



# ADVANTEX

## Operational efficiencies create base with which to build profitable growth

**Toronto, November 27, 2018** -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the three months ended September 30, 2018.

Financial performance for the three months ended September 30, 2018 was a confirmation of the success of Advantex's focus upon improving operational efficiency.

Earnings from operations before depreciation, amortization and interest for the quarter of \$396,087 was more than double previous year's \$163,408. Despite an 8% decrease in revenue versus previous year, cost cutting efforts yielded an expansion in gross profit margin to 75.9% from 69.4% same time previous year. Subsequently, Advantex achieved a near-breakeven quarter, losing only \$27,747 versus loss of \$171,305 same time previous year.

"With this lean infrastructure in place we are executing our plan to rebuild the sales organization. This will allow us to jump-start growth in merchant count for the core TD/CIBC program, the primary engine of our revenue and profitability," said Kelly E. Ambrose, President and CEO of Advantex.

### Financial Highlights:

	<u>Fiscal 2019</u> <u>First Quarter</u>	<u>Fiscal 2018</u> <u>First Quarter</u>	<u>Change</u>	<u>Change</u>
	\$	\$	\$	%
<b>Revenues</b>	<b>\$ 1,846,134</b>	<b>\$ 2,006,169</b>	<b>\$ (160,035)</b>	<b>-8.0%</b>
Direct expenses				
Cost of cardholder rewards and marketing in connection with Advantex's merchant based loyalty programs	\$ 406,739	\$ 481,575	\$ (74,836)	-15.5%
Expense for provision against delinquent accounts	\$ 37,772	\$ 131,904	\$ (94,132)	-71.4%
<b>Gross profit</b>	<b>\$ 1,401,623</b>	<b>\$ 1,392,690</b>	<b>\$ 8,933</b>	<b>0.6%</b>
Selling and General & Administrative expenses	\$ 1,005,536	\$ 1,229,282	\$ (223,746)	-18.2%
<b>Earnings from operations before depreciation, amortization and interest</b>	<b>\$ 396,087</b>	<b>\$ 163,408</b>	<b>\$ 232,679</b>	<b>142.4%</b>
Stated interest expense - loan payable, and debentures	\$ 279,211	\$ 325,822	\$ (46,611)	-14.3%
<b>Profit (Loss) from operations before depreciation, amortization and non cash interest</b>	<b>\$ 116,876</b>	<b>\$ (162,414)</b>	<b>\$ (279,290)</b>	<b>-172.0%</b>
Depreciation, amortization and non-cash interest expense	\$ 141,623	\$ 8,891	\$ 132,732	
<b>Net loss and Comprehensive loss</b>	<b>\$ (24,747)</b>	<b>\$ (171,305)</b>	<b>\$ (146,558)</b>	<b>-85.6%</b>

Fuller details available in the Consolidated Financial Statements and MD&A available under Advantex's profile on [www.sedar.com](http://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 the three months ended September 30, 2018.

**About Advantex:**

Advantex provides specialized marketing programs that enable members of affinity groups to earn frequent-flyer miles and other loyalty rewards through purchases at participating merchants.

Through partnerships with Aeroplan, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and Caesars Entertainment, Advantex has contractual access to millions of consumers with above-average personal and household income. Advantex also has partnerships with about 950 merchants in Canada and the US.

Advantex shares trade on the Canadian Securities Exchange under the symbol ADX. For more information, go to [www.advantex.com](http://www.advantex.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, including expectations of merchant count, revenue and profitability from rebuilding sales organization. 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 materially include those listed under “Working Capital and Liquidity Management”, “General Risks and Uncertainties” and “Economic Dependence” in Advantex’s Management’s Discussion and Analysis for the three months ended September 30, 2018.

The statements in this news release are made as 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.

**Contact:**

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

	Note	At September 30, 2018	At June 30, 2018
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 302,537	\$ 635,836
Accounts receivable		156,065	112,322
Transaction credits	5	5,927,402	5,592,426
Prepaid expenses and sundry assets		78,265	79,349
		<b>\$ 6,464,269</b>	<b>\$ 6,419,933</b>
<b>Non-current assets</b>			
Property, plant and equipment		\$ 40,831	\$ 43,969
		<b>\$ 40,831</b>	<b>\$ 43,969</b>
<b>Total assets</b>		<b>\$ 6,505,100</b>	<b>\$ 6,463,902</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loan payable	6	\$ 4,633,486	\$ 4,427,390
Accounts payable and accrued liabilities		2,567,892	2,843,718
		<b>\$ 7,201,378</b>	<b>\$ 7,271,108</b>
<b>Non-current liabilities</b>			
9% Non-convertibles debentures payable	7	4,683,626	4,547,951
		<b>\$ 4,683,626</b>	<b>\$ 4,547,951</b>
<b>Shareholders' deficiency</b>			
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		(33,953,458)	(33,928,711)
<b>Total deficiency</b>		<b>\$ (5,379,904)</b>	<b>\$ (5,355,157)</b>
<b>Total liabilities and deficiency</b>		<b>\$ 6,505,100</b>	<b>\$ 6,463,902</b>

**Economic and Financial dependence (note 2), Commitments and contingencies (note 11)**

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

**Approved by the Board**

Director: Signed "William Polley"  
William Polley

Director: Signed "Kelly Ambrose"  
Kelly Ambrose

Advantex Marketing International Inc.  
Consolidated Statements of Loss and Comprehensive Loss (unaudited)  
For the three months ended September 30, 2018 and 2017  
(expressed in Canadian dollars)

	Note	2018	2017
		\$	\$
<b>Revenues</b>	14	\$ 1,846,134	\$ 2,006,169
Direct expenses	13/14	<u>444,511</u>	<u>613,479</u>
		1,401,623	1,392,690
<b>Operating expenses</b>			
Selling and marketing	13/14	467,419	480,198
General and administrative	13/14	<u>538,117</u>	<u>749,084</u>
<b>Earnings from operations before depreciation, amortization and interest</b>		<b>396,087</b>	<b>163,408</b>
Interest expense:			
Stated interest expense - loan payable, and debentures	6/7	279,211	325,822
Non-cash interest expense (accretion charges) and restructuring bonus related to debentures	7	<u>135,675</u>	<u>-</u>
		(18,799)	(162,414)
Depreciation of property, plant and equipment, and amortization of intangible assets		<u>5,948</u>	<u>8,891</u>
<b>Net loss and comprehensive loss</b>		<b>\$ (24,747)</b>	<b>\$ (171,305)</b>
<b>Loss per share</b>			
Basic and Diluted	12	\$ (0.00)	\$ (0.00)

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

Advantex Marketing International Inc.  
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)  
For the three months ended September 30, 2018 and 2017  
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	\$	\$	\$	\$	\$	\$
<b>Balance - July 1, 2017</b>	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (35,153,009)	\$ (6,579,455)
Net loss and comprehensive loss	-	-	-	-	(171,305)	(171,305)
<b>Balance - September 30, 2017</b>	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (35,324,314)	\$ (6,750,760)
<b>Balance - July 1, 2018</b>	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,928,711)	\$ (5,355,157)
Net loss and comprehensive loss	-	-	-	-	(24,747)	(24,747)
<b>Balance - September 30, 2018</b>	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,953,458)	\$ (5,379,904)

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

Advantex Marketing International Inc.  
Consolidated Statements of Cash Flow (unaudited)  
For the three months ended September 30, 2018 and 2017  
(expressed in Canadian dollars)

	Note	2018	2017
		\$	\$
<b>Operational activities</b>			
Net loss for the period		\$ (24,747)	\$ (171,305)
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		5,948	8,891
Accretion charge for debentures	7	73,094	-
Restructuring bonus for debentures	7	62,581	-
		116,876	(162,414)
Changes in items of working capital			
Accounts receivable		(43,743)	(71,640)
Transaction credits		(334,976)	3,116
Inventory		-	2,465
Prepaid expenses and sundry assets		1,084	(5,545)
Accounts payable and accrued liabilities		(275,826)	141,122
		(653,461)	69,518
<b>Net cash (used in) operating activities</b>		<b>\$ (536,585)</b>	<b>\$ (92,896)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment, and intangible assets		\$ (2,810)	\$ -
<b>Net cash (used in) investing activities</b>		<b>\$ (2,810)</b>	<b>\$ -</b>
<b>Financing activities</b>			
Utilization of loan payable	6	\$ 206,096	\$ 151,915
<b>Net cash generated from financing activities</b>		<b>\$ 206,096</b>	<b>\$ 151,915</b>
<b>(Decrease)/Increase in cash and cash equivalents during the period</b>		<b>\$ (333,299)</b>	<b>\$ 59,019</b>
Cash and cash equivalents at beginning of the period		635,836	367,357
<b>Cash and cash equivalents at end of the period</b>		<b>\$ 302,537</b>	<b>\$ 426,376</b>
<b>Additional information</b>			
Interest paid		\$ 153,105	\$ 169,780
For purposes of the cash flow statement, cash comprises			
Cash		\$ 302,537	\$ 426,376

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