



ADVANTEX

News Release

Advantex Announces Fiscal 2016 Second Quarter Results

EBITDA ⁽¹⁾ of \$992,326 after restructuring of Fiscal year 2015

Toronto, February 23, 2016 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the three and six months ended December 31, 2015.

The financial performance is in line with the Company's expectation.

After overcoming the structural and competitive challenges of Fiscal year 2015, the Company is reporting an improvement in its financial performance for the three months ended December 31, 2015. The Company is operating in a weak economy and given its difficult operating environment it is expecting continued improvement in financial performance during the next twelve months.

The Company is expecting to renew its partnerships with Affinity partners TD Bank and CIBC which are due for renewal in June and September 2016 respectively. The Company is also engaged in discussions respecting re-financing of debentures maturing September 2016.

Highlights of Fiscal 2016 Second Quarter results are set out in the table ⁽²⁾. 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.

	Q2 Fiscal 2016 3 months - December 31, 2015	Q1 Fiscal 2016 3 months - September 30, 2015	Q4 Fiscal 2015 3 months - June 30, 2015	Q3 Fiscal 2015 3 months - March 31, 2015
	\$	\$	\$	\$
Earnings from operations before one-time costs, depreciation, amortization and interest	527,954	464,372	395,046	(1,221,893)
Cash interest expense	<u>396,865</u>	<u>383,471</u>	<u>390,857</u>	<u>373,050</u>
Earnings from operations before one-time costs, depreciation, amortization and non-cash interest (accretion charges on debentures)	131,089	80,901	4,189	(1,594,943)
Depreciation, amortization and non-cash interest	161,191	188,573	172,935	181,320
One-time costs - Restructuring costs	<u>-</u>	<u>-</u>	<u>195,429</u>	<u>805,892</u>
Net (loss)	\$ (30,102)	\$ (107,672)	\$ (364,175)	\$ (2,582,155)

⁽¹⁾ 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 and six months ended December 31, 2015, the EBITDA of \$992,326 is equivalent to

Earnings from operations before depreciation, amortization and interest per the statements of (loss) and comprehensive (loss) which is a part of the interim consolidated financial statements for the three and six months ended December 31, 2015.

⁽²⁾ The tabulation is a non-GAAP presentation and is provided to assist readers in understanding the Company's financial performance. The Q2 Fiscal 2016 information is extracted from the statements of (loss) and comprehensive (loss) which is a part of the interim consolidated financial statements for the three and six months ended December 31, 2015. The Q1 Fiscal 2016 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.

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: expectation of continued improvement in financial performance during the next twelve months; expectation of renewal of its partnerships with TD Bank and CIBC; expectation from discussions respecting re-financing of debentures maturing September 2016; 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 and six months ended December 31, 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)

	Note	December 31, 2015	June 30, 2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 500,213	\$ 1,162,609
Accounts receivable		660,594	460,446
Transaction credits	5	9,033,805	7,819,647
Inventory	6	43,598	144,874
Prepaid expenses and sundry assets		218,507	173,777
		\$ 10,456,717	\$ 9,761,353
Non-current assets			
Property, plant and equipment		\$ 134,696	\$ 165,735
Intangible assets		316,862	477,992
		\$ 451,558	\$ 643,727
Total assets		\$ 10,908,275	\$ 10,405,080
Liabilities			
Current liabilities			
Loan payable	7	\$ 6,554,057	\$ 5,711,525
Accounts payable and accrued liabilities		3,977,243	4,294,418
12% Non-convertible debentures payable	8	4,980,414	-
		\$ 15,511,714	\$ 10,005,943
Non-current liabilities			
12% Non-convertible debentures payable	8	\$ -	\$ 4,864,802
Total liabilities		\$ 15,511,714	\$ 14,870,745
Shareholders' deficiency			
Share capital	9	\$ 24,530,555	\$ 24,530,555
Contributed surplus		4,090,382	4,090,382
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(33,176,993)	(33,039,219)
Total deficiency		\$ (4,603,439)	\$ (4,465,665)
Total liabilities and deficiency		\$ 10,908,275	\$ 10,405,080

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 Ambrose

Advantex Marketing International Inc.

Consolidated Statements of (loss) and Comprehensive (loss) (unaudited)

For the three and six months ended December 31, 2015 and 2014

(expressed in Canadian dollars)

	Note	<u>Three months ended December 31</u>		<u>Six months ended December 31</u>	
		2015	2014	2015	2014
		\$	\$	\$	\$
<u>Consolidated Statements of (loss)</u>					
Revenues	15	\$ 3,096,423	\$ 3,799,990	\$ 6,091,677	\$ 7,329,587
Direct expenses	15	<u>1,026,581</u>	<u>1,209,064</u>	<u>1,909,650</u>	<u>2,158,562</u>
		2,069,842	2,590,926	4,182,027	5,171,025
Operating expenses					
Selling and marketing		692,320	990,814	1,431,748	1,822,937
General and administrative		<u>849,568</u>	<u>1,180,873</u>	<u>1,757,953</u>	<u>2,312,582</u>
Earnings from operations before depreciation, amortization and interest		527,954	419,239	992,326	1,035,506
Interest expense:					
Stated interest expense - loan payable, and debentures	7, 8	396,865	397,612	780,336	842,074
Non-cash interest expense on debentures	8	<u>58,146</u>	<u>55,477</u>	<u>115,612</u>	<u>114,246</u>
		72,943	(33,850)	96,378	79,186
Depreciation of property, plant and equipment, and amortization of intangible assets		<u>103,045</u>	<u>110,229</u>	<u>234,152</u>	<u>203,459</u>
Net (loss) and comprehensive (loss)		\$ (30,102)	\$ (144,079)	\$ (137,774)	\$ (124,273)
Earnings per share					
Basic and Diluted	13	\$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 six months ended December 31, 2015 and 2014

(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen- sive loss	Deficit	Total
	\$	\$	\$	\$	\$	\$
Balance - July 1, 2014	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (29,968,616)	\$ (1,395,062)
Net (loss) and comprehensive (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,273)</u>	<u>(124,273)</u>
Balance - December 31, 2014	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (30,092,889)	\$ (1,519,335)
Balance - July 1, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,039,219)	\$ (4,465,665)
Net (loss) and comprehensive (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(137,774)</u>	<u>(137,774)</u>
Balance - December 31, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,176,993)	\$ (4,603,439)

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow (unaudited)
For the six months ended December 31, 2015 and 2014
(expressed in Canadian dollars)

	Note	December 31, 2015	December 31, 2014
		\$	\$
Operational activities			
Net (loss) for the period		\$ (137,774)	\$ (124,273)
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		234,152	203,459
Accretion charge for debentures	8	<u>115,612</u>	<u>114,246</u>
		211,990	193,432
Changes in items of working capital			
Accounts receivable		(200,148)	86,059
Transaction credits		(1,214,158)	889,286
Inventory		101,276	(62,540)
Prepaid expenses and sundry assets		(44,730)	(82,661)
Accounts payable and accrued liabilities		<u>(317,175)</u>	<u>(575,321)</u>
		(1,674,935)	254,823
Net cash provided by operating activities		\$ (1,462,945)	\$ 448,255
Investing activities			
Purchase of property, plant and equipment, and intangible assets		<u>\$ (41,983)</u>	<u>\$ (237,535)</u>
Net cash (used in) investing activities		\$ (41,983)	\$ (237,535)
Financing activities			
Proceeds from loan payable	7	\$ 842,532	\$ (960,784)
Transaction costs respecting debentures financing		<u>-</u>	<u>(24,206)</u>
Net cash generated from / (used in) financing activities		\$ 842,532	\$ (984,990)
Increase / (decrease) in cash and cash equivalents during the period		\$ (662,396)	\$ (774,270)
Cash and cash equivalents at beginning of period		<u>1,162,609</u>	<u>1,815,805</u>
Cash and cash equivalents at end of period		\$ 500,213	\$ 1,041,535
Additional information			
Interest paid			
For purposes of the cash flow statement, cash comprises		\$ 778,639	\$ 1,131,824
Cash		\$ 495,213	\$ 1,036,535
Term deposits		<u>5,000</u>	<u>5,000</u>
		<u>\$ 500,213</u>	<u>\$ 1,041,535</u>

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