



ADVANTEX

NEWS RELEASE

For Immediate Release

Advantex Provides Update on Financing ahead of Special Meeting of Shareholders

Toronto, August 19, 2021 – Advantex Marketing International Inc. (CSE: ADX) (“**Advantex**”), a leader in the merchant cash advance and loyalty marketing products for merchants, today at the request of the Ontario Securities Commission (the “**OSC**”) provided additional information ahead of the Special Meeting of its shareholders to be held on August 26, 2021.

All capitalized terms not otherwise defined in this press release have the meaning ascribed to them in the Management Information Circular of Advantex dated July 19, 2021 (the “**Information Circular**”).

Additional information on New Financing

Following the issuance of the final revocation order for the November 1, 2019 FFCTO, Advantex contacted Generation to inquire about the possibility of obtaining additional financing. Discussions were held between June 25 and approximately July 13, 2021. As independent directors, both Marc Lavine and David Moscovitz were involved with management in the decision to seek additional financing from Generation as no other source of financing was available to Advantex in the short-term. They participated in the discussions and negotiations respecting the terms and conditions, as well as the Board’s approval, of the New Financing.

As noted in the Information Circular, Advantex had previously negotiated a financing of up to \$1M with Generation (as described in the Management Information Circular of Advantex dated November 13, 2020) (the “**Previously Proposed Financing**”) which was not ultimately pursued. As between the Previously Proposed Financing and the New Financing:

- the participants are the same - Generation and Advantex’s Chief Executive Officer Kelly Ambrose;
- up to an additional \$250K will be raised under the New Financing, if approved by disinterested shareholders. The Previously Proposed Financing contemplated up to \$1M in new funds, whereas up to \$1.25M is being raised under the New Financing (\$1M plus \$250K raised in March 2021);
- there is no change to the ratio of common shares issuable for each dollar of financing (4,475 common shares for each dollar);
- there is no change in the aggregate 450M common shares issuable as retention bonuses;
- there is no change in the aggregate 75M common shares issuable for directors fees, although the New Financing contemplates that these common shares may cover all outstanding fees owed to the current and former directors of Advantex as of March 31, 2021 plus the fees payable to the current directors for the twelve months ending March

31, 2022. No director has currently agreed to accept shares for any unpaid or future director fees. As disclosed in the Information Circular, these 75M common shares constitute a reserve that Advantex can apply against both current and future director fees and there is no guarantee that a current or former director will accept common shares as payment for any outstanding director fees. Advantex does not expect that the non-acceptance of common shares *in lieu* of cash by one or more current or former directors will affect the ability of the New Financing to be completed; and

- the New Financing contemplates, in order to optimize cash utilization, the issuance of an aggregate of 10,018,037 common shares to Advantex's CEO and CFO to cancel 25% of their outstanding vacation pay entitlements and the approval to reserve 57,142,857 common shares to settle up to \$200,000 of accounts payable currently in arrears. No supplier has currently agreed to accept shares for any unpaid accounts payable. If one or more suppliers are not prepared to accept full payment in common shares or a combination of cash and common shares, Advantex will negotiate payment plans on terms acceptable to Advantex and the suppliers. As disclosed in the Information Circular these 57,142,857 common shares constitute a reserve that Advantex can apply against current accounts payable and there is no guarantee that any supplier will accept common shares as payment for any outstanding amount. Advantex does not expect that non-acceptance of common shares *in lieu* of cash by one or more suppliers will affect the ability of the New Financing to be completed.

Considering the financial situation of Advantex, the absence of alternative sources of financing, including from other existing shareholders and debenture holders, the minimal trading volume and price at which Advantex common shares traded on the Canadian Securities Exchange prior to the 2019 FFCTO and the limited effect of the proposed Consolidation on the shareholder base, the Board considered that this level of dilution is acceptable in the circumstances. While the Board endeavoured to negotiate alternative terms/ratios, the absence of other financing options, including from other Advantex shareholders, was detrimental to any such efforts.

The Board (excluding Kelly Ambrose who abstained from participating in these discussions and negotiations) considered that, to remain motivated and incentivized, the CEO and CFO should have an equity interest in Advantex substantially similar to their pre-New Financing levels. The Board also considered important to retain the CEO and CFO on a long-term basis to implement the MCA business plan once Advantex is properly funded.

Additional Information on Interested Parties Voting

Advantex confirms that the common shares held by each of Generation, Kelly Ambrose, Mukesh Sabharwal, Marc Lavine and David Moscovitz (collectively the "**Interested Parties**") will be excluded from the "majority of minority" vote on the resolution approving the issuance of common shares pursuant to the New Financing. Therefore 530,896,455 common shares out of the 878,948,414 issued and outstanding Advantex common shares will be excluded. **As of the date of this press release 63.02% of Advantex shareholders have submitted their proxies in connection with the Meeting. On the basis of the proxies received to date, 99.87% of all Advantex shareholders and 96.5% of the Advantex shareholders, excluding the Interested Parties, have voted "FOR" the resolution approving the issuance of common shares pursuant to the New Financing.**

About Advantex Marketing International Inc.

Advantex provides working capital to merchants. Advantex also provides specialized marketing programs that enable members of Aeroplan to earn Aeroplan points at participating merchants.

Advantex shares trade on the Canadian Securities Exchange under the symbol ADX. For more information go to Advantex's profile on www.sedar.com

Forward-Looking Information

This news release contains “forward-looking statements” within the meaning of applicable securities laws relating to the future business and operations of Advantex. Actual results and developments may differ materially from those contemplated by these statements. The business and operations of Advantex described herein is dependent on a number of factors and is subject to a number of risks and uncertainties. Factors that could cause actual results to differ material include, but are not limited to, changes in Advantex's economic and competitive conditions including but not limited to the industry sectors in which Advantex operates.

The statements in this news release are made of the date of this release. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and Advantex undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

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