



ADVANTEX

News Release

Advantex Announces Fiscal 2017 Third Quarter Results

Toronto, May 25, 2017 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the three and nine months ended March 31, 2017.

During the period the Company's focus was to stabilize operations in an environment where it has limited access to working capital. The Company is working with its exclusive financial advisor to refinance the 12% debentures, maturing June 30, 2017, and seek growth funds to capitalize on expansion opportunities.

Highlights of results for three and nine months ended March 31, 2017 are set out in the table ⁽¹⁾. Additional details are available in the Consolidated Financial Statements and the Management Discussion and Analysis available under the Company's profile on www.sedar.com.

	<u>3 months ended March 31</u>		<u>9 months ended March 31</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
Revenues	\$ 1,887,565	\$ 2,435,120	\$ 6,902,204	\$ 8,526,797
Direct expenses - Cost of cardholder rewards and marketing merchants to cardholders	468,606	650,439	1,870,618	2,251,596
Direct expenses - Expense for provision against delinquent accounts	124,756	102,578	436,360	411,071
Gross profit	\$ 1,294,203	\$ 1,682,103	\$ 4,595,226	\$ 5,864,130
Selling and General & Administrative	1,448,559	1,536,776	4,286,807	4,726,477
Earnings from operations before depreciation, amortization and interest	\$ (154,356)	\$ 145,327	\$ 308,419	\$ 1,137,653
Cash interest on loan payable and debentures	315,641	480,596	989,257	1,260,932
Earnings (loss) from operations before depreciation, amortization and non-cash interest on debentures (accretion charges)	\$ (469,997)	\$ (335,269)	\$ (680,838)	\$ (123,279)
Depreciation and amortization	29,166	117,069	145,110	351,221
Non cash interest expense on debentures	-	58,832	60,227	174,444
Net loss and Comprehensive loss	\$ (499,163)	\$ (511,170)	\$ (886,175)	\$ (648,944)

⁽¹⁾ The tabulation is a non-GAAP presentation and is provided to assist readers in understanding the Company's financial performance. The information is extracted from consolidated financial statements for the three and nine months ended March 31, 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 our partnerships with Aeroplan, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and Caesars Entertainment, we have contractual access to millions of consumers with above-average personal and household income. We also have partnerships with about 1,100 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.

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

	Note	At March 31, 2017	At June 30, 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 254,113	\$ 658,678
Accounts receivable		151,819	425,402
Transaction credits	5	5,723,025	7,352,262
Inventory	6	37,902	39,914
Prepaid expenses and sundry assets		98,324	103,684
		<u>\$ 6,265,183</u>	<u>\$ 8,579,940</u>
Non-current assets			
Property, plant and equipment		\$ 82,549	\$ 116,049
Intangible assets		8,311	119,921
		<u>\$ 90,860</u>	<u>\$ 235,970</u>
Total assets		\$ 6,356,043	\$ 8,815,910
Liabilities			
Current liabilities			
Loan payable	7	\$ 4,359,873	\$ 5,533,267
Accounts payable and accrued liabilities		3,096,453	3,556,978
12% Non-convertible debentures payable	8	5,159,000	5,098,773
		<u>\$ 12,615,326</u>	<u>\$ 14,189,018</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		(34,832,837)	(33,946,662)
Total deficiency		\$ (6,259,283)	\$ (5,373,108)
Total liabilities and deficiency		\$ 6,356,043	\$ 8,815,910

Economic and Financial dependence (note 2a), Going concern (note 2b), 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 and nine months ended March 31, 2017 and 2016
(expressed in Canadian dollars)

	Note	Three months ended March 31		Nine months ended March 31	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenues	15	\$ 1,887,565	\$ 2,435,120	\$ 6,902,204	\$ 8,526,797
Direct expenses	14/15	<u>593,362</u>	<u>753,017</u>	<u>2,306,978</u>	<u>2,662,667</u>
		1,294,203	1,682,103	4,595,226	5,864,130
Operating expenses					
Selling and marketing	14/15	481,737	594,977	1,479,597	2,026,725
General and administrative	14/15	<u>966,822</u>	<u>941,799</u>	<u>2,807,210</u>	<u>2,699,752</u>
Earnings from operations before depreciation, amortization and interest		(154,356)	145,327	308,419	1,137,653
Interest expense:					
Stated interest expense - loan payable, and debentures	7/8	315,641	480,596	989,257	1,260,932
Non-cash interest expense on debentures	8	<u>-</u>	<u>58,832</u>	<u>60,227</u>	<u>174,444</u>
		(469,997)	(394,101)	(741,065)	(297,723)
Depreciation of property, plant and equipment, and amortization of intangible assets		<u>29,166</u>	<u>117,069</u>	<u>145,110</u>	<u>351,221</u>
Net loss and comprehensive loss		\$ (499,163)	\$ (511,170)	\$ (886,175)	\$ (648,944)
Loss per share					
Basic and Diluted	13	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (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 and nine months ended March 31, 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, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,039,219)	\$ (4,465,665)
Net loss and comprehensive loss	-	-	-	-	(648,944)	(648,944)
Balance - March 31, 2016	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (33,688,163)</u>	<u>\$ (5,114,609)</u>
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	-	-	-	-	(886,175)	(886,175)
Balance - March 31, 2017	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (34,832,837)</u>	<u>\$ (6,259,283)</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 nine months ended March 31, 2017 and 2016
(expressed in Canadian dollars)

	Note	At March 31, 2017	At March 31, 2016
		\$	\$
Operational activities			
Net loss for the period		\$ (886,175)	\$ (648,944)
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		145,110	351,221
Accretion charge for debentures	8	60,227	174,444
		(680,838)	(123,279)
Changes in items of working capital			
Accounts receivable		273,583	64,016
Transaction credits		1,629,237	(664,057)
Inventory		2,012	107,774
Prepaid expenses and sundry assets		5,360	(7,747)
Accounts payable and accrued liabilities		(460,525)	(344,885)
		1,449,667	(844,899)
Net cash provided by (used in) operating activities		\$ 768,829	\$ (968,178)
Investing activities			
Purchase of property, plant and equipment, and intangible assets		\$ -	\$ (55,715)
Net cash (used in) investing activities		\$ -	\$ (55,715)
Financing activities			
Proceeds from loan payable	7	\$ (1,173,394)	\$ 509,609
Net cash generated from / (used in) financing activities		\$ (1,173,394)	\$ 509,609
Increase / (decrease) in cash and cash equivalents during the period		\$ (404,565)	\$ (514,284)
Cash and cash equivalents at beginning of period		658,678	1,162,609
Cash and cash equivalents at end of period		\$ 254,113	\$ 648,325
Additional information			
Interest paid		\$ 861,980	\$ 1,002,132
For purposes of the cash flow statement, cash comprises			
Cash		\$ 254,113	\$ 643,325
Term deposits		-	5,000
		\$ 254,113	\$ 648,325

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