



ADVANTEX

Letter to Shareholders for the Fiscal year ended June 30, 2016

Dear Shareholders,

Review of fiscal year

Management devoted the majority of the fiscal year stabilizing the company while working within a restricted cash flow position. This situation was exacerbated as we had to use our limited cash resources to settle severances and settle certain indebtedness owed to affinity partners.

Even as the company dealt with a weak economy and a difficult operating environment the fiscal year financial performance reflected a gradual recovery as management was able to overcome the structural and competitive challenges of the previous fiscal year.

Future prospects

The company's assets are its: partnerships, merchant portfolio and products which seamlessly connect, through its proprietary technology, merchants to consumers. The company believes that it has a unique product for the small independent merchant space, providing working capital and loyalty marketing at affordable prices. Loyalty marketing is a multi-billion dollar business in North America. With access to additional capital at a reasonable cost the company is well positioned to gain a wider share of this market. To that effect the company is seeking to re-finance its 12% debentures and secure the additional capital necessary to continue its operations and execute its expansion plans.

During the fiscal year the company renewed its agreement with TD for a one year term expiring in June 2017. The company extended its agreement with CIBC until September 30, 2017. The company's agreement with Accord is renewed to December 2017. The company secured an extension of the maturity date to December 31, 2016 from September 30, 2016 of its 12% debentures. The company therefore believes it has the support of its partners.

I would like to thank our staff, partners, merchants and the Board of directors for their patience and continuing support.

"Kelly E. Ambrose"

Kelly E. Ambrose
President and CEO
October 26, 2016