

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Advantex Marketing International Inc. (the "Issuer" or the "Company").

Trading Symbol: ADX

Number of Outstanding Listed Securities: 265,390,090

Date: For the month of February 2024

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's on-going business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Business Segments

Merchant Cash Advance (“MCA”) is the primary source of Company revenues. The revenue from MCA, the working capital product, is the discount at which the Company has purchased merchants’ future cash flows and it is earned as the Company collects the cash flows over the contracted term. The collection is a fixed contracted amount either once or twice a week over contracted term. The revenue from MCA is dependent on the amount of working capital deployed with merchants, the discount at which merchants’ future cash flows are purchased by the Company, the number of merchants, and the Company’s ability to collect the future cash flows.

The Company operates its loyalty marketing business in partnership with Aeroplan Inc. This is the Company’s secondary business. Here the Company is a re-seller of aeroplan points to merchants’ who use the points for marketing their businesses. The Company earns its revenue in the Aeroplan program from selling consumer rewards, at an agreed price per consumer reward, to participating merchants. Revenues from the Aeroplan program reflect the number of participating merchants, mix of merchants (larger merchants expected to have higher issuance of consumer rewards vs smaller merchants but larger merchants have better rate per consumer reward vs smaller merchants), traffic of aeroplan members completing purchases at participating merchants and level of engagement of participating merchants in the program. The partnership with Aeroplan Inc. was established in 2010 and term of the current agreement expires August 2028.

The growth from the position at December 31, 2023 of the Company’s MCA portfolio is essential to bring financial stability.

Business Context

The pandemic and the resulting public health restrictions was a period of financial stress for the Company and its customers. The current inflationary and rising interest rate environment has created uncertainty to the operating environment for small independent merchants (the Company’s target market for its products) and the Company.

The Company’s customers operate across Canada and are small independent merchants primarily restaurants and hospitality.

The Company to date has dealt with the financial challenges by cost management, federal subsidies for businesses impacted by pandemic, support of its long-standing financial partners - 9% Senior secured Non-convertible debentures payable maturing December 2025 (“9% 2025 debentures”) and Accord Financial Inc. (“Accord”) and re-building its business segments to pre pandemic levels.

The primary holders of the 9% 2025 Debentures invested \$2.0 million since March 2021. The capital raise of \$2.0 million was related party transactions.

Accord allowed the Company to defer interest for period March 2020 to June 2020 which was rolled into an overdraft facility post June 2020. This is part of the loan payable provided by Accord. The Company is repaying the overdraft per a payment plan and is on plan. The agreement with Accord expires July 2024.

In April 2023, the Company raised \$400,000 of working capital by way of issuance of Secured Non-convertible debenture ("12% debentures") bearing interest at 12% per annum payable semi-annually, maturing October 2025, and rank pari passu on security with the 9% 2025 debentures. This transaction was with a non-related party which is at arm's length with the Company.

In February 2024, the Company raised \$300,000 of working capital by way of an additional issuance of Secured Non-convertible debenture ("12% debentures") bearing interest at 12% per annum payable semi-annually, maturing October 2025, and rank pari passu on security with the 9% 2025 debentures. This transaction was with a non-related party which is at arm's length with the Company.

The \$2.7 million funds raised since March 2021 by way of 9% 2025 debentures and 12% debentures were and are being used to re-build and expand the Company's MCA business, stabilize its financial position and for general corporate purposes.

The Company utilizes loan payable provided by Accord to fund 90% of each dollar of advances given to merchants under its MCA program (see response to Question 13 for additional information on loan payable). The Company funds the 10% from its own cash resources which necessitates one of the requirements for additional general working capital.

The Company needs access to additional general working capital in the form of either debt and or equity. Thus, general working capital is required to 1) expand the MCA portfolio beyond the position at December 31, 2023. The December 31, 2023 position reflects completion of re-build process to level immediately prior to pandemic, and 2) meet operating costs/requirements and meet its obligations as they fall due. The current loan payable is a line of credit facility with limit of \$8.5 million. At December 31, 2023 the Company has utilized \$5.9 million of the loan payable. A larger loan payable will be required to continue expansion of MCA portfolio.

The Company's audited consolidated financial statements for fiscal year ended June 30, 2023 and interim financial statements for three and six months ended December 31, 2023 carry a Going concern note.

Development of Business and Operations

During February 2024, the Company was focused on continuing re-maintain its built its MCA portfolio and its Aeroplan program, and sourcing general working capital. A step in the sourcing of general working capital during February 2024 was raise of \$300,000 by way of 12% Secured Non-Convertible Debentures (see Business Context in this section).

Additional Information

Additional details on the Company, its business, business segments, revenues, loan payable provided by Accord, 9% 2025 debentures and 12% debentures are available in the Company's audited consolidated financial statements for fiscal year ended June 30, 2023 and interim consolidated financial statements for three and six months ended December 31, 2023 which are available under its profile on www.sedarplus.com, and under its profile on CSE.

2. Provide a general overview and discussion of the activities of management.

Management were focused on activities described under Development of Business and Operations in response to Question 1.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

No change during February 2024.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

No change during February 2024.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

In February 2024, the Company raised \$300,000 of working capital by way of an additional issuance of Secured Non-convertible debenture ("12% debentures") bearing interest at 12% per annum payable semi-annually, maturing October 2025, and rank pari passu on security with the 9% 2025 debentures. This transaction was with a non-related party which is at arm's length with the Company.

This development was announced in news release dated February 22, 2024 which is available under the Company's profile on www.sedarplus.com.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

No change during February 2024.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provides details of the relationship.

No change during February 2024.

8. Describe the acquisition of new customers or loss of customers.

The Company's agreements with merchants participating in its MCA program, described in response to Question 1, have between six to eighteen month terms, generally twelve months, and at the end of the term are renewable at the sole discretion of the Company. The Company's agreements with merchants participating in the Aeroplan program are generally of twelve month term and renew at end of the term for additional terms of twelve months unless either party terminates, per the terms and conditions of the agreement, prior to the end of the term.

The Company's sales staff has the role of acquiring new merchants and maintaining relationship with existing customers.

The Company's customers are small independent merchants. This market has seen significant financial stress due to pandemic, inflation and high interest rates. While the economic situation as of date hereof is less uncertain the Company has lost and expects to lose customers due to closure of businesses. The expected loss of merchants' due to delinquencies is described in the Company's audited consolidated financial statements for fiscal year ended June 30, 2023, Note 11 a – Credit risk and interim consolidated financial statements for three and six months ended December 31, 2023, Note 5. The Company will be monitoring developments as it relates to credit risk/collection of amounts due from merchants under its MCA program.

The Company's ability to maintain its re-built MCA portfolio [re-built at December 31, 2023 to pre pandemic level] and expand it is dependent on availability of capital at the Company (see response to Question 1 for additional details), and business confidence in the independent merchant community during the current economic environment.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not applicable to the Company's activities.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

One admin/sales staff started during February 2024.

11. Report on any labour disputes and resolutions of those disputes if applicable.

Not applicable – None.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

From time to time, the Company is party to legal proceedings arising out of the normal course of business. The results of these litigations cannot be predicted with certainty, and the Company is of the opinion that the outcome of these types of proceedings is generally not determinable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

The loan payable is a line of credit facility provided by financial partner Accord (see response to Question 1). The loan payable limit is \$8.5 million. The balance utilized on loan payable at June 30, 2023 is \$6.0 million and at December 31, 2023 is \$5.9 million.

As at February 29, 2024 an aggregate principal amount \$7.759 million was due to holders of 9% 2025 debentures. These 9% 2025 debentures are the source of general working capital for the Company.

As at February 29, 2024 an aggregate principal amount \$700,000 was due to holder of 12% debentures. General working capital. Described in response to Question 1.

Additional details on loan payable and the two debentures are available in the Company's audited consolidated financial statements for fiscal year ended June 30, 2023, interim consolidated financial statements for three and six months ended December 31, 2023 and news release dated February 22, 2024 which are available under its profile on www.sedarplus.com and under its profile on CSE.

14. Provide details of any securities issued and options or warrants granted.

No change during February 2024.

15. Provide details of any loans to or by Related Persons.

Information on Company's 9% 2025 debentures held by related persons is available in the interim consolidated financial statements for three and six months ended December 31, 2023 which are available under its profile on www.sedarplus.com and under its profile on CSE.

16. Provide details of any changes in directors, officers or committee members.

No change during February 2024.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Trends, risks and uncertainties are noted under "General Risks and Uncertainties", "Economic Dependence", and "Working Capital and Liquidity Management" in the Company's MD&A for the three and six months ended December 31, 2023 which is available under the Company's profile on www.sedar.com and under its profile on CSE.

The Company's audited consolidated financial statements for fiscal year ended June 30, 2023 and interim consolidated financial statements for three and six months ended December 31, 2023 carry a Going concern note.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: March 5, 2024.

Mukesh Sabharwal
Name of Director or Senior
Officer

"Mukesh Sabharwal"
Signature

Vice - President and CFO
Official Capacity

Issuer Details		For Month End	Date of Report YY/MM/DD
Name of Issuer Advantex Marketing International Inc.		February 2024	24/03/05
Issuer Address 100 King Street West Suite 1600			
City/Province/Postal Code Toronto, Ontario M5X 1G5		Issuer Fax No. (905) 946 2984	Issuer Telephone No. (905) 470 9558
Contact Name Mukesh Sabharwal		Contact Position Vice - President and CFO	Contact Telephone No. 416 560 5173
Contact Email Address Mukesh.sabharwal@advantex.com		Web Site Address www.advantex.com	