THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED

Interim Management's Discussion and Analysis

Quarterly Highlights

For the Period ended June 30, 2024

Dated: August 29, 2024

Introduction

The Western Investment Company of Canada Limited ("we", "our", "**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 has been 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 has been to use our expertise and capital to cultivate already great western Canadian businesses, ultimately contributing to their success and legacy over the long run. Our purpose and strategy are expected to evolve upon successfully closing the transaction we originally announced on March 22, 2024. Please see the Strategic Developments section on page 3 for further details.

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, 2023. 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 the annual MD&A for the year ended December 31, 2023 and the unaudited condensed interim financials statements for the period ended June 30, 2024. The MD&A was prepared by management of Western and was approved by the Board of Directors on August 29, 2024. Additional information relating to the Corporation, including its Annual Information Form, is available on SEDAR+ at www.sedarplus.ca .

The following table outlines our current equity investments as of August 29, 2024;

Investments	Acquisition Date	Ownership (%)
GlassMasters ARG Autoglass Two Inc.	December 16, 2016	55.3%
Golden Health Care	September 1, 2017	25.0 - 30.0%
Foothills Creamery Ltd.	February 28, 2018	49.5%
Fortress Insurance Company	May 6, 2019	28.5%

Key Highlights for the Period Ended June 30, 2024

Western had a modest second quarter, with equity income just slightly below expectations. Western's associate companies ("**Associates**") are running smoothly, and management at Western has been focused on the creation of a strategic partnership with Paul Rivett, who seeks to invest in Western and transform it into a property and casualty insurance and investment holding company.

GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**") continues its growth trajectory with a 16% increase in sales for the six months ended June 30th compared to the comparative period in 2023. The company is seeing growth occurring at current retail and warehouse locations and the regular addition of new locations. After adding three locations in 2023, GlassMasters opened its first location in Winnipeg in the second quarter of 2024, and the company expects to add a warehouse in Winnipeg in the coming months. GlassMasters serves as Western's primary cash flow source, with regular interest payments occurring on the restructured shareholder notes.

Business at Fortress Insurance Company ("**Fortress**") continues its rapid growth, with a 44% increase in gross written premiums from the comparative period of 2023. Overall, insurance service results at Fortress are comparable to the comparative period in 2023, as the company manages this growth with the increase in administrative expenses that come with it. Fortress is focused on diversification, expanding its product offerings into liability insurance and the Ontario market. Fortress is primed to become a key focus of Western.

Operational and strategic improvements have given Foothills Creamery Ltd. ("**Foothills**") a big boost to profitability over the last couple of years. Gross margins have improved by 2% from 2023. Sales of ice cream were impacted in the second quarter by an unseasonably cold and wet spring; however, thanks to this improved margin, gross profit remains comparable to the prior year. Foothills continues to innovate with new products and is expanding its customer base. The company holds high inventory levels, leaving it well-positioned to meet high summer demand.

Golden Health Care ("**Golden**") revenue increased 11% compared to the comparative period 2023 thanks to improved occupancy. Inflation has impacted the cost of care, and attracting staff has been challenging. Management is focused on improving occupancy and is working to access government funding for senior care, which would allow more seniors in need to access their beds.

Our Associates are busy implementing their 2024 strategic plans. Fortress is working to grow gross premiums written with the diversification of its product offerings. GlassMasters is busy opening new locations, and Foothills is primed with inventory to meet a growing demand for its premium ice cream.

Strategic Developments

Western is working on a revised approach to expedite the completion of its transaction with Tevir Capital Corp. ("TCC"), which was previously announced on March 22, 2024 (the "Transaction"). The Corporation is in the process of amending the Transaction and, once finalized, the terms will be announced in a press release.

Completion of the Transaction remains subject to the approval of the TSX Venture Exchange (the "TSXV"), and various other conditions. The record date for the rights offering is expected to be determined in the coming weeks.

Review of Western's Operations and Financial Results

The financial highlights of the Corporation are:

	Three months ended June 30,		Six months ended June 30,	
Financial results ($	**2024**	**2023**	**2024**	**2023**
Income	666,981	932,258	623,146	1,476,495
Professional fees	96,522	115,872	151,137	163,023
Regulatory fees	34,787	32,629	51,918	44,423
Management salaries	192,171	133,840	302,198	239,820
Share based compensation	-	56,513	-	56,513
Interest	226,526	190,292	459,375	374,577
Other expenses	12,998	9,945	29,663	16,695
Total expenses	562,994	539,091	994,291	895,051
Net income (loss)	**103,987**	**393,167**	**(371,145)**	**581,444**
Net income (loss) per share	0.003	0.013	(0.012)	0.019

	June 30, 2024	**December 31, 2023**
Financial position ($)		
Working capital	365,011	(824,966)
Total assets	19,999,055	19,864,478
Operating loan	1,582,129	-
Loans and convertible debentures	5,710,179	6,725,981
Shareholders' equity	12,408,911	12,780,056

	June 30, 2024	**December 31, 2023**
Western Share Count Information		
Common shares issued and outstanding	30,207,756	30,207,756

Revenue for the year-to-date is affected by a drop in equity income. GlassMasters' bottom line was impacted by the opening of new stores, which will take time to reach the break-even point. Equity income from Foothills was significantly lower than in 2023 due to the impact of a one-time gain on the sale of real estate that positively impacted their results in 2023. Removing this gain would have resulted in equity earnings from Foothills comparable to the prior period. Equity income for the six months ended June 30, 2024, was only $150,000 short of budget. In addition to equity income, Western earns a modest amount of management fees and $373,552 in finance income from Associates (six months ended June 30, 2023 - $303,074).

Expenses increased 11% from the comparative period in 2023 due to an increase in interest expense and salaries. Interest expenses are higher in 2024 due to the refinanced convertible debentures issued in December 2023. The carrying amount of debentures is now higher than in the comparative period of 2023, and the interest rate has increased. In the current period, Western held $1.125 million face value in convertible debentures until their maturity on March 31, 2024, and $5 million of face value convertible debentures that mature on December 31,

2025. The liability component of these debentures accretes interest at an effective rate of 16%. In the comparative period 2023, Western held only $4 million face value of debentures. The salary increase relates primarily to the payment of bonuses to management.

Western used the operating line to cover the repayment of the $1.125 million in convertible debentures that matured on March 31st.

Looking forward, we expect a significant amount of our annual equity income to be earned in the third quarter from our seasonal Associates. Fortress and GlassMasters will continue to see revenue growth with their ongoing expansion. Rapid growth is costly, and seeing the effect on their bottom lines will take time. Foothills is focused on growing sales of higher-income products and improving profitability.

Net Asset Value

To enhance our shareholder's understanding of the value of their investment, we completed a market value assessment of each associate company as at December 31, 2023. 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, 2023, to account for the inherent market value of our investments, the value per share is $0.69 (December 31, 2022 - $0.67). This is well above the current market price of our shares, demonstrating the true value our shareholders hold. We expect that net asset value will remain a dynamic number with improving results and increased stability.

Below is a comparison of the carrying value of our Associates with the estimated market value as at December 31, 2023:

$	Original purchase price	Carrying Value	Estimated Market Value	Unrealized Gain[1]
Golden Health Care	4,738,192	4,711,339	5,800,000	1,088,661
Fortress Insurance Company	1,690,000	2,726,191	5,200,000	2,473,809
Foothills Creamery Ltd.	3,251,000	2,842,164	4,680,000	1,837,836
GlassMasters ARG Autoglass Two Inc.	4,010,000	8,188,455	10,750,000	2,561,545
Total value of investment in Associates	**13,689,192**	**18,468,149**	**26,430,000**	**7,961,851**

1 non-GAAP measure – represents management's best estimate of unrecognized gain in value of Associates.

Using the estimated market value of our Associates as outlined above, the net asset value of Western as at December 31, 2023, is:

$		Estimated Market Value
Current assets		656,124
Due from related parties		740,205
Investment in Associates		26,430,000
Current liabilities		(358,441)
Loan from related party		(1,095,000)
Convertible debentures		(5,630,981)
Net asset value		20,741,907
Common shares outstanding		30,207,756
Value per share	**$**	**0.69**

Summary of Equity Investments

Below is a summary of the results of each of Western's Associates for the six month period ended June 30, 2024. The performance of our Associates is assessed based on revenues, net 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 Canadian licensed insurance company focused on specialty and surplus lines of business within the 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 and all three territories.

Management has been actively working on developing relationships with its broker network and negotiating reinsurance contracts that 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.

Key Highlights**:**

- Gross written premiums grew 44% to $15.8 million in the first six months of 2024 compared with $11.0 million in the comparative period 2023.
- 2024 results include three new programs which didn't exist in 2023. Such programs add geographic diversity and class of insurance to the portfolio.
- Fortress's investment portfolio, including cash, grew 20% to $18.4 million compared to $15.4 million as at June 30, 2023.

For the six months ending June 30, 2024, Western recognized equity income of $31,604 from Fortress compared to $90,552 in equity income for the comparative period ended June 30, 2023.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	**2024**	**2023**	**2024**	**2023**
Insurance revenue	5,852,846	5,036,753	11,571,504	9,682,871
Insurance service result	888,982	639,083	1,081,466	1,099,380
Investment income (loss)	222,233	46,750	487,511	355,195
Net income (loss)	52,634	224,752	111,088	499,153
Gross written premiums[1]	10,559,993	7,262,622	15,777,765	10,981,840

1 Supplementary measure – total gross insurance premiums written during the period

Fortress continues its trajectory of rapid growth, with increases in gross written premiums each year, including a 44% increase from the comparative six months in 2023. Gross written premiums include all premiums written during the year, including both earned and unearned, auto insurance premiums, and fronting fees earned.

Fortress continues to increase capacity on all its products, recently adding additional liability and transportation insurance products to its lineup. We expect to see continued growth in written premiums throughout the year with a focus on the diversification of product lines and geography and on growing business in Ontario, Manitoba, and Saskatchewan. New programs in Ontario and Alberta, added during the year to date, contribute to the jump in gross written premiums. These new programs increased expenditures, and they will take time to generate substantially to the bottom line. The company's investment portfolio continues to provide solid returns, allowing the company to achieve profitable results.

The trailing 12-month loss ratio as at June 30, 2024 (incurred losses over earned premium) is 59.7% (June 30, 2023 – 39.4%). As Fortress' earned premiums grow, so does the potential for claims. The loss ratio for this period also includes claims for water losses created by frigid temperatures which occurred in January. The ratio is closely monitored and expected to normalize over time. First quarter claims were high however second quarter claims and loss ratio were much improved.

2024 is seeing a softening of the insurance market. Capacity is increasing, and rates are falling. While this may impact Fortress's growth and retention, management is actively monitoring the market and working to find niche areas of products to stay relevant with the brokers.

Western currently holds 28% ownership of Fortress and appoints two of eight directors to the Board. This gives Western significant influence over the investment. As such, the Corporation is accounting for this investment under the equity method.

GlassMasters

Western holds a 55% investment in GlassMasters, an automotive glass service company with retail locations providing repair and replacement of auto glass and 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, with recent expansion into British Columbia and Manitoba.

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 was treated as a return of paid-up capital for tax purposes and was paid by the issuance of a 5-year term promissory note of which Western's share was $4,658,559. The terms of the note include automatic renewal for five years upon each maturity date and an interest rate as determined by the Board of Directors of GlassMasters from time to time. The Board has set the interest rate at 14% for 2024 (2023 – 10%). During the six months ended June 30, 2024, $326,099 of interest was earned and payable on this note (June 30, 2023 - $232,928 earned and paid).

The interest earned on the note payable provides cash flow with an additional revenue source for the Corporation and creates tax efficiencies at the operating company. The intention is for the note to be renewed indefinitely, and it is considered part of Western's total investment in GlassMasters.

Key Highlights**:**

- Revenue grew 16% to $20.0 million in the first half of 2024 compared with $17.2 million in the comparative period of 2023.
- GlassMasters location in Winnipeg is now up and running, and its Kelowna location is gaining momentum.

GlassMasters contributed equity income of $150,552 and finance income of $345,786 to Western's results in the six months ended June 30, 2024 (June 30, 2023 - $458,760 equity income and $267,454 finance income). 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 ($)	**2024**	**2023**	**2024**	**2023**
Revenue	12,413,511	10,602,552	19,997,200	17,223,897
Gross profit	3,954,227	3,580,153	5,731,263	5,294,664
Net income	812,917	1,082,993	220,013	829,285
Note payable interest paid to shareholders	226,962	162,115	453,924	324,231
Adjusted Net income[1]	1,039,879	1,245,108	673,937	1,153,516
Net income	812,917	1,082,993	220,013	829,285
Interest	371,244	376,807	806,226	735,869
Amortization and depreciation	496,972	367,966	1,002,493	763,168
Tax	240,671	323,491	63,622	247,708
EBITDA	1,921,804	2,151,257	2,092,354	2,576,030

1 Non-GAAP measure - Interest on shareholder notes payable was added back to net income to provide normalized operating income (loss).

GlassMasters has set another record for sales in the first half of 2024, with a 16% increase from the prior year. The growth in sales is primarily due to the expansion that has taken place over the last year, with recent additions of Kelowna and Winnipeg stores and a new warehouse in Kelowna. This growth does affect margins as it takes time for stores to develop enough business to break even. New stores carry additional costs as they get started. General and administrative expenses are up considerably this year due to the rapid growth. In addition, the company has seen increased fuel and insurance costs and general inflation across the board. Losses on foreign exchange have occurred with a large amount of inventory arriving this spring among raising exchange rates. Adjusted net income for the first six months ended June 30, 2024, came in $479,579 below the comparative period of 2023 due to the above factors.

GlassMasters' expanded radio advertising and their expanded call center is translating into growth in retail sales. New accounts also add to growth in same store revenue. In the first half of 2024, Kelowna received its ICBC accreditation, which allowed the company access to the province's insurance business. 2024 marks the expansion into Manitoba with a newly opened location in Winnipeg. The retail location opened early in the second quarter, and a warehouse is expected to open late this year. Management continues to assess additional expansion opportunities.

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 this investment under the equity method.

Foothills Creamery Ltd.

Western holds a 50% interest in Foothills, a producer and distributor of high-quality butter and ice cream products with over 50 years of operations in Western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and food service network across Western Canada, supported by distribution facilities in Edmonton, Alberta, and Kelowna, British Columbia. 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 food service industry, including commercial kitchens and bakeries. Ice cream sales are seasonal, with the busiest quarters occurring in the spring and summer months.

Key highlights:

- Gross Profit of $3.9 million was consistent with the prior six months ended June 30th.
- If we remove the gain on sale of real estate recognized in 2023, adjusted EBITDA was down 10.7% to $1.2 million for the first half of 2024 compared with $1.3 million (adjusted) in the comparative period of 2023.
- As at June 30, 2024, Foothills has $1.9 million more inventory on hand compared to June 30, 2023.

In the comparative six months ended June 30, 2023, EBITDA and net income were positively affected by a large gain realized on the sale of real estate. Foothills sold their Kelowna warehouse in the first half of 2023 and is leasing the space back. Removing this $1.1 million gain from the six months ended June 30, 2023, provides for an adjusted net income of $39,514 and adjusted EBITDA of $1.3 million.

In the six-month period ended June 30, 2024, Western recorded an equity loss of $102,064 from Foothills compared to equity income earned of $564,522 in the comparative 2023 period, which included Western's share of the gain on sale of real estate. Western earns annual management fees of $75,000 from Foothills. $27,766 in interest was earned on the shareholder loan during the period (June 30, 2023 – $20,229).

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	**2024**	**2023**	**2024**	**2023**
Revenue	10,363,770	11,139,999	16,829,324	18,308,862
Gross profit	2,203,548	2,427,799	3,949,263	3,943,707
Net (loss) income	(117,063)	443,614	(206,233)	1,138,835
Interest	316,082	267,563	657,440	550,771
Amortization and depreciation	399,364	417,339	774,002	732,018
Tax	21,549	(195,860)	(34,280)	11,803
EBITDA	619,932	932,656	1,190,929	2,433,427

Though total sales are down for the first half of 2024, this is caused by an intentional decrease in the sale of low-margin butter. Sales for high-margin ice cream are on par with the comparative year to date, despite being affected by the weather. With this sales mix, even with lower revenue, the higher gross margin earned on ice cream has led to a gross profit of $3.9 million, which is consistent with the preceding year. Ice cream sales for the second quarter of 2024 are lower than expected being impacted by the unusually cool and wet spring. Though consistent with the prior year, ice cream sales were $1.3 million lower than. Despite the weather, when we normalize the prior year's results by removing the one-time gain on sale, results are comparable with 2023. Overall, the slight decrease in net income of approximately $245,000 can mostly be attributed to an increase in salary expense due to employee raises and bonus accruals. Foothills is focused on maintaining higher margins through a focus on high-margin frozen products and expects to benefit from this over the summer months, with weather returning to more seasonal temperatures.

The company has manufactured high inventory levels to ensure it can meet strong demand for frozen products as they head into summer. Many of their scoop shop customers open for the season starting in April. 87% of expected EBITDA is expected to be earned in the second and third quarters. Foothills has plans to grow the frozen product category by $3.1 million. In the butter category, to combat a tight market on this commodity, Foothills is moving its focus to the whipped butter category, where it can add more value and meet the needs of diverse customers. While total butter sales will drop, margins are expected to be higher.

A key challenge faced by Foothills is the amount of leverage they have. Total debt service requirements are $1.6 million, including $1 million in interest payments annually. Management actively manages cash flow and closely monitors bank covenants. During the second quarter of 2024, the company was offside on their debt covenants. Thanks to the addition a new warehouse lease that started June 1st, covenants are now tight and are being managed closely. Foothills is working with its lender on a recovery plan.

Subsequent to June 30, 2024, Foothills received approval from Alberta Milk for a milk allocation from Dairy Innovation West, a new Alberta-based milk processor currently under construction. This partnership will assist Foothills in securing a stable supply of cream and showcase western dairy products.

In October 2022, the Corporation advanced $250,000 to Foothills Creamery in the form of a shareholder loan bearing interest at 13% per annum. Unpaid interest shall be added to the principal sum owing. The loan has a one-year maturity date, with the option to extend for two consecutive six-month periods. At the maturity date, Western has the option to convert the outstanding principal sum, together with all accrued and unpaid interest, into shares of Foothills at a conversion price of $1.00 per share. If the conversion option is exercised, Western will receive share purchase warrants of Foothills in the amount of one-third of one share purchase warrant for every share issued upon loan conversion. Each warrant shall entitle Western to purchase one share of Foothills. As of June 30, 2024, the loan balance owing to Western was $447,054 (December 31, 2022 - $419,288). On April 27, 2024, Western exercised the second option to extend the maturity date for six months.

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

Western has 50% ownership of Foothills however; it appoints 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 this 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**"). 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.

Key Highlights**:**

- Revenue grew 11% to $4.9 million in the first half of 2024 compared with $4.4 million in 2023 due to efforts to improve occupancy at underutilized homes.
- Net income grew to $300,226 in the first half of 2024 compared with a net loss of $50,486 in the same period of 2023.

- EBITDA grew 83% to $934,475 in the first half of 2024 compared with $509,641 in the comparative period of 2023.

For the period ended June 30, 2024, Western recognized equity income from Golden of $90,309 compared with a $15,413 loss for the period ended June 30, 2023. During this period, Western received $90,000 in dividends whereas $105,000 in dividends were received for the period ended June 30, 2023. The dividends were used to pay down the shareholder loan payable to Golden.

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

	Three months ended June 30,		Six months ended June 30,	
Financial results ($)	**2024**	**2023**	**2024**	**2023**
Revenue	2,437,957	2,191,798	4,858,604	4,384,583
Net income	118,423	(1,381)	300,226	(50,486)
Interest	121,029	89,915	208,790	180,805
Amortization and depreciation	135,455	143,375	270,451	285,800
Tax	75,775	46,761	155,008	93,522
EBITDA	450,682	278,670	934,475	509,641

Golden continues its work to improve occupancy at its underutilized homes. Thanks to these improvements, revenue has seen an 11% bump from the prior year. EBITDA has increased 83% from the six months ended June 30, 2023. Care homes rely on qualified staff to provide quality care to their residents, and there continues to be pressure in this area with increasing costs required to retain staff.

Private homes in Saskatchewan face competition from government-run homes subsidized by tax dollars. Golden homes do not receive government subsidization to assist in meeting the health care needs of its residents. Management is working with the government to change this, where the government may use some of Golden's beds for their funded patients. We are optimistic that some form of government funding will occur at our homes.

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, but not control over Golden. Accordingly, the Corporation is using the equity method to account for it.

Summarized financial information about Western's Associates and investments in these Associates is disclosed further 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:

C$000s except for per share amounts	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022
Income/(loss)	667.0	(43.8)	(549.9)	881.3	932.3	544.2	620.7	588.7
Operating expenses	563.0	431.3	414.3	392.7	539.1	355.9	339.5	332.9
Income tax recovery	-	-	114.0	-	-	-	-	-
Net income (loss)	104.0	(475.1)	(849.9)	488.6	393.2	188.3	281.2	255.8
Earnings (loss) per share								
- Basic and diluted	0.003	(0.016)	(0.028)	0.016	0.013	0.006	0.009	0.008
Total assets	19,999.1	19,156.6	19,864.5	19,913.3	19,690.7	18,658.3	18,615.4	18,064.0
Total long-term liabilities	7,292.3	6,636.4	5,603.3	2,585.9	2,696.3	2,241.4	6,083.5	4,737.1

Quarterly Trends and Seasonality

Certain Associates of the Corporation experience seasonal fluctuations in activity and financial performance. The spring and summer months are generally the busiest for our seasonal Associates. Income for the first quarter of 2023 was impacted by a couple of one-time items, such as the sale of real estate at Foothills. Removing these items would bring Western's 2024 first quarter in line with 2023. The decrease in income for the second quarter of 2024 was due to lower equity income from GlassMasters, which was affected by the cost of opening new locations, and at Foothills, which was affected by an unseasonably cold spring.

Expenses are relatively stable from quarter to quarter, with increases expected with inflation and rising interest rates. 2024 expenses are affected by higher interest expense, with higher levels of debt being carried at higher rates. Salary expenses have also increased, with increased time requirements and bonuses paid in excess of the amount accrued in the second quarter. Variances in costs occur based on activity and will be higher when a transaction is underway, as is the case in 2024.

The increase in long-term liabilities as at June 30, 2024, is due to the 2025 Debentures issued in December 2023, plus the repayment of the 2024 Debentures in March 2024, which was funded by the Corporations operating line in the first quarter of 2024. The operating line was used to fund operations through the second quarter of 2024.

Liquidity and Capital Resources

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

$	Six months ended June 30, 2024	Six months ended June 30, 2023
Cash used in operating activities	(1,022,200)	(345,381)
Cash provided by investing activities	42,547	62,176
Cash provided by financing activities	367,129	263,496
Decrease in cash	(612,524)	(19,709)
Cash, beginning of period	618,673	25,715
Cash, end of period	**6,149**	**6,006**

The net cash used in operating activities for the period ended June 30, 2024, relates to management fees and interest income, less cash flow required to fund operations, including general and administrative costs, professional fees, salaries, and working capital needs. Movement of working capital items accounted for over half the cash used, with payments made on 2023 expenses for the debenture issuer bid and the deferral of collection on related party financing income. Western deferred the collection of interest on the notes receivable until after the busy summer season to allow GlassMasters to use its cash to stock up on inventory and open new locations. In the prior year, interest payments on these notes were made quarterly. Payment of interest on the debentures and other loans, accounts for another portion of the cash used. Cash needs are currently higher than the prior period with increased administrative expenses on the pending transaction.

Cash provided from investing activities in 2024 and 2023 relates to dividends received from Golden offset with advances made to Associates.

Cash provided by financing activities for the first half of 2024 relates to advances taken on the operating line used for the repayment of $1,125,000 in convertible debentures. Western also made a repayment on our related party loan. In the comparative quarter of 2023, advances were taken on the operating loan, offset by a repayment on our related party loan.

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

$	June 30, 2024	December 31, 2023
Demand revolving operating loan facility	1,582,129	-
Loan from related party	1,005,000	1,095,000
Convertible debentures	4,705,179	5,630,981
Less: cash	(6,149)	(618,673)
Net loans	7,286,159	6,107,308
Shareholders' equity	12,408,911	12,780,056

The Corporation has a committed revolving operating loan facility available to the maximum amount of $2,000,000. The facility has a three-year revolving period with a maturity date of October 6, 2025. Interest is paid monthly at the bank's prime rate plus 2% per annum and carries a standby fee of 0.5% per annum on the unused portion. Security includes a share pledge agreement with respect to the Corporation's interest in some of its Associates. Proceeds received on the issuance of convertible debentures in the fourth quarter of 2023, allowed the corporation to repay all amounts outstanding on this operating facility in December. The corporation used this facility to facilitate the repayment of $1.125 million in debentures that matured on March 31, 2024.

Western holds a $1.005 million loan from Golden Health Care. The loan bears an annual interest rate of 6.09% 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. During the first quarter, Western received dividends in the amount of $90,000 which was applied to the outstanding balance on the loan. With the perpetual nature of the loan, Western has no set plans to repay amounts on the outstanding principal balance and expects to make payments from time to time as cash is available and dividends are received. Effective April 1, 2024, this loan's interest rate increased from 4.09% to 6.09%. Based on this new rate, the total annual interest payments on this loan are $61,204 per year.

On December 1, 2023, the corporation closed a private placement of a new convertible debentures (2025 Debentures) and an issuer bid for the exchange of its existing convertible debentures (2024 Debentures). In line with this closing, $2.875 million in 2024 debentures that were due to mature on March 31, 2024, were exchanged for the new issuance of 2025 Debentures that mature on December 31, 2025. $1.125 million in 2024 Debentures were held to maturity and repaid on March 31, 2024. In addition to the exchange, $2.125 million in additional 2025 Debentures were issued, bringing the total face value of 2025 Debentures issued to $5 million. The exchange was treated as an extinguishment of debt as the contractual terms of the replacement debenture are substantially different. In line with this extinguishment, Western incurred a $205,594 loss in the year ended December 31, 2023, on the settlement of these Debentures.

As at June 30, 2024 the Corporation had issued $5.0 million of unsecured convertible 2025 Debentures with a principal value of $1,000 each. Each Debenture is convertible into common shares of Western at a conversion price of $0.48 per share at the holder's discretion. The Debentures mature on December 31, 2025, and bear interest at the rate of 9.6% per annum, payable semi-annually at the end of March and September. If the closing price of Western's shares on the TSX Venture Exchange is $0.65 or greater for 20 consecutive trading days, Western may, at its option, force the conversion of the Debentures into common shares.

The 2025 Debentures are a compound financial instrument containing both a liability and equity component. The liability component represents the present value of interest and principal payments over the life of the financial instrument discounted at a rate of 15%, which was the approximate rate available to the Corporation for similar debt without the conversion feature at the date the Debentures were issued. The residual value of $497,046 (net of pro-rated issuance costs), was allocated to the equity component. The liability component is accreted to the principal value using an effective rate of 16%.

The Corporation generates operating cash from finance income, management fees, and dividends from its portfolio investments. Disposing of an investment, or a portion thereof, is also a potential source of cash for the Corporation. The Corporation's regular income does not cover current working capital requirements. 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. The Corporation is currently working to raise capital (see strategic developments section) to be used in part to provide the working capital needed to meet the Corporation's obligations for the next 12 months and beyond. A risk exists that the Corporation will not be successful in raising sufficient capital. Should this situation occur, the corporation has alternative sources of financing available to cover operating expenses for the next 12 months. The Corporation may also raise funds through the disposal of some or all of an investment in an associate as necessary to meet its obligations. Alternative sources of financing include the collection of shareholder loans and borrowings from associates. Management believes a market would be available to liquidate an investment in an associate should the need arise.

Outstanding Share Data

No shares were issued in the six months ended June 30, 2024, and 2023. During the period ended June 30, 2024, no shares were repurchased by the Corporation in conjunction with its normal course issuer (June 30, 2023 – 80,000 shares repurchased at a cost of $29,726). The total common shares outstanding at June 30, 2024, was 30,207,756 (December 31, 2023 – 30,207,756). No additional shares have been repurchased subsequent to June 30, 2024, and up to the date of this MD&A. Currently, the total common shares outstanding is 30,207,756. 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 5.0% of the total issued shares.

In the period ended June 30, 2024, no stock options were issued (June 30, 2024 – 275,000 options issued). On June 30, 2024, total stock options outstanding was 2,939,000 (December 31, 2023 – 2,939,000), with exercise prices ranging from $0.27 to $0.65.

Off-Balance Sheet Arrangements

As at June 30, 2024, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Related Party Information

The Corporation has related party transactions with management and the Corporation's Associates. A detailed description of these transactions is presented in the notes to the financial statements for the period ended June 30, 2024, to be read in conjunction with this MD&A. Related party transactions are in the normal course of operations and are recorded at the exchange amount.

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 December 31, 2023, annual MD&A sets out a 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

Western has currently entered into share purchase agreements to acquire up to 100% of Fortress for $13 million, payable in either cash or common shares of Western using a fixed value of $0.40 per share. The agreements are dependent on a number of conditions, including the corporation's ability to raise the necessary capital through the closing of the Transaction. On closing of this acquisition, it is expected Western will acquire control of Fortress, which will cease to be an associate. Fortress' results will thereafter be consolidated in the Corporation's financial statements.

Western is in the process of amending its approach to the Transaction. Once finalized, the new terms will be announced in a press release.

Proposed transaction

As at June 30, 2024, and up to the date of this MD&A, there were no proposed transactions of the Corporation other than as disclosed above.

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 future years. The critical accounting estimates and judgments are described in detail in note 5 of Western's annual audited financial statements for the year ended December 31, 2023.

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, Western's financial instruments, including cash, accounts receivable, certain amounts due from related parties, accounts payable and accrued liabilities, and loans and borrowings, are measured at amortized cost. Financial instruments classified at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and include certain amounts due from related parties.

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 risks and related exposures are consistent with the Corporation's business objectives and risk tolerance levels. As a result of the use of the above-mentioned financial instruments, the Corporation is 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 year ended December 31, 2023, 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. At times adjusted net income may be presented, to remove non-operating income or expenses or one-time transactions. This is believed to provide a better picture of true results from operations and/or be comparable to prior year results.

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.