



# ADVANTEX

## Advantex Announces Fiscal 2019 Third Quarter Results

**Toronto, May 30, 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 nine months ended March 31, 2019.

Highlights of financial results.

	<u>3 months ended March 31</u>		<u>9 months ended March 31</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	\$	\$	\$	\$
<b>Revenues</b>	<b>\$ 1,387,652</b>	<b>\$ 1,652,757</b>	<b>\$ 5,046,639</b>	<b>\$ 5,637,092</b>
Direct expenses - Cost of cardholder rewards and marketing merchants to cardholders	319,066	431,618	1,060,689	1,458,466
Direct expenses - Expense for provision against delinquent accounts	75,630	56,316	154,580	236,372
<b>Gross profit</b>	<b>\$ 992,956</b>	<b>\$ 1,164,823</b>	<b>\$ 3,831,370</b>	<b>\$ 3,942,254</b>
Selling and General & Administrative	899,104	881,057	2,906,194	3,131,374
<b>Earnings from operations before depreciation, amortization and interest</b>	<b>\$ 93,852</b>	<b>\$ 283,766</b>	<b>\$ 925,176</b>	<b>\$ 810,880</b>
Cash interest on loan payable and debentures	317,143	267,381	892,515	909,791
<b>Earnings (loss) from operations before depreciation, amortization, non-cash interest on debentures (accretion charges) and restructuring bonus</b>	<b>\$ (223,291)</b>	<b>\$ 16,385</b>	<b>\$ 32,661</b>	<b>\$ (98,911)</b>
Depreciation and amortization	6,830	8,503	19,796	25,640
Non-cash interest expense (accretion charges) and restructuring bonus related to debentures	136,754	131,955	409,315	138,757
<b>(Loss) and Comprehensive (loss) before non-recurring item</b>	<b>\$ (366,875)</b>	<b>\$ (124,073)</b>	<b>\$ (396,450)</b>	<b>\$ (263,308)</b>
Gain on debt restructuring	\$ -	\$ -	\$ -	\$ 1,795,103
<b>Net profit/(loss) and Comprehensive profit/(loss)</b>	<b>\$ (366,875)</b>	<b>\$ (124,073)</b>	<b>\$ (396,450)</b>	<b>\$ 1,531,795</b>

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 and nine months ended March 31, 2019.

### 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 shares trade on the Canadian Securities Exchange under the symbol ADX. For more information go to Advantex's profile on [www.sedar.com](http://www.sedar.com)

### Contact:

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

	Note	At March 31, 2019	At June 30, 2018
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 122,298	\$ 635,836
Accounts receivable		275,699	112,322
Transaction credits	5	9,303,565	5,592,426
Prepaid expenses and sundry assets		60,206	79,349
		<u>\$ 9,761,768</u>	<u>\$ 6,419,933</u>
<b>Non-current assets</b>			
Property, plant and equipment		\$ 26,982	\$ 43,969
		<u>\$ 26,982</u>	<u>\$ 43,969</u>
<b>Total assets</b>		<b>\$ 9,788,750</b>	<b>\$ 6,463,902</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loan payable	6	\$ 8,096,307	\$ 4,427,390
Accounts payable and accrued liabilities		\$ 2,486,784	\$ 2,843,718
		<u>\$ 10,583,091</u>	<u>\$ 7,271,108</u>
<b>Non-current liabilities</b>			
9% Non-convertibles debentures payable	7	\$ 4,957,266	\$ 4,547,951
		<u>\$ 4,957,266</u>	<u>\$ 4,547,951</u>
<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		<u>(34,325,161)</u>	<u>(33,928,711)</u>
<b>Total deficiency</b>		<b>\$ (5,751,607)</b>	<b>\$ (5,355,157)</b>
<b>Total liabilities and deficiency</b>		<b>\$ 9,788,750</b>	<b>\$ 6,463,902</b>

**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 nine months ended March 31, 2019 and 2018  
(expressed in Canadian dollars)

	Note	Three months ended March 31		Nine months ended March 31	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Revenues</b>	14	\$ 1,387,652	\$ 1,652,757	\$ 5,046,639	\$ 5,637,092
Direct expenses	13/14	394,696	487,934	1,215,269	1,694,838
		992,956	1,164,823	3,831,370	3,942,254
<b>Operating expenses</b>					
Selling and marketing	13/14	320,156	400,171	1,175,620	1,323,033
General and administrative	13/14	578,948	480,886	1,730,574	1,808,341
<b>Earnings from operations before depreciation, amortization and interest</b>		\$ 93,852	\$ 283,766	\$ 925,176	\$ 810,880
Interest expense:					
Stated interest expense - loan payable, and debentures	6/7	317,143	267,381	892,515	909,791
Non-cash interest expense (accretion charges) and restructuring bonus related to debentures	7	136,754	131,955	409,315	138,757
		(360,045)	(115,570)	(376,654)	(237,668)
Depreciation of property, plant and equipment, and amortization of intangible assets		6,830	8,503	19,796	25,640
<b>(Loss) and comprehensive (loss) before non-recurring item</b>		\$ (366,875)	\$ (124,073)	\$ (396,450)	\$ (263,308)
Gain on debt restructuring	7	\$ -	\$ -	\$ -	\$ 1,795,103
<b>Net profit/(loss) and comprehensive profit/(loss)</b>		\$ (366,875)	\$ (124,073)	\$ (396,450)	\$ 1,531,795
<b>Profit/(Loss) per share</b>					
Basic and Diluted	12	\$ (0.00)	\$ (0.00)	\$ (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 and nine months ended March 31, 2019 and 2018  
(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 profit/(loss) and comprehensive profit/(loss)	-	-	-	-	1,531,795	1,531,795
<b>Balance - March 31, 2018</b>	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (33,621,214)</u>	<u>\$ (5,047,660)</u>
<b>Balance - July 1, 2018</b>	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,928,711)	\$ (5,355,157)
Net profit/(loss) and comprehensive profit/(loss)	-	-	-	-	(396,450)	(396,450)
<b>Balance - March 31, 2019</b>	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (34,325,161)</u>	<u>\$ (5,751,607)</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 nine months ended March 31, 2019 and 2018  
(expressed in Canadian dollars)

	Note	At March 31, 2019	At March 31, 2018
		\$	\$
<b>Operational activities</b>			
Net profit/(loss) for the period		\$ (396,450)	\$ 1,531,795
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		19,796	25,640
Accretion charge for debentures	7	222,932	70,734
Restructuring bonus for debentures	7	186,383	68,023
Non-cash portion of gain on debt restructuring		-	(1,283,611)
		32,661	412,581
Changes in items of working capital			
Accounts receivable		(163,377)	(12,216)
Transaction credits		(3,711,139)	(466,685)
Inventory		-	16,978
Prepaid expenses and sundry assets		19,143	(408)
Accounts payable and accrued liabilities		(356,934)	(630,833)
		(4,212,307)	(1,093,164)
<b>Net cash provided by (used in) operating activities</b>		<b>\$ (4,179,646)</b>	<b>\$ (680,583)</b>
<b>Investing activities</b>			
Purchase of Property, plant & equipment		\$ (2,809)	\$ (2,344)
<b>Net cash (used in) investing activities</b>		<b>\$ (2,809)</b>	<b>\$ (2,344)</b>
<b>Financing activities</b>			
Proceeds - 9% Non-convertible debentures payable	7	\$ -	\$ 400,000
Proceeds - Loan payable	6	3,668,917	260,198
<b>Net cash generated from / (used in) financing activities</b>		<b>\$ 3,668,917</b>	<b>\$ 660,198</b>
<b>(Decrease) in cash and cash equivalents during the period</b>		<b>\$ (513,538)</b>	<b>\$ (22,729)</b>
Cash and cash equivalents at beginning of period		635,836	367,357
<b>Cash and cash equivalents at end of period</b>		<b>\$ 122,298</b>	<b>\$ 344,628</b>
<b>Additional information</b>			
Interest paid		\$ 766,969	\$ 474,097
For purposes of the cash flow statement, cash comprises			
Cash		\$ 122,298	\$ 344,628

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