

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

In this Management Discussion and Analysis (MD&A), the terms “We,” “Us,” “Our,” “The Company” and “Advent” refer to Advent-AWI Holdings Inc. This MD&A of Advent-AWI Holdings Inc. should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the quarter ended June 30, 2017, and the notes contained therein. This MD&A is effective as at August 29, 2017. 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

Business nature:

The Company operates in two business segments:

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

(1) Wireless business

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

As of June 30, 2017, the Company had 15 stores in Ontario (10 Rogers and 5 Fido), unchanged when compared with March 31, 2016.

Number of stores at June 30, 2017 – 15 stores (10 Rogers & 5 Fido, all in Ontario)

Number of stores at June 30, 2016 – 15 stores (10 Rogers & 5 Fido, all in Ontario)

The Company did not open nor close any store since Q2 2016.

As a Rogers’ authorized dealer, the Company works with Rogers continuously to evaluate its retail network in order to make it more efficient and to better fit Rogers’ retail landscape strategy. As discussed in our year-end 2016 and Q1 2017 MD&As, Rogers has unveiled its next generation store concept and design and has begun deploying these new generation stores in Q2 2017. Rogers’ plan is to gradually retrofit all Rogers retail locations with the new design over the next few years.

At the same time, Rogers is also mapping out its next generation store location footprint, and it seems that it is looking at fewer but more complete stores across the country, stores that can showcase the entire line-up of its products, offering both consumer and business solutions. Rogers started discussions with its dealers, including the Company, on what each dealer’s footprint would look like. Most dealers’ agreements expire in 2018 and there is no doubt that there will be a reduction in the number of stores, although it is too early to put a number on this.

As far as the Company's Rogers locations are concerned, there have been initial discussion on retrofitting one of the stores. No concrete timeline is in place yet but the Company expects it to take place in Q1 2018. Advent will inform its shareholders as soon as it becomes clear where Advent fits into Rogers' new store footprint strategy.

Economic Dependence

For the three months ended June 30, 2017, approximately 80% (2016 – 81%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 20% (2016 – 19%) was generated through the Company's 15 retail stores in Ontario (2016 – 15 stores in Ontario) on the wireless side and Adwell on the financing side.

Account Receivable from Rogers made up 91% of total trade and other receivables as at June 30, 2017 (99% at June 30, 2016).

(2) Micro-Financing 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 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%).

Based on the shareholders' agreement among the three parties, executed on January 27, 2016, the Company will invest, from its available cash on hand, up to \$1,375,000 in Adwell's first year of operation, of which \$375,000 is for ongoing operations with the remaining \$1,000,000 for advances to customers. The two minority shareholders, both with financial and lending experience, will assist in the start-up and continuing operations of the venture. Adwell commenced operations in Q1 2016.

Anticipating the \$1,000,000 line of credit commitment to Adwell for its advances to customers to run out in the second half of 2017, the Company applied to the TSX in September 2016 for increased funding to Adwell. This COB (change of business) application was approved by the TSX in December and the required shareholders' approval was obtained in a special shareholders meeting held on January 4, 2017. Subsequently, the Company increased its line of credit commitment to Adwell to \$3,000,000.

At time of this MD&A and with the new funding approval in place, the Company had invested \$1,400,000 in Adwell, of which \$350,000 was funding for the

ongoing operations of Adwell, while \$1,050,000 was funding for Adwell's advances to customers.

Overall performance

	Q2 2017	Q2 2016	+/-	%
Wireless revenue	2,757,014	3,660,735	-903,721	-25%
Financing revenue	118,034	20,259	97,775	483%
Total revenue (excluding investment income)	2,875,048	3,680,994	-805,946	-22%

First quarter total revenue decreased by \$805,946, or 22% over the same quarter last year. This was made up of an increase in financing revenue of \$97,775 (+483%) and a decrease in wireless revenue of \$903,721 (-25%).

In Q2 2017, the financing business generated \$118,034 in financing revenue (Q2 2016 - \$20,259), an increase of 483%. Although still small, the financing revenue now represents 4% (2.8% in Q1 2017) of the total revenue of the Company in Q2 2017.

Wireless revenue, on the other hand, decreased by \$903,721, or 25%, over the same quarter last year. This decrease was made up of decreases in phone hardware sales (-35%), new activation commission (-34%), customer upgrade commission (-51%) and cable & others commission (-37%), but mitigated by increases in residual commission (+3%), bonus commission (+66%) and Rogers bank commission (+816%).

The Company experienced a slowdown of both new activations and customer upgrades in Q2 as a result of changes in the Rogers' business strategy. In Q2, Rogers continued to focus on its Share Everything plans and offered monthly service fee discount and bonus data on customers attaching additional lines (smartphones or tablets) to their existing accounts. However, these promotions were all on the higher tiered monthly service fee (>\$100) plans, which did not generate good volume.

On the Fido side, Rogers decided to increase the monthly service fee across the board in Q2, in an attempt to close the pricing gap between the Rogers and Fido brands. As a result, Fido became less competitive versus other value brands such as Koodo, Freedom and Virgin.

In 2017, Rogers also introduced new metrics for dealer bonus achievement. One of the metrics introduced is a device mix target tied to the types of hardware sold. In the case of the Company, this new metric was another reason why business volume decreased, especially on customer upgrades, as the Company tried to strike a balance between this device mix target and transaction volume.

Another new policy Rogers introduced in 2017 was HUP Pay-at-till. Customers now have to pay for the price of hardware, instead of paying later after being billed by Rogers. This had a negative impact on customer upgrade volume. On a more positive note, and perhaps as a result of a slowdown on the wireless side, the Company was able to focus more on other products such as Rogers and Fido MasterCard, which led to a healthy increase in this commission revenue stream.

Bonus commission increased by 66% compared with the same quarter a year earlier. Bonus commission payout is now based on an array of targets set out by Rogers and can fluctuate widely depending on how many metrics the Company can achieve throughout the quarter. This also shows the challenge the company faces when trying to balance between achieving certain metrics, such as device mix, and the transaction volume.

Subscriber base
June 30, 2017 – 88,976
June 30, 2016 – 91,125
Decrease of 2,149 or 2%

As a result of heavy market saturation, the Rogers subscriber base has been on the decline for many years. This was further affected by Rogers' strategy of aiming at higher ARPU (average revenue per user) customers, sometimes at the expense of volume.

Since 2011, the addition to the Company's subscriber base has always been from Fido, with the growth in the Fido subscriber base mitigating the decrease in the Rogers subscriber base. This continued to be the case in Q2 2017. In Q2, the increase in the Fido base was 2,471 (from 26,555 to 29,026), whereas the decrease on the Rogers side was 4,620 (from 64,570 to 59,950), resulting in a net decrease of 2,149. The Rogers side of the business has been under challenge for some time and to maintain subscriber base the key now is:

- Share Everything Plan – if the entire family is bundled into one plan that can be shared among all users, the chance of customers leaving will be less. That is why the Add-A-Line promotion was front and centre.
- Multi products under one household – if a customer has multiple products (e.g. wireless, Internet, TV, Smart Home Monitoring and credit card) under one roof the chance of that customer leaving is diminished.
- Multi brand availability – Rogers has allowed its third brand, Chatr, available in both the Company's Rogers & Fido platforms, to provide as wide a coverage to prospective customers as possible. The addition of this

entry level brand means full coverage over the entire spectrum of customers; it also provides a path for upward migration in the future.

To maintain its customer base, the Company needs to keep adding new customers while at the same time trying to prevent them from leaving. The key now is to give customers good reasons to sign up and stay with Rogers, instead of going to the competition. That is why the “Why Rogers” and the Rogers “Value Propositions” are front and centre in all our messages now.

On the other hand, increasing ARPU also means increase in residual per customer. That also explains why even though the customer base decreased, the Company still registered an increase in residual commission revenue of \$19,232, or 3% when compared with the same quarter last year.

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-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Wireless revenue	4,256,428	5,093,105	3,433,267	3,660,735	4,088,280	4,860,066	2,983,703	2,757,014
Financing revenue	0	0	2,953	20,259	36,251	54,727	86,598	118,034
Gross margin	41%	34%	40%	39%	41%	43%	47%	48%
Net income	364,154	248,392	274,802	178,460	411,610	392,369	292,291	186,220
Basic and diluted earnings per share	0.031	0.021	0.024	0.015	0.034	0.033	0.026	0.016

On the wireless side of the business, the general trend in retail sales in Canada is that Q1 is normally the lowest revenue generator, followed by a gradual increase in Q2 and Q3, peaking in Q4. This generally has been the case for the Company although this year, Q2 revenue did fall below Q1 for reasons discussed earlier in this MD&A. The Company nevertheless expects revenue to pick up and for this general trend to resume later this year in the Q3 Back-to-School and Q4 holiday selling seasons.

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

- Rogers’ direction – the focus on transaction ARPU and ARPA (average revenue per account) might have favored some dealers but had not been favorable for the Company, which leans heavily towards the consumer segment of the market that is inherently price sensitive. We have seen Rogers discounting more heavily towards the quarter-end when volume targets have to be met.
- Launch of new hardware – Marquee phones such as iPhone and Samsung models would definitely help generate more business,

especially in customer upgrade activities. However, timing and availability of these products are outside the Company's control and thus difficult to forecast.

- Rogers' promotions directly affect the Company's business. The Canadian telecommunications market is highly competitive and all carriers are fighting hard to maintain customers and attract switchers from competitors, especially towards the end of each quarter.
- BYOD (bring your own device) has become more and more popular and continues to depress phone sales revenue. As discussed in previous MD&A's, Rogers encourages customers to utilize their existing devices on sharing plans, which is an excellent tool to reduce churn, but at the same time results in no hardware revenue being generated. On the other hand, we have observed consumers using their smartphones for a longer period. This is due to smartphones getting more expensive and also no ground-breaking technology in new devices.
- On the other hand, smartphones are becoming more and more expensive with many models costing over \$1,000. This would alleviate the downward pressure on revenue caused by BYOD but, as explained in previous MD&As, will not necessarily affect the bottom line. Rogers is trying to entice BYOD customers to change into a new phone by adding more affordable models to the hardware lineup.

The Company's micro financing business represents a new revenue source and has shown rapid growth since its inception in Q1 2016. Its revenue represented 4% of the total revenue of the Company in Q2. The Company has committed additional funding to this new venture.

Results of operations – Wireless business

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

ROGERS & FIDO (COMBINED)				
	Q2 2017	Q2 2016	+/-	%
Voice activation	2,483	3,869	-1,386	-36%
Data activation	2,627	3,485	-858	-25%
Hardware upgrade	1,114	2,159	-1,045	-48%

Voice and data activations decreased by 1,386 (-36%) and by 858 (-25%), respectively, in Q2 2017, when compared with Q2 2016, while customer upgrade activities also recorded a decrease of 1,045 or -48%.

If we look at Rogers and Fido separately:

ROGERS				
	Q2 2017	Q2 2016	+/-	%
Voice activation	1,409	1,421	-12	-1%
Data activation	1,461	1,361	100	7%
Hardware upgrade	818	1,678	-860	-51%

FIDO				
	Q2 2017	Q2 2016	+/-	%
Voice activation	1,074	2,448	-1,374	-56%
Data activation	1,166	2,124	-958	-45%
Hardware upgrade	296	481	-185	-38%

In Q2, customer upgrades suffered the most on the Rogers side (-51%), while new voice and data activations suffered the most on the Fido side (-56% and -45%, respectively).

As discussed earlier in this MD&A, the Company was able to maintain more or less the same volume of new activations on the Rogers brand by adding lines to family type customers, the main focus of Rogers' promotion in Q2. However, customer upgrades were adversely affected by the price of the higher tier plans that customers had to sign up to for the hardware upgrade. Many customers seemed to be on a holding pattern, waiting to see if there are newer and perhaps better smartphones from manufacturers such as Apple and Samsung, before making the move.

Another factor that might have affected upgrade volume at both Rogers and Fido is the new HUP pay-at-till policy, which requires customers to pay for the price of hardware at the store when upgrading. Customers are still adjusting to this new policy and hopefully it will not have a long-lasting effect going into the future.

Furthermore, Rogers' new quarterly bonus scheme includes a device mix target that would have caused dealers, the Company included, to not promote certain hardware, even at the expense of losing transaction volume. The Company is monitoring this closely and hopes to strike a balance between this important metric (which affects bonus commission) and sales volume (which affects activation commission).

The across-the-board increase in Fido monthly service fees in Q2 caused Fido to lose its competitiveness in the market place, resulting in a significant drop in new customer acquisition, compared with Q2 2016. The Company, however, expects Fido to make pricing adjustments during Q3's Back-to-School to compete aggressively with the other discount brands.

To lower hardware cost and improve new hardware take-up rate, especially on the Fido side, which has a high percentage of BYOD (bring your own device), Rogers has been trying to bring in other manufacturers (e.g. Huawei) with equally capable but more affordable models to entice customers to get new hardware.

The ultimate goal is to have customers sign a term plan that translates into less churn, and at the same time reduces hardware subsidy cost.

Looking at the breakdown of the Company's wireless revenue in Q2:

	Q2 2017	Q2 2016	+/-	%
Phone sales	1,520,082	2,329,086	-809,004	-35%
New activation commission	233,094	350,839	-117,745	-34%
Customer upgrade commission	55,286	112,836	-57,550	-51%
Residual commission	672,592	653,360	19,232	3%
Bonus commission	171,208	103,104	68,104	66%
Rogers Bank	37,203	4,060	33,143	816%
Cable & others	67,549	107,450	-39,901	-37%
Total Wireless revenue	2,757,014	3,660,735	-903,721	-25%

The decrease in phone sales of \$809,004 (-35%) is a result of the 1,045 decreases in customer upgrades at both Rogers and Fido, with Rogers bearing the lion's share. The costs of smartphones are much higher now at upwards of \$1,000 and a drop in hardware volume would have a higher impact on the Company's sales revenue. Adding to this is the high percentage of BYOD activations on the Fido side, which bring in no hardware revenue. Although this does not necessarily mean less profitability, as the margin on hardware is nominal, it does have a depressing effect on hardware sales and thus overall revenue.

Rogers also continued its focus on the Share Everything plans, as we mentioned earlier, offering monthly service fee discount and bonus data on customers attaching additional lines to existing accounts. But there was little marketing effort on the sub-\$100 MSF (monthly service fee) space, which is the space in which the Company mainly operates. Of course, Rogers' strategy was to incent customers toward higher tiered Share everything plans through multi line discounts (thus lowering the average cost per line) and bigger data buckets.

The decrease in new activation and customer upgrade transactions caused their respective commission to decrease by \$117,745 (-34%) and \$57,551 (-51%), respectively. Cable and other commissions also dropped by \$39,900 (-37%), mainly because Bell had an aggressive promotion in the market that Rogers did not match, probably holding back until the Q3 Back-to-School period before leaping forward aggressively.

Residual commission increased by \$19,232, or 3%, over Q2 2016, even though the subscriber base actually decreased. This is due to an increase in average residual per subscriber, indicating customers are subscribing to higher MSF plans (especially Rogers), and customers adding data to their voice plans (especially Fido). Again, this is a welcome sign for the Company as residual provides a steady income stream for the Company.

Bonus commission increased by \$68,104, or 66%, compared with Q2 2016. This was achieved by the Company reaching more targets in the quarter. Bonus payout is now based on an array of metrics and therefore it can fluctuate from quarter to quarter. As discussed earlier, in an effort to achieve some targets, such as device mix, the company might have had to manage its transactions closely and in doing so might have sacrificed on some volume. Rogers' original intention was to reduce overall hardware cost by moving sales from more heavily subsidized hardware (such as iPhone) to less expensive and less subsidized hardware. This metric was another reason why phone sales business volume decreased. This also shows the challenge the company faces when trying to balance between achieving certain metrics, such as device mix and the transaction volume.

As mentioned earlier, Fido suffered as Rogers attempted to close the gap between Rogers and Fido. Apparently, Rogers believed that there had been too much migration from Rogers to Fido, resulting in no net increase in customers, but lower revenue. This price increase inevitably affected volume, as Fido became less competitive versus other value brands such as Koodo, Freedom and Virgin.

Rogers & Fido Bank (MasterCard) commission increased by \$33,143 (+816%). The Company has been focusing on non-wireless products such as MasterCard in order to mitigate the impact of a decrease in the wireless transaction volume. These products will continue to be one of the Company's focuses going forward, to maintain the increase in this commission revenue stream.

Results of operations – Financing business

In Q2 2017, Adwell's revenue growth remained at a fast pace, with a revenue increase of 483% over Q2 2016.

	Q2 2017	Q2 2016	+/-	%
Financing revenue	118,034	20,259	97,775	483%

Revenue growth was 36% when compared with the preceding quarter – Q1, 2017.

	Q2 2017	Q1 2017	+/-	%
Financing revenue	118,034	86,598	31,436	36%

At this stage, Adwell provides unsecured short-term interest-bearing installment loans in amounts ranging from \$1,500 to \$5,000, with 9 to 36-month flexible repayment terms and no early repayment penalties, with a weighted average interest rate of 41% per annum. These loans are alternatives to the so-called payday loans, which are usually more costly and stressful to individual consumers. With more flexible repayment terms and expertise in customer

service, Adwell's goal is to reduce customer stress and rebuild their financial wellness.

Adwell's main income is interest generated from these installment loans that grow in line with the number of customers. In Q2 2017, Adwell advanced loans to 179 customers, 18% less than the 220 loans advanced in Q1 2017. In general, demand for personal loans are higher after the Christmas holiday season and drops off once tax season is finished, in May. However, with Adwell's customers many of them new immigrants or foreign workers the demand for these loans may be from overseas which can be difficult to predict.

Below is the income and expense breakdown of the Company's financing business in Q2 2017 vs. Q2 2016:

	Q2 2017	Q2 2016	+/-	%
Interest income	113,594	20,259	93,335	461%
Fee income	4,440	0	4,440	n/a
Interest cost	8,649	4,360	4,289	98%
General & administration	93,139	55,618	37,521	67%
Advertising & promotion	0	0	0	n/a
Amortization of property, plant & equipment	4,627	609	4,018	660%
Provision for loan loss	6,034	0	6,034	n/a
Income (loss) from operations before income taxes	5,585	(40,328)	45,913	-114%

In Q2 2017, after over a year of operations, Adwell turned in an income from operations (before income taxes) of \$5,585. This is obviously a very encouraging milestone for Adwell.

As indicated earlier in this MD&A, the Company has increased its funding commitment to Adwell to \$3,000,000 which will allow Adwell to grow not only in the personal loan market, but in the following two markets as well:

- Secured micro loans – this product is similar to Adwell's existing micro loan offering but will be secured by real property. This product particularly targets home owners who have a stable working income and are in need of short-term financing.
- Syndication loans – these are generally bigger sized mortgage loans secured by real properties. In undertaking such a project, Adwell will take the role as leader and select qualified participants to invest in the project. The arrangement would allow Adwell to venture into the mortgage loan market, while at the same time spreading out risk. In Q2, Adwell approved its first loan of this type and in addition to interest, this loan also generated an application fee income of \$4,200.

In response to increasing customer requests, Adwell began offering money remittance service to the Philippines in Q1 2017, providing a convenient, one stop service solution to customers whose financing needs are overseas. Adwell is associated with IREMIT Inc., the largest non-bank remittance company in the Philippines, as facilitator for these transactions. IREMIT Inc. has an international network of offices, including in Canada, which they have been operating since 2001. This service generated an additional fee income of \$240.00 for Adwell in Q2.

Adwell began making provisions for loan losses on its books starting in Q1, 2017. Adwell's policy is to maintain a provision for loan loss equal to 5% of its loan portfolio, which is in line with industry practice. The provision for loan loss recorded in Q2 2017 was \$6,034. Adwell will review and make adjustments to this provision on a quarterly basis. There has been no bad debt written off by Adwell in Q2 2017.

Gross profit margin Q2 2017 – 48% Q2 2016 – 39%

Gross profit margin for the quarter is 48%, compared with 39% last year. The increase in gross profit margin is mainly a result of increases in non-margin-based income such as Rogers Bank, offset by the decrease in hardware sales revenue, which generates little or no margin.

In addition, there are several factors that can affect profit margin:

- New activation commission and upgrade commission can be changed at short notice, depending on Rogers priorities and focus. Starting In 2016, these commissions are now based on MSF (monthly service fee) multiples, rather than a fixed amount, reflecting Rogers focus on higher ARPU.
- Dealer bonus commission targets and achievement metrics vary quarter to quarter and year to year, and also may be favorable or unfavourable to the Company.
- Residual commission is a steady source of income but it is becoming more and more challenging to maintain customers amid heavy competition, with the government opening up more competition in the future.
- Cable commission and Rogers MasterCard commission are now important revenue sources, to make up the loss in wireless commission due to loss of volume.

In short, the Company has to adopt and adjust quickly to the ever-changing environment it operates in, in order to maximize opportunities to generate revenue.

Q2 2017 General and Administration expenses - \$1,157,897
Q2 2016 General and Administration expenses - \$1,179,020
Decrease of \$21,123 or 2%

General and Administration expenses decreased by \$21,123 or 2% year over year. Even though we saw G&A expenses increase at Adwell, this was more than offset by decreases in payroll, office and insurance expenses at Am Call.

Q2 2017 Advertising and Promotion expenses - \$18,363
Q2 2016 Advertising and Promotion expenses - \$24,585
Decrease of \$6,222 or 25%

Rogers is moving towards one branded retail strategy and as a result is giving less and less leeway to dealer to do their own advertising and promotion, centralizing it instead from their marketing department. The Company plays heavily in the ethnic market and considers it important to maintain its own identity and presence in the communities it serves, and to continue to advertise and promote in ethnic media channels when appropriate. The advertising and promotion it does has been more tactical in nature, hopefully to yield faster results.

The decrease in advertising and promotional expenses in the quarter was due to reduced promotional credits being employed during the quarter.

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

Q2 2017 Amortization of Property and Equipment - \$30,890
Q2 2016 Amortization of Property and Equipment - \$28,018
Increase of \$2,872 or 1%

Q2 2017 Amortization of Investment properties - \$11,496
Q2 2016 Amortization of Investment properties - \$11,496

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

Q2 2017 Rental Income - \$48,653 Q2 2016 Rental Income - \$38,365 Increase of 10,288 or 27%

The increase was due to rent collected from one investment property, which was rented out in Q1, 2017.

Q2 2017 income before income taxes - \$252,120 Q2 2016 income before income taxes - \$242,460 Increase of \$9,660 or 4%
Q2 2017 net income after taxes - \$186,220 Q2 2016 net income after taxes - \$178,460 Increase of \$7,760 or 4%
Q2 2017 income attributable to non-controlling interests - \$1,864 Q2 2016 loss attributable to non-controlling interests – (\$12,695)
Q2 2017 EPS - \$0.016 Q2 2016 EPS - \$0.015

Liquidity

Cash and cash equivalents & short term investments as at June 30, 2017 - \$12,876,999 Cash and cash equivalents & short term investments as at June 30, 2016 - \$13,170,235 Decrease of \$293,236 or 2%
Working capital as at June 30, 2017 - \$13,936,667 Working capital as at June 30, 2016 - \$13,065,745 Increase of \$870,922 or 7%

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

The liquidity of the Company has always been generated from its operations. Bank credit facilities were not used and there was no outstanding balance as at June 30, 2017.

Summary of contractual obligations

Wireless business

Number of leases at June 30, 2017 – 12 (June 30, 2016 – 12)

The number of leases remains the same as Q2 2017.

Future minimum operating lease commitments are as follows:

2017 (remaining)	\$191,348
2018	\$320,634
2019	\$134,625
2020	\$41,229
Total	\$687,836

Financing business

Adwell, the Company's 70%-owned subsidiary, entered into a lease in Q3 2016 to open a service centre in Burnaby, B.C. The lease commenced on December 1, 2016, for a term of three years. The future minimum operating lease commitment of this lease is as follows:

2017 (remaining)	\$10,715
2018	\$22,614
2019	\$21,725
Total	\$55,054

In summary, the total future minimum operating lease commitments of the Company as at June 30, 2017, are as follows:

2017 (remaining)	\$202,063
2018	\$343,248
2019	\$156,350
2020	\$41,229
2021	\$0
Total	\$742,890

Capital resources

The Company has two operating lines of credit. The first one is under Am-Call Wireless Inc., with 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, bearing 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, 2017.

Off balance sheet arrangements

The Company is the landlord on four properties, one in Ontario and three in B.C.

The Ontario property (Horizon Centre) has been leased since 2009. This commercial condominium unit was originally intended for another store but it was decided that the location was not suitable for selling wireless products at that time. This lease was extended for another three years when it expired on December 31, 2014, under the existing terms and conditions at the time. The Company has no intention of opening a store at that location in the immediate future, and is keeping it as an investment property.

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

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

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

Beginning December 1, 2014, the Company leased out one of its two units at Aberdeen Square, Vancouver, B.C. The original intention for the purchase of Aberdeen Square was for the Company's B.C. wireless business but since that business was sold they were turned into investment properties. The current lease term is for four years and will expire on November 30, 2018. On January 1, 2017, the Company also leased out the second unit at Aberdeen Square for five years, expiring December 31, 2021.

These properties have been classified on the balance sheet as investment properties. Total rent received was \$48,653 in Q2 2017 (Q2 2016 - \$38,365). The market value of these properties combined is estimated to be \$2,754,000 as at June 30, 2017 (June 30, 2016 - \$2,544,000). 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 for 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.

Transactions with related parties

Salaries and fees paid to the Company's directors and executive offices in Q2 2017 were \$172,555 (Q2 2016 - \$168,480).

Proposed transactions

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

Outstanding share data

There were 11,935,513 common shares issued and outstanding as at June 30, 2017 (June 30, 2016 – 11,935,513 shares). The number of common shares remains unchanged as at the date of this MD&A.

The Company issued no stock options during Q2 2017 and there were no stock options outstanding as at June 30, 2017.

International Financial Reporting Standards (IFRS)

Future accounting and reporting changes

IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through the condensed interim statement of operations and comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable

option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in the Company's own credit risk in OCI for liabilities designated at fair value. The standard is effective for accounting periods beginning on or after January 1, 2018.

IFRS 15, Revenue from Contracts with Customers, applies to all revenue contracts with customers and provides a model for the recognition and measurement of the sale of some non-financial assets such as property, plant and equipment and intangible assets. This new standard sets out a five-step model for revenue recognition and applies to all industries. The core principle is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration that the entity expects to be entitled to in exchange for those goods or services. IFRS 15 requires numerous disclosures, such as the disaggregation of total revenue, disclosures about performance obligations, changes in contract asset and liability account balances and key judgments and estimates. This new standard is effective for fiscal years beginning on or after January 1, 2017, with early application permitted.

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

IFRS 7, Financial Instruments: Disclosures, has two amendments relating to servicing contracts and interim consolidated financial statements. For servicing contracts, if an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. IFRS 7 provides guidance on what is meant by continuing involvement in this context. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. The amendment is prospective with an option to apply retrospectively. A

consequential amendment to IFRS 1 is included to give the same relief to first-time adopters. The amendment for interim consolidated financial statements clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure - Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective.

The Company is currently evaluating the impact of these future amendments and has not yet determined the impact to the condensed interim consolidated financial statements.

Critical accounting estimates

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

The estimates and assumptions that could result in a material effect in the next financial year on 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 being the higher of fair value less costs to sell and value in use. The value in use method involves estimating the net present value of future cash flows derived from the use of the CGU, discounted at an appropriate rate.

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

Estimated useful lives of non-financial assets

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

Income taxes

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

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

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

Significant judgments

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

Gross versus net revenue recognition

The Company follows the guidance set out in IAS 18, Revenue, in determining the presentation of revenue and costs of sales. The guidance requires the Company to assess whether it acts as a principal in a transaction or as an agent acting on behalf of others. To the extent that revenue is earned through the sale of hardware and accessories to customers, the Company has determined that these amounts should be reported on a gross basis in the condensed interim consolidated statement of income and comprehensive income as the Company is exposed to the risks and rewards before and after the associated transaction.

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

Disclosure controls and procedures and internal controls over financial reporting

On November 23, 2007, the British Columbia Securities Commission and the securities commissions in the other jurisdictions in which the Company is registered, exempted Venture Issuers from certifying disclosure controls and procedures as well as Internal Controls over Financial Reporting as of 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, 2016. 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, 2017.

Financial instruments

The Company did not use derivative financial instruments such as swaps, futures or hedging contracts in Q2 2017. The Company has no plans to use any of these in the foreseeable future.

Risk factors

Wireless business

A new credit risk arose since 2014 from the \$800,000 note receivable given by the purchaser of the discontinued operations in B.C. The Company was able to minimize exposure by obtaining a mortgage on two commercial strata units as collateral. The market value of the collateral is estimated to be \$358,000 as of June 30, 2017 (June 30, 2016 - \$316,000).

The credit risk of the receivable note is reducing over time as it is being paid down by 60 monthly instalments. At the time of this MD&A, the Company had received payments on time and a balance of \$260,598 remains outstanding as of June 30, 2017. The purchaser is an experienced operator in the B.C. market, which further mitigates credit risk.

The wireless communications industry is affected by economic conditions and consumer confidence and spending. Phenomena such as recessions, a drop in economic activity and a feeling of economic uncertainty in the populace can erode consumer and business confidence and reduce discretionary spending. Even though wireless cell phones are becoming more and more of a necessity, they are still considered discretionary among a 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 a back-end hardware subsidy from the carrier. A good example is the Apple iPhone and other Android smart phones, where the phone could sell for as little \$499 on a two-year contract or \$1,000+ dollars without a contract.

For the three months ended June 30, 2017, approximately 80% (2016 – 81%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 20% (2016 – 19%) was generated through the Company's 15 retail stores in Ontario (2016 – 15 stores in Ontario) on the wireless side and Adwell on the financing side.

Account Receivable from Rogers made up 91% of the total trade and other receivables as at June 30, 2017 (99% at June 30, 2016)

Management has decided that no provision for bad debt is required on the Rogers receivables as past collection experience and the credit quality of Rogers are good.

Unless there is a change in the Canadian model of subsidizing hardware, this economic dependence on Rogers is going to be the same in the near future. Additionally, since the Company is so heavily dependent on Rogers' products, several of the risk factors affecting Rogers affect Advent as well.

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 was when the previous Federal Government decided to further open up the Canadian telecom services industry to foreign investors by easing up on foreign ownership rules. Whether and by how much all this changes under the new Liberal government of Prime Minister Justin Trudeau remains to be seen at the time of this MD&A. Meanwhile, Rogers

says in its MD&A for 2016 year-end that foreign ownership is still a threat to existing carriers.

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. The timing of fee increases (if any) is unknown."

[NOTE: Please also review Rogers' year-end 2016 and its Q1 and Q2 2017 MD&As 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 media has been headlining reports based on studies that claim alleged links between radio frequency emissions from wireless handsets 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.

Additionally, in July 2013, a class action was launched in British Columbia against providers of wireless communications in Canada and manufacturers of wireless devices, alleging adverse health effects incurred by long-term users of cellular devices. The plaintiffs are seeking unspecified damages and punitive damages, effectively equal to the reimbursement of the portion of revenues the defendants have received that can reasonably be attributed to the sale of cellular phones in Canada. While mentioning this suit in its Q2 2017 synchronous MD&A, Rogers is not recording a liability for this contingency.

A continuing risk factor is the increasing competitiveness of Rogers' two main rivals, Bell Canada and TELUS with 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. Rogers says in its MD&A: "There is no assurance that our current or future competitors will not provide services that are superior to ours or at lower prices, adapt more quickly to evolving industry trends or changing market requirements, enter markets we operate in, or introduce competing services. Any of these factors could reduce our business market share or revenue, or increase churn."

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 must keep up with future changes in technology 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 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, in the race to connect homes and businesses in Canada to the fastest broadband speeds available.

For the first time in its MD&A in Q3 2016, Rogers also listed as a risk the possibility of cyber attacks against its network and the network of its suppliers, as something that could lead to service disruptions, legal suits and other actions. More on this can be found in Rogers’ year-end 2016 MD&A under the Risks section. Undoubtedly, such an event would also affect the results of the Company.

Micro-Financing 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 will ensure a high quality of loan application process. After evaluating the client’s information, Adwell will decide the loan terms for each applicant such as the maximum of loan principal.

Adwell will continue to develop underwriting models based on the historical performance of groups of customer loans which guide its lending decisions. As Adwell continues to grow into 2017, management has decided to begin recording a provision for loan loss equal to 5% of its portfolio on its books, which is in line with general industry practise, starting in Q1. Adwell will review and make adjustments to this provision quarterly.

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 merchandise leasing and consumer lending businesses. 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 requirements. Legislators and regulators are increasingly adopting new privacy information security and data protection laws which may increase Adwell's cost of compliance. While Adwell has taken reasonable steps to protect its data and that of its customers, a breach in Adwell's information security may adversely affect Adwell's reputation and also result in fines or penalties from governmental bodies.