



ADVANTEX

Advantex Announces Fiscal 2020 Third Quarter Results

Toronto, June 26, 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 the three and nine months ended March 31, 2020.

Highlights of financial results.

	3 months ended March 31		9 months ended March 31	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues	\$ 741,963	\$ 1,387,652	\$ 2,431,942	\$ 5,046,639
Gross profit	\$ 577,847	\$ 992,956	\$ 1,859,805	\$ 3,831,370
Earnings from operations before depreciation, amortization and interest	\$ (9,102)	\$ 93,852	\$ 67,852	\$ 925,176
Profit (Loss) from operations before depreciation, amortization and non cash interest on debentures and lease	\$ (310,161)	\$ (223,291)	\$ (991,561)	\$ 32,661
Loss from Operations	\$ (502,130)	\$ (366,875)	\$ (1,562,341)	\$ (396,450)
Gain - Issuance of debentures	\$ -	\$ -	\$ 5,479	\$ -
Reserve for transaction credits - Covid 19 Pandemic	\$ (528,777)	\$ -	\$ (528,777)	\$ -
Net Loss and Comprehensive loss	\$ (1,030,907)	\$ (366,875)	\$ (2,085,639)	\$ (396,450)

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 three and nine months ended March 31, 2020.

Due to COVID-19 Advantex has decided to postpone its annual shareholders meeting originally scheduled for July 13, 2020. It will be rescheduled in the fall 2020.

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:

Mukesh Sabharwal
Vice-President and Chief Financial Officer
Tel: 416-560-5173
Email: Mukesh.Sabharwal@advantex.com

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

	Note	At March 31, 2020	At June 30, 2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 214,512	\$ 119,636
Accounts receivable		91,329	110,630
Transaction credits	5	4,758,984	9,473,999
Prepaid expenses and sundry assets		61,083	52,232
		<u>\$ 5,125,908</u>	<u>\$ 9,756,497</u>
Non-current assets			
Right of use asset	15	\$ 258,969	\$ 345,294
Property, plant and equipment		-	15,255
		<u>\$ 258,969</u>	<u>\$ 360,549</u>
Total assets		\$ 5,384,877	\$ 10,117,046
Liabilities			
Current liabilities			
Loan payable	6	\$ 4,789,768	\$ 8,416,076
Lease liability	15	123,247	113,854
Accounts payable and accrued liabilities		2,344,812	2,000,183
9% Non-convertibles debentures payable	7	6,343,136	5,622,595
		<u>\$ 13,600,963</u>	<u>\$ 16,152,708</u>
Non-current Liabilities			
Lease liability	15	\$ 171,873	\$ 266,658
		<u>\$ 171,873</u>	<u>\$ 266,658</u>
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	15	(36,961,513)	(34,875,874)
Total deficiency		\$ (8,387,959)	\$ (6,302,320)
Total liabilities and deficiency		\$ 5,384,877	\$ 10,117,046

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 "Marc Lavine"
Marc Lavine

Director: Signed "Kelly Ambrose"
Kelly Ambrose

Advantex Marketing International Inc.
Consolidated Statements of Loss and Comprehensive Loss (unaudited)
For the three and nine months ended March 31, 2020 and 2019
(expressed in Canadian dollars)

	Note	Three months ended March 31		Nine months ended March 31	
		2020	2019	2020	2019
		\$	\$	\$	\$
Revenues	14				
Marketing activities		\$ 216,843	\$ 1,103,679	\$ 633,506	\$ 4,142,837
Interest income		525,120	283,973	1,798,436	903,802
		\$ 741,963	\$ 1,387,652	\$ 2,431,942	\$ 5,046,639
Direct expenses	13/14	164,116	394,696	572,137	1,215,269
		577,847	992,956	1,859,805	3,831,370
Operating expenses					
Selling and marketing	13/14	203,848	320,156	582,546	1,175,620
General and administrative	13/14	383,101	578,948	1,209,407	1,730,574
Earnings from operations before depreciation, amortization and interest		(9,102)	93,852	67,852	925,176
Interest expense:					
Stated interest expense - loan payable, and debentures	6/7	301,059	317,143	1,059,413	892,515
Interest - Lease	15	10,464	-	31,392	-
Non-cash interest expense (accretion charges) and restructuring bonus related to debentures	7	152,100	136,754	437,853	409,315
		(472,725)	(360,045)	(1,460,806)	(376,654)
Depreciation - Right of use asset	15	28,776	-	86,325	-
Depreciation of property, plant and equipment, and amortization of intangible assets		629	6,830	15,210	19,796
Loss and comprehensive loss		\$ (502,130)	\$ (366,875)	\$ (1,562,341)	\$ (396,450)
Gain - Issuance of debentures	7	\$ -	\$ -	\$ 5,479	\$ -
Reserve for transaction credits - Covid 19 Pandemic	5	\$ (528,777)	\$ -	\$ (528,777)	\$ -
Net loss and comprehensive loss		\$ (1,030,907)	\$ (366,875)	\$ (2,085,639)	\$ (396,450)
Profit/(Loss) per share					
Basic and Diluted	12	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
For the three and nine months ended March 31, 2020 and 2019
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	₤	₤	₤	₤	₤	₤
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	-	-	-	-	(396,450)	(396,450)
Balance - March 31, 2019	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (34,325,161)	\$ (5,751,607)
Balance - July 1, 2019	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (34,875,874)	\$ (6,302,320)
Net loss and comprehensive loss	-	-	-	-	(2,085,639)	(2,085,639)
Balance - March 31, 2020	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (36,961,513)	\$ (8,387,959)

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, 2020 and 2019
(expressed in Canadian dollars)

	Note	March 31, 2020	March 31, 2019
		\$	\$
Operational activities			
Net loss for the period		\$ (2,085,639)	\$ (396,450)
Adjustments for:			
Interest - Lease	15	31,392	-
Depreciation - Right of use asset	15	86,325	-
Depreciation of property, plant and equipment, and amortization of intangible assets		15,210	19,796
Accretion charge for debentures	7	245,026	222,932
Restructuring bonus for debentures	7	192,827	186,383
Fair value of debentures issued	7	(46,181)	-
		(1,561,040)	32,661
Changes in items of working capital			
Accounts receivable		19,301	(163,377)
Transaction credits		4,715,015	(3,711,139)
Prepaid expenses and sundry assets		(8,851)	19,143
Accounts payable and accrued liabilities		344,629	(482,481)
		5,070,094	(4,337,854)
Net cash provided by / (used in) operating activities		\$ 3,509,054	\$ (4,305,193)
Investing activities			
Payment for lease	15	\$ (116,784)	\$ -
Purchase of property, plant and equipment, and intangible assets		45	(2,809)
Net cash (used in) investing activities		\$ (116,739)	\$ (2,809)
Financing activities			
Proceeds - 9% Non-convertible debentures payable	7	\$ 200,000	\$ -
Accrued and unpaid 9% debenture interest	7	\$ 128,869	\$ 125,547
Proceeds - Loan payable	6	(3,626,308)	3,668,917
Net cash generated from / (used in) financing activities		\$ (3,297,439)	\$ 3,794,464
Increase / (decrease) in cash and cash equivalents during the period		\$ 94,876	\$ (513,538)
Cash and cash equivalents at beginning of period		119,636	635,836
Cash and cash equivalents at end of period		\$ 214,512	\$ 122,298
Additional information			
Interest paid		\$ 623,091	\$ 766,969
For purposes of the cash flow statement, cash comprises			
Cash		\$ 214,512	\$ 122,298

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