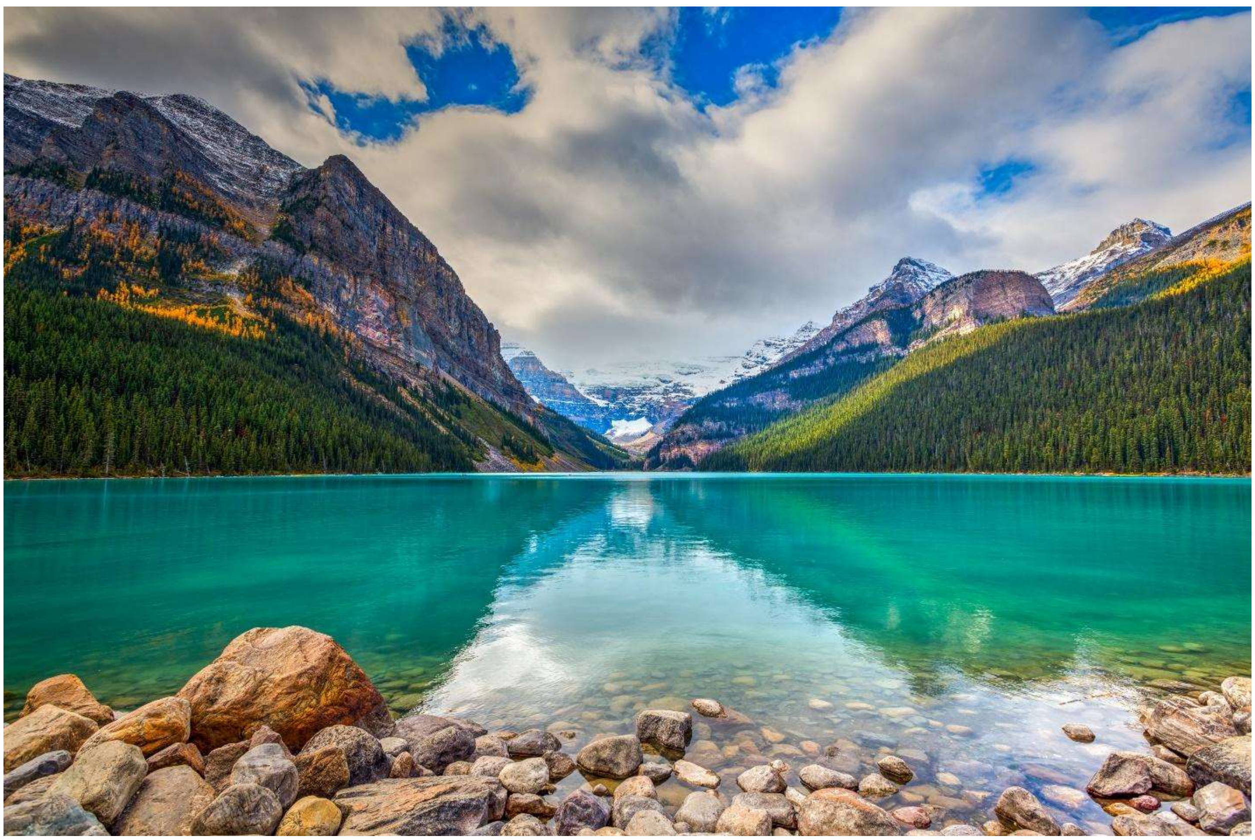
THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED



Interim Management's Discussion and Analysis

Quarterly Highlights

For the period ended June 30, 2022

Dated: August 29, 2022

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, with ownership interest between 25% 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, 2021. The Corporation reports its financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars. The MD&A should be read in conjunction with the audited financial statements of the Corporation, and annual MD&A, for the period ended December 31, 2021. The MD&A was prepared by management of Western and was approved by the Board of Directors on August 29, 2022. 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 29, 2022;

Investments	Acquisition Date	Ownership (%)
GlassMasters ARG Autoglass Two Inc.	December 16, 2016	58.2%
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, 2021

After a year of stabilization and transformation for our associates, we headed into 2022 with optimism and plans to grow revenue and profits. There are still many obstacles in our path and an uncertain economic environment, but each company we have invested in has a solid management team behind it and plans in place to meet these challenges. For the second quarter of 2022, equity income came in below budgeted projections, with some associates struggling to achieve their targets. Global supply chain issues and the increasingly inflationary environment have impacted gross margins across the board hitting almost every industry. Even though the results were lower then expected, four out of our five associates have great things to report this year to date.

At GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**"), we announced a transaction on February 1, 2022, where Western welcomed a new ownership partner. Fort McKay First Nation acquired a 39.3% stake in GlassMasters, which included a 3% interest purchased from Western. The purchase price demonstrates a 118% increase in value achieved since our original investment in the company five years ago. Part way through the busy season, sales are exceeding the prior year by 20%. The biggest challenge is shipping delay's creating inventory shortages that increase cost of sales, hampering gross margins. We are grateful to the strong management team successfully managing the challenging environment. Strong sales continue as the company nears the end of summer, and all inventory orders did arrived providing a jump in margins.

Business at Fortress Insurance Company ("**Fortress**") has fully taken off, with gross premiums written increasing by 217% from the comparative period 2021. Fortress received approval for their license in Ontario in April, effectively doubling its market size. The company is currently in negotiations for an equity investment with a strategic partner which will provide cash, and opportunities for future growth. Fortress has achieved profitability in their underwriting business, with net income hampered only by unrealized losses in their investment portfolio which is subject to market forces outside of their control. These losses will be recovered as the market itself recovers.

Disappointing results at Foothills Creamery Ltd. ("**Foothills**") has had the most impact on Western's second quarter as they continue to struggle to improve gross margins, a key goal going into 2022. Sales have been lower than expected, and input costs are increasing, making it challenging to incorporate these increases into their pricing. Foothills is into their busy season for high-margin ice-cream products, and we expect they will make up for some of the losses incurred to date. Improving profitability at Foothills is one of Western's primary goals at this time.

One of the most significant accomplishments for 2021 was the turnaround at Ocean Sales Group Ltd. ("**Ocean Sales**"). The first half of 2022 brought much optimism as consumer shows began to return to normal levels. Their success at re-entering this market has helped the company continue to be profitable despite no longer receiving government assistance. Golden Health Care ("**Golden**") has successfully navigated through the pandemic without significant outbreaks and maintained high occupancy rates at most of our homes.

Overall, our six month results are hampered by a loss incurred from our equity investments. Our associates' earnings were affected by supply chain issues and inflation, both of which are affecting companies across the globe. Profitability of Foothills is now our number one focus.

Obtaining access to inventory, and increasing costs, are being managed by various means, including looking for alternative sources of supply and altering pricing strategies. We believe we have solid management and strategic plans in place at our associates, and that future is bright for each one of the companies we have invested in.

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 ($)	2022	2021	2022	2021
Revenue	538,708	1,112,206	130,841	944,174
Professional fees	62,837	63,300	157,636	120,029
Regulatory fees	21,766	23,456	34,368	35,775
Management salaries	94,843	105,444	190,209	194,790
Share based compensation	51,964	64,440	51,964	64,440
Interest	162,694	150,302	318,673	294,756
Other expenses	6,400	5,765	13,082	11,596
Total expenses	400,504	412,707	765,932	721,386
Net income (loss)	**138,204**	**699,499**	**(635,091)**	**222,788**
Net income (loss) per share	0.005	0.023	(0.021)	0.007

	June 30, 2022	December 31, 2021
Financial position ($)		
Working capital	(673,329)	(1,107,695)
Total assets[1]	18,612,038	19,297,650
Operating loan	811,813	1,014,292
Loans and convertible debentures	4,746,362	4,619,991
Shareholders' equity[1]	12,948,399	13,518,625

	June 30, 2022	December 31, 2021
Western Share Count Information		
Common shares issued and outstanding	30,302,756	30,338,756

1 Certain amounts from the prior year have been revised as a result of a prior period adjustment recorded at one of our associates. The restatement affects the 2021 opening balances for total assets and shareholders' equity, and as a result, the December 31, 2021 balances have been restated. See note 4 to the financial statements for further details.

The equity loss from Western's investments in associates has a large impact on total revenue earned. In addition to equity income, Western earns a small amount of finance income on loans to associates and management fees, including commission income earned from Fortress. We expect fees earned for 2022 to be consistent with the prior year.

Expenses are expected to be relatively stable for 2022, with a slight increase in professional fees related to the GlassMasters share disposition. Interest expense has increased over time; and is currently subject to rate increases.

Looking further into 2022, we expect steady growth in the insurance business. Foothills should begin to show gains in profitability, GlassMasters is looking for growth opportunities, and Ocean Sales should see a boost in revenue thanks to the return of consumer shows. The third quarter should compensate for some of the loss incurred in the year's first half.

Net Asset Value

To provide our shareholders with an idea of the actual value of our investments, we completed a market value assessment of each associate company as at December 31, 2021. For accounting purposes, each investment is recorded based on the equity method of accounting, whereby the investment is initially recognized at cost and adjusted thereafter for our share of the investee's profit or loss. The methods used to determine the market value estimate of each associate are outlined below. We believe providing this estimate gives our investors better insight into the true underlying value of their investment in Western.

The market value assessment shows the value of our equity investments is significantly above the current carrying value. If we adjust our net book value as at December 31, 2021, to account for the inherent market value of our investments, the value per share is $0.82. This is approximately double the current market price of our shares, demonstrating the true value our shareholders hold.

Below is a comparison of the carrying value of our associates as at December 31, 2021, with the estimated market value:

$	Original purchase price	December 31, 2021 Carrying Value	Estimated Market Value	Unrealized Gain
Golden Health Care	4,738,192	4,922,833	6,450,966	1,528,133
Fortress Insurance Company	1,690,000	1,956,214	4,515,536	2,559,322
Ocean Sales Group Ltd.	3,450,000	862,587	2,850,000	1,987,413
Foothills Creamery Ltd.[1]	3,251,000	3,301,364	5,420,758	2,119,394
GlassMasters ARG Autoglass Two Inc.	4,010,000	7,437,882	10,703,527	3,265,645
Total value of investment in associates	**17,139,192**	**18,480,880**	**29,940,787**	**11,459,907**

1 The carrying value of Foothills has been restated as a result of a prior period adjustment related to 2020. See note 4 to the financial statements for further details.

Using the estimated market value of our associates as outlined above, the net asset value of Western as at December 31, 2021, is:

$	Estimated Market Value
Current assets	51,338
Due from related parties	765,432
Investment in associates	29,940,787
Current liabilities	(1,159,034)
Loan from related party	(1,200,000)
Convertible debentures	(3,419,991)
Net asset value	24,978,532
Common shares outstanding	30,338,756
Value per share	$ 0.82

The approach we used to value each company depended on their unique characteristics and the available information and market support. Below is a summary of the methods used to develop our market estimate.

The market value of each Golden Health Care company was calculated by taking a multiple of adjusted net operating income ("NOI") per their 2022 budget, reduced by the net long-term debt held by the company. Directors and management fees were removed to determine adjusted NOI. In determining the multiple, we used the rates from the purchase price calculation at acquisition in 2017, which took into account market-based transactions for similar homes. The acquisition in 2017 was an arms-length transaction, and we believe the rate used in the negotiations represented a market rate. We note there has been a recent transaction in the retirement home space, demonstrating higher a multiple, however, homes and locations can be difficult to compare and as such we have chosen to be conservative and continue with our historic rate.

A common valuation technique used for insurance companies is a multiple of tangible book value. We reviewed comparative market transactions and noted a wide range in multiples from 1.1 to 4.7 of book value or tangible book value. Taking an average of 2.2 multiple on book value and 2.9 on tangible book value (book value less intangible assets) we calculated a valuation for each and then took the average of these. Fortress Insurance is currently attempting to raise additional outside capital. Management has targeted the value per share obtained from this raise to be greater than this valuation and believes the valuation method used here is on the conservative side.

The market value of Ocean was estimated with the assistance of a certified business valuator advisor. The valuation method used was the income approach, specifically a discounted cash flow method based on the Company's forecasts. Under the discounted cash flow method, business enterprise value was determined by discounting the Company's forecasted discretionary cash flows with an appropriate discount rate, approximated by the Company's weighted average cost of capital ("WACC"). Discretionary cash flows were based on management's financial projections for the fiscal years ending December 31, 2022, to 2025. Forecasted EBITDA was tax affected based on expected federal and Alberta corporate tax rate of 23%. The WACC used in the calculation was 12-13%. It was calculated by weighting the required returns on interest-bearing debt and the equity capital in proportion to their estimated percentages. To the business enterprise value, we added the estimated fair market value of the net redundant assets (primarily real estate), net of taxes and selling costs, and subtracted the Company's net debt.

Like Ocean, Western used the assistance of a certified business valuator advisor to complete a valuation assessment at Foothills. The valuation method used was the income approach, specifically a discounted cash flow method based on the Company's forecasts. Under the discounted cash flow method, business enterprise value was determined by discounting the Company's forecasted discretionary cash flows with an appropriate discount rate, approximated by the Company's weighted average cost of capital ("WACC"). Discretionary cash flows were based on management's financial projections for the fiscal years ending December 31, 2022, to 2024. Forecasted EBITDA was tax affected based on expected federal and Alberta corporate tax rate of 23%. The WACC used in the calculation was 26%. It was calculated by weighting the required returns on interest-bearing debt and the equity capital in proportion to their estimated percentages. To the business enterprise value, we added the estimated fair market value of the net redundant assets (primarily real estate), net of taxes and selling costs, and subtracted the Company's net debt.

GlassMasters is valued based on the recent arms-length transaction that closed on February 1, 2022, in which our new partner Fort McKay First Nation, acquired a 39.3% stake in GlassMasters. In line with this transaction, GlassMasters shares have been valued at $2.18 per share.

Summary of Equity Investments

Below is a summary of the results of each of Western's associates for the period ended June 30, 2022. 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 (refer to the "Description of Non-IFRS Measures" section below for more information).

Fortress Insurance Company

Fortress is a western Canadian licensed insurance company focusing on specialty and surplus lines of business within the western Canadian insurance marketplace. The principal business for Fortress involves property insurance but the company also offers insurance in niche products, including accident & sickness, liability, boiler & machinery, marine, fidelity, legal expense, and surety. Fortress is licensed in five provinces from BC to Ontario.

Management has been actively working on developing relationships with its broker network and on negotiations for reinsurance contracts to mitigate the risk taken by Fortress. With reinsurance Fortress essentially shares the risk of each contract with other insurance companies. Expanding the broker network allows Fortress to penetrate deeper into the market and offer greater capacity to brokers.

For the six months ended June 30, 2022, Western recognized an equity loss of $255,293 from Fortress (June 30, 2021 - $63,764 loss). Shareholders at Fortress have agreed to suspend management fees temporarily for 2022 to leave cash and earnings in the company for growth opportunities. Western also earns a small commission for their work in bringing in new policies.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2022	2021	2022	2021
Gross premiums written	4,936,798	1,568,115	7,297,971	2,283,550
Total underwriting income	742,860	414,922	1,146,081	595,380
Net underwriting profit (loss)	42,697	(129,599)	53,404	(282,445)
Investment income (loss)	(314,383)	139,888	(694,674)	108,937
Net income (loss)	(238,941)	7,563	(510,585)	(127,528)

Fortress continues to demonstrate significant growth, with increases in gross premiums written each year, with a 217% increase this period compared to the first half of 2021. In the first half of 2022, Fortress added another property insurance program, signed on two new reinsurers, and added one new fronting program. In the second quarter, Fortress was approved for its license in Ontario, doubling its current market size.

The company's underwriting business has now achieved break-even. Total underwriting income has almost doubled from the prior year. Net underwriting income exceeded budget thanks to lower-than-expected claims and administration costs. The net results for the year-to-date were hampered by a significant loss incurred in their investment portfolio, which fluctuates primarily based on market forces. The bond market had its worst performance in decades, and with 75% of Fortress's holdings in bonds, this translated into significant unrealized losses as holdings are reported at market value. As markets recover, Fortress will also show a recovery in this area. Fortress is expecting to see continued growth in premiums written throughout 2022.

Gross premiums written include all premiums written during the period, including both earned and unearned, auto insurance premiums, and fronting fees earned. Fortress continues to expand its fronting programs. Fronting is the process where a registered insurer transfers the risk to an unlicensed third party. The fronting insurer is used to ensure the policy is issued by a locally licensed insurer with a good credit rating.

The trailing 12- month loss ratio as at June 30, 2022 (incurred losses over earned premium) is 43% (June 30, 2021 – 28%). There is now significantly more business on the books than in the comparative year. We believe the ratio is indicative of the quality business Fortress has developed.

Fortress is currently in negotiations with a strategic partner, a U.S. based specialty insurance company, along with other potential investors, which will include an equity investment of up to $5 million in Fortress. This equity financing includes a plan to provide Fortress with the resources and expertise to offer specialty surety products in Canadian commercial insurance markets through a comprehensive underwriting and reinsurance agreement. The investment and agreement remain conditional on approval from the boards of both companies and various regulatory approvals. This transaction will contribute to Fortress's continuing growth and development, providing it with capital, capacity and growth opportunities for years to come. The transaction will result in a dilution of Western's ownership interest in Fortress from 50% to approximately 30%. It is expected to close by the end of the third quarter of 2022, and all facets of the business arrangement will be fully operational by the end of 2022. The capital raised will be used to execute the expansion into Ontario and to increase capacity on their existing programs.

Western has equal ownership of Fortress with its partner and appoints two of seven 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.

Western holds a 50.4% interest in Foothills Creamery Ltd. ("**Foothills**"), 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 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, with the busiest quarters occurring 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, 2022, Western recorded an equity loss of $423,100 from Foothills (June 30, 2021 – equity loss of $2,026). 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 ($)	2022	2021	2022	2021
Revenue	9,574,813	12,622,710	16,468,918	22,418,410
Gross profit	1,409,478	2,525,526	2,154,325	3,075,123
EBITDA	194,909	1,394,039	(156,033)	901,648
Net (loss) income	(220,350)	699,128	(839,485)	(4,021)

Foothills did not have the second quarter we had hoped for with its bottom line falling short of expectations. Revenue was 96% of budget for the first half of 2022. The decrease in revenue from the prior year was planned by management as the company shifted away from mass-producing low-margin butter to a focus on higher-margin products such as ice cream. June was a lower than expected month for revenue as poor weather across all major markets affected the demand for ice cream. Driving the disappointing results was the drop in gross margin, which was significantly below expectations, largely due to an increase in material costs, labour and an unexpected reduction in the Alberta Milk rebate. The company has implemented pricing increases to counter the increases in input costs; however, this increase takes time to implement due to contracts in place. Although increased this year as the company spends more on advertising and promotion, administrative expenses have come in below budget.

Foothills continues to work to improve the gross margin percentage and focus on the more profitable products and sales price increases; however, the high inflationary environment is proving to be a constant challenge. The company is seeing significant increases in input and overhead costs. The company is also struggling to achieve the product mix necessary to achieve the desired gross margin growth. We are not were we wanted to be with Foothills at this point, and it remains the challenge we will focus on through the remainder of the year.

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.

Western holds a 75% equity interest in Ocean Sales, a specialty retailer that imports and sells a line of specialty retail products through unique marketing channels across North America. The Company markets quality, innovative household products through live demonstrations at leading consumer shows and fairs throughout Canada and the US and through 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 also operates online sales channels and has a newly launched presence directed at television shopping and social media customers. The Company is headquartered in Calgary, Alberta, and is supported by warehouses in Washington, Ontario, and Quebec.

For the six months ended June 30, 2022, Western recognized equity income of $130,970 from Ocean Sales (June 30, 2021 - $452,003). Western does not recognize management fees earned for Ocean Sales.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2022	2021	2022	2021
Revenue	5,624,712	3,147,309	9,384,559	5,950,162
Gross profit	3,396,610	2,012,384	5,392,939	3,839,169
EBITDA	659,963	512,184	582,798	1,044,170
Net income	367,113	270,311	173,179	591,857

2021 was an unexpected success for Ocean Sales coming out as our top contributor to equity income for the year, and that theme continues as we reach the half way point in 2022. There have been constant challenges and uncertainties, and management has faced every obstacle head-on, working hard to keep the business profitable. With in-person consumer shows still affected in 2021, the company's success was thanks to its shift to online marketing, which made up approximately 45% of its total revenue last year. 2022 has brought the return of consumer shows, which are starting to look more normal, performing at or above 2019 levels. Results to date are meeting or coming close to budget. Revenue, in particular, has had a significant boost for the prior year thanks to the return of in-person shows.

Supply chain issues are proving to be the company's most significant obstacle faced this year. Product shipments are currently subject to long delays and increased shipping costs. This affects revenue on high-demand products where they can not restock in time for planned shows, resulting in lost sales opportunities. Cost of sales is also affected by inflation. Ocean Sales is making attempts to pass increased costs on to customers; however, this is not always possible due to current contracts in place and limits on what customers are willing to pay. This has resulted in lower gross margin percentages than planned. The company no longer has the advantage of government subsidy programs, which have played a role in its recovery and its ability to generate a profit over the past two years. No government assistance was received in 2022.

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 above 90% occupancy, with Hill View Manor occupancy currently fluctuating between 80% to 90%. 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 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. 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.

In the six months ended June 30, 2022, Western recognized equity income from Golden of $59,901 (June 30, 2021 - $91,511). During this period, Golden declared $138,000 in dividends payable to Western (June 30, 2021 - $141,000).

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2022	2021	2022	2021
Revenue	2,172,701	2,189,861	4,381,537	4,399,564
EBITDA[1]	389,467	451,935	854,202	999,954
Net income	74,272	105,368	199,805	303,112

While revenue is comparable to the prior year, it falls short of budget due to lower than expected occupancy. Occupancy has remained high at two of our three homes. The third home has seen reduced occupancy levels over the last couple of years, although we are seeing signs of this improving. Costs have escalated in line with the current economic environment. One of the key concerns being encountered is a lack of qualified staff. Overall staffing costs have increased as the company has to pay more to attract personnel. Each Golden company holds the real estate, which we are confident is holding its value over time.

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. Accordingly, the Corporation is using the equity method to account for it.

GlassMasters

Western holds a 58.2% investment in GlassMasters, an automotive glass service company with ten retail locations providing repair and replacement of auto glass and three automotive glass warehouses that import a full line of quality aftermarket glass parts and materials at competitive prices. Principal markets are in Alberta and Saskatchewan.

On February 1, 2022, Western announced the transaction resulting in a new ownership partner at GlassMasters. Our new partner purchased all the shares from ATB Private equity, plus an additional 3% from Western. This reduced our ownership from 61.3% to 58.2%. The transaction was priced at $2.18 per share, representing a valuation of GlassMasters that has more than doubled since the acquisition in 2016. In line with the transaction, Western recognized a gain of $152,772.

On April 1, 2022, the shareholders of GlassMasters passed a special resolution to distribute $8 million in capital to shareholders by way of reducing the stated capital on the Class "A" common shares. The distribution will be treated as a return of paid-up capital for tax purposes and will be paid by the issuance of a 5-year term promissory note, bearing interest at a rate equal to the prime rate of the Bank of Montreal plus 10%. The return of capital and related promissory note issued to Western was $4,658,559. The interest earned on the note payable will provide an additional revenue source for the Corporation and create tax efficiencies that aid cash flow. The intention is for the note to be renewed indefinitely, and it is still considered part of Western's investment in GlassMasters.

GlassMasters contributed an equity income of $115,476 to Western's results in the six months ended June 30, 2022 (June 30, 2021 - $311,717). Western earns $75,000 annually in management fee revenue.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	2022	2021	2022	2021
Revenue	8,679,490	7,248,304	13,957,346	11,660,656
Gross profit	2,689,523	2,378,104	4,028,883	3,513,741
EBITDA	1,377,998	1,471,105	1,592,878	1,705,560
Net income	447,116	723,544	203,694	508,512
Adjusted Net income[1]	714,450	723,544	471,028	508,512

1 Interest on the April 1, 2022 shareholder notes payable was added back to net income to provide normalized operating income and for comparative purposes to the prior year.

GlassMasters continues on their 2021 success where revenue and EBITDA exceeded every comparative period since acquisition. For the six months ended June 30, 2022, revenue was up

20%, and gross profit up 15% from the comparative period in 2021. Results for the period met or exceeded budgets at all levels. Normalized net income is comparable to the prior year, with the gains in gross profit countered by an increase in general and administrative expenses from additional marketing investment and the absence of government pandemic assistance. GlassMasters has expanded its radio advertising and call center, both of which are translating into a growth in sales. In line with the current inflationary environment, the company has also experienced general increases in costs such as property taxes, fuel, and utilities.

Gross margins have been affected by global supply chain issues where shipping delays are a regular occurrence, and shipping surcharges continue to escalate. Inventory orders are arriving months behind schedule, leading to stock shortages that require buying more expensive glass from local suppliers. The lead time needed to order next season's inventory has risen dramatically, adding to cash borrowing requirements. Management is taking proactive steps to manage this new challenge, and their lender has been supportive. To address the current supply chain issues, management continues to expand and diversify its available suppliers, working with them to keep costs down.

GlassMasters continues to look for opportunities to expand. We expect annual revenue growth through opening new locations, obtaining new accounts, and the increase in pricing on "smart" windshields that are becoming more complicated to replace.

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	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020
Income/(loss)	538.7	(407.9)	(158.9)	665.9	1,112.2	(168.0)	174.0	666.8
Operating expenses	400.5	365.4	299.9	334.2	412.7	308.7	295.3	317.7
Net income (loss)	138.2	(773.3)	(458.8)	331.7	699.5	(476.7)	(121.3)	349.1
Earnings (loss) per share								
- Basic and diluted	0.005	(0.026)	(0.015)	0.011	0.023	(0.016)	(0.004)	0.011
Total assets[1]	18,612.0	18,221.0	19,297.7	19,706.5	19,130.4	18,209.5	18,785.0	18,958.1
Total long-term liabilities	4,746.4	4,605.7	4,620.0	4,484.3	4,503.3	4,372.2	4,395.4	4,268.7

1 As a result of a prior period adjustment recorded at one of our associates, total assets have been reduced by $204,134 dating back to December 31, 2020. See note 4 to the financial statements for further details.

Quarterly trends and seasonality

Certain of the Corporation's associates experience seasonal fluctuations in activity and financial performance. 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.

Revenue has fluctuated based on the seasonality of our businesses, with the first and fourth quarters typically being the slowest, depending on the associate. The current quarter ended June 30, 2022, fell short of expectations due to lower then anticipated equity income. Expenses are relatively stable from quarter to quarter. Interest costs have increased with rising interest rates.

Liquidity and Capital Resources

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

$	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash used in by operating activities	(311,727)	(303,437)
Cash provided by investing activities	685,508	91,580
Cash used in by financing activities	(366,137)	(143,139)
Increase (decrease) in cash	7,644	(354,996)
Cash, beginning of period	23,318	365,897
Cash, end of period	**30,962**	**10,901**

The net cash used in operating activities for the period ended June 30, 2022, relates to management fees less changes in working capital and cash flow required to fund operations, including general and administrative costs, professional fees, and salaries. Expenses currently exceed cash received from management fees.

Cash provided by investing in the six months ended June 30, 2022, relates to the proceeds received on the sale of GlassMasters shares and dividends from associates. Cash provided in investment activities for the comparative period 2021 is related to dividends received less advances made to associates.

Cash used in financing activities for the six months ended June 30, 2022, and 2021 relates primarily to interest paid on the debentures and repayments on our operating loan.

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

$	June 30, 2022	December 31, 2021
Demand revolving operating loan facility	811,813	1,014,292
Loan from related party	1,200,000	1,200,000
Convertible debentures	3,546,362	3,419,991
Less: cash	(30,962)	(23,318)
Net loans	5,527,213	5,610,965
Shareholders' equity[1]	12,948,399	13,518,625

1 Shareholders' equity as at December 31, 2021 has been restated as a result of a prior period adjustment recorded at one of our associates. See note 4 to the financial statements for further details.

Western holds a $1.2 million loan from Golden Health Care. The loan bears an annual interest rate of 4.09% with interest-only payable monthly and matures on January 31 each year, with automatic annual renewal. The Corporation may prepay amounts owing at any time. Total annual interest payments on this loan are $49,080 per year. With the perpetual nature of the loan, Western does not currently have any intentions to repay the outstanding principal balance.

Convertible debentures were issued in 2019 to assist with the acquisition of Fortress and to fund daily operations. The debentures bear interest at 7.5%, resulting in $300,000 in annual interest payments paid semi-annually. If not converted, the debentures will mature with $4,150,000 payable on June 30, 2024. See note 7 to the June 30, 2022, interim financial statements for further information on the debentures.

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 finance income, management fees, and dividends from its portfolio investments. The Corporation has a working capital deficiency due to our $811,813 operating line, which is due on demand and therefore recorded as a current liability. The facility is subject to review annually. There are no indications that the bank will be demanding repayment of this line within the next fiscal year; however, the terms bear the risk the lender may choose to terminate without notice. Western is dependent on the performance of its associates to provide sufficient cash flow to the Corporation to cover operating expenditures and relies on the operating line to cover any shortfall. Western projects the operating line balance to fluctuate as expenses are incurred and cash is generated from associates. Management uses forecasts to monitor and manage the cash position and ensure sufficient room is available to meet operating requirements.

Outstanding Share Data

No shares were issued in the periods ended June 30, 2022, and 2021. During the six months ended June 30, 2022, 36,000 shares were repurchased by the Corporation in conjunction with its normal course issuer bid at a cost of $13,659 (June 30, 2021 – 49,000 shares repurchased at a cost of $12,115). This brings the total common shares outstanding at June 30, 2022, to

30,302,756 (December 31, 2021 – 30,338,756). 15,000 additional shares have been repurchased subsequent to June 30, 2022, and up to the date of this MD&A. Currently, the total common shares outstanding is 30,287,756. 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.

In the six months ended June 30, 2022, 220,000 stock options were issued (June 30, 2021 – 360,000). On June 30, 2022, the total stock options outstanding was 2,664,000 (December 31, 2021 – 2,444,000), with exercise prices ranging from $0.27 to $0.65.

Off-Balance Sheet Arrangements

As at June 30, 2022, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Related Party Information

The Corporation has incurred related party transactions with management and the Corporations associates. A detailed description of these transactions is presented in the notes to the financial statements for the period ended June 30, 2022, to be read in conjunction with this MD&A. 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 Corporation and its associates' environment is highly competitive, and it is not possible for management to predict all risk factors or the impact these risks may have on the businesses. The annual MD&A sets out a brief discussion of the factors which may have a material impact on our future business or financial performance. No significant changes to those factors have occurred to date of this report.

Subsequent Events

Proposed transaction

As at June 30, 2022, 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 year in which the estimates are revised and in any future years. The critical accounting estimates and judgments are described in detail in note 5 of Western's annual audited financial statements for the period ended December 31, 2021.

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, including 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 June 30, 2022, 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 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.