

Advent-AWI Holdings Inc. (formerly Advent Wireless Inc.)**Management's discussion and analysis (MD&A) for the year ended December 31, 2018****Effective date of MD&A – April 12, 2019**

In this Management Discussion and Analysis ("MD&A"), the terms "We," "Us," "Our," "The Company" and "Advent" refer to Advent-AWI Holdings Inc. This MD&A of Advent-AWI Holdings Inc. should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018, and the notes contained therein. This MD&A is effective as at April 12, 2019. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All financial data is expressed in Canadian dollars unless otherwise stated. Additional information, including the Company's Annual Information Form ("AIF"), can be obtained from the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-looking statements

Certain statements in the MD&A, other than statements of historical fact, are forward-looking in nature and involve various risks and uncertainties. These risks and uncertainties can include, without limitation, statements concerning possible or assumed future results of operations of the Company preceded by, followed by, or that include words and phrases such as "will," "believes," "plans," "intends," "expects," "anticipates," "estimates" or similar expressions. Forward-looking statements are not a guarantee of future performance. They involve risks, uncertainties, and assumptions related to all aspects of the wireless communications industry and the global economy. As a result, the Company's actual results may differ materially from those anticipated in the forward-looking statements and there can be no assurance that such statements will prove to be accurate.

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Overview

The Company operates in two business segments:

- (1) Wireless through Am-Call Wireless Inc. (“Am-Call”), a wholly owned subsidiary, and
- (2) Micro finance through Adwell Financial Services Inc. (“Adwell”), a 70% owned subsidiary.

Wireless business

Am-Call is an authorized dealer of Rogers Communications Partnership (“Rogers”) and is an independent specialty retailer of personal wireless and wireline communication products and services under the Rogers and Fido brands. Fido is the discount brand and is a wholly owned subsidiary of Rogers. The Company carries the full line of Rogers and Fido products and services, including wireless voice and data, high-speed Internet, digital cable television, home phone, Smart Home Monitoring and Rogers Platinum MasterCard.

As of December 31, 2018, the Company had four stores in Ontario, seven less than that of December 31, 2017.

Number of stores as of December 31, 2018 – 4 stores (two Rogers & two Fido, all in Ontario)

Number of stores as of December 31, 2017 - 11 stores (six Rogers & five Fido, all in Ontario)

The company started 2018 with eleven stores and ended 2018 with four stores. Seven stores were closed in Q4 2018 pursuant to a new dealer agreement signed with its service provider, Rogers.

In our Q2 MD&A, we informed readers about the Company’s then expiring dealer agreement with Rogers and the impending winding down and sale of the Company’s wireless business. Even as we searched for potential buyers for the business, the Company had not stopped exploring other options with Rogers.

During Q3, after much deliberation, the Company was successful in obtaining a new dealer agreement with Rogers. This new agreement started on October 1, 2018 and covers four (two Rogers and two Fido) of the Company’s eleven locations and is for a two-year period ending September 30, 2020. As part of this arrangement, the Company agreed to close its remaining seven locations by December 31, 2018.

Also, as part of this arrangement, residual payments from the customer base belonging to these seven locations ceased as of October 1, 2018, in return, pursuant to the agreement, Rogers made a one-time payment to the Company. This payment was recorded as other income in the consolidated statements of income and comprehensive income for the year ended December 31, 2018.

The seven stores were closed as planned during Q4 and the Company entered 2019 with four locations under the new dealer agreement.

Store retrofit

One of the Company's remaining four stores was retrofitted during 2018. This store incorporates the latest generation Rogers store design concept. It was retrofitted during January and was reopened on January 30, 2018.

Economic Dependence

For the year ended December 31, 2018, approximately 85% of the Company's revenue was generated from Rogers, as compared to 79% in 2017. The remaining approximately 15% of the revenue was generated through the Company's 11 Ontario retail stores for substantially all of 2018; as compared to 21% in 2017 through 15 Ontario retail stores.

81% of the Company's accounts receivable was derived from Rogers at year-ending December 31, 2018, compared to 93% as of year-ending 2017.

Micro finance business

In late 2015, the Company received approval from the TSXV (Toronto Stock Exchange Venture) to start a financial services subsidiary that would operate a consumer lending business in the Greater Vancouver area, British Columbia. This new subsidiary, "Adwell Financial Services Inc." ("Adwell") was incorporated on January 8, 2016. Adwell issued a total of 1,000,000 shares at \$0.0001 per share. The Company subscribed to 70% of the shares issued, with the remaining 30% owned by two minority shareholders, Q&Y Holdings Inc. (15%) and Adwealth Capital Holdings Inc. (15%). The two minority shareholders, both with financial and lending experience, will assist in the start-up and continuing operations of the venture. Adwell commenced operations in Q1, 2016.

The Company has committed to investing up to \$3,375,000 in Adwell of which \$375,000 is for ongoing operations and the remaining \$3,000,000, in the form of a line of credit for advances to customers. As of the date of this MD&A, the Company had invested \$2,250,000 in Adwell, of which \$350,000 was funding for Adwell's ongoing operations, while \$1,900,000 was funding for its advances to customers.

In late 2017, Adwell expanded its business to Ontario and Alberta, with the opening of a sales office in Toronto and recruitment of a sales team; and commenced operations in the city of Calgary and Edmonton.

Declaration of dividend

On September 14, 2018, the Company announced that in view of its strong financial position, a special dividend of \$0.05 per common share would be paid on October 12, 2018, to all shareholders of record as at the close of business September 28, 2018. This dividend payment was completed as announced.

Overall performance

	2018	2017	+/-	%
Wireless income	8,423,986	12,485,499	-4,061,513	-33%
Financing income	734,913	456,526	278,387	61%
Total revenue (excluding other & investment income)	9,158,899	12,942,025	-3,783,126	-29%

Highlights:

- The Company's 12/31/2018 combined revenue decreased by \$3,783,126; a drop of 29% compared to year ending 12/31/2017.
- The decrease was primarily caused by the decrease in wireless revenue, which dropped by \$4,061,513. A 33% decrease as compared to 2017.
- The impact to the Company of the decrease in wireless revenue was mitigated by an increase in financing revenue of \$278,387, a 61% year on year increase from 2017. The Company's financing business commenced operations in Q1/2016 and its 2018 revenue of \$734,913 made up 8% of the Company's total revenue, compared to 3.4% in 2017.
- The decrease in wireless revenue was further mitigated by a one-time payment from Rogers, the Company's service provider per agreement to close seven retail locations at end of 2018. It should be noted that this is a nonrecurring transaction.

Subscriber base

December 31, 2018 - 24,465
 December 31, 2017 – 86,036
 Decrease of 61,571 or 72%

The decrease in subscriber base in 2018 was primarily due to the closure of the Company's four locations at year end 2017 and seven locations by year end 2018. Close of these eleven locations caused the total subscriber base to drop

by 61,571, or 72% year on year. The remaining 24,465 represent the subscriber base attached to the four remaining locations.

In order to maintain its subscriber base, the Company needs to keep adding new customers in the remaining stores, while at the same time trying to prevent existing customers from leaving. The key to maintaining the customer base is to give customers good reasons to sign up and stay with Rogers, instead of migrating to the competition. Given this, the “why Rogers” and the Rogers “value propositions” continue to remain front and centre in all our messages.

It is important to maintain the subscriber base because the Company receives residual revenue from it every month. This gives the Company a steady flow of income.

Selected annual consolidated financial Information

	Dec-18	Dec-17	Dec-16
Revenue	9,158,899	12,942,025	16,156,538
Income before income taxes	3,076,043	1,878,840	1,704,800
Provision for income taxes	816,883	490,689	437,614
Net income	2,259,160	1,388,151	1,267,186
Assets	22,923,363	21,096,142	20,592,370
Liabilities	3,543,657	3,378,821	3,666,424
Basic & diluted earnings per share	0.188	0.118	0.106

Total revenue has been on the decline for the past three years, this is caused by:

- Decrease in transaction volumes, resulting from the closure of the Company’s four stores, and in the midst of a highly saturated market, led to drop in hardware sales and commission revenue.
- Decrease in the subscriber base, resulting from the closure of the Company’s eleven stores (four in Q4, 2017 and seven in Q4, 2018), led to drop in recurring residual revenue.

We project that wireless revenue will continue to decrease in 2019 as the Company now operates four stores, seven less than in 2018. It should be noted that the addition of the micro-finance business did attenuate the decrease in revenue during the past three years, as the micro-finance loan portfolio has been on an upward trend.

As in 2017, the increase in 2018 net income over 2017 was the result of a one-time payment that resulted from the closure of the Company’s eleven stores; an event that is unlikely to recur. This would depend on the status of the four remaining retail locations when the Company’s dealer agreement expires on September 30, 2020, as well as future growth of the Company’s micro-finance business.

Results of operations – Wireless business

On the Rogers side of the business, the Company operated six stores in 2018, four less than the ten stores in 2017. The closing of four stores in December 2017 is the main reason why new voice activations, data activations, as well as customer upgrades dropped by 28%, 30% and 27%, respectively.

Another factor for the decrease in transaction volumes is the incumbent carriers' focus on higher ARPU customers, which did not help the Company gain volume. The Company's revenues are heavily reliant on the more price sensitive consumer segment of the market which was adversely impacted by higher monthly service fee plans that customers had to sign to get the hardware they wanted. As well, many other customers simply held off buying existing hardware to see if manufacturers such as Apple and Samsung will release better smartphones.

On the Fido side of the business, the Company operated five stores in 2018, the same number of stores as in 2017. Nevertheless, new voice activations, data activations and customer upgrades still registered decreases of 17% and 19% respectively, while customer upgrades recorded a slight 4% increase.

Fido's main competitors, especially Freedom Mobile owned by Shaw Communications, mounted an aggressive counterattack throughout the year, particularly during the Q3 back-to-school and Q4 holiday season, to gain market share. The offerings included very attractive pricing on both hardware and monthly plans, with generous data plans.

We should note that new activations generally come from children coming of age, users who switch from other service providers, and newcomers (immigrants and students) to the country. In this pool of potential customers the Company has an advantage in gaining new customers because of its focus on the Asian ethnic market which is replenished by new immigrants and students who arrive throughout the year. The Company has been concentrating on building networks and connections in new immigrant support groups and student associations in order to capture its share of the new business.

Also, customers are holding on to their smart phones longer than before, not only because of higher prices, but also because there has not been significant technological breakthroughs in smartphones lately. Additionally, Canadian carriers do not have exclusivity to new phone models and all major carriers have them in their lineup.

Launch of new phones used to be a well anticipated event among the smartphone cognoscenti, and early adopters who are usually a company's most loyal customers. The part of the CRTC Wireless Code which came into effect during Q4 2017 mandates that Canadian carriers have to sell hardware unlocked

and also must unlock customers phones upon request, which further encourages customers to shop around when their existing contract expires, instead of automatically rolling over their contracts and upgrade to new hardware with their existing carrier.

In total, new voice, data activations and customer upgrades in the year went down 22%, 24% and 20%, respectively, compared to 2017. This drop of transaction volumes translated into a corresponding decrease in the Company's income streams.

Phone hardware sales decreased by 21%, as the number of phones sold dropped by 20%, from 7,654 in 2017 to 6,142 in 2018. The cost of smartphones is much higher now at more than \$1,000 and a drop in the volume of hardware sales would have a higher impact on the Company's revenue. Adding to this is the high percentage of BYOD (Bring Your Own Device) activations on the Fido side, which brings in no hardware revenue. Although this does not necessarily mean less profitability, it does depress hardware sales and hence overall revenue.

New activation commissions and customer upgrade commissions decreased by 23% and 13%, respectively. Residual commissions also decreased by 33% over 2017, caused by the decrease in subscriber base due to the closure of four stores on December 31, 2017 and seven stores in Q4, 2018.

Bonus commissions dropped by 52% in 2018, when compared with 2017. Bonus payout is based on an array of targets and the Company did not achieve as many bonus targets in 2018 when compared to 2017. Also, certain bonus payouts are based on the subscriber base and the smaller subscriber base in 2018 meant a lessor payout, even though the target volumes were achieved.

Rogers and Fido Bank (MasterCard) commissions decreased by 64%. The Company has been focusing on non-wireless products such as Mastercard in order to mitigate the impact of the decrease in wireless transaction volumes. Credit cards are a highly competitive product and the sign up incentive is key in attracting new customers. Unfortunately, Rogers' sign up incentive in 2018 was not as attractive as that in 2017, which caused a drop of sales volume. Having said that, Mastercard revenues continue to be a focus of the Company in 2019.

Cable and other commissions increased slightly by 3% from 2017. With the phasing out of legacy TV, the introduction of Internet TV and concepts such as Rogers' Ignite TV, which gives seamless integration with apps such as Netflix and YouTube, this sector is more than likely to improve in the future. In the same vein, the transition in wireless telecommunications infrastructure from 4G to 5G, as well as growing demand for Advanced Mobility applications in the near future will definitely boost the Wireless side of the business.

Results of operations – Micro financing business

In 2018, Adwell's revenues continued to grow, with revenue totalling \$734,913, an increase of \$278,387, or 61% over 2017.

	2018	2017	+/-	%
Micro-financing revenue	734,913	456,526	278,387	61%

Throughout the year, Adwell's main business continued to be unsecured personal short-term installment loans in amounts ranging from \$1,500 to \$5,000, with 9 to 36-months flexible repayment terms and no early repayment penalties to individuals. These loans are alternatives to payday loans, which are usually more expensive and stressful to individual consumers. With more flexible repayment terms and superior customer service, Adwell aims to reduce customer stress and be a partner to help rebuild their financial strength.

Adwell's main income is interest generated from these installment loans and is directly proportional to the number of customers. In this respect the business showed healthy growth in 2018. Adwell advanced loans to 1,015 customers versus 811 in 2017, a 25% increase.

Given that the main driver of Adwell's business growth is its reliance on increasing the number of customers, Adwell realizes it must expand its geographic base to sustain growth, and has already expanded its Micro-Finance service to Ontario and Alberta.

The table below shows the income and expenses of the Company's micro financing business in 2018 and 2017:

	2018	2017	+/-	%
Interest income	684,526	450,441	234,085	52%
Fee income	50,387	6,085	44,302	n/a
Interest cost	83,779	37,647	46,132	123%
General & administration	499,640	399,412	100,228	25%
Advertising & promotion	6,773	4,100	2,673	65%
Amortization of property, plant & equipment	20,049	18,422	1,627	9%
Provision for loan loss	45,115	63,156	-18,041	n/a
Income (loss) from operations before income taxes	79,557	-66,211	145,768	-220%

In 2018, Adwell recorded an income from operations (before income taxes) of \$79,557, an improvement over a loss of \$66,211 a year earlier.

In 2017, the Company increased its funding commitment to Adwell from \$1,000,000 to \$3,000,000. This has allowed Adwell to grow not just in the personal loan market, but also in the markets for secured and syndication loans throughout 2018:

- Secured loans – this product is similar to Adwell’s existing micro loan offering but loans will be secured by real property. This product particularly targets home owners who have a stable working income and need short-term financing.
- Syndication loans – these are generally larger size mortgage loans secured by real properties. In undertaking such a project, Adwell intends to act as the syndication manager/lead lender and invite qualified participants to invest in the syndication. The syndication arrangement will allow Adwell to enter the mortgage loan market at a judicious level of risk.

In response to increasing customer requests, Adwell began offering a money remittance service to the Philippines in 2017, providing a convenient, one-stop service solution to customers whose financing needs are overseas. Adwell has partnered with IREMIT Inc., the largest non-bank remittance company in the Philippines, as the facilitator for these transactions. IREMIT Inc. has an international network of offices, including in Canada, where they have operated since 2001. This service generates additional fee income for Adwell.

Starting in 2017 Adwell also began making a provision for loan loss on its books. Adwell’s policy is to maintain a provision for loan loss equal to 5% of its personal loan portfolio, which is in line with industry practice. The provision for loan loss recorded in 2018 was \$45,115, compared to \$63,156 in 2017. The loan loss provision will be reviewed and adjusted on a quarterly basis.

Gross profit margin (Company)

2018 – 41%
2017 – 50%

Hardware revenue has been decreasing in the past few years as the Company is increasingly focused on non-margin-based products such as Cable and Mastercard. This business faces a number of challenges that adversely affect its profit margins including,

- New activation commissions and upgrade commissions can be changed at short notice, depending on carrier priorities and focus. These commissions are currently based on MSF (“monthly service fee”) multiples, rather than a fixed amount.
- Dealer bonus commission targets and achievement metrics vary from quarter to quarter and may be favourable or unfavourable to the Company.
- While residual commissions are a steady source of income, it is becoming more and more challenging to retain customers amid heavy competition and the government plans to open the market to more competition in the

future. The closure of the Company's eleven locations at year end 2017 and Q4 2018 also resulted in lower residual income beginning in 2018, and continuing into 2019.

- Cable commissions and MasterCard commissions are increasingly important revenue sources, to make up for the decrease in Wireless commissions due to smaller sales volumes.

In short, the Company must be nimble to adapt and adjust quickly to the ever-changing environment in which it will increasingly operate to maximize opportunities for generating revenue.

General and Administration expenses

2018 - \$4,959,451

2017 - \$4,856,462

Increase of \$102,989 or 2%

Adwell was responsible for a big portion of the overall increase in G&A expenses as a result of its growth in 2018. There was an increase of G&A expenses of \$100,228 at Adwell, caused by increases in payroll, rent, professional and legal fees and provision for loan loss.

Certain expense items, such as office, rent and insurance, decreased for the wireless business segment as there were four less stores in 2018. However, payroll expenses did not drop as the Company still operated eleven stores through 2018 until Q4, as well there was an increase in performance-based compensation for the year.

Advertisement and Promotion expenses

2018 - \$40,974

2017 - \$57,979

Decrease of \$17,005 or 29%

Following the trend of the past few years, the Company again spent less in net advertisement and promotion in 2018 than 2017, further decreasing these expenses by 29%. A key reason for spending less on branding and advertising is that carriers are now more inclined to centralize branding in their own marketing departments.

However, the Company is very active in the ethnic market and considers it important to maintain its own identity and presence in the communities it serves. It will therefore continue to advertise and market in ethnic media channels as appropriate. The Company's advertising and promotion activities have always been tactical in nature, so as to yield faster returns on advertising revenue.

Another tactic the Company now uses more frequently is to use promotion bill credits, which dealers can obtain at a discount, to reduce the price of the phone. This tactic can be very effective in the short-term opportunity-driven promotions, as competitors would have difficulty matching them.

Besides receiving a co-op subsidy from Rogers on advertising and promotion activities, the Company also receives marketing funds from Rogers throughout the year, thus further reducing its overall sales and marketing costs. However, the availability of these funds depends on Rogers' budget and timing of promotions and the subsidies may not be repeated in the future.

The Company does not anticipate Adwell to spend heavily on Advertising and Promotion as most of its business is driven by referrals and word of mouth.

Amortization of Property and Equipment

2018 - \$121,418
 2017 - \$113,582
 Increase of \$7,836 or 7%

The increase was the result of the newly retrofitted store in January 2018 on the wireless side as well as from the addition of the Toronto office on the Micro financing side.

Amortization of Investment properties

2018 - \$45,987
 2017 - \$45,987

There has been no change in investment properties since the reclassification of four properties as investment properties in 2014.

Other income

2018 - \$4,080,465
 2017 - \$442,224
 Increase of \$3,638,241 or 823%

Other income is the payment received from Rogers for store closures to make up for the loss of residual income from the subscriber base associated with these stores.

Rental income

2018 - \$187,929
 2017 - \$185,574

Increase of \$2,355 or 1.3%

The increase was due to normal rent increments on existing investment properties in 2018.

Income before income taxes

2018 - \$3,076,043

2017 - \$1,878,840

Increase of \$1,197,203 or 64%

Net income after taxes

2018 - \$2,259,160

2017 - \$1,388,151

Increase of \$871,009 or 63%.

Income (loss) attributable to non-controlling interest

2018 - \$18,000

2017 - (\$14,816)

EPS

2018 - \$0.188

2017 - \$0.118

Summary of consolidated quarterly results

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Wireless income	2,983,703	2,757,014	3,078,578	3,666,204	2,207,505	1,549,542	2,302,319	2,364,620
Financing income	86,598	118,034	122,438	129,456	153,655	179,407	208,011	193,840
Gross margin	47%	48%	48%	47%	39%	30%	49%	41%
Net income (loss)	292,291	186,220	407,466	502,174	160,479	(331,517)	276,333	2,153,865
Basic and diluted earnings (loss) per share	0.026	0.016	0.034	0.040	0.013	(0.028)	0.023	0.180

On the wireless side of the business, the general trend in retail sales in Canada is that Q1 is normally the lowest, then gradually moving up in Q2 and Q3, and finally peaking in Q4.

It was to be expected that starting in Q1 2018, wireless income would drop as there were four fewer stores operating. After a dip in Q2, wireless income did rebound in Q3 and Q4, again not surprising as Q3 and Q4 are the traditional back-to-school and Christmas holiday selling seasons.

However, many factors that can adversely affect sales and revenue are still at play. Including:

Rogers' direction – the focus on transaction ARPU (average revenue per user) and ARPA (average revenue per account) might have favored some dealers but has not been favorable for the Company, which leans heavily towards the consumer segment of the market and is inherently price sensitive. We have seen Rogers discounting more heavily towards quarter-end when volume targets have to be met.

Launch of new hardware – Marquee phones such as iPhone and Samsung models will help generate more business, especially in customer upgrade activities. However, the timing and availability of these products are outside the Company's control and thus difficult to predict.

Rogers' promotions directly affect the Company's business. The Canadian telecommunications market is highly competitive, and all carriers are fighting hard to maintain customers and attract customers from competitors, especially towards the end of each quarter.

BYOD (bring your own device) has become more and more popular and continues to depress phone sales revenue. As discussed in previous MD&A's, Rogers encourages customers to utilize their existing devices on sharing plans. While this is an excellent tool to reduce churn, no hardware revenue is generated. Additionally, we have observed consumers using their smartphones for longer periods. This is due to smartphones getting more expensive and also no ground-breaking technology in new devices.

Smartphones are becoming more and more expensive with many models costing over \$1,000. This would alleviate the downward pressure on revenue caused by BYOD (bring your own device) but, as explained in previous MD&As, will not necessarily affect the bottom line as the margin on hardware revenue is nominal. Rogers is trying to entice BYOD customers to change into a new phone by bringing in more affordable models into the hardware lineup.

The Company's micro financing business represents a new revenue source and has shown steady quarter to quarter growth since Q1 2017. Its revenue now represents 8% of the total revenue of the Company in 2018 as compared to 3.5% in 2017. As mentioned earlier in this MD&A, the Company has committed to investing \$3,000,000 to fund this venture.

Fourth Quarter discussion

The new agreement the company signed with Rogers commenced in the fourth quarter and has a term of two years, from October 1, 2018 to September 30, 2020. This new agreement covers four of the eleven locations which the Company has operated since January 1, 2018.

However, part of the arrangement also required the Company to operate all eleven stores until end of December 2018 (except one which Rogers took over in early November), in order to capture as much business as possible during the holiday selling season. The Company therefore had to plan for the closure of seven stores while simultaneously managing them as fully operational retail locations during this time. The Company successfully managed this transition and began 2019 with four locations.

As far as the Q4 business was concerned, the 2018 trend of a reduction in transaction volumes continued into Q4. The trend was more evident in the Rogers segment of the wireless business, as the \$60/10G plan, which all major carriers had rolled out in December 2017, was not carried forward into 2018, causing new voice and data activations to drop by 50% and 49% respectively. Customer upgrades also dropped by 28% over Q4 2017.

On the Fido segment of the wireless business, new voice and data activations decreased by 9% and 14% respectively, while customer upgrades also decreased by 4% over Q4 2017. The Fido segment of the business has been under pressure from other discount carriers throughout 2018, especially Freedom Mobile of Shaw Communications as it executed its plan to establish a foothold in the Ontario market.

The decrease in Fido upgrades was more a result of its high BYOD base, especially international students and new immigrants who brought their own devices with them. To improve the sale of new hardware on the Fido side, Rogers has been trying to introduce more affordable phone models to encourage customers to get new hardware. It's ultimate goal is to get customers to sign long-term plans to reduce constant replacement.

While the launch of Apple's XS and XR iPhone models, and the Samsung S9 and Note 9 models had some impact on upgrade activities in Q4 with the "must-have" customers, it was not enough to reverse the downward trend. These phones cost well over \$1,000 and have a limited market.

In Q4 total wireless revenues dropped by \$1,301,584 or 36% over the same quarter last year. Residual income had the largest decrease of 78% as the company's residual earning subscriber base dropped from fifteen stores in Q4 2017 to four in Q4 2018. New activation and customer upgrade commission also dropped by 40% and 37% respectively as transaction volume decreased. This also affected bonus commission which dropped by 42% over Q4 last year.

Rogers Bank (Mastercard) commission had a 86% drop in sign up commission. As explained earlier, Rogers Mastercard sign up incentive was not as competitive in this highly contested market throughout 2018 and as a result the company experienced a drop in volume for this product.

With the new funding in place, Adwell has made steady progress through 2018 with good quarter to quarter increases in interest income. In Q4, Adwell generated \$180,299 in interest revenue which is a 39% increase over Q4 2017, and recorded a fee income of \$13,541 in the quarter as compared to no fee income during Q4 2017. Adwell turned in an income from operations (before taxes) of \$15,630, compared to a loss from operations of \$38,056 in the same quarter last year, an improvement of 141%.

Financing	Q4 2018	Q4 2017	+/-	%
Interest income	180,299	129,456	50,843	39%
Fee income	13,541	0	13,541	N/A
Total income	193,840	129,456	64,384	50%
General & administration (including interest cost & provision for loan loss)	173,218	162,497	10,721	7%
Amortization of property, plant & equipment	4,992	5,015	-23	0%
Income (loss) from operations	15,630	-38,056	53,686	141%

As mentioned earlier in this MD&A, the Company declared and completed payment of a dividend of \$0.05 per common share in Q4 2018.

Liquidity

Cash and cash equivalents and short term investments as of December 31, 2018 – were \$8,775,648 as compared to Cash and cash equivalents and short term investments as at December 31, 2017 of \$12,642,682; a decrease of \$3,867,034 or 31%.

Working capital as of December 31, 2018 was \$15,626,912 as compared to the working capital as at December 31, 2017 of \$14,019,383; An increase of \$1,607,529 or 11%

During the year, the Company used its internally available funds to pay for both dividend payments and the investment and ongoing funding of Adwell. These payments did not have any major impact on the operating cash flows of the Company.

The Company's liquidity has always been generated by the Company's operations. The Company's bank credit facilities were not used and the Company had no outstanding loan-balance as at December 31, 2018.

Summary of contractual obligations

Wireless business

The number of leases as of December 31, 2018 were 5 as compared to 9 leases as of December 31, 2017.

The Company terminated 4 leases in 2018 even though seven stores were closed in Q4, 2018. This is because three stores were self- owned properties and therefore no leases were involved.

The future minimum operating lease commitments are as follows:

YEAR	
2019	\$130,028
2020	\$64,846
Total	\$194,874

Micro financing business

Adwell now has 2 leases, one for its Vancouver service center and the other one for its Toronto sales office. Its future minimum operating lease commitment is as follows:

YEAR	
2019	\$28,109
2020	\$6,384
Total	\$34,493

In sum, total future minimum operating lease commitments of the Company as of December 31, 2018 are:

YEAR	
2019	\$158,137
2020	\$71,230
Total	\$229,367

Capital resources

The Company has an operating line of credit of \$250,000, secured by mortgages and bearing interest at the prevailing prime rate plus 0.75%. There was no amount owing under this line of credit as of December 31, 2018, consistent with the year ending December 31, 2017.

Off balance sheet arrangements

The Company is the landlord for four properties, one in Ontario and three in British Columbia.

The Ontario property (Horizon Centre) has been leased since 2009. This commercial condominium unit was originally intended for another store, but it was decided that the location was not suitable for selling wireless products at that

time. At the last renewal, this lease was extended for another three years to expire on December 31, 2020. The Company has no intention to open a store at that location and intends to keep the unit as an investment property.

Two of the three British Columbia properties are previously self-occupied stores of the Company's B.C. wireless operations. When the B.C. wireless business was sold in 2014, the two properties were leased to the purchaser, beginning on May 1, 2014.

One store in Burnaby, B.C. (Crystal Mall) is still occupied by the purchaser (tenant) at time of this MD&A, with the current lease expiring on April 30, 2019.

The other store in Richmond B.C. (Continental Centre) was leased to another tenant for six years starting from August 1, 2015 to November 30, 2021, when the purchaser moved out in Q3 2015.

The third B.C. property (Aberdeen Square) was also originally intended for the Company's B.C. wireless business but since that business was sold it was turned into an investment property. This property has two units, both leased with expiry dates of November 30, 2019 and December 31, 2021 respectively.

These four properties have been classified on the balance sheet as investment properties. The total rent received was \$187,929 in 2018 as compared to \$185,574 in 2017. The market value of these properties combined is estimated to be \$3,183,000 as of December 31, 2018 (December 31, 2017 - \$3,044,000). The rental income on these investment properties has been presented as rental income on the consolidated statement of income and comprehensive income.

The Company intends to continue leasing these properties at a reasonable return but will also consider selling them at a price that would generate a reasonable return in the eyes of management.

Transactions with related parties

Salaries and fees paid to the Company's directors and executive officers in 2018 was \$1,269,000 as compared to \$955,400 during 2017.

Proposed transactions

Other than the ongoing investment in Adwell, there are no other contemplated transactions to report.

Outstanding share data

There were 11,935,513 common shares issued and outstanding as at December 31, 2018 (December 31, 2017 – 11,935,513 shares). The number of common shares remains unchanged as at the date of this MD&A.

The Company issued no stock options during 2018 and there were no stock options outstanding as at December 31, 2018

Changes in Accounting Policies

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments. The first quarter 2018 condensed interim consolidated financial statements are the first financial statements issued in accordance with IFRS 9. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (“OCI”) and fair value through the statement of income and comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in the Company's own credit risk in OCI for liabilities designated at fair value. The adoption of IFRS 9 did not have any impact on the reported results.

Effective January 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers. The first quarter 2018 condensed interim consolidated financial statements are the first financial statements issued in accordance with IFRS 15. IFRS 15 supersedes the current accounting standard for revenues, IAS 18, Revenue. IFRS 15 introduces a single model for recognizing revenue from contracts with customers. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

- 1) identify the contract with a customer;
- 2) identify the performance obligations in the contract;
- 3) determine the transaction price;
- 4) allocate the transaction price to the performance obligations in the contract;

5) recognize revenue when (or as) the entity satisfies a performance obligation.

The application of this new standard did not have any impact on the reported results, as the performance obligations of the Company's revenue streams are satisfied at either the point of sale, or when the transaction price is received, consistent with Note 3 revenue recognition accounting policies. The application of IFRS 15 does not affect the cash flows from operations or the methods and underlying economics through which the Company transacts with its customers.

Future accounting and reporting changes

IFRS 16, Leases, was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17, Leases, and instead introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the condensed interim consolidated statement of income. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company will adopt IFRS 16 commencing January 1, 2019.

Critical accounting estimates

The preparation of the consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Management's estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

The estimates and assumptions that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities are outlined below:

Impairment of non-financial assets

The determination of long-lived asset impairment requires significant estimates and assumptions to determine the recoverable amount of a cash generating unit ("CGU"), the recoverable amount is the higher of fair value less costs to sell and value in use. The value in use method involves estimating the net present value of future cash flows derived from the use of the CGU, discounted at an appropriate rate.

In the event an impairment analysis is required, the key assumptions that would be utilized in the determination of future cash flows would represent management's best estimate of the range of economic conditions relating to the CGU, and would be based on historical experience, economic trends, and communication with other key stakeholders of the Company. These key assumptions would include the revenue growth rate, margin as a percentage of revenues, capital expenditures, the inflation growth rate and the discount rate. Significant changes in the key assumptions used in the determination of future cash flows could result in an impairment loss or reversal of a previously recognized impairment loss.

Estimated useful lives of non-financial assets

Judgment is used to estimate each component of an asset's useful life and is based on an analysis of factors including, but not limited to, the expected use of the asset. If the estimated useful lives change, this could result in an increase or decrease in the annual amortization expense and future impairment charges.

Income taxes

Deferred income tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of certain assets and liabilities, as well as undeducted tax losses. Estimation is required for the timing of the reversal of these temporary differences and the tax rate applied. The carrying amounts of assets and liabilities are based on amounts recorded in the condensed interim consolidated financial statements and are subject to the accounting estimates inherent in those balances. The tax basis of assets and liabilities and the amount of undeducted tax losses are based on the applicable income tax legislation, regulations and interpretations.

The timing of the reversal of the temporary differences and the timing of deduction of tax losses are based on estimations of the Company's future financial results.

Changes in the expected operating results, enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation, will

result in adjustments to the expectations of future timing difference reversals, and may require material deferred tax adjustments.

Significant judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements is set out below.

Gross versus net revenue recognition

The Company follows the guidance set out in IFRS 15, Revenue from contracts with customers, in determining the presentation of revenue and cost of sales. The guidance requires the Company to assess whether it acts as a principal in a transaction or as an agent acting on behalf of others. To the extent that revenue is earned through the sale of hardware and accessories to customers, the Company has determined that these amounts should be reported on a gross basis in the condensed interim consolidated statement of income and comprehensive income as the Company is exposed to the risks and rewards before and after the associated transaction.

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Disclosure controls and procedures and internal controls over financial reporting

On November 23, 2007, the British Columbia Securities Commission and the securities commissions in the other jurisdictions in which the Company is registered, exempted venture issuers from certifying disclosure controls and procedures as well as internal controls over financial reporting as at December 31, 2007, and thereafter. Since the Company is a venture issuer it is now required to file basic certificates, which it has done for the year ended December 31, 2018. The Company makes no assessment relating to the establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2018.

Financial Instruments

The Company did not use derivative financial instruments such as swaps, futures or hedging contracts in 2018. The Company has no plans to use any of these in the foreseeable future.

Risk factors

A credit risk arose since 2014 from the \$800,000 note receivable given by the purchaser of the discontinued operations in B.C. The Company was able to minimize exposure by obtaining a mortgage on two commercial strata units as collateral. The market value of the collateral is estimated to be \$426,000 as at December 31, 2018 (December 31, 2017 - \$432,000).

The credit risk of the receivable note is reducing over time as it is being paid down by 60 monthly instalments. At the time of this MD&A, the Company had received payments on time and a balance of \$54,975 remains outstanding as at December 31, 2018. The purchaser is an experienced operator in the B.C. market, which further mitigates credit risk.

The wireless communications industry is affected by economic conditions and consumer confidence and spending. Phenomena such as recessions, a drop in economic activity and a feeling of economic uncertainty in the populace can erode consumer and business confidence and reduce discretionary spending. Even though wireless cell phones are becoming more and more of a necessity, they are still considered discretionary among a section of the population. Our operating results also are subject to seasonal fluctuations that materially impact quarter-to-quarter operating results, and thus one quarter's operating results are not necessarily indicative of a subsequent quarter's operating results.

The Company's economic dependence on Rogers is one of the risk factors. Advent is in an industry in which the carrier pays the dealer commissions to bring in new customers and service existing ones. It is also part of an industry in which hardware (mainly wireless handsets) is heavily subsidized by the carrier. Phones are sold to consumers at a hefty discount and the dealer recovers the cost of hardware through a back-end hardware subsidy from the carrier. A good example is the Apple iPhone and other Android Smartphones, where the phone could sell for as little as \$499 on a two-year contract or over \$1,000 without a contract.

For the year ended December 31, 2018, approximately 85% (2017 – 79%) of the Company's revenue was from Rogers, whereas the remaining approximately 15% (2017 – 21%) was generated through the Company's 11 retail stores in Ontario for substantially all of 2018 (2017- 15 stores in Ontario) on the wireless side and Adwell on the Micro financing side.

Accounts receivable from Rogers – 81% as at December 31, 2018 (93% as at December 31, 2017).

Management has decided that no provision for bad debt is required on the Rogers' receivables as past collection experience and the credit quality of Rogers are good. Unless there is a change in the Canadian model of subsidizing

hardware, this economic dependence on Rogers is going to be the same in the future, although highly diminished as a result of the drop in the number of stores. The same diminished danger on the Wireless side also applies in the case of other risks that might develop in the near future.

Canadian wireless companies could face increased competitive pressure because of recent legal changes to foreign ownership of telcos and control of the wireless licences. In other words, giants such as Verizon in the United States and others could enter the Canadian market either by acquiring wireless licences or smaller companies that hold such licences. Foreign carriers could also acquire smaller Canadian companies with less than 10% of the spectrum and thereby gain this spectrum and launch fierce competition against companies such as Rogers.

A risk factor that became more tangible was when the previous federal government decided to further open up the Canadian telecom services industry to foreign investors by easing foreign ownership rules. Whether and by how much all this will change under the Liberal government of Prime Minister Justin Trudeau remains to be seen at the time of this MD&A.

Spectrum fees (to cover the government's costs of processing applications and regulating use of the spectrum) may increase with the renewal of cellular and PCS spectrum licences, although the timing of fee increases (if any) is unknown.

The media has been headlining reports based on studies that claim alleged links between radio frequency emissions from wireless handsets and health issues; continued media reporting may discourage the use of wireless handsets. Alternatively, authorities could impose more restrictive standards on radio frequency emissions from low powered devices, such as wireless handsets.

A continuing risk factor is the increasing competitiveness of Rogers' two main rivals, Bell Canada and TELUS, who have their own networks. They continue to mount an aggressive marketing campaign. Concurrently, new and smaller entrants continue to increase their share of the market in both the voice and data markets. Risk factors also include technological changes causing product obsolescence, intense competition in the wireless telecommunications industry and changes in the regulatory environment. Management reviews all these risk factors regularly and discusses strategies to deal with them if they happen to arise. The Company depends heavily on its service provider, Rogers, to provide innovative and competitive products and services to the marketplace. Indications are that Rogers is not only aware of this but is taking active steps to manage this issue.
