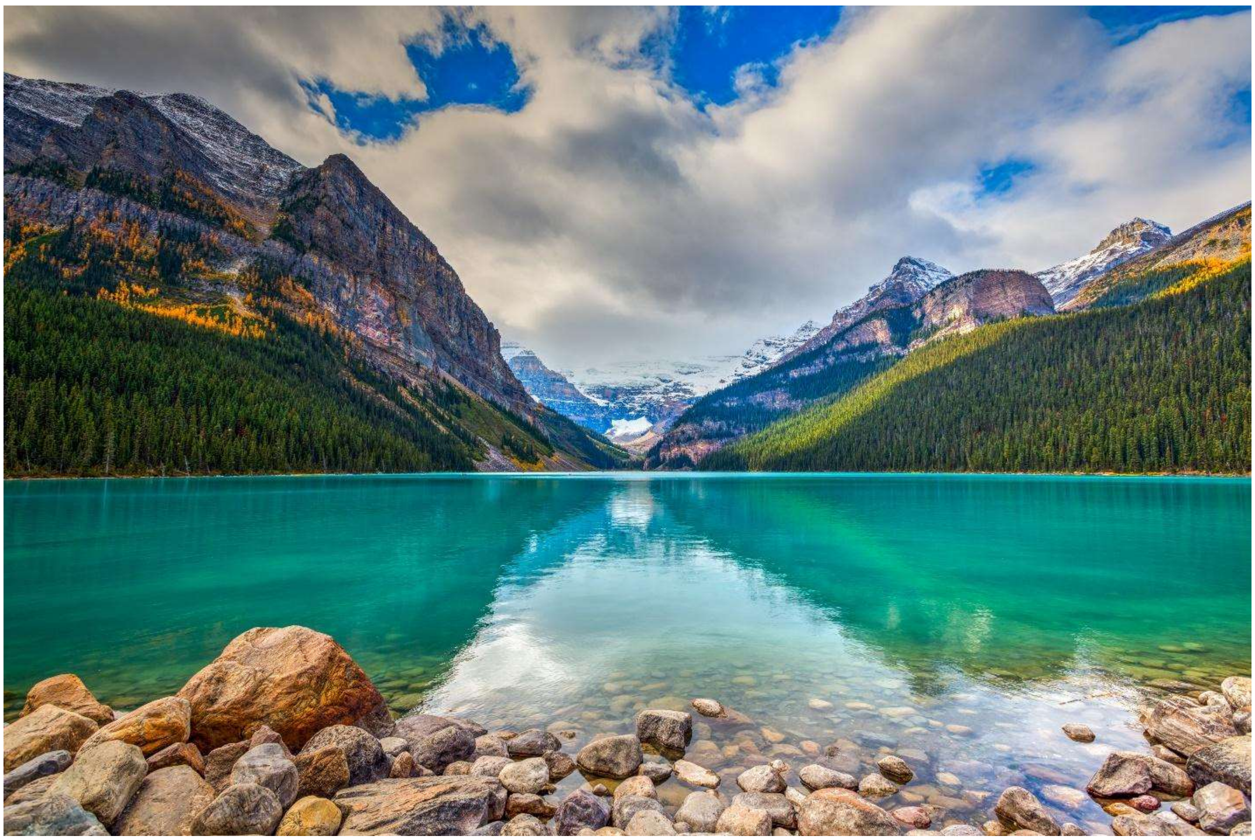
THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED



Interim Management's Discussion and Analysis

Quarterly Highlights

For the period ended March 31, 2022

Dated: May 26, 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 May 26, 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 May 26, 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 March 31, 2021

2021 was a year of stabilization and transformation for our associates who headed into 2022 with optimism and plans to grow revenue and profits. Although there are still obstacles faced in an uncertain economic environment, each company has a solid management team behind it and plans in place to meet each challenge. For the first quarter, the equity loss came in-line with budgeted projections putting us on track for a successful year. Being the slowest quarter for most of our associates we expected to incur an equity loss.

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. As the company heads into its busy season sales are exceeding the prior year. Their biggest challenge is currently the shipping delay's being encountered, creating inventory shortage issues that could hamper sales.

Business at our grassroots insurance company Fortress Insurance Company ("**Fortress**") has fully taken off, with gross written premiums increased by 230% from the comparative period 2021. In April Fortress received approval for their license in Ontario, which effectively doubles the size of their market. Fortress is positioned to take advantage of a growing need for specialty insurance capacity supported by strong broker relationships.

Foothill Creamery Ltd. ("**Foothills**"), enters 2022 with a solid management team in place. After spending much of 2021 assessing the business and making operational improvements, they are shifting their focus to higher-margin products. While revenue is expected to decrease, a gain in gross margin percentage should lead to improvements in profitability. After an expected slow first quarter, Foothills is heading into their busy season for high-margin ice-cream products.

One of the most significant accomplishments for 2021 was the turn-around seen at Ocean Sales group Ltd. ("**Ocean Sales**"). The first quarter of 2022 brought much optimism as consumer shows began to return to normal levels. Their success at re-entering this market will be critical as the company will no longer be able to rely on government assistance. Global supply chain issues continue to be the number one issue faced in 2022. Golden Health Care ("**Golden**") has successfully navigated through the COVID-19 pandemic without significant outbreaks and maintaining high occupancy rates.

While the first quarter of 2022 was successful, total earnings were hampered by supply chain issues that appear to be affecting companies across the globe. Obtaining access to inventory and raw materials has become a top priority for some of our associates. The increases in inventory and shipping costs, combined with order delays and shortages, are being managed by various means, including looking for alternative sources of supply and altering pricing strategies.

Western has put a significant amount of effort over the past two years working with each associate on their strategy and ensuring we have strong management teams in place. We are now confident that we have achieved this goal. With solid management and strategic plans in place, we believe the future is bright for each one of the companies we have invested in.

Response to COVID-19

Since March of 2020, when the world was hit by a global pandemic from the virus COVID-19 (the "Pandemic"), the impact on Western businesses has varied. Management has focused on working with each of our associates to deal with the pandemic's impact. Operations at our associates have stabilized, and 2021 was a profitable year for most. Ocean Sales have been the most impacted by the pandemic. With the cancellation of all consumer shows, the company lost its primary sources of revenue. Ocean Sales pivoted to find other avenues to sell its products, expanding its online sales channels. Thanks to their quick response in shifting their business combined with support from government assistance, 2021 was their most profitable year since acquisition. Looking into the future, management is hoping to add to this success with the return of consumer shows in 2022, however, it is difficult to predict the effect the Pandemic will have on these shows.

Foothill Creamery Ltd. ("**Foothills**") has struggled with changes in its product sales mix, leading to a drop in gross margins. A new management team is in place and has made operational improvements during 2021, including gains in gross margins that should return the company to profitability in 2022. The course of the pandemic is highly uncertain and has negatively impacted the earnings of many of the Corporation's investees over the past two years, and it is possible to have some effect into the foreseeable future.

Review of Westerns Operations and Financial Results

The financial highlights of the Corporation are:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Financial results ($)		
Revenue	(407,868)	(168,032)
Professional fees	94,798	56,729
Regulatory fees	12,602	12,319
Management salaries	95,367	89,346
Share based compensation	-	-
Interest	155,979	144,455
Other expenses	6,682	5,831
Total expenses	365,428	308,680
Net income (loss)	(773,296)	(476,712)
Net income (loss) per share	(0.026)	(0.016)

	March 31, 2022	December 31, 2021
Financial position ($)		
Working capital	(686,133)	(1,107,695)
Total assets	18,425,051	19,501,784
Operating loan	709,246	1,014,292
Loans and convertible debentures	4,605,669	4,619,991
Shareholders' equity	12,915,216	13,722,759

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

The first quarter is historically the slowest for some of our associates who typically operate at a loss for this period and equity income for the period ended March 31, 2022, therefore has a significant impact on Western's first quarter results. Although negative, equity income met budgeted projections showing that our companies are on track for a forecasted successful year. In addition to equity income, Western earns a small amount of finance income on loans to associates and management fees, which in this quarter included commission income earned from Fortress. We expect fees earned for 2022 to be consistent with the prior year.

Expenses are expected to be stable for 2022 with a slight increase in professional fees associated with the GlassMasters share disposition. Interest expense has increased over time; however, we expect 2022 to be similar to 2021 as Western becomes cash flow neutral.

A key focus over the past year has been on developing the insurance business in our newest associate, Fortress, and assisting our other associates through the pandemic. Looking forward into 2022, we expect to see steady growth in the insurance business. Foothills should begin to show gains in profitability in 2022, GlassMasters is back looking for growth opportunities, and Ocean Sales should see a boost to their revenue as regular consumer shows resume. For 2022 we hope to see significant growth in income from equity investments.

Net Asset Value

To provide our shareholders with an idea of the actual value of our investments, we have completed a market value assessment of each of our associate companies, 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.	3,251,000	3,505,498	5,420,758	1,915,260
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**	**18,685,014**	**29,940,787**	**11,255,773**

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 March 31, 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. Before the acquisition in 2019, 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 company's auto insurance operations, effectively immunizing it from all associated claims of this division. The principal business for Fortress now involves property insurance but Fortress also intends to offer insurance in niche products, including accident & sickness, liability, boiler & machinery, marine, fidelity, legal expense, and surety. Fortress is licensed in all four western provinces and territories and in April received approval for a license in Ontario. The Ontario license will double the size of their current market.

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 period ended March 31, 2022, Western recognized an equity loss of $135,822 from Fortress (March 31, 2021 - $67,546 loss). Western earns $100,000 annually in management fees from Fortress; however, 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 amount of commission for their work in bringing in new policies.

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

	Three months ended March 31,	
Financial results ($)	2022	2021
Gross premiums written	2,361,173	715,435
Total underwriting income	403,221	180,457
Net underwriting income (loss)	10,707	(152,747)
Loss on investments	(380,291)	(30,951)
Net loss	(271,644)	(135,094)

Fortress continues to demonstrate significant growth, with increases in gross premiums being written each year, with a 230% increase this period compared to the first quarter of 2021. In the first quarter of 2022 Fortress added another property insurance program, signed on two new reinsurers, and added one new fronting program. Subsequent to the end of this quarter Fortress was approved for its license in Ontario, which doubles the current size of their market. Fortress currently has licenses covering insurance for property, liability, accident & sickness, boiler and machinery, fidelity, marine, legal expenses, and surety, giving the company opportunity for many niche product offerings.

The company's underwriting business achieved break-even this quarter. Total underwriting income met budget and exceeded the prior-year period by 123%. Net underwriting income exceeded budget thanks to lower than expected claims and administration costs. The results for the quarter were hampered by a significant loss incurred in their investment portfolio which fluctuates largely 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. 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 their 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 March 31, 2022 (incurred losses over earned premium) is 30% (March 31, 2021 – 44%). There is more business on the books than in the comparative year. We believe the ratio is indicative of the quality business Fortress has developed.

Looking forward, management is seeing rising premiums in the insurance market resulting from an ongoing shortage of capacity and deeper relationships with brokers. Several foreign players have recently exited the Canadian market providing opportunities for domestic incumbents. Management is busy working on new programs and conservatively managing growth. Fortress is currently looking to raise up to $5 million in capital. The capital will be used to execute the expansion into Ontario, which will double the size of their market, 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 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, 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 period ended March 31, 2022, Western recorded an equity loss of $312,044 from Foothills (March 31, 2021 – equity loss of $354,387). Western earns annual management fees of $75,000 from Foothills.

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

	Three months ended March 31,	
Financial results ($)	2022	2021
Revenue	6,894,105	9,795,700
Gross profit[1]	744,847	833,893
EBITDA	(350,942)	(492,391)
Net income	(619,135)	(703,149)

1 Prior period numbers have been restated to conform with the current period classification. This includes the reclassification of certain expenses, such as direct labour reclassified to cost of sales.

Revenue met budget expectations for the first quarter of 2022. The decrease from the prior year was planned by management as the company shifts away from mass-producing low-margin butter to focus on higher-margin products. Gross margin was below expectations due to an increase in material costs, and an unexpected reduction in the Alberta Milk rebate. The company has implemented pricing increases to counter the increases in input costs they are facing, however, this increase was not in place for much of the quarter as the company honored past contracts. Foothills was able to make up some of the shortfalls in gross margin with savings in operating expenses bringing EBITDA in at 29% ahead of 2021.

Thanks to a focus on higher-margin products gross margin percentage is up 2.3% from the comparative period of 2021. Foothills continues to take active steps to improve the gross margin percentage even further, focusing on the more profitable products and sales price increases that will take effect for the second quarter. The company is seeing increases in input costs and management has added these additional costs into their 2022 pricing strategy.

With new management in place at Foothills, 2021 was a year of transformation for the company. Their focus in 2022 will be on a shift in product mix, higher margins, and a focus on quality over quantity. The plan is to transform Foothills into a more premium ice cream and butter supplier. Priorities have included securing a consistent supply of cream, investing in critical equipment repairs and plant improvements, and growing revenue on higher-margin products such as ice cream. Management has a focus on procuring a reliable cream supply to meet the level of sales they project for 2022, an issue that plagued them in 2021. Inventory levels increased by $1.8 million during the first quarter in preparation for a busy ice cream season.

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 period ended March 31, 2022, Western recognized an equity loss of $144,365 from Ocean Sales (March 31, 2021 - $249,270 equity income). Western does not recognize management fees earned for Ocean Sales.

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

	Three months ended March 31,	
Financial results ($)	2022	2021
Revenue	3,759,847	2,802,853
Gross profit	1,996,329	1,826,785
EBITDA	(77,165)	531,986
Net (loss) income	(193,934)	321,546

2021 was an unexpected success for Ocean Sales coming out as our top contributor to equity income for the year. There have been constant challenges and uncertainties, and management has faced every obstacle head-on, working hard to keep the business going. 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. During the first quarter of 2022 Ocean Sales welcomed the return of consumer shows, which are starting to look more like normal, performing at or above 2019 levels in the quarter. First-quarter results exceeded forecasts, putting the company on track for another successful year. The majority of the companies' profit is earned in the second and third quarters.

Supply chain issues are proving to be the company's largest obstacle faced this year. Product shipments are currently subject to 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. Ocean Sales is making attempts to pass increased shipping costs on to customers; however, this is not always possible due to current contracts in place. To deal with the global shipping delays, product needs to be ordered well in advance of previous years' timelines tying up cash.

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. As government assistance is eliminated, the successful return of profitable consumer shows will be critical to their continued success.

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 period ended March 31, 2022, Western recognized equity income from Golden of $37,914 (March 31, 2021 - $59,524). During the quarter Golden declared $138,000 in dividends payable to Western (March 31, 2021 - $nil).

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

	Three months ended March 31,	
Financial results ($)	2022	2021
Revenue	2,208,836	2,209,703
EBITDA[1]	464,735	548,019
Net income	125,533	197,744

While lockdown measures have been lifted to some degree, the senior homes continue to take a strict approach to combat COVID-19, implementing infection control protocols to protect their residents. Staff is limited from working at different homes, and management's proactive efforts and strong leadership are to thank for the home's successful management through the pandemic. While keeping the safety of its residents as the number one priority, Golden continues to provide stable results. With COVID-19 mostly behind them, Golden can again focus on growth and increasing occupancy.

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 we acquired it in 2016. In line with the transaction, Western recognized a gain of $152,772.

GlassMasters contributed an equity loss of $144,879 to Western's results in the period ended March 31, 2022 (March 31, 2021 - $131,815 equity loss). Western earns $75,000 annually in management fee revenue.

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

	Three months ended March 31,	
Financial results ($)	2022	2021
Revenue	5,277,856	4,412,352
Gross profit	1,339,360	1,135,637
EBITDA	214,880	234,455
Net income	(243,422)	(215,032)

GlassMasters headed into 2022 after a successful 2021 where revenue and EBITDA exceeded every comparative period since acquisition. In the period ended March 31, 2022, revenue was up 20%, and gross profit up 18% from the comparative quarter in 2021. Results for the quarter met or exceeded budgets at all levels. Heading into their busiest months management is optimistic that 2022 will be another successful year.

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

Global supply chain issues are increasingly having an impact on the company. Shipping delays are now a regular occurrence, and shipping surcharges continue to escalate. This negatively impacts cost of sales and leads to stock shortages that create the need to buy more expensive glass from local suppliers. The lead time required to order next season's inventory has increased 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 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	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	Jun 30, 2020
Income/(loss)	(407.9)	(158.9)	665.9	1,112.2	(168.0)	174.0	666.8	846.7
Operating expenses	365.4	299.9	334.2	412.7	308.7	295.3	317.7	490.8
Net income (loss)	(773.3)	(458.8)	331.7	699.5	(476.7)	(121.3)	349.1	355.9
Earnings (loss) per share								
- Basic and diluted	(0.026)	(0.015)	0.011	0.023	(0.016)	(0.004)	0.011	0.012
Total assets	18,425.1	19,501.8	19,910.6	19,334.5	18,413.6	18,989.1	18,958.1	18,367.6
Total long-term liabilities	4,605.7	4,620.0	4,484.3	4,503.3	4,372.2	4,395.4	4,268.7	4,295.9

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 March 31, 2022, met budgeted forecasts. The increase in operating expenses is related to legal expenses incurred on the GlassMasters transaction. Expenses are relatively stable from quarter to quarter. Quarterly fluctuations result from costs such as directors' stock option issuances that typically occur in the second quarter. Interest costs have increased as the Corporation has become more leveraged over the past two years.

Earnings per share of $0.023 for the second quarter of 2021 was our strongest to date, thanks to solid results from each of our associates and we are optimistic that we will exceed this for the second quarter of 2022.

Liquidity and Capital Resources

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

$	Three months ended March 31, 2022	Three months ended March 31, 2021
Cash used in by operating activities	(200,081)	(208,919)
Cash provided by investing activities	676,413	106,890
Cash used in by financing activities	(468,703)	(252,971)
Increase (decrease) in cash	7,629	(355,000)
Cash, beginning of period	23,318	365,897
Cash, end of period	**30,947**	**10,897**

The net cash used in operating activities for the period ended March 31, 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. Operating costs are relatively stable each quarter.

Cash provided by investing in the period ended March 31, 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 periods ended March 31, 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:

$	March 31, 2022	December 31, 2021
Demand revolving operating loan facility	709,246	1,014,292
Loan from related party	1,200,000	1,200,000
Convertible debentures	3,405,670	3,419,991
Less: cash	(30,947)	(23,318)
Net loans	5,283,969	5,610,965
Shareholders' equity	12,915,216	13,722,759

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 March 31, 2024. See note 7 to the March 31, 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 $709,246 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. Western intends to raise equity capital when necessary to fund its expansion. The Corporation believes it can raise capital to fund this growth.

Outstanding Share Data

No shares were issued in the periods ended March 31, 2022, and 2021. During the period ended March 31, 2022, 36,000 shares were repurchased by the Corporation in conjunction with its normal course issuer bid at a cost of $13,659 (March 31, 2021 – 49,000 shares repurchased at a cost of $12,115). This brings the total common shares outstanding at March 31, 2022, to 30,302,756 (December 31, 2021 – 30,338,756). No additional shares have been repurchased subsequent to March 31, 2022, and up to the date of this MD&A. Currently, the total common shares outstanding is 30,302,756. 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 periods ended March 31, 2022, and 2021, no stock options were issued. On March 31, 2022, the total stock options outstanding was 2,444,000 (December 31, 2021 – 2,444,000), with exercise prices ranging from $0.27 to $0.65.

Off-Balance Sheet Arrangements

As at March 31, 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 March 31, 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

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.

Proposed transaction

As at March 31, 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 March 31, 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.