



ADVANTEX

Advantex Announces Fiscal 2019 Second Quarter Results and Business Update

Toronto, February 27, 2019 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in working capital and loyalty marketing products for merchants, announced its results for the three and six months ended December 31, 2018 and measures it is taking in response to recent developments.

Results are in-line with year ago, reflecting a stabilized merchant base. Details are available in Advantex's filings which are available under its profile on www.sedar.com.

Effective fourth quarter of Fiscal 2019 Advantex will no longer operate a bonus rewards program for CIBC and TD. Advantex is shifting its business focus, but will continue to focus on marketing services and working capital for retail merchants. Advantex has a strong base of existing merchants participating in its current program and believes it can grow this merchant base. Advantex has the support of its financial partners in this endeavour.

About Advantex:

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

Advantex has partnerships with Aeroplan, Toronto-Dominion Bank and Canadian Imperial Bank of Commerce. Advantex also has partnerships with about 875 merchants in Canada. Advantex shares trade on the Canadian Securities Exchange under the symbol ADX. For more information, go to 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 growth in merchant base; and expectation of support of its financial partners. 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 and six months ended December 31, 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.

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

	Note	At December 30, 2018	At June 30, 2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 136,411	\$ 635,836
Accounts receivable		176,375	112,322
Transaction credits	5	6,656,069	5,592,426
Prepaid expenses and sundry assets		83,036	79,349
		\$ 7,051,891	\$ 6,419,933
Non-current assets			
Property, plant and equipment		\$ 33,813	\$ 43,969
		\$ 33,813	\$ 43,969
Total assets		\$ 7,085,704	\$ 6,463,902
Liabilities			
Current liabilities			
Loan payable	6	\$ 5,482,636	\$ 4,427,390
Accounts payable and accrued liabilities		2,167,288	2,843,718
		\$ 7,649,924	\$ 7,271,108
Non-current liabilities			
9% Non-convertibles debentures payable	7	4,820,512	4,547,951
		\$ 4,820,512	\$ 4,547,951
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		(33,958,286)	(33,928,711)
Total deficiency		\$ (5,384,732)	\$ (5,355,157)
Total liabilities and deficiency		\$ 7,085,704	\$ 6,463,902

Economic/Financial dependence and Going Concern (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 Profit/(Loss) and Comprehensive Profit/(Loss) (unaudited)
For the three and six months ended December 31, 2018 and 2017
(expressed in Canadian dollars)

	Note	Three months ended December 31		Six months ended December 31	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenues	14	\$ 1,812,853	\$ 1,978,166	\$ 3,658,987	\$ 3,984,335
Direct expenses	13/14	376,062	593,425	820,573	1,206,904
		1,436,791	1,384,741	2,838,414	2,777,431
Operating expenses					
Selling and marketing	13/14	388,045	442,664	855,464	922,862
General and administrative	13/14	613,509	578,371	1,151,626	1,327,455
Earnings from operations before depreciation, amortization and interest		435,237	363,706	831,324	527,114
Interest expense:					
Stated interest expense - loan payable, and debentures	6/7	296,161	316,588	575,372	642,410
Non-cash interest expense (accretion charges) and restructuring bonus related to debentures	7	136,886	6,802	272,561	6,802
		2,190	40,316	(16,609)	(122,098)
Depreciation of property, plant and equipment, and amortization of intangible assets		7,018	8,246	12,966	17,137
Profit/(loss) and comprehensive profit/(loss) before non-recurring item		\$ (4,828)	\$ 32,070	\$ (29,575)	\$ (139,235)
Gain on debt restructuring	7	\$ -	\$ 1,795,103	\$ -	\$ 1,795,103
Net profit/(loss) and comprehensive profit/(loss)		\$ (4,828)	\$ 1,827,173	\$ (29,575)	\$ 1,655,868
Profit/(Loss) per share					
Basic and Diluted	12	\$ -	\$ 0.01	\$ -	\$ 0.01

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Advantex Marketing International Inc.
 Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
 For the three and six months ended December 31, 2018 and 2017
 (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	-	-	-	-	1,655,868	1,655,868
Balance - December 31, 2017	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (33,497,141)</u>	<u>\$ (4,923,587)</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	-	-	-	-	(29,575)	(29,575)
Balance - December 31, 2018	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (33,958,286)</u>	<u>\$ (5,384,732)</u>

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 and six months ended December 31, 2018 and 2017
(expressed in Canadian dollars)

	Note	At December 31, 2018	December 31, 2017
		\$	\$
Operational activities			
Net profit/(loss) for the period		\$ (29,575)	\$ 1,655,868
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		12,966	17,137
Accretion charge for debentures	7	147,398	-
Restructuring bonus for debentures	7	125,163	6,802
Non-cash portion of gain on debt restructuring		-	(1,283,611)
		255,952	396,196
Changes in items of working capital			
Accounts receivable		(64,053)	(167,498)
Transaction credits		(1,063,643)	863,355
Inventory		-	10,481
Prepaid expenses and sundry assets		(3,687)	1,137
Accounts payable and accrued liabilities		(676,430)	(297,153)
		(1,807,813)	410,322
Net cash provided by / (used in) operating activities		\$ (1,551,861)	\$ 806,518
Investing activities			
Purchase of property, plant and equipment, and intangible assets		\$ (2,810)	\$ -
Net cash (used in) investing activities		\$ (2,810)	\$ -
Financing activities			
Proceeds - 9% Non-convertible debentures payable	7	\$ -	\$ 400,000
Proceeds - Loan payable	6	1,055,246	(664,571)
Net cash generated from / (used in) financing activities		\$ 1,055,246	\$ (264,571)
Increase / (decrease) in cash and cash equivalents during the period		\$ (499,425)	\$ 541,947
Cash and cash equivalents at beginning of period		635,836	367,357
Cash and cash equivalents at end of period		\$ 136,411	\$ 909,304
Additional information			
Interest paid		\$ 573,190	\$ 333,580
For purposes of the cash flow statement, cash comprises			
Cash		\$ 136,411	\$ 909,304

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