



ADVANTE~~X~~

News Release

Advantex Announces Fiscal 2017 Results

Toronto, October 26, 2017 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the twelve months ended June 30, 2017.

During the year Advantex's focus was to stabilize operations in an environment where it had limited access to working capital. Furthermore, Advantex's new 12% debentures mature October 31, 2017 and 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 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.

Highlights of results for Fiscal 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 Advantex's profile on www.sedar.com.

	Fiscal 2017	Fiscal 2016	Change
	\$	\$	\$
Revenues	\$ 9,150,012	\$ 11,273,680	\$ (2,123,668)
Direct expenses			
Cost of cardholder rewards and marketing in connection with Advantex's merchant based loyalty programs	\$ 2,545,735	\$ 3,114,217	\$ (568,482)
Expense for provision against delinquent accounts	\$ 603,339	\$ 579,728	\$ 23,611
Gross profit	\$ 6,000,938	\$ 7,579,735	\$ (1,578,797)
Selling and General & Administrative expenses	\$ 5,679,180	\$ 6,169,953	\$ (490,773)
Earnings from operations before depreciation, amortization and interest	\$ 321,758	\$ 1,409,782	\$ (1,088,024)
Stated interest expense - loan payable, and debentures	\$ 1,304,971	\$ 1,619,782	\$ (314,811)
Loss from operations before depreciation, amortization and non-cash interest	\$ (983,213)	\$ (210,000)	\$ (773,213)
Depreciation, amortization and non-cash interest expense	\$ 223,134	\$ 697,443	\$ (474,309)
Net loss and Comprehensive loss	\$ (1,206,347)	\$ (907,443)	\$ (298,904)

⁽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 year ended June 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 1,030 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 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 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
(expressed in Canadian dollars)

	Note	June 30, 2017	June 30, 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 367,357	\$ 658,678
Accounts receivable	12 a	180,517	425,402
Transaction credits	12 a	5,549,712	7,352,262
Inventory	5	35,038	39,914
Prepaid expenses and sundry assets		82,413	103,684
		<u>\$ 6,215,037</u>	<u>\$ 8,579,940</u>
Non-current assets			
Property, plant and equipment	6 a	\$ 72,142	\$ 116,049
Intangible assets	6 b	921	119,921
		<u>\$ 73,063</u>	<u>\$ 235,970</u>
Total assets		\$ 6,288,100	\$ 8,815,910
Liabilities			
Current liabilities			
Loan payable	7	\$ 4,476,421	\$ 5,533,267
Accounts payable and accrued liabilities		3,232,134	3,556,978
12% Non-convertible debentures payable	8	5,159,000	5,098,773
		<u>\$ 12,867,555</u>	<u>\$ 14,189,018</u>
Total liabilities		\$ 12,867,555	\$ 14,189,018
Shareholders' deficiency			
Share capital	9	\$ 24,530,555	\$ 24,530,555
Contributed surplus	10 b	4,090,382	4,090,382
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(35,153,009)	(33,946,662)
Total deficiency		\$ (6,579,455)	\$ (5,373,108)
Total liabilities and deficiency		\$ 6,288,100	\$ 8,815,910

Economic and Financial dependence (note 2a), Going concern (note 2b), Commitments and contingencies (note 14)

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
For the years ended June 30, 2017 and 2016
(expressed in Canadian dollars)

	Note	2017	2016
		\$	\$
Revenues	18	\$ 9,150,012	\$ 11,273,680
Direct expenses	17/18	<u>3,149,074</u>	<u>3,693,945</u>
		6,000,938	7,579,735
Operating expenses			
Selling and marketing	17/18	1,974,282	2,536,274
General and administrative	17/18	<u>3,704,898</u>	<u>3,633,679</u>
Earnings from operations before depreciation, amortization and interest		321,758	1,409,782
Interest expense:			
Stated interest expense - loan payable, and debentures	7/8	1,304,971	1,619,782
Non-cash interest expense on debentures	8	<u>60,227</u>	<u>233,971</u>
		(1,043,440)	(443,971)
Depreciation of property, plant and equipment, and amortization of intangible assets	6 a/b	<u>162,907</u>	<u>463,472</u>
Net loss and comprehensive loss		\$ (1,206,347)	\$ (907,443)
Loss per share			
Basic and Diluted	16	\$ (0.01)	\$ (0.01)

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Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency
For the years ended June 30, 2017 and June 30, 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	-	-	-	-	(907,443)	(907,443)
Balance - June 30, 2016	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (33,946,662)</u>	<u>\$ (5,373,108)</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	-	-	-	-	(1,206,347)	(1,206,347)
Balance - June 30, 2017	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 4,090,382</u>	<u>\$ (47,383)</u>	<u>\$ (35,153,009)</u>	<u>\$ (6,579,455)</u>

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow
For the years ended June 30, 2017 and 2016
(expressed in Canadian dollars)

	Note	June 30, 2017	June 30, 2016
		\$	\$
Operational activities			
Net loss for the year		\$ (1,206,347)	\$ (907,443)
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets	6 a/b	162,907	463,472
Accretion charge for debentures	8	<u>60,227</u>	<u>233,971</u>
		(983,213)	(210,000)
Changes in items of working capital			
Accounts receivable		244,885	35,044
Transaction credits		1,802,550	467,385
Inventory		4,876	104,960
Prepaid expenses and sundry assets		21,271	70,093
Accounts payable and accrued liabilities		<u>(324,844)</u>	<u>(737,440)</u>
		1,748,738	(59,958)
Net cash (used in) provided by operating activities		\$ 765,525	\$ (269,958)
Investing activities			
Purchase of property, plant and equipment, and intangible assets		<u>\$ -</u>	<u>\$ (55,715)</u>
Net cash (used in) investing activities		\$ -	\$ (55,715)
Financing activities			
Repayment of loan payable	7	<u>\$ (1,056,846)</u>	<u>\$ (178,258)</u>
Net cash (used in) financing activities		\$ (1,056,846)	\$ (178,258)
Decrease in cash and cash equivalents during the year		\$ (291,321)	\$ (503,931)
Cash and cash equivalents at beginning of the year		<u>658,678</u>	<u>1,162,609</u>
Cash and cash equivalents at end of the year		\$ 367,357	\$ 658,678
Additional information			
Interest paid		\$ 1,023,348	\$ 1,516,671
For purposes of the cash flow statement, cash comprises			
Cash		\$ 367,357	\$ 653,678
Term deposits		<u>-</u>	<u>5,000</u>
		<u>\$ 367,357</u>	<u>\$ 658,678</u>

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