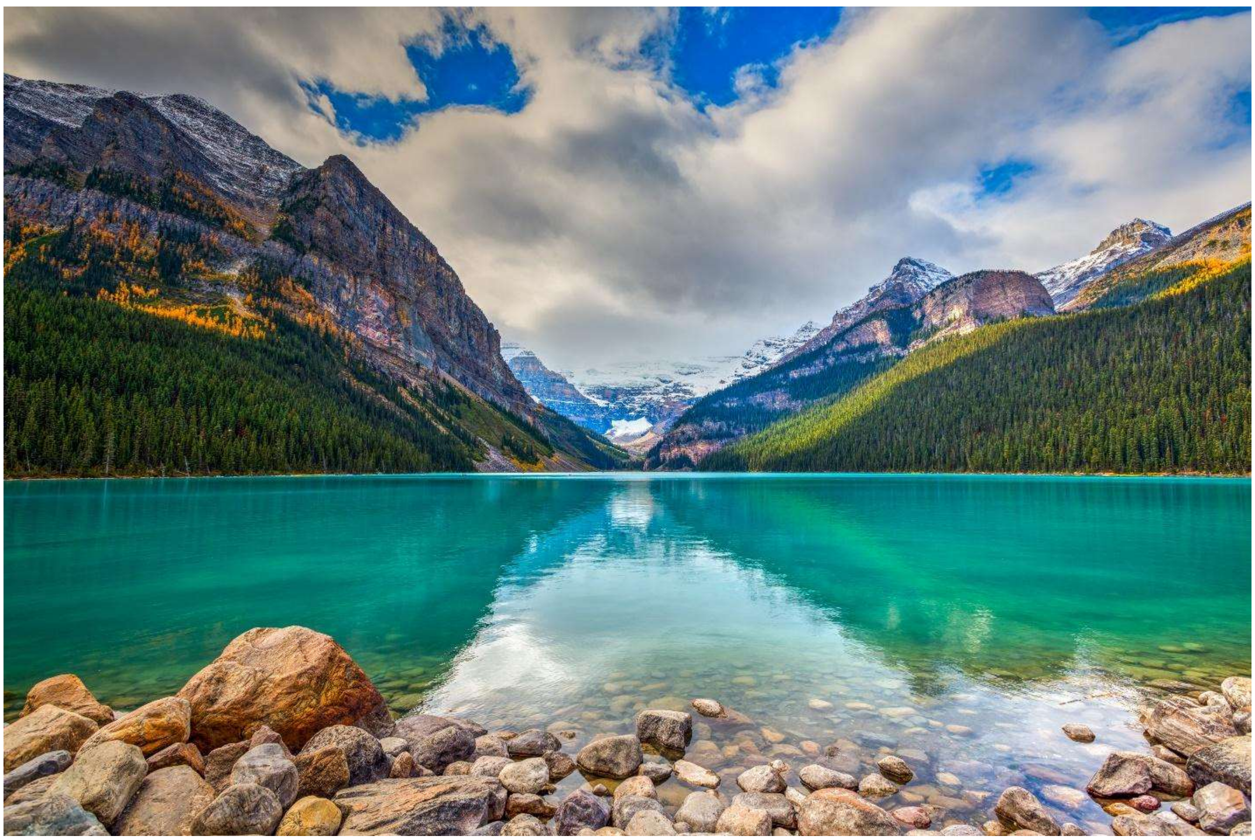
THE WESTERN INVESTMENT COMPANY OF CANADA LIMITED



Interim Management's Discussion and Analysis

Quarterly Highlights

For the period ended September 30, 2021

Dated: November 29, 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 25% to 100%. Western will prospect acquisitions from; (i) director and executive networks; (ii) mid-market accounting and merger and acquisition advisors; and (iii) private equity and corporate divestitures.

This Interim Management Discussion and Analysis ("MD&A") provides an update on the Corporation's business activities, financial condition, financial performance, and cash flows since December 31, 2020. The Corporation reports its financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars. The MD&A should be read in conjunction with the audited financial statements of the Corporation, and annual MD&A, for the year ended December 31, 2020, and the unaudited interim financial statements for the nine months ended September 30, 2021. The MD&A was prepared by management of Western and was approved by the Board of Directors on November 29, 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 November 29, 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%

Key Highlights for the period ended September 30, 2021

With earnings of almost $0.02 per share, 2021 has been a year of stabilization. The second quarter was the best quarter Western has had in over two years and our second-best quarter to date. The third quarter of 2021 has brought in positive net income at almost all associates, with a 9% increase in equity income recognized from the comparative period in 2020. While successful, total earnings was hampered this past quarter by supply chain issues that appear to be affecting companies across the globe. Obtaining access to inventory and raw materials has become a top priority for many of our associates. The increases experienced in inventory and shipping costs are being managed by various means, including looking for alternative sources and altering pricing strategies.

One of the most significant accomplishments for 2021 is the turn-around seen at Ocean Sales group Ltd. ("**Ocean Sales**"). Despite being affected by the ongoing Pandemic, Ocean Sales has pivoted their business over the past year to develop new revenue streams. For the nine months ended September 30, 2021, they are our number one contributing associate in terms of equity income. A year ago, after the onset of the Pandemic with operations ground to a halt, our investment in Ocean Sales had been written off our books. Today they are back on, and their net income for the nine months of the year is the highest since acquisition. We are proud of the hard work the team has put in over the past year to keep the company going and generate positive results.

Western's portfolio consists of five associates, including Western's most recently completed acquisition of Fortress Insurance Company ("**Fortress**") in 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 in late 2019. They now have a growing portfolio of broker programs in place, with more in negotiations and a new insurance fronting agreement started up in April. Operations continue to ramp up and we are seeing significant gains in premiums written through 2021.

Response to COVID-19

Since March of 2020, when the world was hit by a global pandemic from the virus COVID-19 (the "Pandemic"), the impact on each of Western's businesses is varied. Management has focused on working with each of our associates in dealing with the impact of the Pandemic. As we make our way through 2021, the operations at our associates have stabilized, and 2021 is proving to be a profitable year.

Ocean Sales has been the most impacted by the Pandemic. With the cancellation of all consumer shows, the company lost its primary sources of revenue. Ocean Sales has pivoted to find other avenues to sell its products, expanding its online sales channels. Operations remain impacted to date, and the return of consumer shows to a profitable level remains uncertain. However, thanks to their quick response in shifting their business combined with support from government assistance, 2021 has been one of their most profitable years. Looking into the future, the company is planning for its relaunch as consumer shows slowly start to return. Despite all the challenges faced, the company has managed their cash flows and continues to operate with a positive outlook for the future.

GlassMasters ARG Autoglass Two Inc. ("**GlassMasters**") operations have returned to normal, and management has restarted its search for expansion opportunities. Foothill Creamery Ltd. ("**Foothills**") struggled with changes in its product sales mix in 2020, leading to a drop in gross margins. A new management team is in place, and we have seen many operational improvements there in 2021, including gains in gross margins.

Management at Western continues to work diligently with our associates to assist them through this Pandemic. The course of the Pandemic is highly uncertain and has negatively impacted the earnings of many of the Corporation's investees over the past two years, and it is possible to have some effect into the foreseeable future.

Review of Westerns Operations and Financial Results

The financial highlights of the Corporation are:

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2021	2020[1]	2021	2020[1]
Revenue	665,860	641,751	1,610,032	(2,646,554)
Professional fees	78,675	58,255	198,704	165,097
Regulatory fees	3,913	4,761	39,651	38,032
Management salaries	94,392	82,895	289,182	327,160
Share-based compensation	-	-	64,440	62,748
Interest	152,365	139,785	447,121	409,448
Other expenses	4,860	6,983	16,455	23,797
Total expenses	334,205	292,679	1,055,553	1,026,282
Net income (loss)	331,655	349,072	554,479	(3,672,836)
Net income (loss) per share	0.011	0.011	0.018	(0.120)

	September 30, 2021	December 31, 2020
Financial position ($)		
Working capital	(1,053,845)	(504,845)
Total assets	20,846,632	19,925,161
Operating loan	1,009,019	776,791
Loans and convertible debentures	4,484,312	4,395,446
Shareholders' equity	15,210,764	14,606,931

	September 30, 2021	December 31, 2020
Western Share Count Information		
Common shares issued and outstanding	30,382,756	30,460,756

1 Prior year credit losses have been netted against revenue. See note 3 to the interim financial statements for further details.

Revenue for the nine months ended September 30, 2021, is the second highest earned since the company's inception. The second quarter was our highest earning quarter to date with every associate contributing positively to our equity income. With the global Pandemic still having a broad economic impact, we see this as a strong indicator of the strength of associates and their management teams. $1,374,912 was earned in equity income for the year-to-date September 30, 2021, a vast improvement to the negative equity earnings in 2020. The comparative nine months of 2020 was dramatically impacted by a goodwill impairment loss recognized at Ocean Sales.

In addition to equity income, Western earns a small amount of finance income on loans to associates and management fees of $250,000 per annum.

The increase in professional fees for the year to date relates to investor relations and market maker consultants hired in late 2020. In the second quarter of 2021, this increase is countered by a decrease in legal and accounting fees incurred. Salaries are consistent with the prior year. The difference between the current and prior year-to-date relates to the accrual for bonus expense in 2020. Regulatory fees, share-based compensation, and other general and administrative costs were comparable to 2020.

A key focus over the past year has been on developing the insurance business in our newest associate, Fortress, and assisting our other associates through the Pandemic. Looking forward into 2022, we expect to see steady growth in the insurance business. Many operational improvements implemented at Foothills and GlassMasters have improved profitability at both companies for 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 period ended September 30, 2021. The performance of our associates is assessed based on revenues, income from operations, and EBITDA. EBITDA is a supplemental measure of operating income in which tax, depreciation and amortization, and interest are added back to the associate's net income (refer to the "Description of Non-IFRS Measures" section below for more information).

Fortress Insurance Company

Fortress is a western Canadian licensed insurance company focusing on specialty and surplus lines of business within the western Canadian insurance marketplace. Before the acquisition in 2019, Fortress was licensed for auto liability insurance only in Alberta, and it continues to be used by the founding partner in this area solely for self-insurance purposes. A capital and cost/profit neutral structure and financial mechanism has been implemented relating to the company's auto insurance operations, effectively immunizing it from all associated claims of this division. The principal business for Fortress now involves property insurance but Fortress also intends to offer insurance in niche products including accident & sickness, 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. With reinsurance Fortress essentially shares the risk of each contract with other insurance companies.

For the nine months ended September 30, 2021, Western recognized an equity loss of $124,445 from Fortress (September 30, 2020 - $39,620 loss). Western earns $100,000 annually in management fees from Fortress.

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

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2021	2020[1]	2021	2020[1]
Gross premiums written	1,406,062	459,941	3,694,550	659,008
Total underwriting income	196,390	376,031	791,770	514,405
Net underwriting loss	(214,324)	(42,716)	(496,769)	(237,017)
Investment income	35,068	221,841	144,005	106,268
Net (loss) income	(121,362)	145,162	(248,890)	(79,240)

1 Prior year numbers have been restated to conform to current year's presentation.

Management has accomplished a lot at Fortress in the two years since the inception of the business. Since its first program in late 2019, Fortress has demonstrated consistent growth, with consistent increases in gross premiums. Fortress has six programs in place and expects to add one more to this mix in the forth quarter with the addition of their first liability product.

Year-to-date 2021 Fortress gross premiums written increased 461% compared to 2020. In April, Fortress signed a fronting agreement adding an additional revenue stream to its mix. Fronting is the process where a registered insurer transfers the risk to an unlicensed third party. The fronting insurer is used to ensure the policy is issued by a locally licensed insurer with a good credit rating. New licenses were added this year, covering insurance for liability, fidelity, legal expenses and surety, giving the company more niche product offerings. The net underwriting loss increased slightly this year due to increases in salary required for claim settlements and company growth. Fortress is focusing on ensuring it has the right people in place to manage its growth. Investment income has varied each quarter, affected by movement in the securities market. With Fortress focused on business development and still in its start-up phase, it is expected to be some time before they reach the break-even point.

Gross premiums written include all premiums written during the period, including both earned and unearned. The year-to date loss ratio (incurred losses over earned premium) is 49.5%. The increase is due to the highest claim period being the third quarter with summer having historically active wildfire and hail season in Western Canada. There is also substantially more business on the books in 2021. The loss ratio is expected to taper off in Q4 to below our target of 45%. We believe the ratio is indicative of the quality business Fortress has developed.

Thanks to their strong underwriting performance to date, Fortress and their reinsurer increased Fortress' insurance capacity on September 1, 2021. This enables Fortress to take a greater percentage of each policy written, increasing the potential for revenue growth. Looking forward, management is seeing rising premiums in the insurance market resulting from an ongoing shortage of capacity and deeper relationships with brokers. Several foreign players have recently exited the Canadian market providing more opportunities for domestic incumbents. Management is busy working on new programs and conservatively managing growth.

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.

Western holds a 50.4% interest in Foothills Creamery Ltd. ("**Foothills**"), a producer and distributor of high-quality butter and ice cream products with 50 years of operations in Western Canada. Headquartered in Calgary, Alberta, it serves customers through a large grocery retail and foodservice network spanning across western Canada, supported by two distribution facilities in Edmonton, Alberta, and Kelowna, BC. Foothills butter products are specially churned, using only the freshest cream to produce a smooth textured product with exceptional taste. Target markets for its butter products include grocery retailers and the foodservice industry, including commercial kitchens and bakeries. Ice cream sales are seasonal, with its busiest quarters occurring in the spring and summer months. Based on this seasonality, readers are cautioned not to weigh quarterly financial data equally for all quarters.

In the nine months ended September 30, 2021, Western recorded equity income of $92,178 from Foothills (September 30, 2020 – equity income $146,755). Western earns annual management fees of $75,000 from Foothills.

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

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2021	2020	2021	2020
Revenue	11,723,829	13,443,383	34,142,239	35,001,059
Gross profit[1]	1,769,724	980,808	4,844,847	3,303,690
EBITDA	660,698	238,326	1,562,346	1,006,870
Net income	186,913	260,924	182,892	291,181

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

Revenue in the third quarter of 2021 came in significantly below budget, primarily due to significant cream constraints leading to the inability to fulfill all orders. Adverse market conditions affecting the supply of its key input, cream, meant that Foothills could not produce the amount of product it could have sold during the quarter. In anticipation of significant price increases on dairy, suppliers have begun aggressively hoarding butterfat to build up inventory. This resulted in butter revenue of $2.5 million below budget from unfulfilled orders. Ice cream revenue exceeded budget thanks to strong July scoop shop performance. However, revenue lagged in August and September again as a result of stock shortages.

Despite the drop in revenue, gross margin has improved 47% from the prior year to date. This is primarily the result of a focus on higher margin products and adjustments to the contract pricing on butter. Foothills is continuing to take active steps to improve the gross margin percentage even further, focusing on the more profitable products. With impending price increases looming on the cost of cream, management is working to add these additional costs into their 2022 pricing strategy.

We are incredibly proud to start off the year with the appointment in March of Bill Mckenzie as the new CEO at Foothills. Bill brings with him a solid background and depth of experience, and he has dived right in to get a handle on the various issues being encountered by the company. Critical areas of attention have been identified and a plan is in place to address the problems. Under his guidance, the sales and marketing team has started to shift the business towards higher-margin products and are building relationships to yield opportunities and excitement for their brands and future partnerships. With new management heading the finance team, reporting practices are being improved to allow for more informed decisions that will help shape the company's future. The operations team is working hard to keep up with growth and managing through a hectic and, at times, chaotic supply chain.

Year to date, the company has been able to grow EBITDA despite a decrease in sales. Butter revenue is expected to flatten as the economy returns to normal post-lockdown. However, a shift in product mix is designed to deliver higher margins and is expected to continue as Foothills transforms towards a more premium supplier of ice cream and butter products.

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

Ocean Sales Group Ltd.

Western holds a 75% equity interest in Ocean Sales, a specialty retailer that imports and sells a line of specialty retail products through unique marketing channels across North America. The Company markets high-quality, innovative household products through live demonstrations at leading consumer shows and fairs throughout Canada and the US, and through a strategic relationship with Costco, a major North American retail chain, where it demonstrates a specially selected set of products in every location in Canada. The Company also operates on-line sales channels and has a newly launched precence directed at television shopping customers. The Company is headquartered in Calgary, Alberta, and is supported by 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. 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 was 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 comparative nine months ended September 30, 2020.

For the nine months ended September 30, 2021, Western recognized equity income of $662,524 from Ocean Sales (September 30, 2020 - $3,570,977 equity loss including our share of the write-down of goodwill). In association with the above impairment assessment, Western no longer recognizes management fees earned for Ocean Sales.

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

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2021	2020	2021	2020
Revenue	4,075,210	1,979,602	10,025,372	7,267,174
Gross profit	2,397,811	920,283	6,236,981	3,894,851
EBITDA[1]	520,419	(191,428)	1,564,589	(170,707)
Net (loss) income, before extraordinary item	280,693	(301,382)	872,550	(589,596)
Extraordinary item – intangible & goodwill impairment	-	-	-	(4,775,521)
Net (loss) income	280,693	(301,382)	872,550	(5,365,017)

Ocean Sales has accomplished much over the past year, given the extreme level of adversity they have faced. There have been constant challenges and uncertainties, and management faced every obstacle head-on, working tirelessly to keep the business going. After losing major revenue streams, the company shifted its focus to increasing its online presence. Over the past year, online marketing campaigns have increased in number, with many successes in this area. Online revenue has grown to the point where for the year-to-date 2021, it makes up approximately 42% of its total revenue. Once regular streams of revenue return to previous levels, this additional business may be a silver lining adding to their future growth potential.

A slow and gradual lifting of restrictions has allowed for the return of more Costco roadshows in 2021, which is currently the company's largest revenue source. The third quarter finally brought a modest return of some show revenue, which was historically the company's main revenue stream. While they have only participated in a handful of shows to date, they are optimistic to see vast improvements in this area in 2022.

Supply chain issues have proved to be an additional obstacle faced in 2021. Product shipments are currently subject to significant delays and increased shipping costs. This is affecting revenue on high-demand products that they can not restock in time for planned shows. Ocean Sales is making attempts to pass increased shipping costs on to customers; however, this is not always possible due to current contracts in place. Going forward, to deal with the global shipping delays, product will need to be ordered well in advance of previous years' timelines. The company continues to take advantage of government subsidy programs, which have played a role in its recovery and its ability to generate a profit. As government assistance is eliminated, the successful return of profitable consumer shows will be critical to their continued success.

It continues to be difficult to accurately predict the Pandemic's effect on future sales. Despite the current trend of opening up the economy, it remains difficult to predict when exhibitor shows will return to near-normal levels. Ocean Sales is focusing on promoting its products through digital and television marketing to drive online sales in both Canada and the US. Management has a relaunch strategy to safely and profitably re-enter the consumer show market. Despite the hardships faced, the company has successfully managed its cash flow, and as seen in its year-to-date results, has proven they can be resilient and successful at riding out the storm. EBITDA and net income have both improved significantly from the prior comparative period 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 above 90% occupancy, with Hill View Manor occupancy increasing from approximately 80% to 90% in 2021. 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 period ended September 30, 2021, Western recognized equity income from Golden of $138,124 (September 30, 2020 - $113,813). Western does not currently earn management fees from Golden however has plans in place to start in 2022.

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

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2021	2020	2021	2020
Revenue	2,249,099	2,150,919	6,648,663	6,399,657
EBITDA[1]	499,907	484,936	1,499,861	1,419,980
Net income	155,374	179,668	458,486	383,228

While lockdown measures have been lifted to some degree, the senior homes continue to take a strict approach to combat COVID-19, implementing infection control protocols to protect their residents. Staff is limited from working at different homes, and management's proactive efforts and strong leadership are to thank for our homes remaining nearly COVID-19 free. While keeping the safety of its residents as the number one priority, Golden continues to provide stable results.

Western appoints two of five members of the board of directors of Golden Health Care Management Inc., the company that oversees the operating companies. Through our shared ownership and appointments to the board of directors, the Corporation can exercise significant influence over the investment. Accordingly, the Corporation is using the equity method to account for it.

GlassMasters

Western holds a 61.3% investment in GlassMasters, an automotive glass service company with ten retail locations providing repair and replacement of auto glass and three automotive glass warehouses that import a full line of quality aftermarket glass parts and materials at competitive prices. Principal markets are in Alberta and Saskatchewan.

GlassMasters contributed equity income of $606,532 to Western's results in the nine months ended September 30, 2021 (September 30, 2020 - $452,126). Western earns $75,000 annually in management fee revenue.

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

	Three months ended September 30,		Nine months ended September 30,	
Financial results ($)	2021	2020	2021	2020
Revenue	7,140,984	6,456,683	18,801,640	15,878,318
Gross profit	2,155,060	1,998,946	5,668,228	4,842,099
EBITDA	1,161,291	1,141,911	2,866,977	2,659,469
Net income	480,811	453,788	989,450	737,563

After successfully navigating through a challenging 2020, GlassMasters entered 2021 with optimism and a return to its growth mindset. To date, management has delivered on this, with both revenue and EBITDA in the year-to-date 2021 exceeding every comparative period since acquisition. In the nine months ended September 30, 2021, revenue is up 18%, gross profit is up 17%, and EBITDA is up 8%. Of even greater reason to celebrate, in the month of June 2021, GlassMasters achieved the highest sales, EBITDA, and net income that have ever been achieved in a single month by the company.

In other developments, GlassMasters opened their tenth store in Regina in March, and results are exceeding expectations. This location has already achieved break-even EBITDA just months after opening and continues to grow. A third warehouse location in Saskatoon opened in late 2020, with a fourth in Regina opening in late September. Despite the harsh economic environment, we credit the company's recent success to the strong leadership, teamwork, and operational excellence provided by the team at GlassMasters.

After a short break, while addressing the business interruption caused last year by the Pandemic, the company resumed aggressive debt repayment. In December 2020, it refinanced its debt with a new lender at attractive terms. GlassMasters is now back to assessing potential expansion locations. 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. Global supply chain issues are increasingly having an impact on the company. Shipping delays are now a regular occurrence, and shipping surcharges continue to escalate. This negatively impacts the cost of sales and leads to stock shortages that create the need to buy more expensive glass from local suppliers. The lead time required to order next season's inventory has increased dramatically, adding strain to their cash borrowing requirements. Management is taking proactive steps to manage this new challenge.

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

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

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

Summary of Western's Quarterly Financial Information

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

in C$000s except for per share amounts	Sept 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Income/(loss)	665.9	1,112.2	(168.0)	333.7	666.8	846.7	(4,010.0)	868.9
Operating expenses	334.2	412.7	308.7	295.3	317.7	490.8	367.8	235.8
Net income (loss)	331.7	699.5	(476.7)	38.4	349.1	355.9	(4,377.8)	633.1
Earnings (loss) per share								
- Basic and diluted	0.011	0.023	(0.016)	(0.001)	0.011	0.012	(0.143)	0.021
Total assets	20,846.6	20,270.5	19,349.6	19,925.2	19,722.8	19,132.3	18,193.8	22,576.9
Total long-term liabilities	4,484.3	4,503.3	4,372.2	4,395.4	4,268.7	4,295.9	4,173.0	3,003.9

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), and the onset of the Pandemic, have impacted quarterly results, particularly the first quarter of 2020, where the write-off of goodwill at Ocean Sales has a dramatic impact on equity income. 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. Revenue has fluctuated based on the seasonality of many of our businesses, with the first quarter typically being the slowest.

Expenses are relatively stable from quarter to quarter. Fluctuations have resulted from costs such as directors' stock option issuances and due diligence expenditures on potential acquisitions. Interest costs have been increasing as the Corporation has become increasingly leveraged over the past two years.

Earnings per share of $0.023 for the second quarter of 2021 is our strongest to date, thanks to solid results from each of our associates. The third quarter of 2021 has come in line with 2020, lower than expected due to supply chain issues being encountered limiting the availability of inventory and raw materials required to meet demand.

Liquidity and Capital Resources

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

$	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cash (used in) provided by operating activities	(402,352)	208,659
Cash provided by (used in) investing activities	137,217	(661,969)
Cash used in financing activities	(86,862)	308,777
Decrease in cash	(351,997)	(144,533)
Cash, beginning of period	365,897	149,868
Cash, end of period	13,900	5,335

The net cash used in operating activities for the period ended September 30, 2021, relates to management fees less changes in working capital and cash flow required to fund operations, including general and administrative costs, professional fees, and salaries. Expenses currently exceed cash received from management fees. Cash used in operating activities was positive in 2020 due to the collection of a large receivable.

Cash provided by investing in the nine months ended September 30, 2021, relates to dividends from associates less advances made to associates. Cash used in investment activities for the comparative period 2020 related to advances made to associates primarily to support them during the onset of the Pandemic.

Cash used in financing activities for the nine months ended September 30, 2021, relates primarily to interest paid on the debentures offset by advances on our operating loan. For the comparative period ended September 30, 2020, cash from financing activities includes cash received on the related party loan offset by interest paid on debentures and operating loan repayments.

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

$	September 30, 2021	December 31, 2020
Demand revolving operating loan facility	1,009,019	776,791
Loan from related party	1,200,000	1,200,000
Convertible debentures	3,284,312	3,195,446
Less: cash	(13,900)	(365,897)
Net loans	5,479,431	4,806,340
Shareholders' equity	15,210,764	14,606,931

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 are $49,080 per year. With the perpetual nature of the loan, Western does not currently have any intentions to repay the outstanding principal balance.

Convertible debentures were issued in 2019 to assist with the acquisition of Fortress and to fund daily operations. The debentures bear interest at 7.5%, resulting in $300,000 in annual interest payments paid semi-annually. If not converted, the debentures will mature with $4,150,000 payable on March 31, 2024. For further information on the debentures see note 7 to the September 30, 2021 interim financial statements.

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 September 30, 2021, 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. It is not expected that this facility will be drawn on.

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.

Outstanding Share Data

No shares were issued in the nine months ended September 30, 2021, or the comparative period 2020. During this period, 69,000 shares were repurchased by the Corporation in conjunction with its normal issuer bid at a cost of $19,090 (September 30, 2020 – 90,000 shares repurchased at a cost of $22,450). An additional 9,000 shares, repurchased on December 31, 2020, but held in treasury, were also cancelled in the period for a total reduction in shares outstanding of 78,000. This brings the total common shares outstanding at September 30, 2021, to 30,382,756 (December 31, 2020 – 30,460,756). An additional 25,000 shares have been repurchased subsequent to September 30, 2021, and up to the date of this MD&A, bringing the total common shares outstanding to 30,357,756. The Corporation has regulatory approval for a normal course issuer bid whereby Western may purchase up to 1,500,000 common shares in the capital of the Corporation representing approximately 4.9% of the total issued shares.

In the nine months ended September 30, 2021, 360,000 stock options were issued (September 30, 2020 – 360,000). On September 30, 2021, the total stock options outstanding was 2,444,000 (December 31, 2020 – 2,084,000), with exercise prices ranging from $0.27 to $0.65.

Off-Balance Sheet Arrangements

As at September 30, 2021, and up to the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Related Party Information

The Corporation has incurred related party transactions with management and the Corporations associates. A detail description of these transactions is presented in the notes to the interim financial statements for the period ended September 30, 2021, to be read in conjunction with this MD&A. Related party transactions are in the normal course of operations and are recorded at fair value.

Risks and Uncertainties

The Corporation and its associates are subject to a number of risks as they relate to the organizational structure and the operations of each company. When reviewing forward-looking statements and information contained within this report, investors and others should carefully consider these factors, as well as other uncertainties, potential events, and industry and company-specific factors that may adversely affect the future results of each company. The Corporation and its associates' environment is highly competitive, and it is not possible for management to predict all risk factors or their impact these risks may have on the businesses. The annual MD&A sets out a brief discussion of the factors which may have a material impact on our future business or financial performance. No significant changes to those factors have occurred to date of this report.

Subsequent Events

There were no subsequent events between September 30, 2021, and up to the date of this MD&A.

Proposed transactions

As at September 30, 2021, 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, including cash, accounts receivable, amounts due from related parties, accounts payable and accrued liabilities, and loans and borrowings, are measured at amortized cost.

The Corporation, as part of its operations, is exposed in varying degrees to a variety of risks from the use of financial instruments. Risk management strategies are established to identify and analyze risks faced and to ensure our risks and related exposures are consistent with our business objectives and risk tolerance levels. As a result of the use of the above-mentioned financial instruments, we are exposed to risks that arise from their use, including market risk, credit risk, and liquidity risk. A detailed assessment of each of these risks is presented in the notes to the interim financial statements for the period ended September 30, 2021, 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.