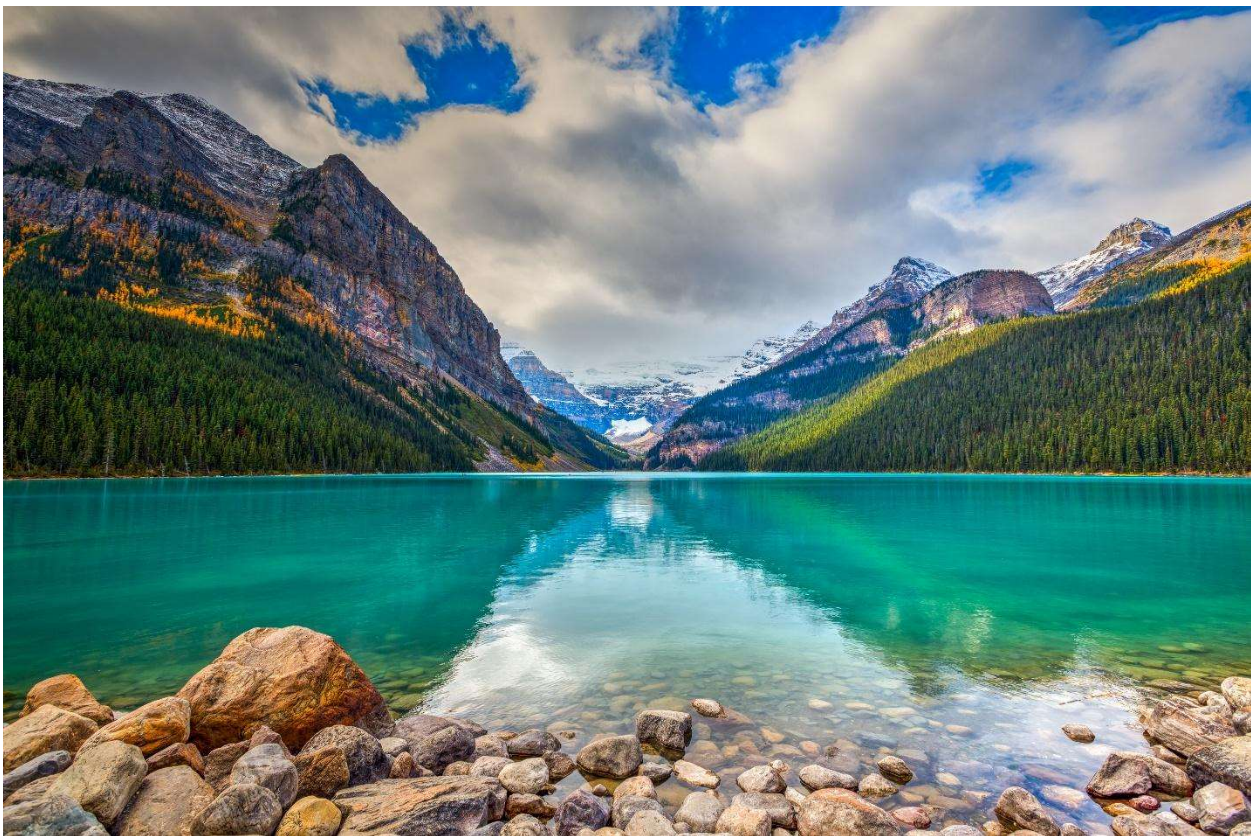
THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED



Management's Discussion and Analysis

For the year ended December 31, 2020

Dated: April 28, 2021

Introduction

The Western Investment Company of Canada Limited ("we", "**Western**" or the "**Corporation**") is a publicly traded private equity company based in Western Canada. Our common shares trade on the TSX-V under the trading symbol WI. **Our purpose is to create long-term wealth for shareholders by building and maintaining a diversified portfolio of strong, stable, and profitable western-based companies while helping them to grow and prosper.** Our strategy is to use our expertise and capital to cultivate already great western Canadian businesses, ultimately contributing to their success and legacy over the long run.

Western's targeted industry verticals align with the industry expertise of the Board of Directors and include (i) financial services and insurance; (ii) retail and distribution; (iii) human services; (iv) agriculture and related services; and (v) special situations. Western's ideal acquisition enterprise value is between $10 million and $100 million and ownership interest between 30% to 100%. Western will prospect acquisitions from; (i) director and executive networks; (ii) mid-market accounting and merger and acquisition advisors; and (iii) private equity and corporate divestitures.

This Management Discussion and Analysis ("MD&A") provides an update on the Corporation's business activities, financial condition, financial performance, and cash flows since December 31, 2019. The Corporation reports its financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars. The MD&A should be read in conjunction with the audited financial statements of the Corporation for the year ended December 31, 2020. The MD&A was prepared by management of Western and was approved by the Board of Directors on April 28, 2021. 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 April 28, 2021;

Investments	**Acquisition Date**	**Ownership (%)**
GlassMasters ARG Autoglass Two Inc.	December 16, 2016	61.3%
Golden Health Care	September 1, 2017	25.0 - 30.0%
Ocean Sales Group Ltd.	January 1, 2018	75.0%
Foothills Creamery Ltd.	February 28, 2018	50.4%
Fortress Insurance Company	May 6, 2019	50.0%

2020 Key Highlights

Western's portfolio consists of five associates, including Western's most recently completed acquisition of Fortress Insurance Company ("**Fortress**") on May 6, 2019. Fortress is positioned to take advantage of a growing need for specialty insurance capacity supported by strong broker relationships. Fortress operates in all four western Canadian provinces (Alberta, B.C., Saskatchewan, and Manitoba) and began writing its first policies over a year ago. By the end of 2020, they had six broker programs in place, with many more in negotiations. Operations are quickly ramping up and we expect to see significant gains in premiums written through 2021.

Over the past year, Western has invested a significant amount of hard work, patience, and creativity working with our associates to navigate the challenging market conditions that have been faced. Working with our associates every step of the way as they navigate through the uncertainties and impact that COVID-19 has brought, we are proud of what each associate has accomplished and how they have responded. Each company has shown resilience, proving its worth with many successes despite this difficult time. All have been diligent to be prepared for the unknown yet to come.

Response to COVID-19

In March of 2020, the world was hit by a global pandemic from the virus COVID-19 (the "Pandemic"). The effects of this Pandemic have reached far and wide in the world's businesses and the impact on each of Western's businesses is varied and the ultimate result still cannot be known. Management remains focused on working with each of our associates in dealing with the evolving impact of the Pandemic. As we pass the end of 2020, the impact on operations at most of our associates is decreasing and operations have begun to stabilize.

GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**") and Ocean Sales Group Ltd. ("**Ocean Sales**") were each initially impacted dramatically by the Pandemic, both having seasonal retail operations with March being the beginning of their busy season and each carrying correspondingly high inventory levels. GlassMasters experienced a dramatic reduction in sales volume starting in the middle of March. When sales slowed considerably, the company responded swiftly to ensure the safe delivery of windshield replacements to clients, including free mobile replacement. Since the onset of the Pandemic, sales have gradually returned to normal levels. GlassMasters finished the year with an exceptional fourth quarter and is heading into 2021 with optimism and plans to expand.

The effect on Ocean Sales has been more significant. With the cancellation of all consumer shows, the company has lost one of its primary sources of revenue until such a time when events will be allowed to resume and consumer confidence in their safety returns. Ocean Sales has been working to find other avenues to sell its products such as expanding its online sales channel. Operations remain impacted to date and for the foreseeable future. Cash flow is being monitored closely. Thanks to the Canada Emergency Wage Subsidy ("CEWS"), the company has been able to keep staff on to grow new sales channels and it is expected the company will benefit from this subsidy for much of 2021. Looking into the future, the company is planning for its relaunch once the consumer show sales channel returns. Despite the immense challenges faced, the company has managed their cash flows and continues to operate with a positive outlook for the future.

Initiatives undertaken at the onset of the Pandemic by the above two associates included making cuts in operating expenses, including implementing employee layoffs, working with suppliers and banks to defer expense and principal payments, applying for government assistance, and looking to obtain additional sources of financing to maintain liquidity through the crisis. Government assistance in the form of the CEWS program helped each company keep critical staff employed.

Management at Western has worked diligently with our associates to assist them through this Pandemic. Western has obtained an additional loan facility to provide us with additional liquidity should unexpected events arise in 2021. The course of the Pandemic is highly uncertain and has negatively impacted the earnings of many of the Corporation's investees for 2020 and is likely to have some effect into the foreseeable future.

Management and Oversight Principles

Western provides entrepreneur-friendly governance and oversight to our portfolio companies using "the Pattison Principles and Rockefeller Habits". This approach features:

- In-depth quarterly meetings with each company's management team.
- Daily and weekly key performance indicators that allow us to accurately predict forward financial performance and health of the business in between financial reporting periods.
- Macro research and industry trend analysis to aid our understanding and help management with future planning.
- A program of continuing education and learning for executives at both Western and the portfolio companies.
- A simple but powerful strategic planning template that was specially designed for entrepreneurial growth companies. The plan focuses on a long-term (5-10 year) measurable strategic aspiration, and one-year goals and tactics that align with progress toward long-term success.

We believe this is a proven framework that will assist our associates to scale up their businesses and grow to their full potential.

Review of Westerns Operations and Financial Results

The financial highlights of the Corporation are:

Financial results ($)	Three months ended December 31, 2020	Three months ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
Income	333,712	868,850	(2,312,841)	2,359,334
Acquisition-related expenses	-	-	-	65,209
Professional fees	54,071	20,175	219,168	136,425
Regulatory fees	3,953	4,905	41,984	42,517
Management salaries	84,239	72,998	411,399	361,257
Share-based compensation	-	-	62,748	74,647
Interest	146,691	119,378	556,140	372,200
Other expenses	6,344	18,301	30,142	54,436
Total expenses	295,298	235,757	1,321,581	1,106,691
Net income (loss)	38,414	633,093	(3,634,422)	1,252,643
Net income (loss) per share	0.001	0.021	(0.119)	0.041

Financial position ($)	December 31, 2020	December 31, 2019
Working capital	(504,845)	(576,122)
Total assets	19,925,161	22,576,851
Operating loan	776,791	1,188,679
Loans and convertible debentures	4,395,446	3,003,866
Shareholders' equity	14,606,931	18,221,126

Western Share Count Information	December 31, 2020	December 31, 2019
Common shares issued and outstanding	30,460,756	30,580,756

Equity income for the fourth quarter of 2020 was $140,489, an $368,568 improvement from the same quarter in 2019. We believe this is a good indicator that our associates have successfully weathered the Pandemic to date. Year-to-date equity income is dramatically impacted by a goodwill impairment loss recognized at Ocean Sales. Due to the difficulties experienced at Ocean Sales from the Pandemic, goodwill was written off in the first quarter and Western's equity share of this loss impacts our results for the year ended December 31, 2020. It has also resulted in credit losses being taken on all amounts due from Ocean Sales with the assessed increased credit risk. As a result, management fees no longer include amounts from Ocean Sales. 2019 Income also benefited from a one-time bargain purchase gain that doubled reporting income.

Management fees included in income are comparable to the prior year, with additional fees being earned at GlassMasters, offset by the loss of Ocean Sales fees, as noted above. Looking forward, Western can expect to earn annual management fee revenue from associates totalling $350,000 in 2021.

The Corporation incurred no acquisition expenses in 2020. Acquisition costs for 2019 relate to Fortress and are low as the majority of due diligence costs on that acquisition were incurred in 2018. The Corporation will likely incur acquisition expenses as it acquires other investments in the future and costs may be significant in any period surrounding an acquisition. No acquisition activity is expected in the short term.

The increase in professional fees for both the three and 12 months ended December 31, 2020, relates to investor relations and market maker consultants hired in the third quarter. Salaries are up slightly mainly due to the change to accruing for bonus expense. Regulatory fees, share-based compensation, and general and administrative expenses were comparable to 2019. Interest costs are considerably higher in 2020 with the issuance of convertible debentures in 2019 and a related party loan advanced to Western in early 2020. Going forward, interest will be our most significant expense.

Cash obtained from the debenture financing was used to invest in Fortress and GlassMasters, and to fund ongoing operations. Amounts due from related parties have grown as a result of management fees receivable from associates who are not currently paying out amounts to shareholders due to restrictions imposed from their bank covenants. Related party receivables have been assessed for credit risk and expected credit losses recognized where required. Some amounts due from associates remain viewed as collectible but not within 12 months and are thus recorded as long-term receivables. Western has also supported some associates with additional shareholder loan advances made in 2020, primarily to support our companies through the Pandemic.

A key focus for 2020 has been on developing the insurance business in our newest associate Fortress, as well as assisting our other associates through the Pandemic. Looking forward into 2021, we expect to see slow and steady growth in the insurance business. Many operational improvements implemented at Foothills and GlassMasters over this past year are expected to improve profitability at both companies in 2021. Ocean Sales is working hard to develop new online sales channels that will continue to grow and this new revenue stream could boost the bottom line once regular consumer shows resume.

Summary of Equity Investments

Below is a summary of the results of each of Western's associates for the year ended December 31, 2020. The performance of our associates is assessed based on revenues, income from operations, and EBITDA. EBITDA is a supplemental measure of operating income in which tax, depreciation, and amortization, and interest are added back to the associate's net income (refer to the "Description of Non-IFRS Measures" section below for more information).

Fortress Insurance Company

On May 6, 2019, Western acquired 50% of the outstanding shares of Fortress Insurance Company for $1.69 million. The fair value of the net assets acquired on May 6, 2019, was higher than the price paid for the shares resulting in a purchase gain being recognized on the acquisition of $329,704. Western is now approaching its second anniversary of ownership in Fortress.

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, 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 involves property insurance but Fortress also intends to offer insurance in accident & sickness, boiler & machinery, and marine products.

Management has been actively working on developing relationships with its broker network and on negotiations for reinsurance contracts to mitigate the risk taken by Fortress. In this manner Fortress essentially shares the risk of each contract with other insurance companies. The Company had its first program up and running in September 2019 and has ramped up operations in 2020 with six programs now in place. At the end of 2020, Fortress had written over $4 million in annualized earned and unearned revenue. A lot of work has been completed to lay the groundwork for growth going forward and management is prudent not to grow the business too fast.

For the year ended December 31, 2020, Western recognized an equity loss of $120,355 from Fortress. Western earns $100,000 annually in management fees from Fortress.

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

	Three months ended December 31,		**Year ended December 31,**	
Financial results ($)	2020	2019	2020	2019 (May 7 – December 31)
Gross premiums written	1,116,681	195,915	1,780,017	374,244
Total underwriting income (loss)	296,532	(180,731)	810,937	(650,558)
Investment income	158,102	49,220	264,377	698,590
Net income (loss)	(161,469)	581,718	(240,709)	535,331

2020 shows the successful implementation of the business plan with significant growth in premiums written each quarter. Gross premiums written include all premiums written during the year, including both earned and unearned. The 2020 loss ratio (incurred losses over earned premium) was 11%, and the combined ratio (incurred losses and expenses over earned premium) was 123%. Despite the economic uncertainty faced by all businesses in 2020, Fortress has performed well and is growing quarter over quarter with this trend expected to continue. With Fortress being a new company with significant business development being required to grow and develop the business, it is expected that expenses will exceed income for the near future.

The stock markets experienced significant volatility in early 2020 and rebounds in the market have brought investment income back to positive levels. With the majority of the company's assets being held in an investment portfolio, Fortress works to balance the portfolio and manage risk.

Looking forward, management is seeing rising premiums in the insurance market resulting from ongoing catastrophic losses in the local marketplace and a shortage of capacity. Several foreign players have recently exited the Canadian market providing more opportunities for domestic incumbents. Management is busy working on new programs and managing growth in a conservative manner.

Western has equal ownership of Fortress with its partner and appoints two of six directors to the board. This does not give us voting authority to pass decisions without majority board approval giving Western significant influence over the investment but not control. As such, the Corporation is accounting for this investment under the equity method.

Foothills Creamery Ltd.

On February 28, 2018, Western acquired a 50.4% interest in Foothills Creamery Ltd. ("**Foothills**") for $3.25 million paid in cash and 400,000 common shares of Western (with a market value at the acquisition date of $0.44 per share).

Foothills is a producer and distributor of high-quality butter and ice cream products with 50 years of operations in Western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and foodservice network spanning across western Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, BC. Foothills butter products are specially churned, using only the freshest cream to produce a smooth textured product with exceptional taste. Target markets for its butter products include grocery retailers and the foodservice industry, including commercial kitchens and bakeries. Ice cream sales are seasonal, and as such, its busiest quarters occur in the spring and summer months. Based on this seasonality, readers are cautioned not to weigh quarterly financial data equally for all quarters.

In the year ended December 31, 2020, Western recorded equity income of $159,551 from Foothills (December 31, 2019 - $568,496). Western earns annual management fees of $75,000 from Foothills.

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

	Three months ended December 31,		**Year ended December 31,**	
Financial results ($)	2020	2019	2020	2019
Revenue	10,035,169	9,309,577	45,036,229	42,033,195
Gross profit	1,965,238	1,584,473	7,229,264	9,617,622
EBITDA[1]	292,150	266,213	1,299,020	3,045,193
Net income	25,389	96,819	316,570	1,127,972

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

While 2020 was a busy year for Foothills Creamery, the Pandemic has impacted their bottom line. The increase in at-home baking resulted in a surge of demand for butter resulting in a 15% increase in butter sales. This is countered by a drop in sales of most other product areas for an overall increase in revenue of 7% for 2020. The change in the product composition, namely an increase in the sales of low margin butter and a drop in other high margin products such as ice cream and specialty butter, has resulted in a significant decline in gross margin. Further affecting the bottom line was an increase in the price of cream, a key raw material. Due to contracts in place, the company was unable to change the price of their butter sold to recoup this increased cost. The net result of the above was a significant drop in gross profit in 2020.

Foothills has been actively working on managing the challenges faced in 2020. Most notably, they have renegotiated the contract held with their largest supplier of cream. This contract will be in place for most of 2021 and should increase margins on butter. The other focus over the past few months has been on the search for a new CEO. Western is excited to have filled this position in the first quarter of 2021 with the new CEO beginning his tenure in March, bringing with him significant experience in manufacturing businesses. The company has also been focusing on the marketing side of the business with a newly revamped marketing team. More retail offerings are being offered in grocery stores to help offset the loss in sales in other areas (scoop shops, bakeries, restaurants, etc.). The sales team at Foothills is working on landing shelf space at new retailers. The goal is to partner with as many retailers as possible to have Foothills' ice cream and butter products on grocery shelves. In 2020 Foothills signed a new contract with a major retail chain to manufacture and distribute a private label product. Packaging for the new product lines is being developed and revenue should benefit from this contract in 2021.

In response to the Pandemic Foothills Creamery quickly acted to ensure the safety of the employees and customers. Most office staff have been equipped to work remotely from home. A COVID-19 team has been put in place internally at Foothills to keep up with government and health officials' announcements and relay them back to the employees at Foothills. They are also tasked with implementing policies and procedures to ensure Foothills is doing everything in its power to maintain safe operations.

Western has majority ownership of Foothills however appoints only two of seven directors to the board and does not have the voting authority to pass decisions without majority board approval. This gives Western significant influence but not control over the company. As such, the Corporation is accounting for our investment under the equity method.

Ocean Sales Group Ltd.

On January 1, 2018, Western completed the acquisition of Ocean Sales with a total investment of $3.45 million for a 75% interest in the company.

Ocean Sales is a specialty retailer that imports and sells a line of specialty retail products through unique marketing channels across North America. The Company markets high-quality, innovative household products through live demonstrations at leading consumer shows and fairs throughout Canada and the US. The Company also has a strategic relationship with Costco, a major North American retail chain, where it demonstrates a specially selected set of products in every location in Canada. The Company is headquartered in Calgary, Alberta, and is supported by strategically located warehouses in Washington, Ontario, and Quebec.

With the onset of COVID-19, all consumer shows and fairs throughout Canada and the US were cancelled from March 13, 2020, onward, with no determinable date of return at this time. The loss of this major source of revenue created an indicator of impairment of the company's intangible assets and goodwill. As a result, Ocean Sales tested its intangible assets and goodwill for impairment as at March 31, 2020. A value-in-use impairment test was based on internal forecasts and managements' best estimates at a specific point in time, and as a result, are subject to measurement uncertainty. This test resulted in a $4,775,521 impairment loss recorded at the company as at March 31, 2020. The impairment loss resulted from the loss of this significant revenue stream, plus decreases in most other streams affected by the Pandemic. Additionally, there is considerable uncertainty regarding when the consumer show revenue stream may return to a degree sufficient to contribute to positive cash flows. Western's share of this impairment loss is included in the equity loss recorded during the year.

In association with the above impairment assessment, Western is no longer recognizing management fees earned for Ocean Sales.

For the year ended December 31, 2020, Western recognized an equity loss of $3,332,232 from Ocean Sales (December 31, 2019 - $300,639 equity loss).

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

	Three months ended December 31,		Year ended December 31,	
Financial results ($)	2020	2019	2020	2019
Revenue	1,538,136	2,447,640	8,805,310	18,817,933
Gross profit	680,062	1,473,080	4,574,913	10,809,700
EBITDA[1]	173,088	(616,235)	(4,773,140)	221,540
Net income (loss), before impairment	922,041	(650,450)	332,545	(400,852)
Intangible and goodwill impairment	-	-	(4,775,521)	-
Net (loss) income	922,041	(650,450)	(4,442,976)	(400,852)

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

Fourth quarter equity income recognized by Western was $238,745, which is less then calculated using Ocean Sales fourth quarter net income, because it brings into account losses not previously recognized in the first to third quarters. The loss incurred in the first quarter with the write-down of goodwill reduced our investment to nil preventing us from recognizing subsequent losses. In the fourth quarter, Ocean Sales had a large deferred tax adjustment effectively bringing our investment back onto the balance sheet.

The cancellations of all shows in the second half of March (when many of the strongest producing consumer shows are held) resulted in the abrupt stop to all major revenue streams. Ocean Sales responded swiftly to the loss of revenue with the layoff of 50% of its office and warehouse staff. The company has taken advantage of all applicable Government subsidy programs, including the Canada Emergency Wage Subsidy, which allowed them to keep employees on to develop new sales channels. The company immediately shifted its focus to increasing its online presence by using online ads, increased social media presence, and discounts offered on the website. As the Pandemic continues, online marketing campaigns continue to grow along with an increasing number of successes in this area.

It is difficult to accurately project the effect the Pandemic will have on future sales during this unprecedented time, particularly when so much of their business model is based on large gatherings at consumer shows. It remains impossible to predict when any exhibitor shows will return and when they do what they will look like. Some encouraging news is the return of their Costco roadshow program that started up again in July 2020. Ocean Sales is continuing to increase digital marketing to drive online sales in both Canada and the US. Management has prepared a relaunch strategy to safely and profitably re-enter the consumer show market when the time is right. Despite the extreme hardships faced in 2020, the company has successfully managed its cash flow, and as seen in its fourth quarter results, has proven they can be resilient and successful at riding out the storm. Despite the significant drop in revenue, EBITDA and net income before the impairment loss, exceed that of the prior year and prior comparative quarter ended December 31, 2020.

Although the majority shareholder, the terms of the shareholders' agreement allow Western to appoint two of five directors giving Western significant influence over Ocean Sales but not control. As such, the Corporation is accounting for our investment under the equity method.

Golden Health Care

Western holds a 30% equity interest in three Saskatchewan senior care homes and a 25% interest in Golden Health Care Management Inc. The three homes are; Hill View Manor Ltd. in Estevan, The Good Shepherd Villas Inc. in Prince Albert, and William Albert House Ltd. in the Regina suburb of Emerald Park (together referred to as "**Golden**"). Two of these homes generally operate at or near 100% occupancy, with Hill View Manor currently operating at approximately 80%. Western is pleased to be part of the skilled and experienced management team at Golden Health Care Management Inc. which provides management services to a portfolio of seven retirement communities and approximately 457 retirement suites, all under the Golden Health Care banner.

Golden is a stable and modest revenue-producing investment in Western's portfolio, with the opportunity for future expansion as Golden is uniquely positioned to meet the needs of a growing health care segment. Golden Health Care is the largest full-service retirement operator in Saskatchewan. They have a unique model of "aging in place" where Golden's care homes adapt to the needs of individual residents from assisted living up to long-term care in each facility, maintaining a family environment rather than an institutional one regardless of the level of care required.

In the year ended December 31, 2020, Western recognized equity income from Golden of $118,537 (December 31, 2019 - $111,809). Western does not earn management fees from Golden.

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

Financial results ($)	Three months ended December 31, 2020	2019	Year ended December 31, 2020	2019
Revenue	2,186,943	2,089,731	8,586,600	8,518,681
EBITDA[1]	422,948	369,139	1,842,928	1,859,347
Net income	18,891	(19,640)	402,119	370,372

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

Management at the senior homes responded swiftly to the threat of COVID-19, immediately implementing lockdown measures and infection control protocols to protect their residents. Staff was limited from working at different homes right from the start of the outbreak. There has been minimal financial impact to date with some increases in infection control costs, and management has prepared for uncertainty by building cash on hand and preparing for various possible scenarios. We believe management's proactive measures and strong leadership are to thank for our homes remaining COVID-19 free in 2020.

In early 2020, the board of Golden Health Care Management Inc. approved the expansion plans for a 12-suite addition at William Albert House in Emerald Park. The budget for this expansion was $3.2 million with construction initially scheduled to start in summer 2020. Due to the Pandemic, this expansion has been postponed, and feasibility will be revisited once things return to normal. Management had been evaluating other expansion proposals and in 2019 refinanced their debt to obtain the funds required to support planned expansion.

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

On December 31, 2019, the Corporation increased its investment in GlassMasters to 61.3% buying, along with our partner, the founders' final share of the business. GlassMasters is an automotive glass service company with nine retail locations providing repair and replacement of auto glass and two automotive glass warehouses that import a full line of quality aftermarket glass parts and materials at competitive prices. Principal markets are in Calgary, Edmonton, Red Deer, Lethbridge, Saskatoon, and Regina.

GlassMasters contributed equity income of $417,087 to Western's results in the year ended December 31, 2020 (December 31, 2019 - $245,946). Western earns $75,000 annually in management fee revenue, plus in 2020 earned an additional $185,020 in fees for other services provided.

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

Financial results ($)	Three months ended December 31, 2020	Three months ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	4,592,768	4,881,812	20,898,662	22,357,626
Gross profit	1,365,693	1,242,768	6,207,792	6,583,230
EBITDA[1]	417,396	547,789	3,076,987	2,906,648
Net income	(57,161)	111,547	680,402	491,303

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

In late 2019 GlassMasters underwent many operational changes including the replacement of the general manager and CEO. Price increases were implemented, and the market had been responding well with sales volumes remaining stable or increasing. The first two months of 2020 showed vast improvements in profitability, however with the onset of the Pandemic, the company was hit by a sudden drop in sales volumes in mid-March. Most account customers had to shut down their business and retail customers stopped spending money. The company responded swiftly with cost reductions where possible including the temporary layoff of staff. Plans to move the northeast Calgary store to a new location in south Calgary were cancelled and the northeast location was instead closed. Inventory orders were cancelled and all unnecessary expenses were cut. The company took advantage of government assistance where applicable and negotiated rent and debt payment deferrals where possible. To maintain liquidity, the company has received loans from shareholders and negotiated an increase in its operating facility.

To increase sales, the company focused heavily on the mobile side of the business for retail customers. Customers have been benefiting from having their windshield replaced at their own home with no contact service. Sales gradually increased throughout the spring to normal levels, and with the help of a focus on cost reductions, EBITDA for 2020 is up 12% compared to 2019. The company has resumed aggressive debt repayment and in December refinanced their debt with a new lender at attractive terms. GlassMasters is now back to assessing potential expansion locations, and in February 2021, they opened their latest location in Regina, where they are already quickly gaining a customer base. Looking forward, 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 and more complicated to replace.

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

Western has significant influence over GlassMasters given Western appoints two of six directors; however, this does not give Western control. As such, the Corporation has accounted for our investment under the equity method.

Summarized financial information about Western's associates and investments in these associates is disclosed in the notes to the financial statements.

Summary of Western's Quarterly Financial Information

Selected unaudited financial data for our operations during the last eight quarters are as follows:

in C$000s except for per share amounts	Dec 31, 2020	Sept 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019
Income/(loss)	333.7	666.8	846.7	(4,010.0)	868.9	606.1	721.10	163.3
Operating expenses	295.3	317.7	490.8	367.8	235.8	315.7	338.2	217.0
Net income (loss)	38.4	349.1	355.9	(4,377.8)	633.1	290.4	382.9	(53.7)
Earnings (loss) per share								
- Basic and diluted	(0.001)	0.011	0.012	(0.143)	0.021	0.009	0.013	(0.002)
Total assets	19,925.2	19,722.8	19,132.3	18,193.8	22,576.9	20,545.8	21,806.9	17,912.2
Total long-term liabilities	4,395.4	4,268.7	4,295.9	4,173.0	3,003.9	2,884.7	2,910.9	-

Quarterly trends and seasonality

Certain of the Corporation's associates experience seasonal fluctuations in activity and financial performance. Furthermore, the timing of the acquisitions (Fortress May 2019) has impacted the quarterly results around their acquisition date. As such, the prior years shown in the above table are not necessarily comparable and should not be relied upon as an indication of future performance.

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

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

Liquidity and Capital Resources

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

$	Year ended December 31, 2020	Year ended December 31, 2019
Cash provided by (used in) operating activities	233,956	(771,792)
Cash used in investing activities	(474,992)	(2,195,208)
Cash provided by financing activities	457,065	3,108,685
Increase in cash	216,029	141,685
Cash, beginning of year	149,868	8,183
Cash, end of year	365,897	149,868

The net cash provided by operating activities for the year ended December 31, 2020, relates to management fees and changes in working capital less cash flow required to fund operations, including general and administrative costs, professional fees, and salaries. Operating cash was positive in this year of 2020 thanks to the collection of receivables. General and administrative costs have increased from the prior year due primarily to an increase in the carrying cost of debt.

Cash used in investing in the year ended December 31, 2020, relates to advances to associates. This is composed of cash advances and inventory purchases. This investment supported our associates in their cash flow management during the Pandemic. Cash used in investment activities for the comparative year 2019 related to our investment in Fortress offset by dividends received from associates.

Cash provided by financing activities for the year ended December 31, 2020, related to the advance on the shareholder loan received from Golden, offset by repayments on the operating line and cash interest paid on the debentures. For the comparative year ended December 31, 2019, cash provided from financing activities related primarily to the issuance of convertible debentures offset by repayments on the operating line.

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

$	December 31, 2020	December 31, 2019
Demand revolving operating loan facility	776,791	1,188,679
Loan from related party	1,200,000	-
Convertible debentures	3,195,446	3,003,866
Less: cash	(365,897)	(149,868)
Net loans	4,806,340	4,042,677
Shareholders' equity	14,606,931	18,221,126

In January of 2020, Western received a $1.2 million loan from Golden Health Care. The loan bears an annual interest rate of 4.09% with interest-only payable monthly and matures on January 31, 2021, with an automatic renewal option. The Corporation may prepay amounts owing at any time. The proceeds of this loan were used to repay the operating line of credit. Total annual interest payments on this loan will be $49,080 per year. With the perpetual nature of the loan, Western does not currently have any intentions to repay the outstanding principal balance.

The convertible debentures were issued in the second quarter of 2019 to assist with the acquisition of Fortress and to fund daily operations. The debentures bear interest at 7.5%, 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.

The Corporation also has a demand revolving operating loan facility available to the maximum amount of $2,000,000. The facility bears interest at the bank's prime rate plus 2% per annum and carries a standby fee of 0.2% per annum on the unused portion. Security includes a share pledge agreement with respect to the Corporation's interest in some of its associates.

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

The Corporation generates operating cash from management fees and dividends from its portfolio investments. Western intends to raise equity capital when necessary to fund its expansion. The Corporation believes it can raise capital to fund this growth.

Convertible Unsecured Debentures

On May 9, 2019, the Corporation issued $4 million of unsecured convertible debentures, each with a principal value of $1,000 per debenture. Each debenture is convertible into common shares of Western at a conversion price of $0.55 per share. The debentures mature on March 31, 2024, and bear interest at the rate of 7.5% per annum, payable semi-annually at the end of March and September.

If, after March 31, 2021, the closing price of the Common Shares on the TSX Venture Exchange is $0.65 or greater for 20 consecutive trading days, Western may, at its option, force the conversion of the debentures into Common Shares. Western may also elect, at its option, to redeem all or part of the debentures at any time after March 31, 2021, at the redemption price set forth below plus accrued and unpaid interest, if redeemed during the calendar year upon 45 days written notice by Western:

2021 – 107.5%
2022 – 105.0%
2023 – 102.5%
2024 – 100.0%

The Corporation incurred underwriting fees and issuance costs of $400,742, including 425,454 broker warrants valued at $29,566. The warrants are exercisable into one Common Share per warrant at an exercise price of $0.55 and expire 24 months from the Closing Date. These costs are allocated to the carrying value of the liability and equity components of the debentures.

The debentures are a compound financial instrument containing both a liability and equity component. The liability component represents the present value of future payments made over the life of the financial instrument discounted at 13.9%, which was the approximate market rate available to the Corporation for similar debt without a conversion feature. The residual value of $793,814 (net of issuance costs) was allocated to the equity component. The liability will be accreted to the principal value using an effective rate of 16.5%.

Outstanding Share Data

No shares were issued in the year ended December 31, 2020, or the comparative year 2019. During the year ended December 31, 2020,129,000 shares were repurchased by the Corporation in conjunction with its normal issuer bid at a cost of $31,048 (December 31, 2019 – 123,000 shares repurchased at a cost of $45,908). This brings the total common shares outstanding at December 31, 2020, to 30,460,756 (December 31, 2019 – 30,580,756). 9,000 repurchased shares remained in treasury as at December 31, 2020, and were cancelled on

January 8, 2021. As of the date of this MD&A, the total common shares outstanding were 30,402,756.

In the year ended December 31, 2020, 360,000 stock options were issued (December 31, 2019 – 294,000). The total stock options outstanding as at December 31, 2020, was 2,084,000 (December 31, 2019 – 1,724,000), with exercise prices ranging from $0.27 to $0.65. At December 31, 2020, 425,454 warrants are outstanding that were granted for broker compensation in line with the Debenture financing in April 2019. These warrants have a two-year term and an exercise price of $0.55.

The Corporation has regulatory approval for a normal course issuer bid whereby Western may purchase up to 1,500,000 common shares in the capital of the Corporation representing approximately 4.9% of the total issued shares.

Off-Balance Sheet Arrangements

As at December 31, 2020, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Related Party Information

In accordance with the terms of a shareholder agreement, Western earns an annual management fee from most of its associates. For the year ended December 31, 2020, the Corporation earned $360,020 in management fees from its associates (December 31, 2019 - $383,333). As at December 31, 2020, $834,137 was due from associates (December 31, 2019 - $336,381), which is composed of cash advances, unpaid management fees, expense reimbursements, and interest. $788,179 of this amount is classified as a long-term receivable due to restrictions placed on some of our associates based on their bank covenants restricting payments to shareholders (December 31, 2019 – $313,208).

Key management personnel are persons responsible for planning, directing, and controlling the activities of the entity and include all directors and officers. For the year ended December 31, 2020, $411,399 in salary and benefits and $62,748 in share-based compensation was paid to members of key management (December 31, 2019 - $399,882 salary and benefits and $74,647 of share-based compensation).

Effective January 1, 2020, amounts receivable from GlassMasters to the Corporation will be subject to 12% interest per annum compounded monthly. Interest shall accrue on all amounts owing to Western. As at December 31, 2020, the total amount due to Western was $487,412, which is included in long-term amounts due from associates (December 31, 2019 - $235,448).

In the first quarter of 2020, Western provided liquidity support to Ocean by purchasing inventory on their behalf. The intention is to sell the inventory at a 5% mark up as needed by Ocean to satisfy orders from their customers. The substance of the transaction is viewed as a non-recourse loan with inventory as collateral and is included in the non-current amounts due from related party on the balance sheet. In the year ended December 31, 2020, $176,288 in inventory was sold to Ocean. As of the date of this MD&A, Western continues to own $300,767 in inventory. There are no other terms in place related to this inventory.

On January 31, 2020, Western received a shareholder loan from Golden in the amount of $1,200,000. The loan bears interest at 4.09% per annum, has interest only payable monthly, and matures on January 31, 2021, with automatic annual renewal on each maturity date as long as all interest has been paid. No financial covenants are affecting the loan.

Related party transactions are in the normal course of operations and are recorded at fair value.

Risks and Uncertainties

The Corporation and its associates are subject to a number of risks as they relate to the organizational structure and the operations of each company. When reviewing forward-looking statements and information contained within this report, investors and others should carefully consider these factors, as well as other uncertainties, potential events, and industry and company-specific factors that may adversely affect the future results of each company. The environment the Corporation and its associates operate in is highly competitive and it is not possible for management to predict all risk factors or their impact these risks may have on the businesses. The following is a brief discussion of the factors which may have a material impact on our future business or financial performance.

Public Health Crises

The Corporation's financial and operating performance, and that of its associates, could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics, or outbreaks of new infectious diseases or viruses, such as the recent global outbreak of a novel coronavirus COVID-19. Such public health crises can result in volatility and disruption to global supply chains, trade and market sentiment, mobility of people, and global financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, and results of operations, and other factors relevant to Western. The risks to Western of such public health crises, including the ongoing Pandemic, also include risks to employee health and safety, a slowdown or temporary suspension of operations in locations impacted by an outbreak, and could negatively impact Western's business, financial condition, and results of operations.

Cyber-attacks or other breaches of information technology

Cyber-attacks or other breaches of network or IT systems security may cause disruptions to our operations or those of our associates. A major security breach could result in the loss of critical data, theft of intellectual property, disclosure of confidential information, customer claims and litigation, reduced revenues due to business interruption, costs associated with remediation of infrastructure and systems, class action, and derivative action lawsuits and damage to our reputation. Furthermore, the prevalence and sophistication of these types of threats are increasing and our security measures may not be sufficient to prevent the damage that such threats can inflict on our assets and information. Our insurance may not be adequate to fully reimburse us for these costs and losses.

Investment in associates

The Corporation's investments in associates are operated by independent management teams. The business success of these investments is to some extent dependent on the expertise and ability of the investment's management team to successfully operate the underlying businesses. While we rely on the judgment and operating expertise of the management of the investments, we mitigate this risk by exercising prudent management oversight through our Board representation and relying on an operator that has a proven track record of operating the business.

Short operating history

We have only a short record of operating as an investment issuer and as such, we are subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our financial objectives as estimated by management. Furthermore, past successes of management or the board do not guarantee future success.

Legal proceedings

Western and its associates may, from time to time, be subject to legal proceedings (including claims and litigation) and any losses flowing therefrom may not be covered by liability insurance. Such proceedings could result in significant losses and have a material adverse effect on Western's business, financial condition, results of operations, or cash flows.

Available opportunities and competition for investments

Our business plan depends upon, among other things: (i) the availability of appropriate investment opportunities: (ii) our ability to identify, select and acquire successful investments; and (iii) our ability to generate or obtain funds for future investments. We expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as us, will likely have a longer operating history, maybe better capitalized, have more personnel, and have different return objectives. As a result, we may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing, which may further limit our ability to secure investments on acceptable terms or to generate desired returns.

There can be no assurance that we will have access to a sufficient number of suitable investment opportunities or that such investments can be made within a reasonable period of time. There can also be no assurance that we will be able to complete investments at acceptable prices or terms. Identifying attractive opportunities is difficult, highly competitive, and involves a high degree of uncertainty. Potential returns will be diminished to the extent that we are unable to find and make a sufficient number of investments.

Concentration of investments

Other than as described herein, there are no restrictions or limits on the amount or proportion of our funds that may be allocated to any particular investment. We may participate in a limited number of investments and, as a consequence, our financial results may be substantially adversely affected by the unfavorable performance of a single investment. Completion of one or more investments may result in a highly-concentrated investment in a particular company, geographic area, or industry resulting in the performance of Western depending significantly on the performance of such company, geographic area, or industry. Currently, Western has five equity investments across four industry verticals and is planning to further diversify as we grow to reduce this risk.

Cash flow from associates

Western is entirely dependent on the operations of its associates to generate income and support its ability to make interest payments on the convertible debentures, other loans outstanding, and to pay corporate operating expenses. Western’s ability to generate income is affected by the profitability, fluctuations in working capital, margin sustainability, and capital expenditures of its associates. Although Western’s associates intend to distribute some amount of their cash available for distribution if any, there can be no assurance regarding the amounts of income and cash flow to be generated by them and the amounts to be paid to Western. The failure of any associate to make anticipated distributions could adversely impact Western’s financial condition and cash flows and, consequently, payments to holders of convertible debentures, as well as the ability to declare and pay dividends in respect of the Common Shares.

Ability to secure adequate financing

We will have ongoing requirements for capital to support our growth and operations and may seek to obtain additional funds for these purposes through public and private equity or through the incurrence of indebtedness. There are no assurances that we will be able to secure additional funding at all, on acceptable terms or at an acceptable level. Western is exposed to the risk that it may not be able to meet its financial obligations when they come due. Our liquidity and operating results, and our ability to make additional investments, may be adversely affected if our access to capital markets or other sources of financing is hindered, whether as a result of a downturn in market conditions generally or to matters specific to us.

Dependence on management and directors

We will be dependent upon the efforts, skill, and business contacts of key members of management and the board for, among other things, the information and investment opportunities they can generate. Accordingly, our success may depend upon the continued service of these individuals to our business. The loss of the services of any of these individuals could have a material adverse effect on our revenues, net income, and cash flows and could harm our ability to secure investments, maintain or grow our assets and raise funds.

Investment evaluation

The due diligence process undertaken by Western in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, we will conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment and will be required to rely upon the accuracy and completeness of information supplied by potential investees. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental, and legal issues. Outside consultants, legal advisors, accountants, and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment and we will be required to rely in part on such advisors’ assessment of potential liabilities and risks associated with each investment. The due diligence investigation that is carried out by Western and our advisors with respect to any investment opportunity may not reveal or highlight all relevant risks or liabilities associated with the investment. Unforeseen risks or liabilities may have a material and adverse impact on our liabilities, profitability, results of operations, and financial condition.

Trading volatility of common shares

Management of the Corporation cannot predict at what price its common shares will trade and there can be no assurance that an active trading market for the common shares will be sustained. The market price of the common shares could be subject to significant fluctuations in response to variations in financial results, general trends in the industry, and other factors, including extreme price and volume fluctuations that have been experienced by the securities markets from time to time. The illiquidity and fluctuation in market price may adversely affect our ability to raise additional funds through the issuance of common shares, which could have a material and adverse impact on our profitability, results of operations, and financial condition.

Additional issuances and dilution

Western may issue and sell additional securities of Western, including Common Shares and other securities to finance its operations or future acquisitions. Western cannot predict the size of future issuances or the effect if any, it will have on the market price of any securities of Western issued and outstanding from time to time. Sales or issuance of a substantial number of securities or the perception that such sales could occur, may adversely affect prevailing market prices for securities of Western. With any additional sale or issuance of securities, holders may suffer dilution with respect to voting power and may experience dilution in Western's earnings per share.

Risks relating to our investments

Given the nature of our investment activities, the results of operations and our financial condition are dependent upon the financial condition and performance of the businesses comprising our investments. The performance of our associates can be affected by a variety of general economic conditions or by specific factors, such as weather, that may individually impact each business. Western's ability to generate income is affected by the profitability, fluctuations in working capital, and cash flow of its associates. There can be no assurance regarding the amounts of income and cash flow to be generated by them and the amounts to be paid to Western.

Convertible Debentures

The convertible debentures will mature on March 31, 2024. Western may not be able to refinance the principal amount of the Debentures in order to repay the principal outstanding or may not have generated enough cash from operations to meet these obligations. There is no guarantee that Western will be able to repay the outstanding principal amount upon maturity.

Western may, at its option, force the conversion of the Debentures into common shares, on or after March 31, 2021, if the market price of the Common Shares is $0.65 or greater for 20 consecutive trading days. This will affect the overall numbers of common shares outstanding and could result in the dilution of earnings per share.

The Debentures may also be redeemed, at the option of Western, on or after March 31, 2021, upon payment of the principal at the redemption price specified, together with any accrued and unpaid interest. Western may exercise this redemption option if it can refinance at a lower interest rate or it is otherwise in the interest of Western to redeem the Debentures.

Subsequent Events

There were no subsequent events between December 31, 2020, and up to the date of this MD&A.

Proposed transactions

As at December 31, 2020, and up to the date of this MD&A, there were no proposed transactions of the Corporation other than as disclosed herein.

Critical Accounting Estimates and Accounting Policies

This MD&A is based on the financial statements, which are prepared in accordance with IFRS. The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities. Actual results may differ from these estimates, and the differences could be material. Estimates, judgments, and assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years. The critical accounting estimates and judgments are described in detail in note 4 of Western's annual audited financial statements for the year ended December 31, 2020.

Financial Instruments and Risk Management

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition, all financial instruments are recognized on the statement of financial position at fair value. Subsequently, all of Western's financial instruments, which include cash, accounts receivable, amounts due from related parties, accounts payable and accrued liabilities, and loans and borrowings are measured at amortized cost.

The Corporation, as part of its operations, is exposed in varying degrees to a variety of risks from the use of financial instruments. Risk management strategies are established to identify and analyze risks faced and to ensure our risks and related exposures are consistent with our business objectives and risk tolerance levels. As a result of the use of the above-mentioned financial instruments, we are exposed to risks that arise from their use, including market risk, credit risk, and liquidity risk. A detailed assessment of each of these risks is presented in the notes to the financial statements for the year ended December 31, 2020, to be read in conjunction with this MD&A.

Cautionary Note Regarding Forward-Looking Information

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Corporation's management, are intended to identify forward-looking information. Such statements reflect the Corporation's forecasts, estimates, and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Corporation's actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events, or developments unless required by law.

Description of Non-IFRS Measures

The Corporation uses accounting principles 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.