



# ADVANTEX

## News Release

### **Advantex Announces Fiscal 2016 First Quarter Results**

EBITDA <sup>(1)</sup> of \$464,372 after restructuring of previous two quarters

**Toronto, November 26, 2015** -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the three months ended September 30, 2015.

The financial performance met the Company's expectation and it is on track for a gradual improvement in the financial results for Fiscal 2016.

"The restructuring of previous two quarters has given the Company the platform on which to re-build merchant participation in its programs and increase its revenues. Aligning operating costs to revenue levels will continue to be our focus. While the business model is proven and sound, the Company has limited resources, is operating in a weak economy and therefore it will take time to get back to profitability and realize the full potential of the business model", Kelly Ambrose, Advantex's President and CEO, said.

Highlights of Fiscal 2016 First Quarter results are set out in the table <sup>(2)</sup>. Additional details are available in the Consolidated Financial Statements and the Management Discussion and Analysis available under the Company's profile on [www.sedar.com](http://www.sedar.com).

	<b>3 months – September 30, 2015</b>	<b>3 months – June 30, 2015</b>	<b>3 months – March 31, 2015</b>	<b>3 months – September 30, 2014</b>
	<u>Q1 Fiscal 2016</u>	<u>Q4 Fiscal 2015</u>	<u>Q3 Fiscal 2015</u>	<u>Q1 Fiscal 2015</u>
	\$	\$	\$	\$
Earnings from operations before one-time costs, depreciation, amortization and interest	464,000	395,000	(1,222,000)	616,000
Cash interest expense	383,000	391,000	373,000	444,000
Earnings from operations before one-time costs, depreciation, amortization and non-cash interest (accretion charges on debentures)	81,000	4,000	(1,595,000)	172,000
Depreciation, amortization and non-cash interest	189,000	173,000	181,000	152,000
Income/(Loss) before one-time costs	(108,000)	(169,000)	(1,776,000)	20,000
One-time costs - Restructuring costs	-	195,000	806,000	-
Net Income/(Loss) and Comprehensive	(108,000)	(364,000)	(2,582,000)	20,000

Income/(Loss) for the quarter				
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<sup>(1)</sup> EBITDA is a non-GAAP financial measure which does not have any standardized meaning prescribed by the issuer's GAAP and is unlikely to be comparable to similar measures presented by other issuers. It is provided as additional information to assist readers in understanding a component of the Company's financial performance. In case of the Company, for three months ended September 30, 2015, the EBITDA of \$464,372 is equivalent to Earnings from operations before depreciation, amortization and interest per the statements of income (loss) and comprehensive income (loss) which is a part of the interim consolidated financial statements for the three months ended September 30, 2015.

<sup>(2)</sup> The tabulation is a non-GAAP presentation and is provided to assist readers in understanding the Company's financial performance. The Q1 Fiscal 2016 and Q1 Fiscal 2015 information is extracted from the statements of income (loss) and comprehensive income (loss) which is a part of the interim consolidated financial statements for the three months ended September 30, 2015. The Q4 Fiscal 2015 information is extracted from section Fourth Quarter of Fiscal 2015 (Q4 F 2015) vs. Fourth Quarter of Fiscal 2014 (Q4 F 2014) per the Management Discussion and Analysis for the Fiscal years ended June 30, 2015 and 2014. The Q3 Fiscal 2015 information is extracted from the statements of income (loss) and comprehensive income (loss) which is part of the interim consolidated financial statements for the three and nine months ended March 31, 2015.

#### **About Advantex:**

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

Through our partnerships with Aeroplan, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and Caesars Entertainment, we have contractual access to millions of consumers with above-average personal and household income. We also have partnerships with about 1,600 merchants in Canada and the US.

Advantex shares trade on the Canadian Securities Exchange under the symbol ADX. For more information, go to [www.advantex.com](http://www.advantex.com).

#### **Forward-Looking Information**

This Press Release contains certain "forward-looking information". All information, other than information comprised of historical fact, that addresses activities, events or developments that Advantex believes, expects or anticipates will or may occur in the future constitutes forward-looking information. Forward-looking information is typically identified by words such as: anticipate, believe, expect, goal, intend, plan, will, may, should, could and other similar expressions. Such forward-looking information relates to, without limitation, information regarding Advantex's: expectations of improvement in its financial results during Fiscal 2016, expectations from the restructuring on its business; belief that its business model is sound; expectation of timing to get back to profitability; and other information regarding Advantex's financial and business prospects and financial outlook is forward-looking information.

Forward-looking information reflects the current expectations or beliefs of Advantex based on information currently available to Advantex.

Forward-looking information is subject to a number of risks, uncertainties and assumptions that may cause the actual results of Advantex to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on Advantex. Factors that could cause actual results or events to differ materially from current expectations include those listed under “General Risks and Uncertainties” and “Economic Dependence” in Advantex’s Management’s Discussion and Analysis for the three months ended September 30, 2015.

All forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, Advantex disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although Advantex believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

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

	September 30, 2015	June 30, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	899,505	1,162,609
Accounts receivable	428,389	460,446
Transaction credits (note 5)	8,707,166	7,819,647
Inventory (note 6)	69,312	144,874
Prepaid expenses and sundry assets	245,811	173,777
	<b>\$10,350,183</b>	<b>\$ 9,761,353</b>
<b>Non-current assets</b>		
Property, plant and equipment	150,137	165,735
Intangible assets	380,509	477,992
	<b>530,646</b>	<b>643,727</b>
<b>Total assets</b>	<b>\$10,880,829</b>	<b>\$10,405,080</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Loan payable (note 7)	6,408,111	5,711,525
Accounts payable and accrued liabilities	4,123,787	4,294,418
12% Non-convertible debentures payable (note 8)	4,922,268	-
	<b>\$15,454,166</b>	<b>\$10,005,943</b>
<b>Non-current liabilities</b>		
12% Non-convertible debentures payable (note 8)	-	4,864,802
	<b>\$ -</b>	<b>\$ 4,864,802</b>
<b>Total Liabilities</b>	<b>\$15,454,166</b>	<b>\$14,870,745</b>
<b>Shareholders' deficiency</b>		
Share capital (note 9)	24,530,555	24,530,555
Contributed surplus	4,090,382	4,090,382
Accumulated other comprehensive income	(47,383)	(47,383)
Deficit	(33,146,891)	(33,039,219)
<b>Total deficiency</b>	<b>\$(4,573,337)</b>	<b>\$(4,465,665)</b>
<b>Total liabilities and deficiency</b>	<b>\$10,880,829</b>	<b>\$10,405,080</b>

**Economic and Financial dependence (note 2a), Going concern (note 2b), Commitments and contingencies (note 12)**

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 E. Ambrose

Advantex Marketing International Inc.  
Consolidated Statements of Income (loss) and Comprehensive Income (loss) (unaudited)  
For the three months ended September 30, 2015 and 2014  
(expressed in Canadian dollars)

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b><u>Consolidated Statements of Income</u></b>		
<b><u>(Loss)</u></b>		
<b>Revenues</b>	2,995,254	3,529,597
Direct expenses	<u>883,069</u>	<u>949,498</u>
	2,112,185	2,580,099
<b>Operating Expenses</b>		
Selling and marketing	739,428	832,123
General and administrative	<u>908,385</u>	<u>1,131,708</u>
<b>Earnings from operations before depreciation, amortization and interest</b>	464,372	616,268
Interest expense:		
Stated interest expense – loan payable, and debentures	383,471	444,462
Non-cash interest expense on debentures	<u>57,466</u>	<u>58,769</u>
	23,435	113,037
Depreciation of property, plant and equipment, and amortization of intangible assets	131,107	93,230
<b>Net income (loss) and Comprehensive income (loss)</b>	<b>(107,672)</b>	<b>19,807</b>
<b>Earnings per share:</b>		
Basic and Diluted (note 13)	<b>0.00</b>	<b>0.00</b>

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 months ended September 30, 2015 and 2014  
(expressed in Canadian dollars)

	<b>Class A preference shares</b>	<b>Common shares</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Accumulated Other comprehensive income / (loss)</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance – July 1, 2014</b>	<b>3,815</b>	<b>24,526,740</b>	<b>4,090,382</b>	<b>(29,968,616)</b>	<b>(47,383)</b>	<b>(1,395,062)</b>
Net income and comprehensive income for the period				19,807	-	19,807
<b>Balance – September 30, 2014</b>	<b>3,815</b>	<b>24,526,740</b>	<b>4,090,382</b>	<b>(29,948,809)</b>	<b>(47,383)</b>	<b>(1,375,255)</b>
<b>Balance – July 1, 2015</b>	<b>3,815</b>	<b>24,526,740</b>	<b>4,090,382</b>	<b>(33,039,219)</b>	<b>(47,383)</b>	<b>(4,465,665)</b>
Net (loss) and comprehensive (loss) for the period				(107,672)		(107,672)
<b>Balance – September 30, 2015</b>	<b>3,815</b>	<b>24,526,740</b>	<b>4,090,382</b>	<b>(33,146,891)</b>	<b>(47,383)</b>	<b>(4,573,337)</b>

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 months ended September 30, 2015 and 2014  
(expressed in Canadian dollars)

	<b>2015</b>	<b>2014</b>
<b>Cash flow provided by / (used in) Operating activities</b>		
Net income (loss) for the period	\$(107,672)	\$19,807
Adjustments for:		
Depreciation of property, plant and equipment, and amortization of intangible assets	131,107	93,230
Accretion charge for debentures	<u>57,466</u>	<u>58,769</u>
	80,901	171,806
<b>Changes in items of working capital</b>		
Accounts receivable	32,057	(206,035)
Transaction credits	(887,519)	942,089
Inventory	75,562	183
Prepaid expenses and sundry assets	(72,034)	(46,050)
Accounts payable and accrued liabilities	<u>(170,631)</u>	<u>374,298</u>
	(1,022,565)	1,064,485
<b>Net cash provided by / (used in) operating activities</b>	<b>(941,664)</b>	<b>1,236,291</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment, and intangible assets	(18,026)	<u>(128,490)</u>
<b>Net cash (used in) investing activities</b>	<b>(18,026)</b>	<b>(128,490)</b>
<b>Financing activities</b>		
Proceeds from loan payable	696,586	(851,229)
Transaction costs, debenture refinancing	-	<u>(24,206)</u>
<b>Net cash generated from / (used in) financing activities</b>	<b>696,586</b>	<b>(875,435)</b>
Increase (decrease) in cash and cash equivalents during the period	<u>\$ (263,104)</u>	<u>\$ 232,366</u>
Cash and cash equivalents – Beginning of period	1,162,609	1,815,805
Cash and cash equivalents – End of period	899,505	2,048,171
<b>Additional Information</b>		
Interest paid	\$ 227,429	\$ 249,420
For purposes of the cash flow statement, cash comprises:		
Cash	\$ 894,505	\$ 2,043,171
Term deposits	<u>\$ 5,000</u>	<u>\$ 5,000</u>
	<u>\$ 899,505</u>	<u>\$ 2,048,171</u>

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