

Advent-AWI Holdings Inc.

Management's discussion and analysis for the quarter ended March 31, 2025

Effective date of MD&A – May 28, 2025

Forward-looking statements

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

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forward-looking statement (and such risks, uncertainties and other factors) speaks only as of the date on which it was originally made, and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this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

Overview

Business Description:

The Company operates in two business segments.

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

(1) Wireless business

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

Number of stores as at March 31, 2025 – four stores (two Rogers & two Fido, all in Ontario)

Number of stores as at March 31, 2024 – four stores (two Rogers & two Fido, all in Ontario)

Economic dependence

For the three months ended March 31, 2025, approximately 96% (2024 - 98%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 4% (2024 - 2%) was generated through the Company's four retail stores in Ontario (2024 - four stores in Ontario) on the wireless side and Adwell Financial Services Inc. ("Adwell") on the financing side.

Account Receivable from Rogers - 71% at March 31, 2025 (85% at March 31, 2024).

(2) 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, was incorporated on January 8, 2016 and commenced operations in Q1 2016. Adwell issued 1,000,000 shares at \$0.0001 per share. The Company subscribed to 70% of the shares issued, with the remaining 30% owned by two minority shareholders, Q&Y Holdings Inc. (15%) and Adwealth Capital Holdings Inc. (15%). The two minority shareholders, both with financial and lending experience, assisted in the start-up and continue to assist in the operations of the venture.

The Company has committed to investing up to \$4,375,000 in Adwell, of which \$375,000 is for ongoing operations and the remaining \$4,000,000, in the form of a line of credit, is for advances to customers.

At the time of this MD&A, the Company had invested \$3,535,000 in Adwell, of which \$350,000 was funding for the ongoing operations of Adwell, while \$3,185,000 was funding for Adwell's advances to customers.

Current economic uncertainties related to political and trade changes

The recent geopolitical uncertainties and tariffs or non-tariff trade actions present a risk of recession and may cause customers to reduce or delay discretionary

spending, impacting new service purchases or volumes of use, and consider substitution by lower-priced alternatives.

Overall performance

	Q1 2025	Q1 2024	+/-	%
Wireless revenue	\$866,285	\$1,070,942	-\$204,657	-19%
Financing revenue (including other revenue)	285,012	271,823	13,189	5%
Total revenue (excluding investment income and gain(loss) on sale of assets)	\$1,151,297	\$1,342,765	-\$191,468	-14%

First quarter combined revenue decreased by \$191,468 or 14% compared to the same quarter last year. This was comprised of a decrease in wireless revenue of \$204,657 (19%) and an increase in financing revenue of \$13,189 (5%).

Revenue contribution in Q1 2025 between the Wireless business and Financing business is 75% (Q1 2024 - 80%) and 25% (Q1 2024 - 20%) respectively. There has been an increase in the revenue contribution of the Financing business after the Company increased its line of credit funding support to Adwell in 2024.

The Canadian consumer in Q1 2025 saw some relief from lower interest rates and slowing inflation, but structural issues like debt and housing costs were still affecting consumer confidence. There were indications that consumers spent more on experiences like travel and concerts but remained frugal on consumer goods like household appliances and electronic products such as cellular phones. In this market, retailers like the Company's Wireless business must focus on value, convenience and personalization to win over cautious shoppers.

In spite of the Company's best efforts to counteract the tepid retail business environment, in these challenging economic conditions, the Company's Wireless business saw a decline in transaction volumes and recorded a quarter-to-quarter decrease in revenue of 19%.

The Company's Financing business, on the other hand, recorded an quarter-to-quarter increase in revenue of 5%, thanks to an overall increase in loans advanced during the quarter. Although the Financing business is less affected by the shifting economy, Adwell will remain vigilant against a possible deterioration of its loan portfolio.

Summary of consolidated quarterly results

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Wireless revenue	\$885,870	\$1,127,888	\$1,724,842	\$1,070,942	\$898,563	\$977,634	\$1,415,070	\$866,285
Financing revenue	239,962	267,730	242,267	271,823	323,214	272,586	265,086	285,012
Gross margin	58%	55%	48%	57%	66%	60%	49%	58%
Net income (loss)	\$26,597	\$68,423	\$62,570	\$173,426	\$84,805	\$87,255	(\$7,744)	\$84,101
Basic and diluted earnings (loss) per share	\$0.0002	\$0.0041	\$0.0036	\$0.012	\$0.0032	\$0.005	(\$0.0002)	\$0.005

Historically, in the Company's Wireless business, the general trend in annual retail sales in Canada is that Q1 is normally the lowest; sales then gradually increase in Q2 and Q3, and finally peak in Q4.

The Wireless business had a slow start in Q1 2025 as consumer confidence still affected sales. However, the Company is hopeful that with interest cuts and easing inflation, and hopefully a clarification of the U.S. tariff rules, there will be a Spring rebound in Q2.

Financing revenue has been generally trending upwards during the last eight quarters, as Adwell increased its advances to customers since coming out of Covid, and further accelerated after the Company increased its line of credit funding support to Adwell in 2024. Interest revenue has been on the rise as the Canadian lending rate has been steadily trending upwards in an effort to combat inflation. Fee income, on the other hand, is subject to higher fluctuation as it depends on the number and size of the loans advanced.

Results of operations – Wireless business

In Q1, 2025, the number of Rogers' new voice and new data activations decreased by 46% and 51% respectively over Q1 2024, while customer upgrades decreased by 26%.

On the Fido side, new voice and new data activations also decreased by 22% and 25% respectively over Q1 2024, customer upgrades trended in the other direction and increased by 78%.

The decrease in both Rogers and FIDO transaction volumes caused combined new voice and data activations to drop by 36% and 41%, while customer upgrades also had a combined decrease of 23%.

All these reductions are reflected in the following revenue streams of the Company:

Phone hardware sales decreased by 15% as the number of phones sold dropped by 17%. The cost of Smartphones is much higher now, at more than \$1,000 each on average, and a change in the volume of hardware sales will consequently now have a higher impact on the Company's revenue.

The drop in transaction volume caused new voice and data commissions to decrease by 27% over the same quarter last year. Customer upgrade commission followed the same trend and dropped by 25% over Q1 2024.

Residual commissions decreased by 5% over Q1 2024, the result of a 1% decrease in the residual subscriber base and a slight decrease in the average

monthly service fee of the base. The Company managed to earned a small bonus in Q1 2025, resulting in an 872% increase over Q1 2024. In the past few years, the Company has been increasingly focusing on non-wireless products such as Rogers TV/internet and Rogers Bank (Mastercard) in order to mitigate the impact of the decrease in wireless transaction volumes. This product is usually sold in stores as an add-on product when customers perform their wireless transactions, and is crucial in keeping customers within the Rogers family.

Even though Rogers Bank (Mastercard) commissions decreased by 40%, it continues to be a key revenue generator in Q1. By increasing benefits like free Roam-like-home days and bonus cash back in its card offerings Rogers Mastercard has become better known and better accepted in the highly competitive Canadian credit card market space. The Company will continue to promote this product to its customers.

Internet and other commissions decreased by 63% over Q1 2024. Rogers has been quite aggressive in the aftermath of the Rogers/Shaw merger in terms of its internet offerings, and has also rolled out new 5G Home Internet products which allow customers in non-cable coverage areas to sign up with Rogers.

Going forward, Rogers Bank (Mastercard), internet and TV will remain the focus of the Company's business as they have proved to be its important revenue sources. Rogers continues to upgrade these products as well and with the phasing out of legacy TV and the introduction of Rogers' Xfinity line of products, sales of this sector is expected to remain strong in the foreseeable future. On the new technology front, the arrival of 5G continues to change the telecommunication landscape of Canada. 5G networks offer faster download, lower latency and better connectivity/performance on more devices including smart cars, home appliances and remote medical devices as part of what is now called the internet of things (IoT). Major Canadian carriers have all rolled out their own 5G networks. The Company looks forward to bringing this transformative technology, and its potential to change every aspect of daily lives, to our customers through the Rogers network which has already expanded its 5G network to over 2,000 Canadian communities.

Subscriber Base:

March 31, 2025 - 24,077

March 31, 2024 - 24,278

Decrease of 201 or <1%

This net decrease in subscriber base of 201 is the result of a year to year increase in the Rogers subscriber base of 923, and a decrease in the FIDO subscriber base of 1,124 on the other. Rogers has been enticing FIDO customers to switch to the Rogers brand and the increase in the Rogers

subscriber base showed the success of this strategy. However, the higher decrease in the FIDO subscriber base indicates that while some might have moved over to Rogers, others have either chosen to switch to CHATR, Rogers' prepaid brand, or sign up with other Canadian carriers.

The Company recognizes that In order to maintain its subscriber base, it needs to keep adding new customers, while at the same time trying to prevent existing customers from leaving. The key to executing this strategy is to give customers good reasons to sign up and stay with Rogers, instead of migrating to the competition. Hence, the “why Rogers” and the Rogers “value propositions” continue to remain front and centre in all the Company’s messaging.

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

Results of operations – Financing business

In Q1 2025, Adwell’s financing income increased by \$13,189, or 5% compared to Q1 2024.

	Q1 2025	Q1 2024	+/-	%
Financing income	\$285,012	\$271,823	\$13,189	5%

Adwell’s main business is comprised of three types of loans:

Unsecured personal instalment loans - these are micro loans advanced to individuals in amounts ranging from \$1,500 to \$7,000, with 9 to 36-month flexible repayment terms and no early repayment penalties. These loans are usually advanced to customers with steady income who are able to make regular repayments throughout the term of the loan. These loans also require personal guarantor(s) as backup security.

Payday loans - these are loans advanced to individuals based on their pay checks and are more expensive than personal instalment loans. They are usually smaller in amount and have a shorter repayment period.

Mortgage loans - these are secured loans advanced based on properties as collateral. The majority of these loans are for bridging purposes and are usually repaid with a year.

Adwell’s main revenue is interest and fees generated from these loans. In Q1 2025, Adwell advanced 5% less personal instalment loans to customers, but payday loans increased by 28%. There was no mortgage loan advanced in Q1 2025.

The table below shows the income and expense breakdown of the Company's financing business in Q1 2025 and Q1 2024:

	Q1 2025	Q1 2024	+/-	%
Interest income	\$272,075	\$243,352	\$28,723	12%
Fee income/Other income	12,937	28,471	-15,534	-55%
Total income	285,012	271,823	13,189	5%
General & administration (including interest cost & provision for loan loss)	185,632	176,140	9,492	5%
Advertising and promotion	500	1,086	-586	n/a
Amortization of property, plant & equipment	733	534	199	37%
Income from operations	\$98,147	\$94,063	\$4,084	4%

In Q1 2025, Adwell recorded an income from operations of \$98,147, a 4% increase over the same period last year. The increase was the result of higher interest income, offset by a decrease in fee income and an increase in general and administration expenses.

Adwell now reviews and makes adjustments to its loan loss provision on a quarterly basis based on the aging of its loan portfolio and actual loan loss experience.

Gross Profit Margin

Q1 2025 – 58%

Q1 2024 – 57%

There are many factors which would affect the profit margin of the Company, among them are:

- Hardware revenue - there has been a downward pressure on profit margin over the years as the average cost of hardware increases. Some high-end phones now cost over \$2,000 each, even more expensive than a laptop computer. Another factor which affects profit margins is the Company's BYOD (Bring Your Own Device) mix, as BYOD activations generate no hardware revenue.
- Commission revenue - dealer commission structure is determined by the Carrier and new activation commissions and upgrade commissions can be amended at relatively short notice depending on carrier focus and priorities. Dealer bonus commission used to be a major revenue stream but following a change in dealer compensation structure has become a non-factor. Residual commissions are a steady source of income, but it is becoming more and more challenging to maintain customers amid heavy competition and the government's objective of increasing competition in the future. Internet commission and Mastercard commission are now increasingly important revenue sources with which to make up for the loss in wireless commission due to a reduction of sales volume.

The focus in non-margin based products (internet and Mastercard) which generate commission with no hardware cost has helped mitigate the downward pressure on profit margin during the past few years. This strategy will continue to be the main focus of the Company in 2025.

Q1 2025 General and administration expenses - \$567,329
Q1 2024 General and administration expenses - \$548,173
Increase of \$19,156 or 3%

The small increase in general and administration expenses was caused by increases in professional fees and payroll expenses in the quarter.

Q1 2025 Amortization of right-of-use assets - \$43,418
Q1 2024 Amortization of right-of-use assets - \$43,757
Decrease of \$339 or <1%

Commencing January 1, 2019, as a result of the Company adopting the International Financial Reporting Standard (IFRS) 16 - "Leases", certain leases that used to be operating leases are now capitalized as right-of-use-assets, which are depreciated over their respective terms. At the end of 2024, the Company has six leases, all expiring in 2028.

Q1 2025 Amortization of property, plant and equipment - \$6,188
Q1 2024 Amortization of property, plant and equipment - \$5,741
Increase of \$447 or <1%

There was no significant change in property, plant and equipment during the quarter.

Q1 2025 Amortization of investment properties - \$8,973
Q1 2024 Amortization of investment properties - \$8,973

The Company has two investment properties in Q1 2025, the same as last year.

Q1 2025 Rental income - \$38,889
Q1 2024 Rental income - \$31,331
Increase of \$7,558 or 24%

The Company continues to receive rental income from its two investment properties. The Company also leases out part of its warehouse space at its Head Office in Ontario to reduce overall occupancy cost, resulting in the increase in rental income.

Q1 2025 Income before income taxes - \$104,876
Q1 2024 Income before income taxes - \$228,211

Q1 2025 Income and comprehensive income after income taxes - \$84,101
Q1 2024 Income and comprehensive income after income taxes - \$173,426

Q1 2025 Net income attributable to non-controlling interests - \$29,069
Q1 2024 Net income attributable to non-controlling interests - \$28,219

Q1 2025 EPS - \$0.005
Q1 2024 EPS - \$0.012

Liquidity

Cash and cash equivalents & short-term investments as at March 31, 2025 - \$8,849,543

Cash and cash equivalents & short-term investments as at March 31, 2024 - \$9,751,090

Decrease of \$901,547 or 9%

Working capital as at March 31, 2025 - \$12,071,228

Working capital as at March 31, 2024 - \$12,884,391

Decrease of \$813,163 or 6%

During the past year, the Company increased its Line of Credit commitment (LOC) to Adwell from \$3MM to \$4MM. Both the Adwell LOC increase and the dividend payment for the year were funded by internally available cash of the Company. These payments did not have any material impact on the operating cash flows of the Company.

The company's liquidity has always been generated from the Company's operations. The Company has no line of credit arrangement with any bank. Maintaining this conservative financial management continues to be one of the Company's core objectives.

Summary of contractual obligations

Wireless business

Number of leases at March 31, 2025 - 4 (March 31, 2024 - 4).

Future minimum operating lease commitments are as follows:

Wireless	
2025 (remaining)	\$132,014
2026	\$181,867
2027	\$186,533
2028	\$131,602

Total	\$632,016
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Financing business

Number of lease at March 31, 2025 - 1 (March 31, 2024 - 1)

Adwell's single lease was renewed for another four year when it expired in late 2024. Its future minimum operating lease commitment is as follows:

Financing	
2025 (remaining)	\$19,997
2026	\$26,761
2027	\$27,847
2028	\$25,527
Total	\$100,132

In sum, total future minimum operating lease commitment of the Company's five leases as at March 31, 2025 is as follows:

2025 (remaining)	\$152,011
2026	\$208,628
2027	\$214,380
2028	\$157,129
Total	\$732,148

Capital resources

The Company has no credit facility arrangement with any financial institution.

Off-Balance Sheet Arrangements and Commitments

The Company has no off-balance sheet arrangements or commitments.

Investment properties

As at March 31, 2025, the Company has two properties in its portfolio, one each in Ontario and British Columbia. These two properties were classified on the unaudited condensed interim consolidated statement of financial position as investment properties.

The Ontario property (Horizon Centre) has been leased since 2009. This commercial condominium unit was originally intended for use as a store for the Company's wireless business, but later determined that the location was not suitable for selling wireless products. The Company has no intention to open a

store at that location in the immediate future and will keep the unit as an investment property. The current lease will expire on May 31, 2025.

The B.C. property (Aberdeen Square) was also originally intended for the Company's B.C. wireless business, but since that business was sold it was converted into an investment property. This property has two units, both leased with expiry dates of December 15, 2025 and December 31, 2026, respectively.

The Company also sub-leased out part of its warehouse space at its head office in Ontario, to a third party to generate additional rental income.

Total rent received was \$38,889 in Q1 2025 (Q1 2024 - \$31,331). The combined market value of the two investment properties is estimated to be \$1,414,740 as at March 31, 2025 (March 31, 2024 - \$1,409,614). The rental income on these properties has been presented as rental income on the condensed interim consolidated statement of income and comprehensive income.

It is the Company's intention to sell the two investment properties at a reasonable rate of return as and when decided by management.

Transaction with related parties

Salaries and fees paid to the Company's directors and executive officers in Q1 2025 were \$173,777 (Q1 2024 - \$173,177).

Proposed transactions

The Company's ongoing investment in Adwell will continue in Q1 2025.

Outstanding share data

There were 11,935,513 common shares issued and outstanding as at March 31, 2025 (March 31, 2024 – 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 Q1 2025, and there were no stock options outstanding as at March 31, 2025.

Changes in accounting policies

New accounting pronouncement

The new and amended standards and interpretations that have been issued up to the date of issuance of the Company's consolidated financial statements are disclosed below.

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

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

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

In February 2021, the International Accounting Standards Board issued Definition of Accounting Estimates, which amends IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. These amendments do not have a material impact on the Company.

IAS 12 Income Taxes (Amendment)

In May 2021, the International Accounting Standards Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. These amendments do not have a material impact on the Company.

Critical accounting estimates

The preparation of the consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Critical accounting estimates include, but are not limited to, expected credit loss provisions for loans receivable, and the discount rate used in measuring ROU assets and lease liabilities. Management's estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

Impairment of financial assets

The expected credit loss (“ECL”) model applies to financial assets measured at amortized cost. The Company’s financial assets measured at amortized cost and subject to the ECL model consist primarily of accounts receivable and loans receivable. In determining the ECLs, management makes estimates related to the probability-weighted amount of ECLs based on information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

Leases

Judgments Made in Relation to Accounting Policies Applied: The Company exercises judgment when contracts are entered into that may give rise to a right-of-use asset that would be accounted for as a lease. Judgment is required in determining the appropriate lease term on a lease by lease basis. The Company considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option at inception and over the term of the lease, including investments in major leaseholds, operating performance, and changed circumstances. The periods covered by renewal or termination options are only included in the lease term if the Company is reasonably certain to exercise that option. Changes in the economic environment or changes in the retail industry may impact the assessment of the lease term and any changes in the estimate of lease terms may have a material impact on the Company’s consolidated statements of financial position.

Key Sources of Estimation: The critical assumptions and estimates used in determining the present value of future lease payments require the Company to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets. Management determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Company’s creditworthiness, the security, term, and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

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 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 consolidated financial statements is set out below.

Estimated useful lives of non-financial assets

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

Gross versus net revenue recognition

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

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

Disclosure controls and procedures and internal controls over financial reporting

On November 23, 2007, the British Columbia Securities Commission and the securities commissions in the other jurisdictions in which the Company is registered, exempted venture issuers from certifying disclosure controls and procedures as well as internal controls over financial reporting as at December 31, 2007, and thereafter. Since the Company is a venture issuer it is

now required to file basic certificates, which it has done for the year ended December 31, 2024. The Company makes no assessment relating to the establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at March 31, 2025.

Financial instruments

The Company did not use derivative financial instruments such as swaps, futures or hedging contracts in Q1 2025. The Company has no plans to use any of these in the foreseeable future.

Risk factors

Wireless business -

Even as the business risks from the impact of COVID-19 recede, Management believes there are four potentially imminent risks that will impact the Company's business in the coming year.

First, the significant and as yet unquantifiable risks due to President Trump's recently announced "Reciprocal Tariffs" on exports into the U.S. from virtually every country in the world. The impact of this levy of across the board U.S. tariff on Canadian exports to the U.S. and the Canadian retaliatory tariffs on U.S. made products is difficult to predict, as well as what that will mean for Canadians who are at risk of losing their jobs,

Chatham House, one of the world's best known geopolitical think-tank has pointed out that three-quarters of Canada's goods exports, accounting for more than one-quarter of the country's gross domestic products, go to the United States. So, what might the potential elimination of preferential treatment for Canadian business agreed under the USMCA mean for the telecom business in Canada, and for the Company's customers.

Second, in an environment of severe restriction placed on China's technically advanced and competitively priced 5G telecom equipment maker Huawei, will the promised wireless price reductions in Canada that the Rogers/Shaw merger promised survive? What will the elimination of Huawei from Canada's 5G marketplace mean for the speed with which 5G can be deployed in Canada and the costs for Canadian customers that want to move to this technology?

Third, the operations and profitability of the Company's business are tied to the Bank of Canada's interest rate movements and the continuing purchase of the Company's telecom products. The U.S. "Reciprocal Tariffs" have created an environment of global business and employment uncertainty. Canada and Canadians are not immune from this new global protectionist era.

Finally, the Trump administration has shown a growing tendency to “weaponized” America’s trade deficit into pressure to try and secure geopolitical ends. While one shouldn’t over dramatize this development it would be judicious for the Company to keep an eye on these developments, given that over half of Canada’s retirement dollars are invested in U.S. assets and Canadian Prime Minister Carney has more than once warned that President Trump’s desire to pressure Canada into becoming a U.S. State needs to be taken seriously.

In the face of these multiple potential business threats that may emerge under the Trump presidency, the Company and its advisors intend to monitor these risks closely, and will act quickly to optimize its resilience, rebalancing for risk and liquidity, finding ways to preserve its business while at the same time prepare the Company to leverage opportunities for future growth.

Management also intends to keep in close touch with its service provider, Rogers Communications Inc., to help it quantify these and other risk factors and to become knowledgeable in the best-practices that will surely emerge to help companies survive and grow in the new business environment.

The Company’s operating results are subject to seasonal fluctuations that may materially impact quarter-to-quarter operating results, and thus one quarter’s operating results are not necessarily indicative of the Company’s future performance.

Economic dependence on Rogers is an additional risk factor. The Company operates in an industry in which Carriers pay the dealer commissions to bring in new customers and service existing customers. It is also part of an industry in which hardware (mainly wireless handsets) is heavily financed by the Carrier. Phones are sold to consumers with zero upfront payment and dealers are reimbursed through a back-end hardware subsidy from the Carrier. A good example is the Apple iPhone and other Android Smartphones, where the phone may cost dealers as high as \$1,500+ each.

For the quarter ended March 31, 2025, approximately 96% (2024 - 98%) of the Company’s gross wireless revenue was from Rogers Communications Inc., whereas the remaining approximately 4% (2024 - 2%) was generated through the Company’s four retail stores in Ontario.

Account receivable from Rogers was 71% as at March 31, 2025 (85% as at March 31, 2024)

Management has decided that no provision for bad debt is required on Rogers’ receivables due to past collection experience and Rogers’ continuing good credit quality. This economic dependence on Rogers will continue in the future, albeit in diminished form, as a result of the reduction in the number of stores, as well as the growing contribution from the financing businesses.

Canadian wireless companies could face increased competitive pressure because of recent legal changes in foreign ownership of telecommunications companies and control of the wireless licenses. In other words, giants such as Verizon in the U.S. and others could enter the Canadian market either by acquiring wireless licenses or smaller companies that hold such licenses. Foreign carriers could also acquire smaller Canadian companies with less than 10% of the spectrum and thereby gain possession of this spectrum, then compete aggressively against Canadian companies such as Rogers.

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 personal communication services (PCS) spectrum licenses, although the timing of fee increases (if any) is unknown.

A continuing risk factor is the increasing competitiveness of Rogers' two main rivals, Bell Canada and TELUS, who have their own networks and continue to mount aggressive marketing campaigns. Concurrently, new and smaller entrants continue to increase their share of the market in both the voice and data markets. Risk factors also include technological change driven by product obsolescence, intense competition in the wireless telecommunications industry and changes in the regulatory environment.

Management is aware of new risks beyond those mentioned above. These include the Cloud, which offers new opportunities but also a heightened level of risk. Cyber intrusions from malevolent actors have begun to enter the wireless domain, presenting another spectrum of threats. On the opportunity side, the IoT by which the Internet will be used to get information and to control, for example, household items such as refrigerators, burglar alarms and home climate controls through wireless handsets, will open up additional risks. Management reviews these risk factors regularly and discusses strategies to deal with them as they arise. The Company depends heavily on its service provider, Rogers, to provide innovative and competitive products and services to the marketplace. Indications are that Rogers is not only aware of this but is continuously innovating to stay ahead of its competition.

Financing business

Credit risk, the risk of loss that arises when a customer fails to pay an amount due, is the primary risk faced by Adwell.

Credit quality of Adwell's customer is assessed based on a number of proprietary credit models, and individual credit limits for each potential customer are derived in accordance with this assessment, and by other factors such as the ability of the customer to comfortably make the periodic loan payments. This standardized approval process ensures a standardized high-quality loan application flow.

After evaluating the potential client's credit profile, Adwell makes a decision on the loan terms for each applicant, these include the maximum loan principal that the applicant may borrow.

Adwell will continue to develop and refine underwriting models based on the historical performance of groups of customer loans and industry best practices, which guide its lending decisions. As Adwell has grown, management began recording a provision for loan loss on its books beginning in Q1 2017, which is based on historical loss experience and loan aging in line with general industry best practices. Adwell reviews and adjusts 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 such as truth-in-lending disclosures. These requirements impose specific statutory liabilities upon creditors who fail to comply with these 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.

The Government of Canada's **Bill C-47**, the *Budget Implementation Act, 2023, No. 1* (Bill C-47) proposed amendments to **section 347** of the *Criminal Code* to combat the predatory lending practice of extending high interest rate loans and to enhance consumer financial protection. Bill C-47 received royal assent on June 22, 2023,² and on May 31, 2024, the Governor General in Council announced that the proposed amendments will become effective on January 1, 2025.

Under the new regulations, effective as of January 1, 2025, the criminal rate of interest specified in section 347 of the *Criminal Code* will be reduced from 48% APR (annual percentage rate) to 35% APR.

The *Regulations* set forth three exemptions to which the new criminal interest rate of 35% APR will not apply, which are (1) commercial loans; (2) pawnbroking loans; and (3) payday loans.

For payday loans, the *Regulations* cap the total cost of borrowing for payday loans at CA\$14 per CA\$100 borrowed. Fees for dishonoured cheques of CA\$20 or less are excluded from this CA\$14 limit.

In response to these regulatory changes, Adwell's has made adjustment to its unsecured personal instalment loans to comply with the new regulations. Effective January 1, 2025, the maximum personal instalment loan amount is \$7,000, and interest rates now range from 31% to 34.5% APR.

The long-term impact of these changes on the industry and overall economy remains to be seen. Additionally, concerns persist around inflation, a potential recession, and the aforementioned policies of the new US administration, all of which could affect future loan repayments.

Given these uncertainties, the team has decided to maintain the current bad debt provision ratio. This reflects the commitment to prudent risk management as we navigate the evolving economic landscape.

Adwell is also subject to various privacy, information security, and data protection laws and takes reasonable measures to ensure compliance with all such requirements. Legislators and regulators have increasingly adopted new privacy information security and data protection laws, which may increase Adwell's cost of compliance. Even though Adwell has taken reasonable steps to protect its data and that of its customers, a breach in Adwell's information security may still occur due to unforeseen circumstances. Such an incident might adversely affect Adwell's reputation and also result in fines or penalties from government authorities. Management is committed to protecting the privacy and confidentiality of its customers' personal information by using industry best practices.