



ADVANTEX

Letter to Shareholders for the Fiscal year ended June 30, 2017

Dear Shareholders,

Review of fiscal year

The company has had to overcome partnership and competitive challenges since July 2013. While we have successfully done this, by the beginning of this fiscal year the financial cost in terms of righting our business deprived us of the working capital necessary to maintain and support the growth of the business.

Limited access to working capital has hindered the company's ability to invest in resources necessary to increase and retain merchants participating in the CIBC/TD program. The resulting decline in merchant participation is reflected in the financial performance of the company.

Future prospects

The company's assets are its affinity partnerships with CIBC, TD, Aimia and Caesars, its merchant portfolio and its unique product offerings which seamlessly connect, through the company's proprietary technology, merchants to consumers. The company believes that it has a unique product, working capital and loyalty marketing at affordable prices, for the small independent merchant space. The company's systems and processes can rapidly onboard new affinity partners and the business is scalable. Loyalty marketing is a multi-billion dollar business in North America and the company is well positioned to gain a wider share of this market with its proprietary technology and its outstanding partners.

To achieve its financial goals the company needs access to working capital. Furthermore, the company's new 12% debentures mature October 31, 2017 and have to be re-financed.

In response to this situation the company has developed a financial restructuring plan ("Plan"). The Plan requires accommodations from the company's employees, its affinity partners and its financial backers. Successful implementation would enable the company to re-finance the new 12% debentures and provide working capital to support a gradual sustained recovery of its business. Some measures have been implemented while others are in process. The company expects the Plan to be fully implemented by December 31, 2017. The company believes implementing the Plan is the best way to ensure it is able to transition to the next phase of recovery of its business and will ultimately benefit all of its stakeholders.

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

"Kelly E. Ambrose"
Kelly E. Ambrose
President and CEO
October 26, 2017

Forward-Looking Information

The letter to shareholders contains “forward-looking statements” within the meaning of applicable securities laws relating to the future business and operations of Advantex, including those relating to its product, systems, scalability, size of the market and its ability to secure a market share, implementation of the Plan, timeline for implementation of the Plan and outcomes upon implementation of the Plan. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements. The business and operations of Advantex described herein is dependent on a number of factors and is subject to a number of risks and uncertainties. Factors that could cause actual results to differ materially include those listed under “Working Capital and Liquidity Management”, “General Risks and Uncertainties” and “Economic Dependence” in Advantex’s Management’s Discussion and Analysis for the year ended June 30, 2017.

The statements in the letter to shareholders are made as of date hereof. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made and Advantex undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.