



ADVANTEX

Letter to Shareholders for the fiscal year ended June 30, 2018

Dear Shareholders,

Accomplishments since start of Fiscal 2018

- In December 2017 we completed a successful financial restructuring with the support of our financial partners and staff. The resulting financial stability was the outcome of softer financial terms including forgiveness of unpaid debentures interest and penalty, additional working capital and multi-year terms.
- In March 2018 we were able to extend the term of our agreement with TD to March 2020.
- In July 2018, in response to our 2013 notice, we received response from CRA confirming the appropriateness of Advantex's treatment of GST/HST. This removed a financial uncertainty.
- In August 2018 the staff salary reductions, implemented a year earlier, were completely rolled back.
- All severance liabilities resulting from rightsizing the organization were fully settled.
- Payment plans were agreed with key suppliers including with affinity partners and were either completed or are running per the agreed terms.
- Since January 2018 the task of re-building our sales organization and refreshing our product is progressing well.

Year ahead

Advantex provides services to independent merchants that helps them to compete with large chains in an increasingly competitive marketplace. This is a large market that does not have the marketing expertise to compete.

We are well positioned to support the independent merchants with our data, loyalty and working capital competencies and grow our revenues and profitability.

We are looking forward to the next fiscal year as we continue to re-build our organization, increase our merchant base and grow profitability.

I would like to thank you, participating merchants, staff, affinity and financial partners, and the Board of directors for their support.

“Kelly E. Ambrose”
Kelly E. Ambrose
President and CEO
October 29, 2018