



ADVANTEX

Advantex Announces Fiscal 2019 Results

Toronto, May 21, 2020 -- – Advantex Marketing International Inc. (CSE: ADX) (“Advantex”), a leader in the merchant cash advance and loyalty marketing products for merchants, announced its results for twelve months ended June 30, 2019.

Highlights of financial results.

	Fiscal 2019	Fiscal 2018	Change	Change
		\$	\$	%
Revenues	\$ 6,100,530	\$ 7,586,757	-\$ 1,486,227	-19.6%
Direct expenses				
Cost of cardholder rewards and marketing in connection with merchant based loyalty programs	\$ 1,279,228	\$ 2,085,541	-\$ 806,313	-38.7%
Expense for provision against delinquent accounts	\$ 287,646	\$ 289,429	-\$ 1,783	-0.6%
Gross profit	\$ 4,533,656	\$ 5,211,787	-\$ 678,131	-13.0%
Selling and General & Administrative expenses	\$ 3,570,588	\$ 4,293,872	-\$ 723,284	-16.8%
Earnings from operations before depreciation, amortization and interest	\$ 963,068	\$ 917,915	\$ 45,153	4.9%
Stated interest expense - loan payable, and debentures	\$ 1,297,092	\$ 1,183,185	\$ 113,907	9.6%
(Loss) from operations before depreciation, amortization and non-cash interest	\$ (334,024)	\$ (265,270)	\$ (68,754)	-25.9%
Depreciation, amortization and non-cash interest expense	\$ 577,921	\$ 305,535	\$ 272,386	
(Loss) and comprehensive (loss) before non-recurring item	\$ (911,945)	\$ (570,805)	\$ (341,140)	-59.8%
Non-recurring item - gain on debt restructuring	\$ -	\$ 1,795,103	-\$ 1,795,103	
Net profit/(loss) and comprehensive profit/(loss)	\$ (911,945)	\$ 1,224,298	\$ (2,136,243)	-174.5%

Fuller details available in the Consolidated Financial Statements and MD&A available under Advantex's profile on www.sedar.com

The above tabulation is a non-GAAP presentation and is provided to assist readers in understanding Advantex's financial performance. The information is extracted from consolidated financial statements for twelve months ended June 30, 2019.

About Advantex:

Advantex provides working capital to merchants. Advantex also provides specialized marketing programs that enable members of Aeroplan to earn frequent-flyer miles 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

For further information please contact:

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Advantex Marketing International Inc.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	Note	June 30, 2019	June 30, 2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 119,636	\$ 635,836
Accounts receivable	11 a	110,630	112,322
Transaction credits	11 a	9,473,999	5,592,426
Prepaid expenses and sundry assets		52,232	79,349
		<u>\$ 9,756,497</u>	<u>\$ 6,419,933</u>
Non-current assets			
Property, plant and equipment	5	\$ 15,255	\$ 43,969
		<u>\$ 15,255</u>	<u>\$ 43,969</u>
Total assets		\$ 9,771,752	\$ 6,463,902
Liabilities			
Current liabilities			
Loan payable	6	\$ 8,416,076	\$ 4,427,390
Accounts payable and accrued liabilities		2,526,829	2,843,718
9% Non-convertible debentures payable	7	5,095,949	-
		<u>\$ 16,038,854</u>	<u>\$ 7,271,108</u>
Non-current liabilities			
9% Non-convertible debentures payable	7	\$ -	\$ 4,547,951
		<u>\$ -</u>	<u>\$ 4,547,951</u>
Total liabilities		\$ 16,038,854	\$ 11,819,059
Shareholders' deficiency			
Share capital	8	\$ 24,530,555	\$ 24,530,555
Contributed surplus		4,090,382	4,090,382
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(34,840,656)	(33,928,711)
Total deficiency		\$ (6,267,102)	\$ (5,355,157)
Total liabilities and deficiency		\$ 9,771,752	\$ 6,463,902

Going concern (note 2), Commitments and contingencies (note 13)

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board

Director: Signed "Marc Lavine"
Marc Lavine

Director: Signed "Kelly Ambrose"
Kelly Ambrose

Advantex Marketing International Inc.
Consolidated Statements of Profit/(Loss) and Comprehensive Profit/(Loss)
For the years ended June 30, 2019 and 2018
(expressed in Canadian dollars)

	Note	2019	2018
		\$	\$
Revenues	17		
Marketing activities		\$ 4,710,413	\$ 6,509,756
Interest income		<u>1,390,117</u>	<u>1,077,001</u>
		6,100,530	\$ 7,586,757
Direct expenses	16/17	<u>1,566,874</u>	<u>2,374,970</u>
		4,533,656	5,211,787
Operating expenses			
Selling and marketing	16/17	1,329,303	1,881,386
General and administrative	16/17	<u>2,241,285</u>	<u>2,412,486</u>
Earnings from operations before depreciation, amortization and interest		963,068	917,915
Interest expense:			
Stated interest expense - loan payable, and debentures	6/7	1,297,092	1,183,185
Non-cash interest expense (accretion charges) and restructuring bonus related to debentures	7	<u>547,998</u>	<u>272,562</u>
		(882,022)	(537,832)
Depreciation of property, plant and equipment, and amortization of intangible assets	5	<u>29,923</u>	<u>32,973</u>
(Loss) and comprehensive (loss) before non-recurring item		\$ (911,945)	\$ (570,805)
Gain on debt restructuring	7	\$ -	\$ 1,795,103
Net profit/(loss) and comprehensive profit/(loss)		\$ (911,945)	\$ 1,224,298
Profit/(Loss) per share			
Basic and Diluted	15	\$ -	\$ -

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Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency
For the years ended June 30, 2019 and June 30, 2018
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	₤	₤	₤	₤	₤	₤
Balance - July 1, 2017	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (35,153,009)	\$ (6,579,455)
Net profit and comprehensive profit	-	-	-	-	1,224,298	1,224,298
Balance - June 30, 2018	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (33,928,711)</u>	<u>\$ (5,355,157)</u>
Balance - July 1, 2018	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,928,711)	\$ (5,355,157)
Net (loss) and comprehensive (loss)	-	-	-	-	(911,945)	(911,945)
Balance - June 30, 2019	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (34,840,656)</u>	<u>\$ (6,267,102)</u>

The accompanying notes are an integral part of these consolidated financial statements

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow
For the years ended June 30, 2019 and 2018
(expressed in Canadian dollars)

	Note	June 30, 2019	June 30, 2018
		₹	₹
Operational activities			
Net profit/(loss) for the year		\$ (911,945)	\$ 1,224,298
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets	5	29,923	32,973
Accretion charge for debentures	7	299,714	142,638
Restructuring bonus for debentures	7	248,284	129,924
Non-cash portion of gain on debt restructuring	7	-	(1,283,611)
		(334,024)	246,222
Changes in items of working capital			
Accounts receivable		1,692	68,195
Transaction credits		(3,881,573)	(42,714)
Inventory		-	35,038
Prepaid expenses and sundry assets		27,117	3,064
Accounts payable and accrued liabilities		(316,889)	(388,416)
		(4,169,653)	(324,833)
Net cash (used in) operating activities		\$ (4,503,677)	\$ (78,611)
Investing activities			
Purchase of property, plant and equipment, and intangible assets		\$ (1,209)	\$ (3,879)
Net cash (used in) investing activities		\$ (1,209)	\$ (3,879)
Financing activities			
Proceeds - 9% Non-convertibles debentures	7	\$ -	\$ 400,000
Increase/(Decrease) of loan payable	6	\$ 3,988,686	\$ (49,031)
Net cash generated from financing activities		\$ 3,988,686	\$ 350,969
Increase/(Decrease) in cash and cash equivalents during the year		\$ (516,200)	\$ 268,479
Cash and cash equivalents at beginning of the year		635,836	367,357
Cash and cash equivalents at end of the year		\$ 119,636	\$ 635,836
Additional information			
Interest paid		\$ 1,046,810	\$ 859,720
Cash and cash equivalents		\$ 119,636	\$ 635,836

The accompanying notes are an integral part of these consolidated financial statements