



ADVANTEX

Advantex Announces Fiscal 2020 Second Quarter Results

Toronto, May 21, 2020 -- – Advantex Marketing International Inc. (CSE: ADX) (“Advantex”), a leader in the merchant cash advance and loyalty marketing products for merchants, announced its results for the three and six months ended December 31, 2019.

Highlights of financial results.

	<u>3 months ended December 31</u>		<u>6 months ended December 31</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	\$	\$	\$	\$
Revenues	\$ 890,936	\$ 1,812,853	\$ 1,689,979	\$ 3,658,987
Gross profit	\$ 646,805	\$ 1,436,791	\$ 1,281,958	\$ 2,838,414
Earnings from operations before depreciation, amortization and interest	\$ 19,530	\$ 435,237	\$ 76,953	\$ 831,324
Profit (Loss) from operations before depreciation, amortization and non cash interest on debentures	\$ (337,627)	\$ 139,076	\$ (681,401)	\$ 255,952
Net Loss and Comprehensive loss	\$ (522,327)	\$ (4,828)	\$ (1,054,733)	\$ (29,575)

Fuller details available in the Consolidated Financial Statements and MD&A available under Advantex's profile on www.sedar.com

The above 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 three and six months ended December 31, 2019.

Advantex is now current with its annual and interim filings.

About Advantex:

Advantex provides working capital to merchants. Advantex also provides specialized marketing programs that enable members of Aeroplan to earn frequent-flyer miles at participating merchants.

Advantex shares trade on the Canadian Securities Exchange under the symbol ADX. For more information go to Advantex's profile on www.sedar.com

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

	Note	At December 31, 2019	At June 30, 2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 54,208	\$ 119,636
Accounts receivable		109,665	110,630
Transaction credits	5	6,821,914	9,473,999
Prepaid expenses and sundry assets		50,632	52,232
		\$ 7,036,419	\$ 9,756,497
Non-current assets			
Right of use asset	15	\$ 287,745	\$ 345,294
Property, plant and equipment		629	15,255
		\$ 288,374	\$ 360,549
Total assets		\$ 7,324,793	\$ 10,117,046
Liabilities			
Current liabilities			
Loan payable	6	\$ 6,050,069	\$ 8,416,076
Lease liability		120,116	113,854
Accounts payable and accrued liabilities		2,772,671	2,526,829
9% Non-convertibles debentures payable	7	5,535,522	5,095,949
		\$ 14,478,377	\$ 16,152,708
Non-current Liabilities			
Lease liability	15	\$ 203,469	\$ 266,658
		\$ 203,469	\$ 266,658
Shareholders' deficiency			
Share capital	8	\$ 24,530,555	\$ 24,530,555
Contributed surplus		4,090,382	4,090,382
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit	15	(35,930,607)	(34,875,874)
Total deficiency		\$ (7,357,053)	\$ (6,302,320)
Total liabilities and deficiency		\$ 7,324,793	\$ 10,117,046

Going concern (note 2), Commitments and contingencies (note 11)

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

Approved by the Board

Director: Signed "Marc Lavine"
Marc Lavine

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, 2019 and 2018
(expressed in Canadian dollars)

	Note	Three months ended December 31		Six months ended December 31	
		2019	2018	2019	2018
		\$	\$	\$	\$
Revenues	14				
Marketing activities		\$ 237,081	\$ 1,493,769	\$ 416,663	\$ 3,039,158
Interest income		\$ 653,855	\$ 319,084	1,273,316	619,829
		<u>\$ 890,936</u>	<u>\$ 1,812,853</u>	<u>\$ 1,689,979</u>	<u>\$ 3,658,987</u>
Direct expenses	13/14	<u>244,131</u>	<u>376,062</u>	<u>408,021</u>	<u>820,573</u>
		646,805	1,436,791	1,281,958	2,838,414
Operating expenses					
Selling and marketing	13/14	190,835	388,045	378,698	855,464
General and administrative	13/14	<u>436,440</u>	<u>613,509</u>	<u>826,307</u>	<u>1,151,626</u>
Earnings from operations before depreciation, amortization and interest		19,530	435,237	76,953	831,324
Interest expense:					
Stated interest expense - loan payable, and debentures	6/7	357,157	296,161	758,354	575,372
Interest - Lease		10,464	-	20,928	-
Non-cash interest expense (accretion charges) and restructuring bonus related to debentures	7	<u>145,120</u>	<u>136,886</u>	<u>285,753</u>	<u>272,561</u>
		(493,210)	2,190	(988,083)	(16,609)
Depreciation - Right of use asset		28,775	-	57,549	-
Depreciation of property, plant and equipment, and amortization of intangible assets		<u>5,821</u>	<u>7,018</u>	<u>14,581</u>	<u>12,966</u>
Loss and comprehensive loss		\$ (527,806)	\$ (4,828)	\$ (1,060,212)	\$ (29,575)
Issuance of debentures	7	\$ 5,479	\$ -	\$ 5,479	\$ -
Net loss and comprehensive loss		\$ (522,327)	\$ (4,828)	\$ (1,054,733)	\$ (29,575)
Profit/(Loss) per share					
Basic and Diluted	12	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Advantex Marketing International Inc.
 Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
 For the three and six months ended December 31, 2019 and 2018
 (expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	\$	\$	\$	\$	\$	\$
Balance - July 1, 2018	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,928,711)	\$ (5,355,157)
Net profit and comprehensive profit	-	-	-	-	(29,575)	(29,575)
Balance - December 31, 2018	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (33,958,286)</u>	<u>\$ (5,384,732)</u>
Balance - July 1, 2019	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (34,875,874)	\$ (6,302,320)
Net loss and comprehensive loss	-	-	-	-	(1,054,733)	(1,054,733)
Balance - December 31, 2019	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (35,930,607)</u>	<u>\$ (7,357,053)</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 and six months ended December 31, 2019 and 2018
(expressed in Canadian dollars)

	Note	At December 31, 2019	December 31, 2018
		\$	\$
Operational activities			
Net profit/(loss) for the period		\$ (1,054,733)	\$ (29,575)
Adjustments for:			
Interest - Lease		20,928	-
Depreciation - Right of use asset		57,549	-
Depreciation of property, plant and equipment, and amortization of intangible assets		14,581	12,966
Accretion charge for debentures	7	159,126	147,398
Restructuring bonus for debentures	7	126,627	125,163
Fair value of debentures issued		(46,181)	-
		(722,103)	255,952
Changes in items of working capital			
Accounts receivable		965	(64,053)
Transaction credits		2,652,085	(1,063,643)
Prepaid expenses and sundry assets		1,600	(3,687)
Accounts payable and accrued liabilities		245,842	(676,430)
		2,900,492	(1,807,813)
Net cash provided by / (used in) operating activities		\$ 2,178,389	\$ (1,551,861)
Investing activities			
Payment for lease		\$ (77,855)	\$ -
Purchase of property, plant and equipment, and intangible assets		45	(2,810)
Net cash (used in) investing activities		\$ (77,810)	\$ (2,810)
Financing activities			
Proceeds - 9% Non-convertible debentures payable	7	\$ 200,000	\$ -
Proceeds - Loan payable	6	(2,366,007)	1,055,246
Net cash generated from / (used in) financing activities		\$ (2,166,007)	\$ 1,055,246
Increase / (decrease) in cash and cash equivalents during the period		\$ (65,428)	\$ (499,425)
Cash and cash equivalents at beginning of period		119,636	635,836
Cash and cash equivalents at end of period		\$ 54,208	\$ 136,411
Additional information			
Interest paid		\$ 503,332	\$ 333,580
For purposes of the cash flow statement, cash comprises			
Cash		\$ 54,208	\$ 136,411

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