

Advent-AWI Holdings Inc. (formerly Advent Wireless Inc.)

Management's discussion and analysis for the quarter ended September 30, 2021

Effective date of MD&A – November 26, 2021

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.

You should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement (and such risks, uncertainties and other factors) speaks only as of the date on which it was originally made, and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this document to reflect any change in expectations with regard to those statements or any other change in events, conditions or circumstances on which any such statement is based, except as required by law. New factors emerge from time to time, and it is not possible for the Company to predict which factors will arise or when. In addition, the Company cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Overview

Business nature:

The Company operates in three business segments:

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

(3) Digital health through Advent TeleMedicare Ltd. (ATMC), a wholly owned subsidiary.

(1) Wireless business

Products: wireless voice and data, high speed internet, digital cable television, home phone, Smart Home Monitoring and Rogers Bank MasterCard.

Number of stores as at September 30, 2021 – four stores (two Rogers & two Fido, all in Ontario)

Number of stores as at September 30, 2020 – four stores (two Rogers & two Fido, all in Ontario)

Economic dependence

For the three months ended September 30, 2021, approximately 97% (2020 - 95%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 3% (2020 - 5%) was generated through the Company's four retail stores in Ontario (2020 - four stores in Ontario) on the wireless side and Adwell Financial Services Inc. ("Adwell") on the financing side.

Account Receivable from Rogers –85% at September 30, 2021 (82% at September 30, 2020).

(2) Micro finance business

In late 2015, the Company received approval from the TSXV (Toronto Stock Exchange Venture) to start a financial service subsidiary that would operate a consumer lending business in the Greater Vancouver Area of British Columbia. This new subsidiary, Adwell, was incorporated on January 8, 2016 and commenced operations in Q1 2016. Adwell issued 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, assisted in the start-up and assist in the continuing operations of the venture.

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, is for advances to customers.

At the time of this MD&A, the Company had invested \$1,200,000 in Adwell, of which \$350,000 was funding for the ongoing operations of Adwell, while \$850,000 was funding for Adwell's advances to customers.

(3) Digital health business

On June 12, 2020, the Company issued a press release announcing that it has entered into a commercial agreement with Dynosense Corp. (“Dynosense”), a California-based company, pursuant to which the Company, through a wholly owned Hong Kong subsidiary, will sell and distribute certain health products and services (defined and further described below) in Hong Kong and Macau (the Territory) under a licence granted to it by DynoSense. Under the terms of the Commercial Agreement, the Company was required to pay CAD\$1,000,000 to DynoSense on or before June 30, 2020, half of which constitutes the advance payment for inventory of certain Products. The initial term of the Commercial Agreement will be five years, and may be renewed for an additional five 1-year terms thereafter, subject to certain revenue targets being met at the time of each renewal.

DynoSense has created digital therapeutics which apply clinical data technologies to modify behavior and improve health outcomes for its users. The Products and Services licenced to the Company and the HK Subsidiary are comprised of handheld health scanners which are wirelessly connected to a cloud- based artificial intelligence platform via user-friendly and channel-customized software and mobile applications, which in turn are supported by personalized, care-centric services. The devices monitor certain vital signs and health conditions of the user (e.g., heart rate, blood pressure, blood oxygen saturation levels, respiratory lung analysis, body temperature and body composition) and send the information via the Cloud to the user's medical care professionals who are then able to read and interpret the user's medical information, and from that provide tailored advice and guidance to the user with respect to their medical condition at any given time. The Products and Services licenced to the Company and the HK Subsidiary include the products and technology described above as well as corresponding IT support services.

It is a term of the Commercial Agreement that in the event the business is successful in the Territory, as reasonably determined by DynoSense, then DynoSense may grant the Company a priority over establishing a separate, but similar, arrangement in Canada for the purpose of conducting a business similar to the business in Hong Kong.

The TSX Venture Exchange accepted the Commercial Agreement on June 26, 2020. Pursuant to the agreement, CAD\$1,000,000 was released to Dynosense on June 30, 2020 and the Company's new digital health business (ATMC) commenced operations in Hong Kong in the second half of 2020.

Covid-19 pandemic

When the Covid-19 pandemic first hit Canada in Q1 of 2020, the Company's four wireless retail locations were closed on March 17, 2020. Due to the essential

nature of the Company's wireless business, and Canada's strong COVID-19 control initiatives, all four locations have reopened in Q2 of 2020 (two on May 25, 2020 and two on July 27, 2020) and have been operating since, with strict adherence to government safety and social distancing guidelines.

At the time of this MD&A, the fourth wave of the Covid-19 pandemic appears to have levelled off in Canada, according to officials from the Public Health Agency. With the high level of vaccine coverage Canada has achieved, Canadians are much better protected going into the respiratory infection season this winter. The Province of Ontario where the Company's wireless business is located has just lifted most capacity restrictions on indoor establishments like restaurants, general retail, religious services and sporting events, together with social distancing and proof of vaccination requirements. In the longer term, the province aims to remove all public health measures meant to slow the spread of COVID-19 by late March 2022, including mask mandates.

While this is welcome news for the economy, many countries around the world are still struggling to control the Covid-19 pandemic, especially with the discovery of new Covid-19 variants which can spread much more easily. It is therefore not possible to predict if the reopening of the Province will continue as planned. However, the Company is cautiously optimistic that with the high rate of Covid-19 vaccination in Canada, the situation will be gradually brought under control.

Overall performance

	Q3 2021	Q3 2020	+/-	%
Wireless revenue	1,380,997	1,069,803	311,194	29%
Financing revenue (including other revenue)	136,982	142,166	-5,184	-4%
Digital Health revenue	4,095	0	4,095	n/a
Total revenue (excluding investment income and gain(loss) on sale of assets)	1,522,074	1,211,969	310,105	26%

Third quarter combined revenue increased by \$310,105 or 26% compared to the same quarter last year. This was comprised of an increase in wireless revenue of \$311,194 (29%), a decrease in financing revenue of \$5,184 (-4%), and an increase in digital health revenue of \$4,095 (\$0 in Q3 2020)

For a second year, the Covid-19 pandemic caused major disruption of retail businesses throughout Canada. However, things seem to be improving as Canada emerges from the fourth wave of the pandemic. The Province of Ontario, where the Company's four wireless stores are located, has been gradually reopening the province since July by allowing facilities like restaurants, gyms, religious services, cinemas and casinos to resume indoor operations. In October, the Province further released its plan to safely reopen the province over the next six months. The plan outlines the Province's gradual approach to lifting remaining public health and workplace safety measures through the winter, while protecting health system capacity and prevent widespread lockdowns.

In Q3 2021, wireless revenue increased by \$311,194 or 29% over Q3 2020. The gradual reopening of the Province of Ontario during the quarter resulted in an increase of mall traffic, which in turn led to an increase in the number of overall wireless transactions at the stores.

The Company's financing business, Adwell generated \$136,982 in Q3 revenue (Q3 2020 - \$142,166), a quarter to quarter decrease of 4%. Adwell continued to take a more conservative approach to its loan approvals during Q3 2021, and indeed throughout 2021. This cautious approach resulted in a 47% decrease in the size of its loan portfolio at the end of Q3, 2021 compared to the same quarter last year, as existing loans are being paid off without sufficient new loans being added to the portfolio.

Financing income represented 9% of the combined revenue of the Company in Q3 2021 (Q3 2020 - 12%).

The Digital Health Business, still in its start-up phase, registered a small revenue of \$4,095 in Q3, 2021 (Q3 2020 - nil)

Summary of consolidated quarterly results

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Wireless revenue	1,718,106	750,824	332,307	1,069,803	1,359,206	860,692	800,965	1,380,997
Financing revenue	200,528	199,394	156,008	142,166	137,437	131,443	136,374	136,982
Digital Health revenue	0	0	0	0	0	2,285	0	4,095
Gross margin	40%	55%	72%	47%	42%	46%	56%	48%
Net income (loss) before income taxes	(52,226)	1,448,537	(80,606)	(50,082)	(389,867)	(197,671)	(205,647)	23,300
Basic and diluted earnings (loss) per share	(0.024)	0.088	(0.006)	(0.004)	(0.033)	(0.012)	(0.012)	0.001

On the wireless side of the business, the historical trend in annual retail sales in Canada is that Q1 is normally the lowest; sales then gradually increase in Q2 and Q3, and finally peak in Q4.

The Company's Q3 2021 wireless revenue increased by \$580,032, or 72% from Q2 2021, thanks to increase in mall traffic as the Province of Ontario reopened and restrictive measures were eased. It was also 29% higher than that of Q3, 2020.

Although the Company's four stores remained open in Q3, it is uncertain how long it will take for business to return to pre-Covid level. The encouraging news is at time of this MD&A, Ontario has put a gradual reopening plan in place which aims to fully reopen the Province without any restrictions by March 2022. However, because many countries in the world are still struggling to control the pandemic, as well as the discovery of several new Covid-19 variants, the

Company is still facing a very uncertain business environment and therefore is not able to offer guidance as to its business trends for the foreseeable future.

Financing income in Q3 2021 decreased by 4% over Q3 2020. Financing income is subject to lesser fluctuation than wireless income as interest is accrued on its existing loan portfolio. In response to the potential increase in credit risk due to Covid-19, Adwell tightened up its lending policy throughout 2021, which led to a smaller overall loan portfolio. This prudent approach is expected to remain in place for the remainder of the year.

Results of operations – Wireless business

In Q3 2021, Am-Call recorded an income from operations of \$291,873, a 317% increase over the same period last year.

In response to the Covid-19 pandemic, the Company's four wireless retail locations were closed on March 17, 2020. Two inline locations were subsequently reopened on May 25, 2020 and the remaining two kiosk locations were also reopened on July 27, 2020. Since reopening, all four stores remain in operations up to the time of this MD&A.

In Q3, 2021, Rogers' new voice activations and customer upgrades increased by 28% and 27% respectively over Q3 2020, while data activations decreased by 12%. Whereas on the Fido side, new voice activations, data activations and customer upgrades also increased by 156%, 151% and 68% respectively. These increases are the result of the increase in mall traffic from the reopening of the Province and easing of restrictive measures in Q3 2021. The traditional Q3 "back-to-school" rush was non-existent in Q3 2020, but came back in 2021 as most schools are getting back to full in-class learning format. Although Apple launched its line of iPhone 13 models in September, we believe the positive impact on sales will occur during Q4.

Given the more affordable nature of Fido's offerings it is not surprising that any rebound would have been seen on the Fido side first.

Combining the results of Rogers and Fido, total new voice and data activations in this quarter were up by 110% and 88%, while customer upgrades were up by 38%. This increase is also reflected in the Company's following revenue streams.

Phone hardware sales increased by 28% due to the 35% increase in the number of phones sold. The cost of Smartphones is much higher now, at more than \$1,000 each; therefore a change in the volume of hardware sales now has a correspondingly higher impact on the Company's revenue.

New activation commissions and customer upgrade commission increased by 140% and 102% respectively over Q3 2020, while residual commissions also increased slightly by 2% over the same period.

Rogers and Fido Bank (Mastercard) commissions increased by 168%, as these are mostly an add-on sale items boosted by the increase in customer traffic and transaction volume in Q3 2021. Cable and other commissions, on the other hand, increased by 94% over Q3 2020, confirming that keeping connected via internet and TV-entertainment are indeed very important during this pandemic.

Although the Covid-19 pandemic will continue to have a negative impact on the Company in 2021, management is encouraged by the rate of recovery since reopening and remains optimistic that the Company's business will remain strong heading into Q4 this year.

On the new technology front, the arrival of 5G will change the telecommunication landscape of Canada. 5G networks offer faster download, lower latency and better performance on more devices including smart cars, home appliances and remote medical devices as part of what is now called the Internet of Things (IoT). Therefore, major Canadian carriers are all developing their own 5G networks. At the time of this MD&A, Rogers has already rolled out its 5G network in Toronto, Vancouver, Montreal and Ottawa, while other Canadian carriers are expected to follow suit within the year. The Company looks forward to bringing 5G, a transformative technology, with its potential to change every aspect of daily lives, to our customers.

Subscriber Base:

September 30, 2021 - 25,244
September 30, 2020 - 25,851
Decrease of 607 or 2%

This net decrease in subscriber base of 607 is the result of a year to year decrease in the Rogers subscriber base of 1,147 on one hand, and an increase of the FIDO subscriber base of 540 on the other.

In order to maintain its subscriber base, the Company must keep adding new customers, 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 keys to maintaining subscriber base now are:

- Bundling – if the entire family is bundled into one plan, which can be shared among all users, the chance of customers leaving is reduced. That is why Add-A-Line and Add-A-Tablet promotions are now front and centre of the Company's marketing strategy.

- Multi products under one household – if a customer has multiple products (e.g. wireless, internet, TV, Smart home monitoring and credit cards) under one roof, the odds of that customer leaving are reduced.
- Multi brand availability– Rogers’ third brand, Chatr, is now available in both the Company’s Rogers & Fido locations to provide as wide a coverage as possible to prospective customers. The addition of this entry level brand means full coverage over the entire spectrum of customers, which provides each customer a clear path for upward migration in the future.

It is important to maintain the customer base because the Company receives residual income on the subscriber base every month. This gives the Company a steady flow of income. This was particularly apparent during the Covid-19 pandemic, as the Company still received a steady level of residual income while transactional income suffered.

Results of operations – Financing business

In Q3 2021, Adwell’s financing income decreased by \$5,184, or 4% compared to Q3 2020.

	Q3 2021	Q3 2020	+/-	%
Financing income	136,982	142,166	-5,184	-4%

Adwell’s main business continued to be unsecured personal short-term instalment loans to individuals in amounts ranging from \$1,000 to \$7,500, with nine to 36-month flexible repayment terms and no early repayment penalties. These loans are made with an average interest rate of 43% per annum. The loans are alternatives to the so-called payday loans, which are usually more expensive and stressful for consumers. With more flexible repayment term and its expertise in customer service, Adwell aims to help reduce customers’ stress and rebuild their financial health.

Adwell’s main income is interest that is generated from these loans. In Q3 2021, Adwell made 137 of these personal short-term instalment loans to customers, as compared to 123 in Q3 2020.

Even with the increase, Adwell management continued to adopt a conservative approach to personal lending during this uncertain time as many of these customers are workers employed in industries most affected by the economic slowdown brought on by the pandemic, including restaurants, retail shops, hotels and senior homes.

Besides unsecured personal loans, Adwell has been gradually adding other loan products into its portfolio and currently also offers the following types of loans:

- Secured loans - this product is similar to Adwell's existing micro loan offering but is secured by real property. This product particularly targets homeowners who have a stable working income and need short-term financing.
- Syndication loans - these are generally larger mortgage loans that are also secured by real properties. In undertaking such projects, Adwell intends to act as syndication leader and select qualified participants to invest in the project. This arrangement will allow Adwell to enter the mortgage loan market, while reducing its default risk.
- Pay-day loans - this is a loan product offered to customers who have a regular income but could not find guarantor(s) to qualify for Adwell's lower interest personal instalment loan product. Adwell advanced 116 pay-day loans to customers in Q3 2021 compared to 31 in Q3 2020, a 274% increase.

The table below shows the income and expense breakdown of the Company's financing business in Q3 2021 and Q3 2020:

	Q3 2021	Q3 2020	+/-	%
Interest income	115,325	128,509	-13,184	-10%
Fee income/Other income	21,657	13,657	8,000	59%
Total income	136,982	142,166	-5,184	-4%
General & administration (including interest cost & provision for loan loss)	97,312	74,336	22,976	31%
Advertising and promotion	0	0	0	n/a
Amortization of property, plant & equipment	842	841	1	0%
Income from operations	38,828	66,989	-28,161	-42%

In Q3 2021, Adwell recorded an income from operations of \$38,828, a 42% decrease over the same period last year. The decrease was caused by a reduction in interest income from a smaller loan portfolio during this period, and a one-time provision for loan loss adjustment made in Q3 2020 which did not repeat in Q3 2021.

The reduction in the size of its loan portfolio also caused Adwell's line of credit to drop correspondingly, resulting in a decrease of interest cost by 56% comparing with the same period of last year.

Starting in 2020, Adwell decided to calculate its loan loss provision based on actual loan loss experience, instead of the fixed percentage method that it has been using before. Adwell thinks it is prudent, especially in light of the Covid-19 pandemic. Adwell reviews and makes adjustments to the loan loss provision on a quarterly basis.

Results of operations – Digital Health business

The new Digital Health business reported a loss from operations of \$307,401 for the quarter. Marginal revenues of \$4,095 were reported for the new subsidiary which was still in its initial launch stage.

After completing its “local cloud” set-up in June, and testing the local Dynocare system for two months, ATMC management felt confident that Dyno50 was ready for commercial services in August 2021. Since then, ATMC has launched numerous commercial pilots, and successfully entered into sales contracts to supply remote patient monitoring packages to a few benchmark customers. These include the patient care division of a major hospital group as well as the senior care division of a well-known charity group in Hong Kong.

Strategy-wise, ATMC continues to focus on the formation of “a new-era medicare ecosystem”. To execute this mission, ATMC management established cooperation with two synergistic ecosystem partners, an industry leader in providing senior care services and an IT infrastructure-architect firm focusing on smart city initiatives.

Gross Profit Margin

Q3 2021 - 48%

Q3 2020 - 52%

Gross profit margin for the quarter is 48%, when compared to 52% in the same quarter last year. The drop in margin is attributable to an increase in hardware sales resulting from an increase in all transaction types in the quarter.

Hardware revenue has continued to negatively impact profit margins in the past few years as the price of hardware keeps increasing. Another factor which affects margin is the Company’s BYOD (Bring Your Own Device) mix, as BYOD activations only generate commissions but no hardware revenue. The Company has also been focused on increasing its non- margin based products such as cable and Mastercard, which also generate commission with no hardware cost. These components of the Company’s revenue mix mean the following factors will have a greater impact on profit margin:

- New activation commissions and upgrade commissions that can be changed at short notice depending on carrier priorities and focus.
- Dealer bonus commission targets and achievement metrics vary quarter to quarter and may be favourable or unfavourable to the Company.
- Residual commissions are a steady source of income, but it has become more and more challenging to retain customers amid heavy competition and the Canadian government’s objective of increasing competition in the future.

- Cable commission and Rogers Mastercard commission are now important revenue sources to make up the loss in wireless commissions due to loss of volume.

In short, the Company has to rapidly adopt and adjust to the rapidly changing environment in which it operates, in order to maximize opportunities to generate revenue and reduce business risk.

Q3 2021 General and administration expenses - \$635,313
Q3 2020 General and administration expenses - \$626,238
Increase of \$9,075 or 1%

Although there was a decrease in payroll and general office expenses in the wireless business, it was not enough to offset the expenses incurred by the Company's Digital Health business in Hong Kong, which is still in its launch phase.

Q3 2021 Advertisement and promotion expenses - \$7,630
Q3 2020 Advertisement and promotion expenses - \$5,638
Increase of \$1,992 or 35%

The Company has been doing less brand advertising on its own as Carriers are now more inclined to centralize branding within their own marketing departments. 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, and it will continue to advertise and promote in ethnic media channels as appropriate. The Company's advertising and promotion is now more tactical in nature and will hopefully yield faster results.

Another initiative the Company has increasingly deployed is the use of promotion bill credits, which dealers can obtain at a discount, to reduce phone prices. This initiative can be very effective in short term "hit & run" type promotions as competitors will have difficulty matching it.

In addition to 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 & marketing costs. However, the availability of these funds depends on Rogers' budget and the timing of promotions, and these reductions may therefore not be repeated in the future.

The Company had few advertising and promotion activities during Q3 2021.

Q3 2021 Depreciation - right-of-use assets - \$44,530
Q3 2020 Depreciation - right-of-use assets - \$47,683
Decrease of \$3,153 or 7%

Commencing January 1, 2019, as a result of the Company's adoption of the International Financial Reporting Standard (IFRS) 16, Leases, certain leases that were previously operating leases are now capitalized as right-of-use-assets, which are depreciated over their respective terms.

Q3 2021 Amortization of property, plant and equipment - \$8,312
Q3 2020 Amortization of property, plant and equipment - \$11,473
Decrease of \$3,161 or 28%

The decrease was the result of leasehold improvement and signage being written off from the leases which were terminated.

Q3 2021 Amortization of investment properties - \$8,973
Q3 2020 Amortization of investment properties - \$8,972

There has been no change in the number of investment properties.

Q3 2021 Amortization of intangible assets - \$25,000
Q3 2020 Amortization of intangible assets - NIL

The Company started to amortize the \$500,000 paid to Dynosense for the exclusive distributorship right in Hong Kong which was recorded under intangible assets on the company's financial statements over its five-year period beginning in Q4 of 2020.

Q3 2021 Rental income - \$19,370
Q3 2020 Rental income - \$13,689
Increase of \$5,681 or 42%

The Company continues to receive rental income from its two investment properties. The tenants were able to maintain their rent payments by taking advantage of government rent subsidy programs during the pandemic.

Q3 2021 Gain on sale of assets - \$0
Q3 2020 Gain on sale of assets - \$0

The Company did not sell any investment property in Q3 2021.

Q3 2021 Income before income taxes - \$23,300
Q3 2020 Loss before income taxes - (\$50,082)

Q3 2021 Net Income after income taxes - \$18,300
Q3 2020 Net loss after income taxes - (\$32,082)

Q3 2021 Net income attributable to non-controlling interests - \$10,899
Q3 2020 Net income attributable to non-controlling interests - \$20,097

Q3 2021 EPS - \$0.001
Q3 2020 LPS - (\$0.003)

Liquidity

Cash and cash equivalents & short-term investments as at September 30, 2021 - \$13,128,346

Cash and cash equivalents & short-term investments as at September 30, 2020 - \$13,196,381

Decrease of \$68,035 or <1%

Working capital as at September 30, 2021 - \$13,827,809

Working capital as at September 30, 2020 - \$14,683,245

Decrease of \$855,436 or 6%

During the past year, the Company used internally generated funds for the dividend payment, for the ongoing funding of Adwell, and for investing in its new business venture ATMC. These payments had no significant impact on the operating cash flow of the Company.

The Company's liquidity has always been generated from the result of its operations. The Company has no line of credit arrangement with any bank.

Summary of contractual obligations

Wireless business

Number of leases at September 30, 2021 - five (September 30, 2020 - five).

Future minimum operating lease commitments are as follows:

2021 (remaining)	37,723
2022	160,147
2023	107,409
Total	305,278

Financing business

Number of leases at September 30, 2021 - one (September 30, 2020 - one)

Future minimum operating lease commitment is as follows:

2021 (remaining)	4,543
Total	4,543

Adwell's single lease will expire at the end of 2021 and is expected to be renewed.

In sum, total future minimum operating lease commitment of the Company's six leases as at September 30, 2021 is as follows:

2021 (remaining)	\$42,266
2022	\$160,147
2023	\$107,409
Total	\$309,822

Capital resources

The Company has no new line of credit arrangement with any bank after its \$250,000 line of credit was cancelled in January 2020 when the property used as collateral for it was sold.

Off balance sheet arrangements

The Company has two investment properties in its portfolio, one each in Ontario and British Columbia.

The Ontario property (Horizon Centre) has been leased since 2009. This commercial condominium unit was originally intended for use as a store, but proved unsuitable for selling wireless products at that time. At last renewal, this lease was extended for three years to expire on December 31, 2020. Although no further extension was signed upon lease expiry, the tenant has continued to operate the property on a month to month basis. The Company has no intention to open a store at that location in the immediate future and will keep the asset as an investment property.

The 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 converted into an investment property. This property has two units, both leased with expiry dates of December 15, 2023 (original expiry date December 15, 2021 but extended for two years) and December 31, 2021 (extension expected), respectively.

As at September 30, 2021, the two properties were classified on the unaudited condensed interim consolidated statement of financial position as investment properties. Total rent received was \$19,370 in Q3 2021 (Q3 2020 - \$13,689). The combined market value of the two remaining investment properties is estimated to be \$1,376,952 as at September 30, 2021 (September 30, 2020 - \$1,393,624). The rental income on these investment properties has been presented as rental income on the condensed interim consolidated statement of income (loss) and comprehensive income (loss).

It is the Company's intention to sell these remaining two investment properties for a reasonable return as and when decided by management.

Transaction with related parties

Salaries and fees paid to the Company's directors and executive officers in Q3 2021 were \$109,315 (Q3 2020 - \$267,515).

Proposed transactions

The Company's ongoing investment in Adwell and ATMC continues in Q3 2021.

Outstanding share data

There were 11,935,513 common shares issued and outstanding as at September 30, 2021 (September 30, 2020 – 11,935,513 shares). The number of common shares remains unchanged as at the date of this MD&A.

The Company did not issue any stock options during Q3 2021, and there were no stock options outstanding as at September 30, 2021.

Changes in accounting policies

Effective January 1, 2019, the Company adopted the new accounting standard IFRS 16 - Leases (IFRS 16), using the modified retrospective approach, and comparative figures have not been restated. The new set of standards set 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. 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.

Lease liabilities are recorded on the present value of the non-cancellable lease payments over the lease term and discounted at the Company's incremental borrowing rate. Lease payments include fixed payments only. The right-of-use assets are measured initially at cost and subsequently at amortized cost. The assets are depreciated over the term of the lease using the straight-line method. Extension and termination options exist for a number of the leases, and the Company has assessed all facts and circumstances available in determining the probability of exercising available extension and termination options. The Company includes the extension option in calculating the lease term when it

determines that is reasonably certain that the Company will exercise the available extension option. The Company reassesses whether an extension option is included in the lease term when there is a change in events and circumstances that affects that decision, and re-measures the lease liability upon change in assessment.

On adoption of IFRS 16 - Leases (IFRS 16), the Company chose the practical expedient to grandfather any contracts that were previously considered to be leases. As part of the initial application of IFRS 16, the Company chose, on a lease-by-lease basis, to measure the right-of-use asset at an amount equal to the lease liability at adoption date.

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 consolidated 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 appropriately assumed 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 discussions 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 un-deducted 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 un-deducted 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 estimates 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 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 consolidated statement of income and comprehensive income as the Company is exposed to the risks and rewards before and after the associated transaction, including inventory and pricing risk.

The preparation of the 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 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, 2020. 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 September 30, 2021.

Financial instruments

The Company did not use derivative financial instruments such as swaps, futures or hedging contracts in Q3 2021. The Company has no plans to use any of these in the foreseeable future.

Risk factors

The impact of Covid-19 is being felt by businesses throughout North America and the world. The pandemic has significantly impacted the retail sector in which the Company operates. The Company's management realizes it has now to deal with a broad range of interrelated issues and risks that include a new operating paradigm encompassing the safety of employees and customers, including the redesign of stores to accommodate social distancing requirements, to incorporate contactless transactions and online operations and identifying a myriad of complicated government support programs, while simultaneously preserving cash and liquidity.

Perhaps the most difficult issue for the Company is not being able to identify either the pandemic's duration or what the full impact of the Covid-19 will be on the Company's business model and its customers. Identifying risk factors in this environment, much less developing operating plans to mitigate the risks while maintaining profitability, will be challenging. As a recent Harvard University report titled "The Pandemic Is Rewriting the Rules of Retail," pointed out "Retailers have to make sure their sites are mobile-responsive, offer integrated services such as "buy online pick up in store" (BOPIS), and deliver a consistent, reliable digital experience across devices and channels."

There is no specific guidance available as to what post Covid-19 retail environment might look like as the Canadian economy emerges from the various restrictions that are now in effect. This lack of guidance is reflected in the following quotation from [JAMA \(Journal of American Medical Association\)](#) that illuminates some of the serious obstacles facing Company management's business planning:

Canada remains vulnerable in several areas. Children younger than 12 years are not yet eligible for vaccination and could be a potential source of outbreaks in the fall, and governments have done little to expand relatively limited ICU capacity so far. The next year will see Canada addressing new challenges that will require some difficult government decisions and individual choices, including implementing vaccine mandates, vaccine "passports," and the upcoming campaign to vaccinate children. Canada's significant access to and uptake of vaccines will most likely help lessen the effects of a fourth or subsequent waves of COVID-19, but disparate interprovincial public health policies and limited critical care capacity continue to pose challenges.

The risks inherent in the Company's business planning for the future include:

- Never in Canadian business history have retail stores operated with two-meter distancing regulations and limits on how many customers can enter a store at the same time and implementing end to end contactless transactions. Onset of winter will only exacerbate this requirement. Will customers stand in line to enter a retail store?
- Worse, many experts predicted another wave of Covid-19 winter months. Unfortunately, this fourth wave seems to have arrived quicker than and is already leading to talks about another round of possible close downs, and accelerating the transition away from retail stores.
- Given the large unemployment that the Canadian economy will have to work through and the permanent loss of some jobs, will customers want to spend money on the Company's products?
- 5G was supposed to position Canada as a world leader in the Telecom industry and was part of the Company's plan for generating future revenue streams. How might Rogers, our prime-vendor, reorient its 5G business plans going forward? Especially given the global supply chain driven shortages of high-density chips required for 5G products. The CEO of Intel predicts 5G chip shortages may stretch through 2023. If correct this forecast will have a material impact on the Company's business.
- Will there be additional help for small/medium businesses from the government if the Covid-19 impact, including the affect of variants and breakthrough infections continues in 2022? Will the Federal and Provincial governments continue to assist retail merchants to transition their business to an online-centric business model? Will they offer any assistance at all?

- Last but not least are the relatively new business threats from the geopolitical fault-lines resulting from the United States/China stand-off, especially the threat from a further contraction in the delivery of advanced computer chips required for devices at the heart of all of the Company's hardware including handsets and remote medical measurement and analysis technologies.

In the face of these multiple business threats due to Covid-19 crisis, the Company will have to act quickly to optimize its resilience, rebalancing for risk and liquidity, while assessing opportunities for growth coming out of the downturn. Immediate action will be needed to address short-term liquidity challenges, but also to generate funding to invest in new opportunities. Management intends to keep in close touch with its service provider, Rogers Communications Inc., to help it quantify these and other risk factors and to become knowledgeable in the best-practices that will surely emerge to help companies survive and grow in the new business environment.

The Company's 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 the Company's future performance.

Economic dependence on Rogers is one of the risk factors. The Company is in an industry in which Carriers pay the dealer commissions to bring in new customers and service existing customers. It is also part of an industry in which hardware (mainly wireless handsets) is heavily financed by the Carrier. Phones are sold to consumers with zero upfront payment and dealers are reimbursed through a back-end hardware subsidy from the Carrier. A good example is the Apple iPhone and other Android Smartphones, where the phone may cost dealers as high as \$1,000+ each.

For the quarter ended September 30, 2021, approximately 97% (2020 - 95%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 3% (2020 - 5%) was generated through the Company's four retail stores in Ontario.

Account receivable from Rogers was 85% as at September 30, 2021 (82% as at September 30, 2020)

Management has decided that no provision for bad debt is required on Rogers' receivables due to past collection experience and Rogers' good credit quality. This economic dependence on Rogers is going to continue in the future, albeit diminished as a result of the drop in the number of stores, as well as the growing contribution from the Micro Finance and Digital Health businesses.

Canadian wireless companies could face increased competitive pressure because of recent legal changes to foreign ownership of telecommunications companies and control of the wireless licences. In other words, giants such as Verizon in the U.S. 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 Canadian companies such as Rogers.

A new risk factor emerged when the previous federal government decided to further open the Canadian telecommunication services industry to foreign investors by easing foreign ownership rules. Whether and by how much 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 continued to publish 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' three main rivals, Bell Canada, TELUS and Shaw, 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 change driven by product obsolescence, intense competition in the wireless telecommunications industry and changes in the regulatory environment.

Management is aware of new risks beyond those arising from the Covid-19 pandemic, that have become evident in the last one to two years. These include the Cloud, which offers new opportunities but also a heightened level of risk. Cyber intrusions from malevolent actors have begun to enter the wireless domain, presenting another spectrum of threats. On the opportunity side, the IoT in which the Internet will be used to get information and to control, for example, household items such as refrigerators, burglar alarms and home climate controls through wireless handsets, will open up additional risks.

Management reviews all these risk factors regularly and discusses strategies to deal with them as they 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 continuously innovating to stay ahead of its competition.

Microfinancing business

Credit risk is the risk of loss that arises when a customer fails to pay an amount owing to Adwell. Credit quality of the customer is assessed based on a number of proprietary credit models, and individual credit limits are defined in accordance with this assessment and other factors including the ability of the customer to comfortably afford the periodic loan payments. The linear approval flows I ensure a high-quality loan application process. After evaluating the client's information, Adwell makes a decision on the loan terms for each applicant, these include the maximum loan principal that the applicant may borrow.

Adwell will continue to develop underwriting models based on the historical performance of groups of customer loans, which guide its lending decisions. As Adwell has grown, management began recording a provision for loan loss on its books beginning in Q1 2017; this now is also based on historical loss experience in line with general industry practice. Adwell has been reviewing and adjusting this provision quarterly since.

Adwell takes reasonable measures to ensure compliance with governing statutes, regulations and regulatory policies. A failure to comply with such statutes, regulations or regulatory policies could result in sanctions, fines or other settlements that could adversely affect both its earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could also change the economics of Adwell's lending business. Numerous consumer protection laws and related regulations impose substantial requirements upon lenders involved in consumer finance, including leasing and lending. Also, federal and provincial laws impose restrictions on consumer transactions and require contract disclosures relating to the cost of borrowing and other matters. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions. The Criminal Code of Canada, however, imposes a restriction on the cost of borrowing in any lending transaction to 60% per year. The application of capital requirements or a reduction in the maximum cost of borrowing could have a material adverse effect on Adwell's financial condition, liquidity and results of operations.

Adwell is subject to various privacy, information security and data protection laws and takes reasonable measures to ensure compliance with all such requirements. Legislators and regulators have and continue to increasingly adopt new privacy information security and data protection laws, which may increase Adwell's cost of compliance. An example of this development is the increasing convergence of restrictive European Union regulations with the more liberal North American models. Even though Adwell has taken reasonable steps to protect its data and that of its customers, a breach in Adwell's information

security may still adversely affect Adwell's reputation and also result in fines or penalties from government authorities.

Digital Health business

The Company is starting up a new business venture outside of Canada and as such the new venture (ATMC) is subject to risk factors such as market availability, supply continuity and foreign exchange fluctuation. Further, this business venture is operated through the Company's Hong Kong subsidiary, and its continued operations could depend on future restrictions placed by the U.S., European Union, and potential Canadian laws that will increasingly sanction Chinese technology businesses on the mainland and in Hong Kong, restrictions that Canadian companies will have to follow given the virtually total global business dependence on the U.S. dollar. The Company has devoted both financial and human resources into this new venture and has recruited a management team with good local market experience to operate the business. We hope these strengths will help the Company deal with these fast-changing international business conditions.
