



ADVANTEX

News Release

Advantex Announces Fiscal 2018 First Quarter Results

Toronto, November 29, 2017 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the three months ended September 30, 2017.

During the past fifteen months Advantex's focus has been to stabilize operations in an environment where it had limited access to working capital. Furthermore, Advantex's new 12% debentures mature December 31, 2017 and will have to be re-financed.

In response to this situation Advantex has developed a financial restructuring plan ("Plan"). The Plan requires accommodations from Advantex's employees, its affinity partners and its financial backers. Successful implementation would enable Advantex 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. Advantex expects the Plan to be fully implemented by December 31, 2017. Advantex believes implementing the Plan is the most effective way to transition to the next phase of recovery of its core business, during which it expects a gradual but sustained growth in its CIBC/TD program merchant base and related revenues. This transition will ultimately benefit all of its stakeholders.

Highlights of results for Fiscal 2018 First Quarter are set out in the table ⁽¹⁾. Additional details are available in the Consolidated Financial Statements and the Management Discussion and Analysis available under Advantex's profile on www.sedar.com.

	<u>Fiscal 2018</u> <u>First Quarter</u>	<u>Fiscal 2017</u> <u>First Quarter</u>	<u>Increase/</u> <u>(Decrease)</u>
	\$	\$	\$
Revenues	\$ 2,006,169	\$ 2,604,270	\$ (598,101)
Direct expenses			
Cost of cardholder rewards and marketing in connection with Advantex's merchant based loyalty programs	\$ 481,575	\$ 697,764	\$ (216,189)
Expense for provision against delinquent accounts	\$ 131,904	\$ 179,594	\$ (47,690)
Gross profit	\$ 1,392,690	\$ 1,726,912	\$ (334,222)
Selling and General & Administrative expenses	\$ 1,229,282	\$ 1,398,251	\$ (168,969)
Earnings from operations before depreciation, amortization and interest	\$ 163,408	\$ 328,661	\$ (165,253)
Stated interest expense - loan payable, and debentures	\$ 325,822	\$ 338,994	\$ (13,172)
Loss from operations before depreciation, amortization and non cash interest	\$ (162,414)	\$ (10,333)	\$ 152,081
Depreciation, amortization and non-cash interest expense	\$ 8,891	\$ 139,072	\$ (130,181)
Net loss and Comprehensive loss	\$ (171,305)	\$ (149,405)	\$ 21,900

⁽¹⁾ The 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 the three months ended September 30, 2017.

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 partnerships with Aeroplan, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and Caesars Entertainment, Advantex has contractual access to millions of consumers with above-average personal and household income. Advantex also has partnerships with about 1,025 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 news release contains "forward-looking statements" within the meaning of applicable securities laws relating to the future business and operations of Advantex, including implementation of the Plan, timeline for implementation of the Plan, Plan being most effective way forward, outcomes for the business and stakeholders and their timing 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 three months ended September 30, 2017.

The statements in this news release are made as of the date of this release. 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.

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

	Note	At September 30, 2017	At June 30, 2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 426,376	\$ 367,357
Accounts receivable		252,157	180,517
Transaction credits	5	5,546,596	5,549,712
Inventory	6	32,573	35,038
Prepaid expenses and sundry assets		87,958	82,413
		<u>\$ 6,345,660</u>	<u>\$ 6,215,037</u>
Non-current assets			
Property, plant and equipment		\$ 64,172	\$ 72,142
Intangible assets		-	921
		<u>\$ 64,172</u>	<u>\$ 73,063</u>
Total assets		\$ 6,409,832	\$ 6,288,100
Liabilities			
Current liabilities			
Loan payable	7	\$ 4,628,336	\$ 4,476,421
Accounts payable and accrued liabilities		3,373,256	3,232,134
12% Non-convertible debentures payable	8	5,159,000	5,159,000
		<u>\$ 13,160,592</u>	<u>\$ 12,867,555</u>
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		(35,324,314)	(35,153,009)
Total deficiency		\$ (6,750,760)	\$ (6,579,455)
Total liabilities and deficiency		\$ 6,409,832	\$ 6,288,100

Economic and Financial dependence (note 2 a), Going concern (note 2 b), 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 months ended September 30, 2017 and 2016
(expressed in Canadian dollars)

	Note	2017	2016
		\$	\$
Revenues	15	\$ 2,006,169	\$ 2,604,270
Direct expenses	14/15	<u>613,479</u>	<u>877,358</u>
		1,392,690	1,726,912
Operating expenses			
Selling and marketing	14/15	480,198	505,707
General and administrative	14/15	<u>749,084</u>	<u>892,544</u>
Earnings from operations before depreciation, amortization and interest		163,408	328,661
Interest expense:			
Stated interest expense - loan payable, and debentures	7/8	325,822	338,994
Non-cash interest expense on debentures	8	<u>-</u>	<u>60,227</u>
		(162,414)	(70,560)
Depreciation of property, plant and equipment, and amortization of intangible assets		<u>8,891</u>	<u>78,845</u>
Net loss and comprehensive loss		\$ (171,305)	\$ (149,405)
Loss per share			
Basic and Diluted	13	\$ (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 months ended September 30, 2017 and 2016
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	₹	₹	₹	₹	₹	₹
Balance - July 1, 2016	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,946,662)	\$ (5,373,108)
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,405)</u>	<u>(149,405)</u>
Balance - September 30, 2016	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (34,096,067)</u>	<u>\$ (5,522,513)</u>
Balance - July 1, 2017	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (35,153,009)	\$ (6,579,455)
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(171,305)</u>	<u>(171,305)</u>
Balance - September 30, 2017	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (35,324,314)</u>	<u>\$ (6,750,760)</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 months ended September 30, 2017 and 2016
(expressed in Canadian dollars)

	Note	2017	2016
		\$	\$
Operational activities			
Net loss for the period		\$ (171,305)	\$ (149,405)
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		8,891	78,845
Accretion charge for debentures	8	-	60,227
		(162,414)	(10,333)
Changes in items of working capital			
Accounts receivable		(71,640)	212,268
Transaction credits		3,116	1,099,515
Inventory		2,465	563
Prepaid expenses and sundry assets		(5,545)	(16,084)
Accounts payable and accrued liabilities		141,122	(121,716)
		69,518	1,174,546
Net cash (used in) provided by operating activities		\$ (92,896)	\$ 1,164,213
Financing activities			
Utilization (Repayment) of loan payable	7	\$ 151,915	\$ (724,974)
Net cash generated from (used in) financing activities		\$ 151,915	\$ (724,974)
Increase in cash and cash equivalents during the period			
Cash and cash equivalents at beginning of the period		367,357	658,678
Cash and cash equivalents at end of the period		\$ 426,376	\$ 1,097,917
Additional information			
Interest paid		\$ 169,780	\$ 183,378
For purposes of the cash flow statement, cash comprises			
Cash		\$ 426,376	\$ 1,092,917
Term deposits		-	5,000
		\$ 426,376	\$ 1,097,917

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