



# ADVANTEX

## Advantex Announces Fiscal 2020 Second Quarter Results

**Toronto, May 21, 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 six months ended December 31, 2019.

Highlights of financial results.

	<u>3 months ended December 31</u>		<u>6 months ended December 31</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	\$	\$	\$	\$
Revenues	\$ 890,936	\$ 1,812,853	\$ 1,689,979	\$ 3,658,987
Gross profit	\$ 646,805	\$ 1,436,791	\$ 1,281,958	\$ 2,838,414
Earnings from operations before depreciation, amortization and interest	\$ 19,530	\$ 435,237	\$ 76,953	\$ 831,324
Profit (Loss) from operations before depreciation, amortization and non cash interest on debentures	\$ (337,627)	\$ 139,076	\$ (681,401)	\$ 255,952
Net Loss and Comprehensive loss	\$ (522,327)	\$ (4,828)	\$ (1,054,733)	\$ (29,575)
Fuller details available in the Consolidated Financial Statements and MD&A available under Advantex's profile on <a href="http://www.sedar.com">www.sedar.com</a>				

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 six months ended December 31, 2019.

Advantex is now current with its annual and interim filings.

### 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](http://www.sedar.com)

### For further information please contact:

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

	Note	At December 31, 2019	At June 30, 2019
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 54,208	\$ 119,636
Accounts receivable		109,665	110,630
Transaction credits	5	6,821,914	9,473,999
Prepaid expenses and sundry assets		50,632	52,232
		<b>\$ 7,036,419</b>	<b>\$ 9,756,497</b>
<b>Non-current assets</b>			
Right of use asset	15	\$ 287,745	\$ 345,294
Property, plant and equipment		629	15,255
		<b>\$ 288,374</b>	<b>\$ 360,549</b>
<b>Total assets</b>		<b>\$ 7,324,793</b>	<b>\$ 10,117,046</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loan payable	6	\$ 6,050,069	\$ 8,416,076
Lease liability		120,116	113,854
Accounts payable and accrued liabilities		2,772,671	2,526,829
9% Non-convertibles debentures payable	7	5,535,522	5,095,949
		<b>\$ 14,478,377</b>	<b>\$ 16,152,708</b>
<b>Non-current Liabilities</b>			
Lease liability	15	\$ 203,469	\$ 266,658
		<b>\$ 203,469</b>	<b>\$ 266,658</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	15	(35,930,607)	(34,875,874)
<b>Total deficiency</b>		<b>\$ (7,357,053)</b>	<b>\$ (6,302,320)</b>
<b>Total liabilities and deficiency</b>		<b>\$ 7,324,793</b>	<b>\$ 10,117,046</b>

**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 six months ended December 31, 2019 and 2018  
(expressed in Canadian dollars)

	Note	Three months ended December 31		Six months ended December 31	
		2019	2018	2019	2018
		\$	\$	\$	\$
<b>Revenues</b>	14				
Marketing activities		\$ 237,081	\$ 1,493,769	\$ 416,663	\$ 3,039,158
Interest income		\$ 653,855	\$ 319,084	1,273,316	619,829
		<u>\$ 890,936</u>	<u>\$ 1,812,853</u>	<u>\$ 1,689,979</u>	<u>\$ 3,658,987</u>
Direct expenses	13/14	244,131	376,062	408,021	820,573
		646,805	1,436,791	1,281,958	2,838,414
<b>Operating expenses</b>					
Selling and marketing	13/14	190,835	388,045	378,698	855,464
General and administrative	13/14	436,440	613,509	826,307	1,151,626
<b>Earnings from operations before depreciation, amortization and interest</b>		<b>19,530</b>	<b>435,237</b>	<b>76,953</b>	<b>831,324</b>
Interest expense:					
Stated interest expense - loan payable, and debentures	6/7	357,157	296,161	758,354	575,372
Interest - Lease		10,464	-	20,928	-
Non-cash interest expense (accretion charges) and restructuring bonus related to debentures	7	145,120	136,886	285,753	272,561
		(493,210)	2,190	(988,083)	(16,609)
Depreciation - Right of use asset		28,775	-	57,549	-
Depreciation of property, plant and equipment, and amortization of intangible assets		5,821	7,018	14,581	12,966
<b>Loss and comprehensive loss</b>		<b>\$ (527,806)</b>	<b>\$ (4,828)</b>	<b>\$ (1,060,212)</b>	<b>\$ (29,575)</b>
Issuance of debentures	7	\$ 5,479	\$ -	\$ 5,479	\$ -
<b>Net loss and comprehensive loss</b>		<b>\$ (522,327)</b>	<b>\$ (4,828)</b>	<b>\$ (1,054,733)</b>	<b>\$ (29,575)</b>
<b>Profit/(Loss) per share</b>					
Basic and Diluted	12	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Advantex Marketing International Inc.  
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)  
For the three and six months ended December 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, 2018</b>	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,928,711)	\$ (5,355,157)
Net profit and comprehensive profit	-	-	-	-	(29,575)	(29,575)
<b>Balance - December 31, 2018</b>	<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>
<b>Balance - July 1, 2019</b>	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (34,875,874)	\$ (6,302,320)
Net loss and comprehensive loss	-	-	-	-	(1,054,733)	(1,054,733)
<b>Balance - December 31, 2019</b>	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (35,930,607)</u>	<u>\$ (7,357,053)</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, 2019 and 2018  
(expressed in Canadian dollars)

	Note	At December 31, 2019	December 31, 2018
		\$	\$
<b>Operational activities</b>			
Net profit/(loss) for the period		\$ (1,054,733)	\$ (29,575)
Adjustments for:			
Interest - Lease		20,928	-
Depreciation - Right of use asset		57,549	-
Depreciation of property, plant and equipment, and amortization of intangible assets		14,581	12,966
Accretion charge for debentures	7	159,126	147,398
Restructuring bonus for debentures	7	126,627	125,163
Fair value of debentures issued		(46,181)	-
		(722,103)	255,952
Changes in items of working capital			
Accounts receivable		965	(64,053)
Transaction credits		2,652,085	(1,063,643)
Prepaid expenses and sundry assets		1,600	(3,687)
Accounts payable and accrued liabilities		245,842	(676,430)
		2,900,492	(1,807,813)
<b>Net cash provided by / (used in) operating activities</b>		<b>\$ 2,178,389</b>	<b>\$ (1,551,861)</b>
<b>Investing activities</b>			
Payment for lease		\$ (77,855)	\$ -
Purchase of property, plant and equipment, and intangible assets		45	(2,810)
<b>Net cash (used in) investing activities</b>		<b>\$ (77,810)</b>	<b>\$ (2,810)</b>
<b>Financing activities</b>			
Proceeds - 9% Non-convertible debentures payable	7	\$ 200,000	\$ -
Proceeds - Loan payable	6	(2,366,007)	1,055,246
<b>Net cash generated from / (used in) financing activities</b>		<b>\$ (2,166,007)</b>	<b>\$ 1,055,246</b>
<b>Increase / (decrease) in cash and cash equivalents during the period</b>		<b>\$ (65,428)</b>	<b>\$ (499,425)</b>
Cash and cash equivalents at beginning of period		119,636	635,836
<b>Cash and cash equivalents at end of period</b>		<b>\$ 54,208</b>	<b>\$ 136,411</b>
<b>Additional information</b>			
Interest paid		\$ 503,332	\$ 333,580
For purposes of the cash flow statement, cash comprises			
Cash		\$ 54,208	\$ 136,411

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