Advent Wireless Inc.

In this Management Discussion and Analysis (MD&A), the terms “We,” “Us,” “Our,” “The Company” and “Advent” refer to Advent Wireless Inc. The following management discussion and analysis (“MD&A”) of Advent Wireless Inc. should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the quarter ended June 30, 2015, and the notes contained therein. This MD&A is effective as at August 27, 2015. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All financial data is expressed in Canadian dollars unless otherwise stated. Additional information, including the Company’s Annual Information Form (“AIF”), can be obtained from the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Forward-Looking statements

Certain statements in the MD&A, other than statements of historical fact, are forward-looking in nature and involve various risks and uncertainties. These risks and uncertainties can include, without limitations, 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 guarantees of future performance. They involve risks, uncertainties, and assumptions related to all aspects of the wireless communications industry and the global economy. As a result, the Company’s actual results may differ materially from those anticipated in the forward-looking statements and there can be no assurance that such statements will prove to be accurate.

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Overview

Advent, together with its wholly owned subsidiaries, Am-Call Wireless Inc. ("Am-Call"), Advent Marketing Inc. and 1013929 BC Ltd., is an independent specialty retailer of personal wireless and wireline communication products and services. Am-Call is an authorized dealer of Rogers Communications Inc. ("Rogers") and Fido Solutions Inc. ("Fido"). Fido is the discount brand of Rogers, and is a wholly owned subsidiary of Rogers. The Company carries the full line of Rogers and Fido products and services including wireless voice and data, high speed Internet, digital cable television, home phone and Smart Home Monitoring. In 2014, the Company also started signing up customers for Rogers Bank™.

Number of stores: Number of stores as at June 30, 2015 – 17 stores (all in Ontario) Number of stores as at June 30, 2014 – 24 stores (19 Ontario, 5 B.C.) Breakdown of stores as of June 30, 2015: 17 stores – 12 Rogers and 5 Fido

The Company closed one of its Fido stores in Q2 2015. This store had been underperforming for a while. The mall where this store was located was overshadowed by several bigger malls in the same area. We have two Fido stores in the neighborhood that will be able to provide coverage. The location that was shut down had been on a month-to-month lease since November 2014. The Company did not retrofit any store in Q2 2015.

Since July 1, 2014, the Company has closed one Rogers store (Q4 2014) and one Fido store (Q2 2015), both in Ontario, causing the number of stores at the end of Q2 2015 to drop to 17. The breakdown of stores as of June 30, 2015 was as follows: 17 stores, of which 12 are Rogers and 5 Fido.

As discussed in previous MD&As, the Company sold its 5 B.C. Rogers locations in Q2 2014 following a discussion and an agreement with Rogers. Management is considering new opportunities in B.C and Ontario, both within and outside of the telecom sector, and will communicate with stakeholders when a decision is made that materially affects the operations of the Company.

Comment on Economic Dependence

For the three months ended June 30, 2015, approximately 82% (2014 – 83%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 18% (2014 – 17%) was generated through the Company's 17 retail stores (Q2 2014 – 19 stores).

Account Receivable from Rogers stood at 99% as of Q2 2015 (98% as of Q2 2014).

<u>Overall performance</u>

As the Company's five B.C. stores were still in operation for one month (April) in Q2 2014, for better comparison purposes, three sets of figures will be presented throughout this MD&A – combined (Ontario & B.C), continuing (Ontario) and discontinued (B.C).

Revenue
Combined - Ontario & B.C. Q2 2015 Revenue (excluding investment income) = $3,951,070 Q2 2014 Revenue (excluding investment income) = $3,719,479 Revenue increased by $231,591 or 6% when compared with Q2 2014.
Continuing - Ontario Q2 2015 Revenue (excluding investment income) = $3,951,070 Q2 2014 Revenue (excluding investment income) = $3,460,932 Revenue increased by $490,138 or 14% when compared with Q2 2014.
Discontinued - B.C. Q2 2015 Revenue (excluding investment income) = $0 Q2 2014 Revenue (excluding investment income) = $258,547 Revenue decreased by $258,547 or 100% when compared with Q2 2014.

After many quarters of declining revenue, Q2 2015 saw a reversal of this downward trend. Overall revenue increased by $231,591 or 6% when compared with Q2 2014. This overall revenue includes B.C. stores, which were sold in Q2 2014. Separating B.C. from the combined figures shows an even higher increase of $490,138, or 14% quarter-over-quarter.

B.C. stores were sold in 2014 and therefore generated no revenue in Q2 2015.

In Q2, Rogers' overall focus continued to be on getting higher revenue per customer, and putting customers on high-value Share Everything Plans. To further improve the Rogers value proposition, "Roam Like Home" was extended to Europe (previously it was U.S. only). It allows customers who are on Share Everything Plans to use their phones overseas as if they are still in Canada. By paying a fixed daily fee, customers can now use their Share Everything Plan voice and data buckets while travelling without incurring roaming charges. The idea of these plans was to boost the customer experience, and the company is encouraging more people to sign up or convert to these plans, which will ramp up the initiative.

There is also a renewed focus on signing up small business customers in Q2. A campaign with an attractive sign-up bonus was launched, accompanied by training and neighborhood advertising. Small business customers are in general heavier users and Rogers' goal was to attract them and in turn bring in higher revenue, a strategy that worked for the Company as well as Rogers.

In Q2, transaction volume continued to pick up on the Fido side of the business. The new Fido was launched with a refreshed logo and a new price plan lineup. New contents like Spotify and DAILY VICE were introduced, targeting younger generation customers. This change appears to have resonated with the target market, and combined with the launch of several aggressive and competitively priced plans resulted in a healthy increase in volume. This is welcome news for the Company as these plans allow us to compete effectively in the consumer space, and the results reflected that.

The revised wireless plans and partnerships were designed to let younger audiences known as the "millennials" connect, explore and share. One of the key attractions in the Fido Pulse plans is a free two-year subscription to DAILY VICE, including a free 30-minute newscast each morning from Monday to Saturday featuring VICE hosts from across Canada. Also included are a Spotify Premium subscription for two years, more data options, Canada-wide minutes, unlimited Canada-wide text, picture and video messaging. Spotify Premium allows subscribers to play songs instantly without ads – and literally millions of songs are available. Users can even take their tunes offline.

On the cautionary side, the tail end of Q2 (June 3 to be exact) is also the onset of the so-called "double cohort" situation for customers whose contracts have run for two years. This resulted from the CRTC Wireless Code passed two years ago disallowing three-year term plans as of June 3, 2015, and mandating that carriers must recover handset subsidies provided over a maximum of two years. This effectively means that customers on three-year plans can walk away from their contract. Analysts cautioned that Rogers had the most to lose from this because it has the largest subscriber base in Canada.

Since June 3 is at the tail end of the second quarter, the effect of this may not immediately materialize. Telecom analysts had cautioned that the effect of the double cohort could well materialize in the remaining two quarters. But, as the analysts also point out that double cohort is a two-edged sword that also provides opportunities to attract new customers. The Company is fully aware of the potential risk and reward double cohort can bring and it will be interesting to see how Canadian carriers would compete in both retaining their existing customers and attracting competitors' customers whose contracts are expiring. Rogers however announced better than forecast Q2 results with a 6% increase in revenue and an addition of 24,000 postpaid customers. According to Guy Laurence, CEO of Rogers, "it's not that it's not competitive out there … or that consumers are not aware of the double cohort, it's just that we have managed to navigate this quarter very well… we completed a series of strategic transactions to further enhance our spectrum position, delivered a successful first year of our exclusive national NHL rights agreement, and continued to implement key customer experience improvements. Our Rogers 3.0 plan continues to gain traction, our financials are trending in the right direction, and we're entering the back half of the year with key regulatory decisions behind us."

What helped buoy the quarter were the Samsung S6 and S6 Edge lines of new smartphones that were launched in Q2, which always generate some interest among avid phone users and usually help boost customer upgrade activities. However, it is worth mentioning that new phones, especially marquee models, are seldom exclusive to one carrier these days in Canada.

Looking at the number of activations and customer upgrades in Q2 2015:

ROGERS & FIDO (COMBINED)				
	Q2 2015	**Q2 2014**	**+/-**	**%**
Voice activation	3,995	3,389	606	18%
Data activation	3,683	3,283	400	12%
Hardware upgrade	2,431	2,675	-244	-9%

In the above table, the Q2 2014 numbers include one month (April) of the discontinued B.C. operations. It shows a turnaround increase in new voice and data activations in Q2 2015 versus Q2 2014 by 18% and 12%, respectively, although customer upgrade activities still dropped by 9% quarter-over-quarter.

The following tables present the continuing Ontario operations and the discontinued B.C. operations separately:

ONTARIO (CONTINUING)				
	Q2 2015	**Q2 2014**	**+/-**	**%**
Voice activation	3,995	3,320	675	20%
Data activation	3,683	3,239	444	14%
Hardware upgrade	2,431	2,459	-28	-1%

BC (DISCONTINUED)				
	Q2 2015	**Q2 2014**	**+/-**	**%**
Voice activation	0	69	-69	-100%
Data activation	0	44	-44	-100%
Hardware upgrade	0	216	-216	-100%

For the continuing Ontario operations, Q2 result shows a turnaround in business activities. Voice & data activations increased by 20% and 24%, respectively, over Q2 2014, while customer upgrade activities only dropped by a slight 1% over the same period of time. Transaction volume has been on the decline for many quarters and this reversal is encouraging indeed. We attribute this to the following factors:

- The successful launch of the new Fido brand accompanied by new aggressive price plans.
- The launch of the new Samsung S6 models at both Rogers and Fido.
- The launch of small business initiative at Rogers; and
- The "double cohort" creates opening to capture "switchers."

It is the Company's wish to stabilize transaction volume in 2015 and Q2 goes a long way to achieving that. Another positive sign is the "double cohort" situation in customer upgrade activities in 2015, which by all indications will bring in higher upgrade activities. We have seen indications that Rogers realizes it has given up too much volume in acquiring higher value customers, and will be taking steps to balance this. This occurred subsequent to the end of Q2, when Rogers announced that it obtained federal government approval to acquire Mobilicity and also completed an option agreement to buy wireless airwaves from Shaw Communications Inc.

In terms of revenue, in Q2 2015:

	Combined		Continuing		Discontinued	
Phone sales	2,580,352	11%	2,580,352	18%	0	-100%
New activation commission	344,002	-9%	344,002	-7%	0	-100%
Customer upgrade commission	142,495	12%	142,495	19%	0	-100%
Residual commission	632,732	1%	632,732	7%	0	-100%
Bonus commission	207,977	51%	207,977	71%	0	-100%
Cable & Others	43,511	-66%	43,511	-43%	0	-100%
Total	3,951,070	6%	3,951,070	14%	0	-100%

Please note the combined (Ontario & B.C.) figures and the continuing (Ontario) figures in Q2 2015 are the same, as B.C. was sold and had no business activities. The combined figures are presented to illustrate the difference in percentage change when compared to Q2 2014.

From continuing operations alone, revenue increased in phone sales, customer upgrade commission, residual commission and bonus commission, while revenues from new activation commission and cable & others commission decreased. This will be discussed in greater detail later on in this MD&A.

The Company's revenue depends not only on the transactions it generates but also depends very much on the amount of various types of commissions, which is determined by Rogers and can change from time to time, depending on Rogers business focus and objectives. In this regard, Rogers has informed dealers that new activation and upgrade commission will change in Q3 2015. The new structure will be based on a multiple of customers' monthly service fee, in case of new activations, or incremental service fee in case of upgrade, instead of a fixed amount as in the past. The company is still assessing the impact of this change to its future revenue.

Starting in Q1 2015, Rogers further introduced targets on “Customer Upgrade (HUP) transactions” and “Average Increase in Monthly Service Fee (MSF) on Price Plan Changes.” Knowing that customer upgrade activities make up a large share of dealer volume, these targets are designed to get dealers to concentrate on upgrading and upselling customers to the new “Share Everything” plans. Quarterly bonus is now tied to these targets.

Another bonus target introduced was the “High Value HUP” transaction target, which counts the number of HUP transactions with MSF above a target dollar amount. Again, this is designed to upsell HUP customers to higher value “Share Everything” plans. Annual bonus is now tied to this target. This is obviously a very important revenue stream for the Company and management is taking every step necessary to maintain these plans. To that end, the Company needs to follow Rogers’ direction and switch its business focus to “Share Everything”, premium, as well as small business customers, while maintaining volume. The challenge for the Company in the upcoming busy Back-to-School and the Christmas holiday seasons will be to mount a double sales strategy that covers both ends of the spectrum: the high value customer and high-spending small business on the one side, and the discount brand, Fido, on the other.

Subscriber Base:

June 30, 2015 – 93,306
June 30, 2014 – 98,884
Decrease of 5,578 or 5.6%

The decrease in subscriber base in Q2 2015 is solely in Ontario, as B.C. was already sold by quarter end in Q2 2014.

Since the launch of the Fido business in 2011, the addition to the Company’s subscriber base has been from its Fido business, with the growth in the Fido subscriber base mitigating the decrease in the Rogers subscriber base. This is again the case in Q2 2015. Since July 1, 2014, the increase in the Fido base was 3,097, whereas the decrease on the Rogers side was 8,675, resulting in a net decrease of 5,578.

The Rogers customer base has been under challenge for some time, which is partly because of competition and partly by design (revenue over volume). It is yet to be seen whether the incremental residual revenue from higher ARPU (Average Revenue Per User) customers is able to offset the decrease in subscriber base. Having said that, the strategy of “Share Everything” plans is also valid for customer retention since:

1) If the entire family is bundled into one plan, which can be shared among all users, the chance of customers leaving will be less.
2) If a customer has multiple products in one household (e.g. wireless, internet, TV, Smart home monitoring and credit card) the chance of that customer leaving will be less.

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.

Summary of consolidated quarterly results

	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Revenue	4,022,791	5,264,331	3,857,041	3,460,932	3,403,006	5,264,109	3,755,731	3,951,070
Gross margin	41%	35%	39%	28%	47%	39%	38%	36%
Net income	297,553	313,238	331,356	222,969	275,412	184,833	337,287	267,641
Basic and diluted earnings per share	0.025	0.026	0.031	0.019	0.023	0.015	0.028	0.022

Q2 2015 revenue moved up from Q1, which follows more closely the general retail trends in Canada. The drop in business volume seems to have leveled off. It will be interesting to see if this trend will continue upwards in Q3's Back-To-School season and then onwards to the Q4 holiday season. As mentioned earlier, all eyes are on the "double cohort" situation which is expected to generate a higher than normal demand for customer upgrades. The effect of this should be more apparent as we get into Q3.

However, it must be remembered that many factors are still at play, which can affect sales and revenue. Among these are the following:

- Launch of new hardware – the new Samsung S6 and S6 Edge models have helped business activities in Q2. All eyes are now on the Apple iPhone 6S (or iPhone 7) models which are predicted to be launched in September. There has not been any official announcement at the time of this MD&A. Marquee phones such as the iPhone would definitely help generate more business.
- Rogers' promotions that affect new acquisitions. However, as indicated earlier, the focus of Rogers is now on achieving higher ARPU rather than volume. This may be a disadvantage for the Company, which plays in the retail, consumer end of the market. The encouraging sign is that Rogers seems to realize this as well and has been using Fido to create transaction volume. Also, recently it obtained permission from Ottawa to acquire Mobilicity, a discount carrier, exchanging some of its AWS-1 Spectrum with Wind for the latter's spectrum. As part of the purchase, Rogers acquires about 150,000 customers and has not announced any immediate plans for the new company.

- BYOD (bring your own device) has become more and more popular and continues to depress phone sales revenue. As discussed in previous MD&As, Rogers encourages customers to utilize their existing devices on sharing plans, which is an excellent tool to reduce churn, but at the same time no hardware revenue is generated. In addition, we observed consumers using their smartphones for a longer period. This is because of no groundbreaking technology being introduced in new devices.
- Smartphones are becoming more and more expensive. Apple even increased prices on iPhones towards the end of Q1, citing foreign exchange. This would increase hardware revenue but, as explained in previous MD&As, will not necessarily affect the bottom line.
- The "double cohort" situation creates both risks and opportunities in losing or capturing customers. The Company will execute Rogers programs diligently to maximize its benefits while minimizing risks.

Results of operations

ONTARIO (CONTINUING)				
	Q2 2015	**Q2 2014**	**+/-**	**%**
Voice activation	3,995	3,320	675	20%
Data activation	3,683	3,239	444	14%
Hardware upgrade	2,431	2,459	-28	-1%

The above captures the continuing Ontario operations, including both Rogers' and Fido's Q2 numbers. When broken down, the continuing operations by Rogers and Fido are as follows:

ROGERS (CONTINUING)				
	Q2 2015	**Q2 2014**	**+/-**	**%**
Voice activation	1,618	1,518	100	7%
Data activation	1,637	1,422	215	15%
Hardware upgrade	1,776	2,079	-303	-15%

FIDO (CONTINUING)				
	Q2 2015	**Q2 2014**	**+/-**	**%**
Voice activation	2,377	1,802	575	32%
Data activation	2,046	1,817	229	13%
Hardware upgrade	655	380	275	72%

Just as in Q1, the bright spot in Q2 was from the Fido side, which registered increases in both new activations (voice & data) and customer upgrade activities by 32%, 13% and 72%, respectively. The reasons are as follows:

- The aggressive price plan rolled out in Q1 continued into Q2 and gained more traction.
- To coincide with the new plan, Fido also dropped prices on a few smartphones to strengthen the deal.

In addition to Fido, Rogers' side of the business also did well in Q2. As pointed out earlier in this MD&A, the falling trend in new voice and data activations seemed to have bottomed out and reversed during the quarter, registering increases of 7% and 15%, respectively. Customer upgrades, however, still dropped by 15% compared to the same quarter last year for reasons explained above.

This reversal can also be attributable to the launch of the Samsung S6 line of new smart phones, which prompted some “switchers” from other carriers.

We hope this trend will continue into Q3 and beyond, as Rogers continues to build up its value around its plans. Meanwhile, several well-known telecom blogs have applauded the rebranding of Fido both in its marketing material and its appeal to a wider customer spectrum with popular information and music sites offered free for two years. This is beginning to generate the needed volume.

The Company is a dual brand dealer, which allows it to sell both Rogers and Fido. The Company is also working with Rogers to figure out the combination of Rogers and Fido stores, based on demographic and geographic factors, which would maximize potential. This may include closing or relocating stores and also perhaps converting from Rogers to Fido, and vice versa.

Q2 2015 Revenue (excluding investment income) – $3,951,070
Q2 2014 Revenue (excluding investment income) – $3,460,932

This reflects the result of the Company’s Ontario Rogers and Fido operations for the quarter. In the table below, we look at the major revenue sources:

Ontario (Continuing)	**Q2 2015**	**Q2 2014**	**+/-**	**%**
Phone sales	2,580,352	2,180,074	400,278	18%
New activation commission	344,002	370,735	-26,733	-7%
Customer upgrade commission	142,495	119,280	23,215	19%
Residual commission	632,732	592,416	40,316	7%
Bonus commission	207,977	121,788	86,189	71%
Cable & Others	43,511	76,640	-33,129	-43%
Total	3,951,070	3,460,932	490,138	14%

Phone hardware revenue has been on the decline for many quarters and seems to have bottomed out in Q1 2015, and further recording an increase of 18% in Q2. In addition to the increase in business volume, the higher price of the Samsung S6 models also caused phone sale revenue to go up. To the Company, hardware revenue does not affect bottom line as much as the other revenues, since little or no margin is made on hardware sales.

New activation commission decreased by 7%, even though new activation volume increased on both the Rogers and Fido side. This was caused by the higher numbers of BYOD (bring your own device) activations, especially on the Fido side, which generates less commission. In addition, BYOD customers are generally less loyal to one carrier and more vulnerable to switching prior to end of term, which results in commission clawback to the Company.

Although Rogers customer upgrades decreased by 15%, this was offset by an increase of 72% on the Fido side. There has also been an increase in customer upgrade commission post Q2 2014, which caused overall upgrade commission to increase by 19%.

Residual commission increased by 7% over the same quarter last year, even though the subscriber base actually decreased. This is due to an increase in average residual per subscriber, indicating customers (especially Rogers' customers) are subscribing to higher MSF plans than before. Again, this is a welcoming sign for the Company as residual provides a steady income stream for the Company.

Bonus commission increased by 71% over last year. The Company was able to achieve all its quarterly targets, compared to only partial achievement last year. Rogers keeps on changing its bonus matrix and targets recently based on its corporate objectives and it is up to the Company to adapt quickly in order to maximize bonus payout.

Cable commission decreased by 43% in Q2 2015. The popular three-product bundle promotion launched in Q1 did not continue into Q2. Rogers also imposed a term requirement on its new cable product, which caused cable activities to drop in the quarter.

Gross profit margin
Q2 2015 – 36%
Q2 2014 – 41%

Gross margin for the continuing operations decreased by 5% in Q2 2015 when compared with Q2 2014.

$400,278 or 82% of the increase in total revenue in Q2 is a result of increase in hardware revenue, which generates little to no margin for the Company. Even though overall commission revenue also increased by $89,860 or 7%, the result is still a net decrease in gross profit margin.

Q2 2015 General and Administration expenses – $1,059,348
Q2 2014 General and Administration expenses – $1,083,020

Decrease $23,672 or 2%

The decrease was a result of cuts in rent and property taxes, caused mainly by the closure of stores post Q2 2014, as well as decreases in compensation expenses.

Q2 2015 Advertising and Promotion expenses – $-1,514
Q2 2014 Advertising and Promotion expenses – $39,002

Decrease of $40,516 or 104%

The Company incurred no advertising and promotion expenses in the quarter and in fact recorded an income of $1,514 after receiving some market development funds from a manufacturer.

The Company plans to scale back some of its own marketing and advertising activities this year and instead rely on Rogers' overall marketing campaign. Cost saving is one reason, and Rogers now wants dealers to follow much stricter guidelines in their marketing and promotional endeavors. This unfortunately has an effect of reducing these activities as dealers would rather just follow Rogers' lead programs.

Besides receiving co-op subsidy from Rogers on advertising and promotion activities, the Company also receives marketing funds from various phone manufacturers throughout the year, thus further reducing its overall sales & marketing expenses. However, these subsidies depend on product timing (whether there is new product launch) and budget; hence it may not be repeated in future quarters.

Q2 2015 Amortization of Property and Equipment – $38,740
Q2 2014 Amortization of Property and Equipment – $26,643

Increase of $12,097 or 31%

This expense increased as stores were retrofitted throughout 2014.

Q2 2015 Amortization of investment properties – $11,496
Q2 2014 Amortization of investment properties – $8,973

Increase of $2,523 or 28%

The increase resulted from the reclassification in Q4 2014 of the four properties that are being rented out.

Q2 2015 income before income taxes (continuing) – $363,741
Q2 2014 income before income taxes (continuing) – $302,469

Increase of $61,272 or 20%

Q2 2015 net income after taxes (continuing) – $267,641
Q2 2014 net income after taxes (continuing) – $222,969

Increase of $44,672 or 20%

Q2 2015 income from discontinued operations – $0
Q2 2014 income from discontinued operations – $525,176

The discontinued B.C. operations had no business activity and thus no revenue in Q2 2015. As a comparison, it registered an after-tax income of $525,176 in the same quarter last year from its sale.

Q2 2015 EPS (continuing) – $0.022
Q2 2014 EPS (continuing) – $0.019

Liquidity

2015/6/30 cash and cash equivalents & short term investments – $12,714,715 2014/6/30 cash and cash equivalents & short term investments – $13,328,333 Decrease of $613,618 or 5% 2015/6/30 working capital – $12,314,699 2014/6/30 working capital – $12,679,419 Decrease of $364,720 or 3%

The decrease in liquidity since Q2 2014 was a result of the dividend payment in Q4 2014. As mentioned in our prior quarter's MD&A, this dividend payout from internally available funds will not have a negative impact on the Company's cash flow. Credit facilities were not used and the Company had no outstanding balance as at June 30, 2015.

<u>Summary of contractual obligations</u>

Number of leases at June 30, 2015 – 14 (June 30, 2014 – 18)

There are four fewer leases versus Q2 2014 because as mentioned earlier in this MD&A, the Company closed one Fido store in Ontario in Q2 2015 . A Rogers store in Ontario was closed in Q4 2014 when that lease expired.

As part of the sale of its B.C. operations, the Company assigned two leases to the purchaser, and since the likelihood of the assignee's default is low, they are no longer considered lease commitments of the Company. Nonetheless, the contingent amount the Company was liable for in the event of default of the assignee is $38,504 as at June 30, 2015.

Future minimum operating lease commitments are as follows:

2015 (remaining)	$ 207,410
2016	314,729
2017	282,830
2018	210,888
2019	82,906
Thereafter	18,200
	1,116,963

Capital resources

The Company has two operating lines of credit. The first one is under Am-Call Wireless, a subsidiary of Advent, and has a limit of $300,000, guaranteed by Advent, and has a general security agreement and an assignment of book debts, inventory and fire insurance proceeds, and bears interest at the prevailing prime rate plus 1%.

The Company also has a second operating line of credit for $250,000, secured by mortgages and bearing interest at the prevailing prime rate plus 0.75%.

There was no amount owing under either of these lines of credit as at June 30, 2015.

Off balance sheet arrangements

Beginning from January 1, 2009, the Company leased out one of its commercial condominium units located in Markham, Ontario, to a third party. This lease was extended for another three years when it expired on December 31, 2014, under the same terms and conditions. This condominium unit was originally intended for another store location. However, it was decided that the location was not suitable for selling wireless products. Rather than leaving it vacant, it was leased out to collect rent in the interim.

Beginning from May 1, 2014, the Company leased out two owned and previously self-occupied stores to the purchaser of its B.C. operations. One store in Burnaby, B.C. was leased for three years, expiring April 30, 2017. The other store in Richmond, B.C.'s Continental Centre was on a month-to-month term as the purchaser plans to relocate the store to a different location.

Beginning from December 1, 2014, the Company leased out one of its two units at Aberdeen Square, Vancouver, B.C. for two years to a third party. The original intention for the purchase of Aberdeen square was for the Company's B.C. business, but since the business was sold, the space became used for investment purposes.

In all, the Company is now the landlord of four properties, three in B.C. and one in Ontario. Total rent received was $31,193 in Q2 2015 ($1,300 in Q2 2014).These properties have been reclassified on the balance sheet as investment properties as of Q4 2014. The fair market value of these properties is estimated to be $2,452,000. The rental income on these investment properties has been presented as rental income on the condensed interim consolidated statement of income and comprehensive income.

The Company intends to continue leasing these properties out at a reasonable return but will evaluate other options, such as taking them back for company business purposes or selling them at a price that would generate a reasonable return in the eyes of management. The Company is also actively soliciting tenants for the Continental Centre property (currently on month-to-month), as well as the second unit at Aberdeen Square, both in Richmond, B.C.

Transaction with related parties

Salaries and fees paid to the Company's directors and executive officers in Q2 2015 were $144,277 (Q2 2014 – $282,316). The lower amount was a result of the decrease in performance related compensation in Q2 2015 compared to Q2, 2014.

Proposed transactions

There are no other contemplated transactions to report.

Outstanding share data

There were 11,935,513 common shares issued and outstanding as at June 30, 2015 (June 30, 2014 – 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 Q2 2015 and there were no stock options outstanding as at June 30, 2015.

Changes in Accounting Policies

International Financial Reporting Standards (IFRS)

Significant accounting policies

The significant accounting policies used in preparation of these condensed interim consolidated financial statements are consistent with those described in the notes to the Company's consolidated financial statements for the year ended December 31, 2014.

The International Accounting Standards Board ("IASB") has not issued any significant accounting changes that impact the Company since the standards described in the most recent annual financial statements for the year ended December 31, 2014. The Company continues to monitor changes to IFRS and has implemented applicable IASB changes to standards, new interpretations and annual improvements, none of which had a material impact in 2015.

Critical accounting estimates

The preparation of these condensed interim 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Management's estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis. The estimates and assumptions that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities are outlined below:

Impairment of non-financial assets

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

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

Estimated useful lives of non-financial assets

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

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

Changes in the expected operating results, enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation, will result in adjustments to the expectations of future timing difference reversals, and may require material deferred tax adjustments.

Significant judgments

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

Gross versus net revenue recognition

The Company follows the guidance set out in IAS 18, Revenue, 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 these amounts should be reported on a gross basis in the condensed interim consolidated statement of income and comprehensive income as the Company is exposed to the risks and rewards before and after the associated transaction.

Disclosure control and procedures internal control over financial reporting

On November 23, 2007, the British Columbia Securities Commission and the securities commissions in the other jurisdictions in which the Company is registered, exempted Venture Issuers from certifying disclosure controls and procedures as well as internal controls over financial reporting as at December 31, 2007, and thereafter. Since the Company is a Venture Issuer it is now required to file basic certificates, which it has done for the quarter ended June 30, 2015. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at June 30, 2015.

Financial Instruments

The Company did not use derivative financial instruments such as swaps, futures or hedging contracts in Q2 2015. The Company has no plans to use any of them in the foreseeable future.

Risk Factors

A new credit risk arose in Q2 2014 from the $800,000 promissory note given by the purchaser of the discontinued operations. The Company was able to minimize exposure by obtaining a mortgage on two commercial strata units as collateral. The market value of the collateral is estimated to be $316,000.

The credit risk of the promissory note is reducing over time as it is being paid down by 60 monthly instalments. At the time of this MD&A, the Company has so far received payments on time. The purchaser is an experienced operator in the B.C. market, which further mitigates credit risk.

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

The Company's economic dependence on Rogers is the main risk factor. Advent is in an industry in which the carrier pays the dealer commission to bring in new customers and service existing ones. It is also part of an industry in which hardware (mainly wireless handsets) is heavily subsidized by the carrier – phones are sold to consumers at a hefty discount and the dealer recovers the cost of hardware through back-end hardware subsidy from the carrier. A good example is the iPhone, BlackBerry and Android smart phones, where the phone could sell for as little $199 on a three-year contract or about $700 dollars without a contract.

This economic dependence explains why 99% of the accounts receivable in Q2 2015 vs. 98% in Q2 2014, was from Rogers. Management has decided that no bad debt provision is required on the Rogers receivables as past collection experience and the credit quality of Rogers is good.

For the three months ended June 30, 2015, approximately 82% (2014 – 83%) of the Company's revenue was from Rogers, whereas the remaining approximately

18% (2014 – 17%) was generated through the Company's 17 retail stores in Ontario (Q1 2014 – 24 stores in Ontario and B.C.).

Unless there is a change in the Canadian model of subsidizing hardware, this economic dependence on Rogers is going to be the same in the near future. Additionally, since Advent is so heavily dependent on Rogers' product, several of the risk factors affecting Rogers affect Advent. We urge readers to also view the risk factors listed by Rogers in its annual MD&A for 2014, and updated in the same document for Q2 2015, available for view or download at www.sedar.com.

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

A risk factor that became more tangible after the federal elections in May 2011, in which the Conservative Party won a majority government, became a reality in early 2012 and has been exacerbated even further in 2013. The federal government decided to further open up the Canadian telecom services industry to foreign investors by easing up on foreign ownership rules. The federal government introduced a bill to allow foreign telecommunication companies to invest in and acquire a controlling stake in Canadian companies that have a market share of 10% or less, so as to inject competition into the Canadian market. It is the consensus of experts that the larger companies such as Rogers, Bell Canada and TELUS (which previously controlled 93% of the telecom market), have the most to lose from this, and the smaller and newer entrants have the most to gain by receiving foreign capital from companies with far greater resources than either Rogers, Bell Canada or TELUS.

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. Rogers says in its 2011 MD&A: "While the Minister of Industry announced in March 2011 that the previously existing annual fee of $0.0351 per MHz per population of the licensed area would continue to apply to all cellular and PCS licences (850 MHz and 1.9 GHz) upon renewal, including those initially assigned by auction, the Minister may review and amend the fees during the licence term after further consultation with licensees. Changes to spectrum fees could significantly increase Rogers' payments and as a result, could materially reduce our operating profit [and by default that of Advent]. The timing of fee increases (if any) is unknown."

[NOTE: Please also review Rogers' Q4 2014, Q1 2015 and Q2 2015 MD&A section on regulations affecting the telecom industry and on general risk for more details on the above and to understand additional potential risks and uncertainties.]

The popular media has been headlining reports based on studies that claim alleged links between radio frequency emissions from wireless handsets and various health concerns, including cancer, and interference with various medical devices, including hearing aids and pacemakers. The Company and Rogers have yet to come across definitive reports or studies linking such health issues to radio frequency emissions; continued media reporting may discourage the use of wireless handsets. Alternatively, authorities could impose more restrictive standards on radio frequency emissions from low powered devices, such as wireless handsets.

A continuing risk factor is the increasing competitiveness of Rogers' two main rivals, Bell Canada and TELUS with their own GSM network. 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. With the opening up of the market to foreign telecom companies as detailed above, some telecom analysts are talking about a merger between Bell Canada and TELUS, which would put additional competitive pressure on Rogers.

Risk factors also include technological changes causing product obsolescence, intense competition in the wireless telecommunications industry and changes in the regulatory environment. Management reviews all these risk factors regularly and discusses strategies to deal with these if they happen to arise. The Company depends heavily on its service provider, Rogers, to provide innovative and competitive products and services to the marketplace. Technology is inevitably subject to obsolescence and Rogers has to be able to keep up with future changes in technology in order to stay competitive. Indications are that Rogers is not only aware of this but is taking active steps to manage this issue. For instance, Rogers Wireless launched the first Canadian commercial deployment of Long Term Evolution ("LTE") network services in Ottawa, Toronto, Montreal and Vancouver and expanded this to include 24 of the top 25 Canadian markets it had targeted for 2012. It now reaches more than 70% of the Canadian population. LTE is a next generation technology that enables unparalleled connectivity, offering speeds that are between three and four times faster than HSPA+ with peak theoretical download rates of up to 150 Megabits per second (Mbps) and upload speeds of up to 70 Mbps. More recently, of course, it purchased a large chunk of 700-megahertz spectrum at a federal government auction, more than any of the other telecoms. This spectrum will allow its customers to use their cellphones in elevators and basements and it runs off LTE.