

Advent-AWI Holdings Inc. (formerly Advent Wireless Inc.) “the Company”

Management’s discussion and analysis for the year ended December 31, 2022

Effective date of MD&A – April 10, 2023

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forward-looking statement (and such risks, uncertainties and other factors) speaks only as of the date on which it was originally made, and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this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 can 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

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 (discontinued operations).

(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 December 31, 2022 – 4 stores (2 Rogers & 2 Fido, all in Ontario)

Number of stores as at December 31, 2021 – 4 stores (2 Rogers & 2 Fido, all in Ontario)

The Company did not open or close any store during 2022.

Economic dependence

For the year ended December 31, 2022, approximately 96% (2021 – 97%) of the Company's gross wireless revenue was from Rogers Communications Inc., whereas the remaining approximately 4% (2021 – 3%) was generated through the Company's 4 retail stores (2021 – 4) in Ontario.

Account receivables from Rogers – 94% as at December 31, 2022 (89% as at December 31, 2021)

(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 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, assisted in the start-up and continuing operations of the venture and remain so at time of this MD&A.

The Company has committed to invest 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 \$3,178,000 in Adwell, of which \$350,000 was funding for the ongoing operations of Adwell, while \$2,828,000 was funding for advances to Adwell's customers.

(3) Digital Health business (discontinued operations)

On June 12, 2020, the Company 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 will 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 smartly applies 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 with cloud- based artificial intelligence (AI) 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 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 Hong Kong 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 commenced operations in Hong Kong in the second half of 2020.

In Q3 2022, the Company was informed by Dynosense that they have decided to shut down their U.S. operations, and thus future server support of ATMC. Since Dynosense's cloud based AI system is an integral part of the ATMC business it is essential that the Company find a replacement system in order to continue with this business venture.

Unfortunately due to the proprietary nature of Dynosense's system a replacement could not be found and therefore the Company had no choice but to terminate its operations. ATMC was subsequently dissolved in November 2022 and its results are presented as discontinued operations in the 2022 consolidated financial statements.

Declaration of dividend

On July 8, 2022, the Company announced that a special dividend of \$0.05 per common share would be paid to all shareholders of record as at the close of business on July 22, 2022. This dividend payment was paid out on August 5, 2022.

Covid-19 pandemic

The Covid-19 pandemic, declared by the WHO in March 2020, has shown little sign of going away and continued to impact the Canadian and global economies throughout 2021 and into 2022, even as governments worldwide keep enacting various measures to combat the spread of this virus since its outbreak in the first quarter of 2020.

These measures include the implementation of travel bans, self-imposed quarantine periods, closure of retail stores and restaurants, a total ban on business meetings, conferences and trade shows and social distancing, all of which have caused material disruption to businesses globally, resulting in an economic downturn throughout 2020 and 2021.

After briefly lifting certain public health restrictions in early 2021, several Canadian provinces, including Ontario and British Columbia, declared a third wave of the Covid-19 pandemic in March and re-implemented those restrictions. In August 2021, Canada entered a fourth wave of Covid-19 and many provinces implemented proof of vaccination requirements to access non-essential businesses and services.

Late in the third quarter of 2021, provinces began relaxing certain of these public health restrictions as vaccines became more widely available and vaccination rates increased across the country. However, the arrival of the Omicron variant in late 2021 re-accelerated the spread of Covid-19 and prompted provinces to reintroduce various restrictions again.

Canada has eased most of its Covid restrictions in 2022, as the country has achieved high vaccination rates and low case numbers. However, an emergence of new Omicron variants such as BQ.1.1 and XBB1.5 in the second half of the year prompted the Canadian Chief Public Health Officer to warn that these new variants, together with an upswing in seasonal influenza cases during the winter

months, are posing a challenge to the health system and points to the need for stepped up precautions.

The Canadian retail sector has faced many challenges and changes due to the Covid-19 pandemic, but it has also shown resilience and adaptation. According to Statistics Canada, retail sales have rebounded strongly since the initial lockdowns in 2020, reaching a record high of \$62.6 billion in November 2022.

However, some challenges and uncertainties remain for the Canadian retail sector as it emerges from Covid-19. These include supply chain disruptions, labour shortages, rising costs of inputs and inventory management issues. Retailers also have to cope with changing consumer preferences and behaviours, such as increased demand for locally sourced products, sustainability and social responsibility. The retail sector will need to continue to adapt and innovate to meet these challenges and opportunities in 2023 and beyond.

Overall performance

In the Company's audited consolidated financial statements for the year 2022, the Digital Health business has been presented as "discontinued operations" on the consolidated statements of financial position and consolidated statements of income (loss) and comprehensive income (loss), respectively. Some prior year figures have been updated due to this reclassification.

	2022	2021	+/-	%
Wireless revenue	4,763,231	5,036,691	-273,460	-5%
Financing revenue	712,184	563,107	149,077	26%
Total revenue (excluding other & investment income) -continuing operations	5,475,415	5,599,798	-124,383	-2%
Digital health revenue - discontinued operations	45,097	13,138	31,959	243%
Total revenue - continuing and discontinued operations	5,520,512	5,612,936	-92,424	-2%

The Company's 2022 combined revenue decreased slightly by \$92,424 or 2% compared to 2021. This decrease was comprised of a decrease in wireless revenue of \$273,460 (5%), an increase in financing revenue of \$149,077 (26%), and an increase in digital health revenue of \$31,959 (243%).

Revenue contribution in 2022 is wireless business 86% (2021 - 90%), financing business 13% (2021 - 10%) and Digital health business <1% (2021 - <1%).

In 2022, the Company's wireless business continued to recover from Covid-19 with the lifting of most restrictions throughout the country. Canadians seem to have learned how to co-exist with Covid-19, and began to return back to normal economic activities. There was an increase in the volume of wireless business transactions throughout the year, especially in November when Canadian carriers launched very aggressive BYOD (Bring Your Own Device) price plans to

get market share, helped by the launch of new marquee phones from both Apple and Samsung. The decrease in overall wireless revenue is caused by the decrease in hardware sale.

The Company's financing business benefitted from the gradual reopening of the Canadian economy, as consumer confidence increased and economic activities returned to normal. In addition to the usual micro loans, the Company increased payday loan and mortgage loan lending in 2022. These loans also generate higher fees which caused overall revenue to increase by 26% in 2022.

As explained in our Q3 2022 MD&A, the Company's Digital Health business was cut short as a result of its provider Dynosense shutting down its operations and support, causing the Company to terminate this Hong Kong business in November of 2022.

Selected annual consolidated financial information

	Dec-22	Dec-21	Dec-20
Revenue (continuing operations)	5,475,415	5,599,798	4,147,145
Income before income taxes	421,499	477,471	927,982
Recovery of / (Provision for) income taxes	(113,139)	(138,603)	(67,730)
Income from continuing operations	308,360	338,868	860,252
Loss from discontinued operations	(1,203,735)	(1,030,076)	n/a
Assets	17,137,773	19,209,983	20,206,813
Liabilities	2,413,527	2,898,399	2,700,415
Basic & diluted earnings (loss) per share	(0.078)	(0.060)	0.069

The Covid-19 pandemic which began in early 2020 has had a significant impact on the Canadian retail sector, as lockdowns, restrictions and consumer behavior changes have affected sales, revenues and operations. However, the Company has shown resilience and adaption and has rebounded strongly since the initial lockdowns in 2020.

2021 and 2022 overall revenue rebounded from the low of 2020, close to pre-Covid level of 2019. However, the Company recorded losses in both 2021 and 2022 which was a direct result of the increase in expenses in its now discontinued Digital Health business in Hong Kong.

The Company financial position remains strong, with steady, liquid assets and low liabilities. Its liabilities to assets ratio is low at 14% (2022), 15% (2021) and 13% (2020) respectively.

Results of operations – Wireless business

Am-Call operated four stores in 2022, two Rogers and two Fido, which is the same number of stores as of a year earlier.

In 2022, the wireless business continued to rebound strongly since the initial lockdowns in 2020. Rogers new voice activations and data activations increased by 4% and 17% respectively, while customer upgrades recorded a decrease of 9%. Over at the Fido brand, new activations and data activations registered strong increases of 48% and 47% respectively, while customer upgrades dropped by 8%.

These increases are the result of the increase in mall traffic from the reopening of the Province of Ontario and the lifting of restrictive measures in 2022. The two traditional heavy selling periods, the Q3 “back-to school” and the Q4 holiday season, returned in 2022 as international students returned to Canada and schools got back to full in-class learning format, while Canadian continued returning to a festive mood during the December holiday season.

Canadian carriers helped this rebound by rolling out aggressive price plans over back-to-school and black Friday, generating a flurry of activities especially at Fido which Rogers used as a spearhead to gain market share.

New activations are generally generated from children coming of age, switchers from other service providers, as well as newcomers (immigrants and students) to the country. The Company has a competitive-advantage in gaining new customers with its focus on the Asian ethnic market in which new immigrants and students arrive throughout the year. The Company has concentrated on building personal networks and connections in new-immigrant support groups and student associations in order to capture this share of the new business. In 2020, the Covid-19 pandemic disrupted the normal yearly arrival of new immigrants and students from abroad which in turn led to an across the board decrease in the Company’s new activation numbers. The situation improved in 2021 and returned to full normalcy in 2022 as Canada fully re-opened its borders to international students and travelers.

On the customer upgrade side, customers seem to be holding on to their current devices longer than before, not only because of higher prices, but also because there has not been a significant technological breakthrough in smartphones in recent years. This was even more evident during the pandemic when Canadians were asked to stay home most of the time to mitigate the transmission of the COVID-19 virus, further dampening their desire to upgrade to the latest devices. This situation continued in 2022 as customer upgrade transactions fell on both the Rogers and FIDO side.

Furthermore, wireless network carriers do not have exclusivity to new phone models and all major carriers now have the same products in their lineup. Launch of new phones used to be a highly anticipated event among phone followers, and for retaining early adopters, who are usually the most loyal customers, is key. The Canadian government also mandated that Canadian carriers sell hardware unlocked and also to unlock customers' phones upon request; both of these mandates further encourage customers to shop around when their existing contracts expire, instead of automatically rolling over their contracts and upgrading to new hardware with their existing carrier. This is welcome news for consumers as Canadian carriers need now to be more aggressive in their pricing in order to retain existing customers and attract new ones. This was evident during this year's Q4 when Canadian Carriers offered lower price points and higher data allowances to the market.

Combining the results of both Rogers and Fido brands, total new voice and data activations were up by 39% and 41%, while customer upgrades were down by 8%. These are reflected in the following Am-Call's revenue streams:

In 2022, Am-Call's phone hardware sales decreased by 16%, as the number of phones sold also decreased by 33%, from 3,363 in 2021 to 2,243 in 2022. The cost of smartphones is much higher now (more than \$1,000 each) and consequently a change in the number of phones sold has a higher impact on the Company's revenue. On the Fido side, the high percentage of BYOD (Bring Your Own Device) activations does not generate additional revenue. Although this does not necessarily mean less profitability, it does depress hardware sales and hence overall wireless revenue.

New activation commissions and customer upgrade commissions increased by 35% and 13%, respectively, while residual commissions recorded a decrease of 7% over a year ago. There was an increase in transactional commission in 2022 which caused overall commission revenue to increase, this also explained why customer upgrade commission increased even though transaction volume decreased.

Bonus commissions decreased by 95% in 2022, when compared to that of 2021. Since last year, the Company's Carrier changed its compensation structure by increasing transactional compensations while decreasing target bonuses, resulting in bonus commission revenue to drop further.

In the past few years, the Company has been focusing on non-wireless products such as Rogers and Fido Bank (Mastercard) in order to mitigate the impact of the decrease in wireless transaction volume. This product is usually sold in stores as an add-on product when customers perform their wireless transactions. It is a highly competitive product and signup incentives are crucial in attracting new customers. In 2022, Mastercard commissions decreased by 40%. Selling Mastercard remains the focus of the Company in 2022 and beyond.

Cable internet and other commissions held steady in 2022 over 2021, confirming that keeping connected via internet and TV-entertainment are indeed very important revenue streams during this pandemic. With the phasing out of legacy TV and the introduction of Internet TV and concepts such as Rogers' Ignite TV, which offers seamless integration with apps such as Netflix and YouTube, sales of this sector is expected to improve in the foreseeable future.

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 connectivity/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). Major Canadian carriers are all developing their own 5G networks. At the time of this MD&A, all major Canadian wireless carriers have rolled out its 5G network in communities across Canada both urban and remote. The Company looks forward to bringing this transformative technology, with its potential to change every aspect of daily lives, to our customers.

Subscriber base:

December 31, 2022 – 26,265
December 31, 2021 – 24,341
Increase of 1,924 or - 8%

As at December 31, 2022, the Company had 26,265 subscribers, reflecting the subscriber base attached to the four locations (two Rogers and two Fido) of the Company wireless business.

The net increase in subscriber base of 1,924 is the result of a year to year decrease in the Rogers subscriber base of 1,103 and an increase in the Fido subscriber base of 3,027. This is consistent with past years with Rogers being a premium brand and Fido being a value brand and volume driver. The shift from the higher monthly service fee Rogers customer base to a lower fido monthly service fee customer base also explains why residual revenue dropped in 2022 even though the total subscriber base increased.

In order to maintain its subscriber base, the Company needs to keep adding new customers, while at the same time trying to prevent them from leaving. The key to executing this strategy 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 the Company's messaging.

It is important to retain the subscriber base because the Company receives residual income on each subscriber every month. This gives the Company a continuing steady flow of income.

Results of operations – Micro Financing business

In 2022, Adwell's revenue recorded an increase of \$149,077 or 26% over 2021.

	2022	2021	+/-	%
Financing revenue	712,184	563,107	149,077	26%

Throughout the year, Adwell's main business continued to comprise of unsecured personal short-term instalment loans to individuals in amounts ranging from \$1,500 to \$5,000, with 9 to 36-month flexible repayment terms and no early repayment penalties. These loans require guarantor(s) and are alternatives to payday loans, which are usually more expensive and stressful for consumers. With more flexible repayment terms and its expertise in customer service, Adwell aims to reduce customers' stress and help rebuild their financial wellness.

Adwell's main income is interest generated from these instalment loans. In 2022, Adwell advanced a total of 558 instalment loans to customers, vs 570 in 2021, a 2% decrease.

Throughout the past two years of Covid recovery, Adwell management continued to adopt a conservative approach to personal lending during this uncertain time because many of these customers work in industries most affected by the economic slowdown brought on by the pandemic, including restaurants, retail shops, hotels and homes for seniors. This is also a prudent approach given that an increasing number of economists are predicting the likelihood of a recession in Canada during 2023.

In addition to unsecured personal loans, Adwell has expanded its offerings to other loan products in the past few years.

- Secured mortgage loans - this product is similar to Adwell's existing micro loan offering but is secured by real property. The product particularly targets homeowners who have a stable working income and need short-term financing. These loans generate higher fee revenue because of their larger amounts.
- Pay-day loans - This is a loan product offered to customers who have a regular income but cannot find guarantor(s) to qualify for Adwell's lower interest personal instalment loan. Pay-day loans are smaller in amount, but generate higher fees, and have become more and more popular in the B.C. market where Adwell operates. In 2022, Adwell advanced 482 payday loans, a 56% increase over 309 advanced in 2021.

The table below shows the income and expenses breakdown of the Company's financing business in 2022 and 2021:

	2022	2021	+/-	%
Interest income	585,303	487,068	98,235	20%
Fee income/Other income	126,881	76,039	50,842	67%
Interest cost	72,440	38,595	33,845	88%
General & administration	458,712	371,820	86,892	23%
Advertising & promotion	1,000	0	1,000	n/a
Amortization of property, plant & equipment	1,436	3,443	-2,007	-58%
Provision for loan loss	22,016	17,589	4,427	25%
Income from operations before income taxes	156,580	131,660	24,920	19%

In 2022, Adwell recorded an income from operations of \$156,580, a 19% increase over 2021. The increase was a result of increases in interest income (20%) from a larger loan portfolio earning higher interest rate, and an increase in fee income (67%) mainly generated from the pay day loans and secured mortgage loan applications.

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 used since 2017. The 2022 provision marked a 25% increase over that of 2021 which Adwell thinks is prudent. Adwell reviews and makes adjustments to this provision on a quarterly basis.

Results of operations – Digital Health business (discontinued operations)

In Q3 2022, the Company was informed by Dynosense that it has decided to shut down their U.S. operations, including future server support of ATMC. Since Dynosense's cloud based server that houses the AI system is an integral part of the ATMC business it is essential that the Company find a replacement system in order to continue with this business venture.

Unfortunately, due to the proprietary nature of Dynosense's AI based system, a replacement could not be found and therefore the Company had no choice but to terminate operations and dissolve ATMC. This process was completed in November 2022.

ATMC reported a loss from operations of \$1,203,735 (2021- loss of \$1,030,076) for the year as a result of the dissolution of the business.

Gross profit margin

2022 - 54%
2021 - 44%

Gross profit margin for the year was 54%, when compared to 44% in the same quarter last year. The increase in margin was due to an increase in commission revenue resulting from an increase in all transaction types in the year, and a corresponding decrease in hardware revenue.

Hardware revenue continued to cause profit margin to fluctuate 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, especially on the FIDO side of the business, as BYOD activations generate commission revenue but no hardware sales. Other non-margin based transactions such as cable and Mastercard activation also generate commission revenue with no hardware cost involved.

These components of the Company's revenue mix mean that the following factors will now 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 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.

2022 General and administration expenses - \$2,504,026

2021 General and administration expenses - \$2,052,231

Increase of \$451,795, or 22%

In 2022, the Company's wireless business incurred more G&A expenses than 2021 as overall transactions increased. That resulted in an increase in payroll expenses such as salaries and commissions, as well as general office expenses and professional expenses. In addition, the Company received no more government payroll and rent subsidies, designed to assist Canadian businesses to weather the Covid-19 pandemic in 2021, as those programs were all phased out in the 4th quarter of 2021.

2022 Advertisement and promotion expenses - \$13,465

2021 Advertisement and promotion expenses - \$23,450

Decrease of \$9,985, or 43%

The Company's Wireless business 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. 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 the overall cost for customers. This initiative can be very effective for short term "hit & run" type promotions as competitors will have difficulty matching it.

In addition to receiving co-op subsidy from Rogers on advertising and promotion activities, the Company may also receive marketing funds support from Rogers throughout the year, thus further reducing its overall advertising and promotion costs. However, the availability of these funds depends on Rogers' budget availability and promotion timing, and therefore are not repeatable nor guaranteed.

The Adwell business is not a heavy user of advertisements and promotions as its customers are mostly attracted to Adwell via referrals.

2022 Depreciation - Right-of-use assets - \$173,327

2021 Depreciation - Right-of-use assets - \$175,971

Decrease of \$2,643 or 1.5%

Commencing January 1, 2019, as a result of the Company adopting *International Financial Reporting Standard 16, Leases*, certain leases that were previously operating leases are now capitalized as right-of-use-assets, which are depreciated over their respective terms. The Company has seven leases under this classification, with expiry dates ranging from 2023 to 2024.

2022 Amortization of property and equipment - \$22,549

2021 Amortization of property and equipment - \$25,037

Decrease of \$2,488, or 10%

2022 Amortization of investment properties - \$35,892

2021 Amortization of investment properties - \$35,892

The number of investment properties remained the same in 2022.

2022 Rental income - \$77,081

2021 Rental income - \$71,805

Increase of \$5,276 or 7%

The Company continues to receive rental income from its two investment properties.

2022 Income before income taxes - \$421,499

2021 Income before income taxes - \$477,471

Decrease of \$55,972 or 12%

2022 Loss from discontinued operations - (\$1,203,735)

2021 Loss from discontinued operations - (\$1,030,076)

Increase of \$173,659 or 17%

The Company's discontinued Digital health business loss \$1,203,735 in 2022, \$173,659 more than that of 2021. The increase was due to the writing offs of the intangible asset, which is the payment to Dynosense for the five years exclusive distributorship right of their products, as well as the remaining Dynosense inventory units on hand. This increase was mitigated by the smaller general and administration expenses in 2022 as ATMC was in operations for only part of the year in 2022.

2022 Total net loss and comprehensive loss after taxes - (\$990,562)

2021 Total net loss and comprehensive loss after taxes - (\$596,021)

2022 Net income attributable to non-controlling interest - \$34,050

2021 Net income attributable to non-controlling interest - \$28,268

2022 LPS - (\$0.078)

2021 LPS - (\$0.060)

Summary of consolidated quarterly results

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Wireless revenue	860,692	800,965	1,380,997	1,994,037	749,622	843,902	1,474,143	1,695,564
Financing revenue	131,443	136,374	136,982	158,308	143,278	233,636	162,067	173,203
Gross margin	46%	56%	48%	45%	51%	51%	56%	57%
Net income (loss)	(197,671)	(205,647)	23,300	(381,951)	(243,596)	(165,418)	205,707	(787,255)
Basic and diluted earnings (loss) per share	(0.012)	(0.012)	0.001	(0.036)	(0.032)	(0.013)	0.027	(0.060)

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

While Covid-19 disrupted this business trend in 2020 and the first-half of 2021, the normal trend seems to have returned in 2022 as Covid-19 restrictions are being lifted and Canadians are getting back to their normal lives. Helped by a

strong “back to school” selling period, the Company’s Q3 2022 wireless revenue increased by 75% over that of Q2 2022. This trend continued into Q4 as the Company recorded another strong Black Friday and Christmas holiday selling quarter that saw revenue increased another 15% over that of Q3, further showing signs that wireless revenues are on the road to a steady recovery.

Financing revenue, on the other hand, trended upwards in 2022 after a steady 2021 as economic activities picked up in the Province of British Columbia. Adwell became more active in the lending market and the numbers of new loans grew, especially in pay day loans which generate higher fee income. Adwell also advanced two secured mortgage loans in Q2 and collected higher fee income in that quarter.

In addition to the general historic retail trend, there are other factors unique to the Company’s industry that can affect overall sales and revenue, including:

The focus of the wireless industry on attaining higher ARPU (Average Revenue per Unit) and ARPA (Average Revenue per Account) might have favoured some dealers but has not been favourable for the Company’s business, which leans heavily towards the consumer segment of the market and is inherently price sensitive. However, management has seen Rogers discounting more heavily during the end of each quarter when volume targets must be met, especially on the FIDO side of the business.

The launch of marquee phone models from manufacturers like Apple, Samsung and Google normally helps generate more business, especially in customer upgrades. However, the timing and availability of these products are outside the Company’s control, and thus difficult to predict.

Carrier promotions directly affect the Company’s business. The Canadian telecommunications market is highly competitive, with carriers fighting hard to retain customers and to attract customers from competitors, especially towards the end of each quarter.

BYOD has become more and more prevalent in the Company’s business and continues to depress phone sales revenue. As discussed in previous MD&As, Rogers encourages customers to utilize their existing devices on sharing plans. While this is an excellent tactic to reduce churn, it does not generate hardware revenue. Additionally, we have observed that with this tactic consumers use their smartphones for longer periods; while smartphones are getting more expensive, they do not offer any ground-breaking technology in the new devices.

Smartphones are becoming more and more expensive with many models costing over \$1,500. This would normally alleviate the downward pressure on revenue caused by BYOD but, as explained in previous MD&As, it does not necessarily affect the bottom line in the Company’s business as the margin on hardware

revenue is nominal. Rogers is trying to entice BYOD customers to convert to a new phone by introducing more affordable models in its hardware lineup. In order to entice customers into new phones, devices are now mostly financed by the carrier over 24 months at no interest. This will help generate more hardware revenue.

The Company's micro financing business represents a profitable revenue source and has shown steady contribution to sales since its inception. Its revenue represented 13% of the total revenue of the Company in 2022 (10% in 2021). As mentioned earlier in this MD&A, the Company has committed up to \$3,000,000 to finance this venture.

Fourth Quarter discussion

Building on the momentum of Q3, the Company's business activities continued to improve in Q4, and ended the year 2022 on a positive note.

Canadian wireless carriers returned to "full battle" mode in Q4 of 2022 after two years of sales disruption caused by the Covid-19 pandemic, launching aggressive priced plans during Black Friday, and continued into the Holiday selling period in December. The launch of new phones such as the Apple iPhone 14 and the Samsung S23 models also helped generate enthusiasm in the marketplace, especially for customers whose purchases are driven by the latest and best devices.

In Q4 2022, FIDO's new voice and data activations increased by 54% and 56% respectively over Q4 2021, while customer upgrades decreased by 18%. Whereas on the Rogers' side, new voice decreased and data activations increased by 4% and 6% respectively, while customer upgrades decreased by 18% over 2021. Given the more affordable nature of Fido's offerings it is not surprising that the year over year gain was on the Fido side of the business.

Combining the results of Rogers and FIDO, total new voice and data activations were up by 44% and 50% in this quarter, while customer upgrades were down by 13%. These were reflected in the Company's revenue streams as follows:

New activation commission increased in Q4 2022 by 25%, while customer upgrade commission and phone hardware sales decreased by 15% and 28% respectively. Rogers Bank and Cable commission also recorded quarterly decreases of 36% and 32%. All in all, total wireless revenue decreased by 15% over Q4 2021.

In Q4, Adwell generated \$173,203 in financing revenue, which is a 9% increase over Q4 2021. The increase is a result of a 32% increase in interest income, offset by a 63% decrease in fee income.

Adwell recorded a loss from operations of \$48,552, compared to income of \$16,084 a year earlier.

	Q4 2022	Q4 2021	+/-	%
Interest income	159,316	121,060	38,256	32%
Fee income/Other income	13,887	37,248	-23,361	-63%
Total income	173,203	158,308	14,895	9%
General & administration (including interest cost & provision for loan loss)	221,378	141,307	80,071	57%
Advertising and promotion	0	0	0	n/a
Amortization of property, plant & equipment	377	917	-540	-59%
Income from operations	-48,552	16,084	-64,636	-402%

Liquidity

Cash and cash equivalents & short-term investments as at December 31, 2022 - \$12,489,189

Cash and cash equivalents & short-term investments as at December 31, 2021 - \$13,238,910

Decrease of \$749,721 or 6%

Working capital as at December 31, 2022 - \$13,084,481

Working capital as at December 31, 2021 - \$13,812,532

Decrease of \$728,051 or 5%

During the past year, the Company used internally available cash to fund its dividend payment as well as the investment in and ongoing funding of both Adwell and the now dissolved Hong Kong digital health venture. These payments did not have any material impact on the operating cash flows of the Company.

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

Summary of contractual obligations

Wireless business

Number of leases at December 31, 2022 - 5 (December 31, 2021 - 5)

Future minimum operating lease commitments of the wireless business are as follows:

2023	\$107,409
2024	\$0
Total	\$107,409

Micro Finance business

Adwell renewed its office lease during 2021 through to 2024. Its future minimum operating lease commitment is as follows:

2023	\$26,070
2024	\$23,898
Total	\$49,968

Digital Health business (discontinued operations)

ATMC terminated its lease with the landlord in November 2022 when the company was dissolved.

In sum, total future minimum operating lease commitments of the Company as at December 31, 2022 are as follows:

2023	\$133,479
2024	\$23,898
Total	\$157,377

Capital resources

The Company has no credit facility arrangement with any bank.

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 for the Company's wireless business, but later determined that the location was not suitable for selling wireless products at that time. At last renewal, this lease was extended for one year to expire on May 31, 2023. The Company has no intention to open a store at that location in the immediate future and will keep the unit as an investment property. The lease is expected to be renewed.

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 and December 31, 2026, respectively.

As at December 31, 2022, these two properties were classified on the consolidated statement of financial position as investment properties. Total rent received was \$77,081 in 2022 (2021 - \$71,805). The combined market value of

these properties is estimated to be \$1,586,850 as at December 31, 2022 (December 31, 2021 - \$1,351,765). The rental income on these investment properties has been presented as rental income on the 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.

Transactions with related parties

Salaries and fees paid to the Company's directors and executive officers in 2022 were \$855,821 (2021 - \$1,021,344).

Proposed transactions

The Company's ongoing investment in Adwell and ATMC continued in 2022.

On August 10, 2022, the Company was informed by Dynosense that they were no longer able to financially sustain their business and had decided to shut down their U.S. operations. As a result they could only provide server support to ATMC until October 31, 2022.

Since the Dynosense cloud based AI server system is an integral part of ATMC's business, and a compatible replacement system could not be found, the Company had no choice but to notify its customer of the situation and dissolved ATMC in November of 2022.

Outstanding share data

There were 11,935,513 common shares issued and outstanding as at December 31, 2022 (December 31, 2021 – 11,935,513 shares). The number of common shares remains unchanged as at the date of this MD&A.

The Company issued no stock option during 2022 and there was no stock option outstanding as at December 31, 2022.

Changes in accounting policies

New accounting pronouncement

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the International Accounting Standards Board issued Classification of Liabilities as Current or Non-current, which amended IAS 1 Presentation of Financial statements. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the International Accounting Standards Board issued Definition of Accounting Estimates, which amends IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

IAS 12 Income Taxes (Amendment)

In May 2021, the International Accounting Standards Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

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.

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.

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 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 consolidated financial statements is set out below.

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.

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, 2022. 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, 2022.

Financial instruments

The Company did not use derivative financial instruments such as swaps, futures or hedging contracts in 2022. The Company has no plans to use any of these in the foreseeable future.

Risk factors

As this MD&A was being completed, the Federal Government finally approved the \$26 billion merger of Rogers Communications Inc. and Shaw communications which is expected to close in April 2023.

It took two years for the Federal Government to approve this transaction which was only approved with twenty one conditions including financial penalties if

wireless prices do not come down because of the merger. One of Company management's objectives for 2023 is to identify and quantify the business risk(s) posed by the merger, and especially by this mandate to reduce wireless costs.

Company's business may have yet another risk factor to consider in 2023: the of continuing increase in interest rates due to the Bank of Canada's avowed objective to reduce inflation. While the BOC has stated its position to not increase the interest rate in 2023 from its present 4.5%, given that the U.S. Federal Reserve has made no such commitment in American interest rates, and given that the U.S. is Canada's biggest trading partner, Company's management believes it needs to consider the potential impact of the BOC's reversal of its commitment to hold interest rates at 4.5%.

The impact of Covid-19 continues to be 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 beginning in the Fall of 2023. 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 given the continuing shortfall in medical resources in Canada. 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 childrens young as 6 months old. The reaction of parents to vaccinating their young children is still unknown. 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:

- Many experts predicted another wave of Covid-19 during the winter months. Other experts dispute this forecast. Company management will closely track this developing development.
- 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 given its merger with Shaw Communications? And, 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 accurate this forecast will have a material impact on the Company's business.
- Last but not least are the potentially 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 future growth. 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 year ended December 31, 2022, approximately 96% (2021 - 97%) of the Company's gross wireless revenue was from Rogers Communications Inc., whereas the remaining approximately 4% (2021 - 3%) was generated through the Company's four retail stores in Ontario.

Account receivable from Rogers was 94% as at December 31, 2022 (89% as at December 31, 2021)

Management has decided that no provision for bad debt is required on Rogers' receivables due to past collection experience and Rogers' continuing 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 Financing 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 (soon to be Videotron), 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

Since 2020, the Company was in the process of starting a new business venture outside of Canada that depended on proprietary remote-medical technology developed by Dynosense, a California, USA company. In 2022, Dynosense informed the Company that it is liquidating its business and will no longer support its proprietary technology, without which ATMC would no longer be viable. Consequently, the Company dissolved ATMC in November of the year.
