments

Below is a summary of the results of each of Western's associates for the period ended September 30, 2020. The performance of our associates is assessed based on revenues, income from operations, and EBITDA. EBITDA is a supplemental measure of operating income in which tax, depreciation and amortization, and interest are added back to the associate's net income. Please see the Non-IFRS measures section of this document for additional information.

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 acquired 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 it from all associated claims of this division. In its business plan Fortress writes insurance policies predominantly in property but also has licenses for accident & sickness, boiler & machinery, and marine products.

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 2020 with six programs now in place. Additional programs are currently in negotiations and it is expected to have annualized $4 million in earned and unearned revenue at the end of 2020. A lot of work has been completed to lay the groundwork for growth going forward and management is being prudent to not grow the business too fast.

For the nine months ended September 30, 2020, Western recognized an equity loss of $39,620 from Fortress. Western earns $100,000 annually in management fees.

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

	Three months ended September 30,		**Period ended September 30,**	
Financial results ($)	2020	2019	2020 (9 months ended)	2019 (May 7 – September 30)
Gross premiums written	445,008	121,125	766,396	178,329
Investment income	221,841	156,057	106,268	273,285
Total revenue	377,896	277,182	428,122	451,614
Net income	145,162	(436,808)	(79,240)	(52,816)

Gross premiums written includes all premiums written during the period including both earned and unearned as reported in the financials. The growth from prior year is indicative of the new business being created at Fortress since they began writing their first policies in the last quarter of 2020. The stock markets experienced a significant volatility in 2020 and rebounds in the market in the second and third quarters have brought investment income in line with the prior year. With the majority of the company's assets being held in an investment portfolio, Fortress is subject to significant market risk.

Looking forward management is seeing rising premiums in the insurance market resulting from ongoing catastrophic losses in the local marketplace and a shortage of capacity. Several foreign players have recently exited the Canadian market opening up more opportunities to take advantage of. Management is very busy working on new programs and managing the growth in a conservative manner.

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 the investment but not control. As such, the Corporation is accounting for this investment under the equity method.

Foothills Creamery Ltd.

On February 28, 2018, Western acquired a 50.4% interest in Foothills Creamery Ltd. ("**Foothills**") 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 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 nine months ended September 30, 2020, Western recorded equity income of $146,755 from Foothills (September 30, 2019 - $519,701). Western earns annual management fees of $75,000 from Foothills.

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

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2020	2019	2020	2019
Revenue	13,443,383	11,632,199	35,001,059	32,723,618
Gross profit	1,655,918	3,057,390	5,264,026	8,033,149
EBITDA[1]	238,326	1,176,284	1,006,870	2,778,980
Net income	260,924	510,916	291,181	1,031,153

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 a revenue increase of 7% for 2020 primarily the result of an increase in demand for butter at grocery stores. The overall product composition however has changed with an increase in the sales of low margin butter and a drop in other high margin products such as ice cream and specialty butter. The bottom line has been impacted by a significant drop in gross margin.

On the operational side, Foothills has seen significant changes in 2020. A new CEO was put in place to set the company up for future growth as well as to improve overall profitability. A large focus has also been on the marketing side of the business with a newly revamped marketing team. More retail offerings are being offered in grocery stores to help offset the loss in sales in other areas (scoop shops, bakeries, restaurants, etc.). The sales team at Foothills is working to land shelf space at new retailers. 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.

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 but not control over the company. As such, the Corporation is accounting for our investment 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.

With the onset of COVID-19, all consumer shows and fairs throughout Canada and the US were canceled 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 Sales tested its intangible assets and goodwill for impairment as at March 31, 2020. A value-in-use impairment test was based on 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 the company 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 during the year to date.

In association with the above impairment assessment, Western has assessed the credit risk of amounts due from this company as high. As such, Western has recognized an expected credit loss on all amounts due from this associate including for all management fees owing.

For the nine months ended September 30, 2020, Western recognized an equity loss of $3,570,977 from Ocean Sales (September 30, 2019 - $193,385 equity income). Western's share of the goodwill and intangible impairment exceeded the carrying value of the investment, bringing our investment in this associate to nil.

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

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2020	2019	2020	2019
Revenue	1,979,602	6,789,012	7,267,174	16,370,283
Gross profit	920,283	3,994,254	3,894,851	9,336,609
EBITDA[1]	(191,428)	748,066	(170,707)	837,765
Net (loss) income, before extraordinary item	(301,382)	427,306	(589,596)	257,848
Extraordinary item – intangible and goodwill impairment	-	-	(4,775,521)	-
Net (loss) income	(301,382)	427,306	(5,365,017)	257,848

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 cancellations of all shows in the second half of March (a time when many of our strongest producing consumer shows are held) resulted in the abrupt stop to all major revenue streams. Ocean Sales responded swiftly to the loss of revenue with the layoff of 50% of its office and warehouse staff. The company has taken advantage of all applicable Government subsidy programs. The company 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. As the pandemic continues online marketing campaigns continue to grow along with an increasing number of successes in this area.

It is difficult to accurately project the effect the pandemic 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 that started up again in July. Ocean Sales will continue to work on increasing their digital marketing to drive online sales in both Canada and the U.S. Management is currently actively working on its relaunch strategy to safely and profitably re-enter the consumer show market when the time is right.

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 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 (together referred to as "**Golden**"). 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 nine months ended September 30, 2020, Western recognized equity income from Golden of $113,813 (September 30, 2019 - $117,947). Western does not earn management fees from Golden.

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

	Three months ended September 30,		**Nine months ended September 30,**	
Financial results ($)	2020	2019	2020	2019
Revenue	2,150,919	2,120,243	6,399,657	6,428,950
EBITDA[1]	484,936	450,439	1,419,980	1,490,208
Net income	179,668	102,170	383,228	390,012

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 the senior homes 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. There has been minimal financial impact to date with some increases in infection control costs and management has prepared for uncertainty 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 once things return to normal. Management had 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 primary 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% with interest only payable monthly. This passes excess cash from the refinancing not currently being used for investment to Western to assist it in funding general operating needs. 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, and accordingly, the Corporation is using the equity method to account for it.

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. Principal markets are in Calgary, Edmonton, Red Deer, Lethbridge, and Saskatoon.

GlassMasters contributed equity income of $452,126 to Western's results in the nine months ended September 30, 2020 (September 30, 2019 - $190,105). Western earns $175,000 annually in management fee revenue.

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

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2020	2019	2020	2019
Revenue	6,456,683	6,656,033	15,878,318	17,475,814
Gross profit	1,998,946	2,064,123	4,842,099	5,340,467
EBITDA[1]	1,141,911	921,747	2,659,469	2,207,813
Net income	453,788	256,200	737,563	379,756

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, 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. The company 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. Inventory orders were canceled and all unnecessary expenses were cut. The company took advantage of government assistance where applicable and negotiated rent and debt payment deferrals where possible. To maintain liquidity the company has received loans from shareholders and 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. Sales gradually increased throughout the spring to 2019 levels, and with the help of a focus on cost reductions EBITDA is now up 21% for the year to date compared to 2019. Net income for the third quarter is up 77% from the prior year, and 94% for the year to date. The company has resumed aggressive debt repayment and is currently assessing potential expansion locations. The newest locations in Saskatoon and Lethbridge continue to expand their customer base and sales gains are occurring in the external wholesale business.

GlassMasters earns the majority of its income in the spring and summer driving months. Based on the seasonality of 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. As such, the Corporation has accounted for our investment 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.

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	Sept 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Income/(loss)	666.8	846.7	(4,010.0)	868.9	606.1	721.10	163.3	311.6
Operating expenses	317.7	490.8	367.8	235.8	315.7	338.2	217.0	216.6
Net income (loss)	349.1	355.9	(4,377.8)	633.1	290.4	382.9	(53.7)	95.0
Earnings (loss) per share								
- Basic and diluted	0.011	0.012	(0.143)	0.021	0.009	0.013	(0.002)	0.003
Total assets	19,722.8	19,132.3	18,193.8	22,576.9	20,545.8	21,806.9	17,912.2	17,840.8
Total long-term liabilities	4,268.7	4,295.9	4,173.0	3,003.9	2,884.7	2,910.9	-	-

Quarterly trends and seasonality

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.

As discussed above our revenue has fluctuated greatly based on the seasonality of many of our businesses and on the timing of acquisitions as well as the pervasive impact of the pandemic. The first quarter is the slowest for many of our associates. The first quarter of 2020 was dramatically impacted by the goodwill impairment loss recorded at Ocean Sales which carried through and affected equity income.

Quarterly expenses have been slowly increasing as the Corporation grows in size and activity. Operating expenditures are further impacted by the timing of acquisitions which require significant investment in the due diligence process. The most prominent driver of the increasing operating expenses relates to the carrying cost of our increasing levels of debt.

Liquidity and Capital Resources

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

$	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Cash provided by (used in) operating activities	208,659	(453,080)
Cash used in investing activities	(661,969)	(1,282,000)
Cash provided by financing activities	308,777	1,920,008
(Decrease) increase in cash	(144,533)	184,928
Cash, beginning of period	149,868	8,183
Cash, end of period	5,335	193,111

The net cash provided by operating activities for the nine months ended September 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 thanks to the collection of working capital. 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 nine months ended September 30, 2020, relates to advances to associates. This is composed of cash advances and inventory purchases. This investment supports our associates in their cash flow management during the pandemic. Cash used in investment activities for the comparative nine-month period 2019 related to our investment in Fortress offset by dividends received from associates.

Cash provided by financing activities for the nine months ended September 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 September 30, 2019, cash provided from financing activities related primarily to the issuance of convertible debentures offset by repayments on the operating line.

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

$	September 30, 2020	December 31, 2019
Demand revolving operating loan facility	619,906	1,188,679
Loan from related party	1,200,000	-
Convertible debentures	3,068,675	3,003,866
Less: cash	(5,335)	(149,868)
Net loans	4,883,246	4,042,677
Shareholders' equity	14,684,145	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.

During the quarter ended September 30, 2020, Western entered into an amending agreement with its lender adding a second loan facility in the form of a demand non-revolving reducing facility up to a maximum of $400,000. This facility is available on or before December 31, 2021, and bears interest at the bank's prime rate plus 2.5% per annum. Interest-only is payable monthly until January 1, 2022, after which the loan is repayable in blended payments of principal and interest on the last day of each fiscal quarter over a period of 12 months. As at September 30, 2020, and up to the date of this MD&A no amounts were drawn on the facility. The facility was obtained to provide additional funding for operational expenses given uncertainties faced during the pandemic.

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.

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%.

Outstanding Share Data

No shares were issued in the nine months ended September 30, 2020, or the comparative period 2019. During the nine months ended September 30, 2020, 90,000 shares were repurchased by the Corporation in conjunction with its normal issuer bid at a cost of $22,450 (September 30, 2019 – 123,000 shares repurchased at a cost of $45,908). This brings the total common shares outstanding at September 30, 2020, to 30,490,756 (December 31, 2019 – 30,580,756). As of the date of this MD&A, the total common shares outstanding were 30,470,756.

In the nine months ended September 30, 2020, 360,000 stock options were issued (September 30, 2019 – 294,000). The total amount of stock options outstanding as at September 30, 2020, was 2,084,000 (December 31, 2019 – 1,724,000) with exercise prices ranging from $0.27 to $0.65. At September 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 for 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.

Off-Balance Sheet Arrangements

As at September 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 nine months ended September 30, 2020, the Corporation earned $337,500 in management fees from its associates (September 30, 2019 - $262,500). As at September 30, 2020, $1,023,308 was due from associates (December 31, 2019 - $336,380) which is composed of cash advances, unpaid management fees, expense reimbursements, and interest. $975,177 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). $150,000 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 nine months ended September 30, 2019, $326,757 was paid to members of key management (September 30, 2019 - $326,885).

Effective January 1, 2020, amounts receivable 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. As at

September 30, 2020, the total amount due to Western was $674,411 which is included in long-term amounts due from associates (December 31, 2019 - $234,458).

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 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 with inventory as collateral and is included in the non-current amounts due from related party on the balance sheet. In the nine months ended September 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. There are no other terms in place 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 the 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 aside from the risk outlined below.

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 September 30, 2020, and up to the date of this MD&A.

Proposed transactions

As at September 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

This MD&A is based on the financial statements which are prepared in accordance with IFRS. The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities. Actual results may differ from these estimates and the differences could be material. Estimates, judgments, and assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods. The critical accounting estimates and judgements are described in detail in note 4 of Western's annual audited financial statements for the years ended December 31, 2019 and 2018.

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, accounts receivable, 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 September 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.