



ADVANTEX

Advantex Announces Fiscal 2023 Second Quarter Results

Toronto, March 1, 2023 -- Advantex Marketing International Inc. (CSE: ADX) (“Advantex”), a leader in the merchant cash advance and loyalty marketing products for merchants, announced its results for three and six months ended December 31, 2022.

Highlights of financial results for three and six months ended December 31, 2022 compared to three and six months ended December 31, 2021:

	Three months ended December 31			Six months ended December 31		
	December 2022	December 2021	Inc./Dec	December 2022	December 2021	Inc./Dec
	\$	\$	\$	\$	\$	\$
Revenues	\$ 437,551	\$ 367,196	\$ 70,355	\$ 1,022,388	\$ 740,493	\$ 281,895
Direct expenses						
Costs of loyalty rewards, and marketing in connection with Advantex's merchant based loyalty program	94,112	74,945	19,167	259,108	213,116	45,992
Expense for provision against delinquent accounts, credit/collection expense	1,095	4,457	(3,362)	7,275	5,923	1,352
Gross profit	\$ 342,344	\$ 287,794	\$ 54,550	\$ 756,005	\$ 521,454	\$ 234,551
Selling and General & administrative expenses	441,920	460,265	(18,345)	862,940	910,771	(47,831)
Federal pandemic wage and rent subsidies	-	(9,121)	(9,121)	(1,888)	(110,121)	(108,233)
(Loss) from operations before depreciation, amortization and interest	\$ (99,576)	\$ (163,350)	\$ (63,774)	\$ (105,047)	\$ (279,196)	\$ (174,149)
Stated interest expense - loan payable, and 9% non convertible debentures payable	310,031	323,441	(13,410)	624,108	567,648	56,460
(Loss) from operations before depreciation, amortization, non cash interest and non cash items	\$ (409,607)	\$ (486,791)	\$ (77,184)	\$ (729,155)	\$ (846,844)	\$ (117,689)
Interest - Lease	-	1,692	(1,692)	180	3,864	(3,684)
Non-cash interest expense - accretion charges, restructuring bonus and amortization of transaction costs related to 9% non convertible debentures payable	217,924	194,302	23,622	429,600	388,485	41,115
Net (loss) and comprehensive (loss)	\$ (627,531)	\$ (682,785)	\$ (55,254)	\$ (1,158,935)	\$ (1,239,193)	\$ (80,258)

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, 2022.

About Advantex:

Advantex provides working capital to merchants. Advantex also provides specialized marketing programs that enable members of Aeroplan to earn Aeroplan points 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	December 31, 2022	June 30, 2022
		\$	\$
Assets			
Current assets			
Cash		\$ 35,063	\$ 93,185
Accounts receivable		95,896	83,320
Transaction credits	5	1,779,377	3,312,268
Prepaid expenses and sundry assets		1,417	41,589
		<u>\$ 1,911,753</u>	<u>\$ 3,530,362</u>
Total assets		\$ 1,911,753	\$ 3,530,362
Liabilities			
Current liabilities			
Loan payable	6	\$ 2,494,508	\$ 4,019,685
Lease liability	15	-	12,768
Loan	16	60,000	60,000
Accounts payable and accrued liabilities		3,070,300	2,825,914
		<u>\$ 5,624,808</u>	<u>\$ 6,918,367</u>
Non-current liabilities			
9% non convertible debentures payable	7	\$ 7,787,763	\$ 6,953,878
		<u>\$ 7,787,763</u>	<u>\$ 6,953,878</u>
Total liabilities		\$ 13,412,571	\$ 13,872,245
Shareholders' deficiency			
Share capital	8	\$ 24,530,555	\$ 24,530,555
Contributed surplus		7,742,802	7,742,802
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(43,726,792)	(42,567,857)
Total deficiency		\$ (11,500,818)	\$ (10,341,883)
Total liabilities and deficiency		\$ 1,911,753	\$ 3,530,362

Going concern (note 2) and 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, 2022 and 2021
(expressed in Canadian dollars)

		3 months ended December 31		6 months ended December 31	
	Note	2022	2021	2022	2021
		\$	\$	\$	\$
Revenues	14				
Marketing activities		\$ 153,896	\$ 91,599	\$ 370,473	\$ 289,067
Interest income		283,655	275,597	651,915	451,426
		<u>\$ 437,551</u>	<u>\$ 367,196</u>	<u>\$ 1,022,388</u>	<u>\$ 740,493</u>
Direct expenses	13/14	95,207	79,402	266,383	219,039
		342,344	287,794	756,005	521,454
Operating expenses					
Selling and marketing	13/14	140,389	153,176	275,136	301,074
General and administrative	13/14	301,531	297,968	585,916	499,576
(Loss) from operations before depreciation, amortization and interest		(99,576)	(163,350)	(105,047)	(279,196)
Stated interest expense - loan payable, and 9% non convertible debentures payable	6/7	310,031	323,441	624,108	567,648
Interest - Lease	15	-	1,692	180	3,864
Non-cash interest expense - accretion charges, restructuring bonus and amortization of transaction costs related to 9% non convertible debentures payable	7	217,924	194,302	429,600	388,485
Net (loss) and comprehensive (loss)		\$ (627,531)	\$ (682,785)	\$ (1,158,935)	\$ (1,239,193)
(Loss) per share					
Basic and Diluted	12	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>

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Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
For the three and six months ended December 31, 2022 and 2021
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	\$	\$	\$	\$	\$	\$
Balance at July 1, 2021	\$ 3,815	\$ 24,526,740	\$ 7,364,720	\$ (47,383)	\$ (39,860,019)	\$ (8,012,127)
Issuance of 9% non convertible debentures payable (note 7)	-	-	402,725	-	-	402,725
Net (loss) and comprehensive (loss)	-	-	-	-	(1,239,193)	(1,239,193)
Balance at December 31, 2021	\$ 3,815	\$ 24,526,740	\$ 7,767,445	\$ (47,383)	\$ (41,099,212)	\$ (8,848,595)
Balance at July 1, 2022	\$ 3,815	\$ 24,526,740	\$ 7,742,802	\$ (47,383)	\$ (42,567,857)	\$ (10,341,883)
Net (loss) and comprehensive (loss)	-	-	-	-	(1,158,935)	(1,158,935)
Balance at December 31, 2022	\$ 3,815	\$ 24,526,740	\$ 7,742,802	\$ (47,383)	\$ (43,726,792)	\$ (11,500,818)

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, 2022 and 2021
(expressed in Canadian dollars)

	Note	2022	2021
		\$	\$
Operational activities			
Net (loss) for the period		\$ (1,158,935)	\$ (1,239,193)
Adjustments for:			
Accrued and unpaid 9% non convertible debentures payable interest	7	404,285	372,561
Interest - Lease	15	180	3,864
Accretion charge - 9% non convertible debentures payable	7	380,968	346,271
Restructuring bonus - 9% non convertible debentures payable	7	38,608	36,254
Amortization of transaction costs - 9% non convertible debentures payable	7	10,024	5,960
		<u>(324,870)</u>	<u>(474,283)</u>
Changes in items of working capital			
Accounts receivable		(12,576)	39,881
Transaction credits		1,532,891	(3,142,823)
Prepaid expenses and sundry assets		40,172	(583)
Accounts payable and accrued liabilities		<u>244,386</u>	<u>(103,302)</u>
		1,804,873	(3,206,827)
Net cash generated/(used) - operating activities		\$ 1,480,003	\$ (3,681,110)
Financing activities			
Gross proceeds - 9% non convertible debentures payable	7	\$ -	\$ 1,000,000
Transaction costs - 9% non convertible debentures payable	7	-	(77,501)
Payment for lease	15	(12,948)	(38,837)
Proceeds of loan payable	6	2,320,821	5,724,570
(Repayment) of loan payable		(3,845,998)	(2,861,580)
Net cash generated/(used) - financing activities		\$ (1,538,125)	\$ 3,746,652
Increase/(Decrease) in cash during the period		\$ (58,122)	\$ 65,542
Cash at beginning of the period		<u>93,185</u>	<u>82,606</u>
Cash at end of the period		\$ 35,063	\$ 148,148
Additional information			
Interest paid		\$ 219,823	\$ 195,087

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