

Advent-AWI Holdings Inc.

Management's discussion and analysis for the quarter ended June 30, 2025

Effective date of MD&A – August 26, 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forward-looking statement (and such risks, uncertainties and other factors) speaks only as of the date on which it was originally made, and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this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 in Q2 2025.

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

(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 June 30, 2025 – four stores (two Rogers & two FIDO, all in Ontario)

Number of stores as at June 30, 2024 – four stores (two Rogers & two FIDO, all in Ontario)

Economic dependence

For the three months ended June 30, 2025, approximately 91% (2024 - 98%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 9% (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 - 78% at June 30, 2025 (77% at June 30, 2024).

(2) Micro finance business

In late 2015, the Company received approval from the TSXV (Toronto Stock Exchange Venture) to start a financial service subsidiary that would operate a consumer lending business in the Greater Vancouver Area of British Columbia. This new subsidiary, Adwell, was incorporated on January 8, 2016 and commenced operations in Q1 2016. Adwell issued 1,000,000 shares at \$0.0001 per share. The Company subscribed to 70% of the shares issued, with the remaining 30% owned by two minority shareholders, Q&Y Holdings Inc. (15%) and Adwealth Capital Holdings Inc. (15%). The two minority shareholders, both with financial and lending experience, assisted in the start-up and assist in the continuing operations of the venture.

The Company has committed to investing up to \$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 \$2,250,000 in Adwell, of which \$350,000 was funding for the ongoing operations of Adwell, while \$1,900,000 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.

Declaration of dividend

On July 24, 2025, the Company announced that a special dividend of \$0.125 per common share would be paid to all shareholders of record as at the close of business on August 7, 2025. The dividend was paid out on August 21, 2025.

Overall performance

	Q2 2025	Q2 2024	+/-	%
Wireless revenue	945,231	898,563	46,668	5%
Financing revenue (including other revenue)	374,778	323,214	51,564	16%
Total revenue (excluding investment income and gain(loss) on sale of assets)	1,320,009	1,221,777	98,232	8%

Second quarter combined revenue increased by \$98,232 or 8% compared to the same quarter last year. This was comprised of an increase in wireless revenue of \$46,668 (5%) and an increase in financing revenue of \$51,564 (16%).

Revenue contribution in Q2 2025 is Wireless business 72% (Q2 2024 - 74%), Financing business 28% (Q2 2024 - 26%). 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 confidence remained fragile in Q2, especially around spending. Elevated uncertainty from trade tensions and tariffs with the U.S. heightened pessimism and weighed on spending plans for consumer goods such as household appliances, electronic products, and cellular phones. In this fragile market environment, retailers like the Company's Wireless business must focus on value, convenience and personalization to win over cautious shoppers.

Despite these challenging economic conditions, the Company's Wireless business was able to report a quarter-to-quarter increase in revenue of 5%.

The Company's Financing business, on the other hand, also recorded a quarter-to-quarter revenue increase of 16%, thanks to an increase in fee income 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

	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Wireless revenue	\$1,127,888	\$1,724,842	\$1,070,942	\$898,563	\$977,634	\$1,415,070	\$866,285	\$945,231
Financing revenue	267,730	242,267	271,823	323,214	272,586	265,086	285,012	374,778
Gross margin	55%	48%	57%	66%	60%	49%	58%	64%
Net income (loss)	\$68,423	\$62,570	\$173,426	\$84,805	\$87,255	(\$7,744)	\$84,101	\$127,346
Basic and diluted earnings (loss) per share	\$0.0041	\$0.0036	\$0.012	\$0.0032	\$0.005	(\$0.0002)	\$0.005	\$0.0053

Historically for 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 and consumer confidence remained low during Q2. However, overall revenue did pick up and the Company is hopeful that this momentum will continue in the second half of the year, especially during the traditional back-to-school and holiday buying periods, both of which have traditionally been strong contributors to the Company's financial performance.

Revenue from the Company's financing business has been trending upwards over the last eight quarters, as Adwell increased its advances to customers post-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 for two reasons: the Canadian lending rate has been steadily increased by the Bank of Canada in an effort to combat inflation, and an increase in the number of loans advanced by Adwell. Fee income, on the other hand, has fluctuated as it depends on the number and size of the loans advanced.

In response to the potential increase in credit risk posed by the potentially dangerous economic environment, Adwell continues to monitor the quality of its loan portfolio closely to make sure enough provision is made to weather any potential fluctuation in the business due to decrease in the credit quality of Adwell's loans should some of the dire predictions of job losses due to the U.S. tariffs materialize.

Results of operations – Wireless business

In Q2, 2025, the number of Rogers' new voice and new data activations decreased by 10% and 8% respectively over Q2 2024, while customer upgrades also decreased by 8%.

On the FIDO side, new voice activations and data activations both decreased by 76% over Q2 2024, customer upgrades went the other direction and increased by 80%.

The decrease in both Rogers and FIDO transaction volumes caused combined new voice and data activations to drop by 43% and 42%, while customer upgrades also had a combined decrease of 3%.

These reductions are reflected in the following Company revenue streams:

Phone hardware sales increased by 11% as the number of phones sold also increased by 11%. The cost of Smartphones is much higher now, 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 decrease in new activation transactions caused voice and data activation commissions to decrease by 13% over the same quarter last year. Customer upgrade transactions had a smaller drop and are reflected in a decrease in commissions of only 1%.

Residual commissions decreased by 7% over Q2 2024, the result of a 3.5% decrease in the residual subscriber base and a decrease in the average monthly fee of the subscriber base.

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 typically sold in stores as an add-on when customers complete wireless transactions, and it plays a crucial role in keeping customers within the Rogers ecosystem.

Even though Rogers Bank (Mastercard) commissions decreased by 11%, it continues to be a key revenue generator in Q2. 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 54% over Q2 2024. Rogers has been 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 continue to prove 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.

All in all, even though all commissions revenue stream recorded decreases in Q2 2025 over Q2 2024, the increase in hardware sales and a revenue adjustment to customer deposits caused total wireless revenue to increase by 5%.

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:

June 30, 2025 - 25,021

June 30, 2024 - 25,942

Decrease of 921 or 3.5%

This net decrease in the Company's subscriber base of 921 is the result of a year to year increase of 521 in the Rogers subscriber base, and a decrease of 1,442 in the FIDO

subscriber base. 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.

Retaining the customer base is important because the Company receives residual income on its subscriber base every month. This provides the Company with a steady, predictable income stream.

Results of operations – Financing business

In Q2 2025, Adwell’s financing income increased by \$51,564, or 16% compared to Q2 2024.

	Q2 2025	Q2 2024	+/-	%
Financing income	374,778	323,214	51,564	16%

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 Q2 2025, Adwell advanced 2% more personal instalment loans and 5% more payday loans to customers. There was also one mortgage loan advanced in Q2 2025.

The table below shows the income and expense breakdown of the Company’s financing business in Q2 2025 and Q2 2024:

	Q2 2025	Q2 2024	+/-	%
Interest income	242,968	271,673	-28,705	-11%
Fee income/Other income	131,810	51,541	80,269	156%
Total income	374,778	323,214	51,564	16%
General & administration (including interest cost & provision for loan loss)	157,559	165,523	-7,964	-5%
Advertising and promotion	850	1,294	-444	n/a
Amortization of property, plant & equipment	733	562	171	30%
Income from operations before income taxes	215,636	155,835	59,801	38%

In Q2 2025, Adwell recorded an income from operations of \$215,636, a 38% increase over the same period last year. The increase was the result of higher fee income from the new mortgage loan advanced.

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

Q2 2025 – 64%

Q2 2024 – 66%

Gross profit margin for the quarter was 64%, a slight drop from 66% in the same quarter last year. Similar to Q2 2024, the Company was able to maintain its non-margin based income such as Rogers Mastercard commissions, cable/internet commissions and loan fee income in the quarter.

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

- New activation commissions and upgrade commissions that can be changed at short notice depending on carrier priorities and focus.
- Dealer bonus commissions used to be a major revenue stream, but are no longer so, due to a change in dealer compensation structure.
- 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.
- Cable/internet commissions and Rogers Mastercard commissions are now important revenue sources to counteract the reduced wireless commissions due to a loss of volume.

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

Q2 2025 General and administration expenses - \$646,590
Q2 2024 General and administration expenses - \$696,412
Decrease of \$49,822 or 7%

The decrease in general and administration expenses were caused mainly by decreases in professional fees and employee compensation expenses.

Q2 2025 Advertising and promotion expenses - \$10,834
Q2 2024 Advertising and promotion expenses - \$1,845
Increase of \$8,989 or 487%

The Company has been doing less brand advertising on its own as carriers are now more inclined to centralize branding within their own marketing departments. The Company is very active in the ethnic market and considers it important to maintain its own identity and presence in the communities it serves, and it will continue to advertise and promote in ethnic media channels as appropriate. The Company's advertising and promotion is more tactical in nature and will hopefully yield faster results.

Another tactic the Company has increasingly deployed is the use of promotion bill credits, which dealers can obtain at a discount, to reduce phone prices. This tactic can be very effective in short term "hit & run" type promotions as competitors will have difficulty matching it. The increase in Advertising and promotion expenses in this quarter is due to the purchase of these bill credit coupons.

Q2 2025 Amortization of right-of-use assets - \$58,776
Q2 2024 Amortization of right-of-use assets - \$43,757
Increase of \$15,019 or 34%

The increase in Amortization of right-of-use asset in this quarter is due to the finalization of one store lease in Ontario which was previously on month-to-month term.

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.

Q2 2025 Amortization of property, plant and equipment - \$6,112
Q2 2024 Amortization of property, plant and equipment - \$5,697
Increase of \$415 or 7%

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

Q2 2025 Amortization of investment properties - \$8,973
Q2 2024 Amortization of investment properties - \$8,973

The Company's investment properties remained the same in Q2 2025.

Q2 2025 Rental income - \$38,889
Q2 2024 Rental income - \$31,742
Increase of \$7,147 or 23%

Besides receiving 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.

Q2 2025 Income before income taxes - \$152,022
Q2 2024 income before income taxes - \$99,869

Q2 2025 Net income and comprehensive income after income taxes - \$127,346
Q2 2024 Net income and comprehensive income after income taxes - \$84,805

Q2 2025 Net income attributable to non-controlling interests - \$64,316
Q2 2024 Net income attributable to non-controlling interests - \$46,748

Q2 2025 EPS - \$0.0053
Q2 2024 EPS - \$0.0032

Liquidity

Cash and cash equivalents & short-term investments as at June 30, 2025 - \$9,818,487
Cash and cash equivalents & short-term investments as at June 30, 2024 - \$9,430,873
Increase of \$387,614 or 4%

Working capital as at June 30, 2025 - \$12,215,313
Working capital as at June 30, 2024 - \$13,017,271
Decrease of \$801,958 or <1%.

During the past year, the Company increased its Line of Credit commitment (LOC) to Adwell from \$3MM to \$4MM. Both the now higher Adwell LOC and the dividend payment declared in Q2 are 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 June 30, 2025 - 5 (June 30, 2024 - 4).

In Q2 2025, the Company negotiated with the Landlord of the store which was on a month-to-month term to a new lease. The lease now expires on June 30, 2028

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

Wireless	
2025 (remaining)	\$104,875
2026	\$214,027
2027	\$218,693
2028	\$147,682
Total	\$685,277

Financing business

Number of leases at June 30, 2025 - 1 (June 30, 2024 - 1)

Adwell's single lease was renewed during the quarter to November 30, 2028.

Future minimum operating lease commitment of the Financing business is as follows:

Financing	
2025 (remaining)	\$13,331
2026	\$26,761
2027	\$27,848
2028	\$25,527
Total	\$93,467

In sum, total future minimum operating lease commitments of the Company's six leases as at June 30, 2025 are as follows:

2025 (remaining)	\$118,206
2026	\$240,788
2027	\$246,540
2028	\$173,209
Total	\$778,743

Capital resources

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

Off balance sheet arrangements

As at June 30, 2025, the Company has two properties in its investment 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 at that time. 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 expired on May 31, 2025 and the Company is negotiating with the tenant for renewal of the lease.

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 Q2 2025 (Q2 2024 - \$31,742). The combined market value of the two investment properties is estimated to be \$1,414,740 as at June 30, 2025 (June 30, 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 Q2 2025 were \$162,623 (Q2 2024 - \$162,023).

Proposed transactions

The Company's ongoing investment in Adwell continues in Q2 2025.

Outstanding share data

There were 11,935,513 common shares issued and outstanding as at June 30, 2025 (June 30, 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 Q2 2025, and there were no stock options outstanding as at June 30, 2025.

Changes in accounting policies

Critical accounting estimates

The preparation of the consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and

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

Impairment of non-financial assets

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

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

Income taxes

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

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

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

Significant judgments

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

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 unaudited 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 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, 2022. The Company makes no assessment relating to the establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at June 30, 2025.

Financial instruments

The Company did not use derivative financial instruments such as swaps, futures or hedging contracts in Q2 2025. The Company has no plans to use any of these in the foreseeable future.

Risk factors

Wireless business -

Management believes that the following imminent risks will potentially 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, and what that could mean for Canadians who are at risk of losing their jobs. There are estimates of Canadian job losses from the U.S. Tariffs ranging from thousands in key sectors, to over a million jobs at risk in worst-case forecasts. Actual data from early to mid-2025 confirms monthly job losses, particularly in manufacturing and among youth.

According to the World Bank, almost 77% of Canada's export trade and 49% of its import trade is with the U.S, and much of this is now under threat. 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.

The Company's economic dependence on Rogers is yet another 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 June 30, 2025, approximately 91% (2024 - 98%) of the Company's gross wireless revenue was from Rogers Communications Inc., whereas the remaining approximately 9% (2024 - 2%) was generated through the Company's four retail stores in Ontario.

Account receivable from Rogers was 78% as at June 30, 2025 (77% as at June 30, 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 , the Budget Implementation Act, 2023, No. 1 (Bill C-47) proposed amendments to 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, 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.