ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended September 30, 2021

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of the company. Management is responsible for the information and representations contained in these consolidated financial statements and other sections of this report.

An auditor has not performed a review of these consolidated financial statements.

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

	Note	September 30, 2021	June 30, 2021
		$	$
Assets			
Current assets			
Cash		$ 635,402	$ 82,606
Accounts receivable		101,476	93,090
Transaction credits	5	2,880,956	1,726,663
Prepaid expenses and sundry assets		45,673	43,675
		$ 3,663,507	**$ 1,946,034**
Total assets		**$ 3,663,507**	**$ 1,946,034**
Liabilities			
Current liabilities			
Loan payable	6	$ 3,399,073	$ 2,387,439
Lease liability	15	67,432	71,910
Loan	16	60,000	60,000
Accounts payable and accrued liabilities		2,720,464	2,731,158
		$ 6,246,969	**$ 5,250,507**
Non-current liabilities			
9% non convertible debentures payable	7	$ 5,582,348	$ 4,694,885
Lease liability	15	-	12,769
		$ 5,582,348	**$ 4,707,654**
Total liabilities		**$ 11,829,317**	**$ 9,958,161**
Shareholders' deficiency			
Share capital	8	$ 24,530,555	$ 24,530,555
Contributed surplus		7,767,445	7,364,720
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(40,416,427)	(39,860,019)
Total deficiency		**$ (8,165,810)**	**$ (8,012,127)**
Total liabilities and deficiency		**$ 3,663,507**	**$ 1,946,034**

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 months ended September 30, 2021 and 2020
(expressed in Canadian dollars)

	Note	2021	2020
		$	$
Revenues	14		
Marketing activities		$ 197,468	$ 112,958
Interest income		175,829	198,814
		$ 373,297	**$ 311,772**
Direct expenses	13/14	139,637	90,444
		233,660	221,328
Operating expenses			
Selling and marketing	13/14	147,898	147,165
General and administrative	13/14	201,608	162,697
(Loss) from operations before depreciation, amortization and interest		**(115,846)**	**(88,534)**
Stated interest expense - loan payable, and 9% non convertible debentures payable	6/7	244,207	246,841
Interest - Lease	15	2,172	3,960
Non-cash interest expense - accretion charges, restructuring bonus and amortization of transaction costs related to 9% non convertible debentures payable	7	194,183	158,113
Depreciation of right of use asset	15	-	11,373
Net (loss) and comprehensive (loss)		**$ (556,408)**	**$ (508,821)**
(Loss) per share			
Basic and Diluted	12	**$ -**	**$ -**

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 months ended September 30, 2021 and 2020
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	$	$	$	$	$	$
Balance - July 1, 2020	**$ 3,815**	**$ 24,526,740**	**$ 4,117,170**	**$ (47,383)**	**$ (37,768,052)**	**$ (9,167,710)**
Net (loss) and comprehensive (loss)	-	-	-	-	(508,821)	(508,821)
Balance - September 30, 2020	**$ 3,815**	**$ 24,526,740**	**$ 4,117,170**	**$ (47,383)**	**$ (38,276,873)**	**$ (9,676,531)**
Balance - 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)	-	-	-	-	(556,408)	(556,408)
Balance - September 30, 2021	**$ 3,815**	**$ 24,526,740**	**$ 7,767,445**	**$ (47,383)**	**$ (40,416,427)**	**$ (8,165,810)**

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 months ended September 30, 2021 and 2020
(expressed in Canadian dollars)

	Note	2021	2020
		$	$
Operational activities			
Net (loss) for the period		$ (556,408)	$ (508,821)
Adjustments for:			
Accrued and unpaid 9% non convertible debentures payable interest	7	173,506	130,286
Interest - Lease	15	2,172	3,960
Depreciation of right of use asset	15	-	11,373
Accretion charge - 9% non convertible debentures payable	7	173,944	86,488
Restructuring bonus - 9% non convertible debentures payable	7	18,749	66,928
Amortization of transaction costs - 9% non convertible debentures payable	7	1,490	4,697
		(186,547)	(205,089)
Changes in items of working capital			
Accounts receivable		(8,386)	5,329
Transaction credits		(1,154,293)	733,875
Prepaid expenses and sundry assets		(1,998)	6,094
Accounts payable and accrued liabilities		(10,694)	76,777
		(1,175,371)	822,075
Net cash (used)/generated - operating activities		**$ (1,361,918)**	**$ 616,986**
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		(19,419)	(19,418)
Increase/(Decrease) of loan payable	6	1,011,634	(707,370)
Net cash generated/(used) - financing activities		**$ 1,914,714**	**$ (726,788)**
Increase/(Decrease) in cash during the period		**$ 552,796**	**$ (109,802)**
Cash at beginning of the period		82,606	166,601
Cash at end of the period		**$ 635,402**	**$ 56,799**
Additional information			
Interest paid		$ 70,701	$ 116,555
Cash		$ 635,402	$ 56,799

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

1 General information

Advantex Marketing International Inc. and its subsidiaries (together the company or Advantex) is a public company with common shares listed on the Canadian Securities Exchange (trading symbol ADX).

During periods ended September 30, 2021 and 2020 the company's core business was its merchant cash advance program. Under this program, the company provides merchants with working capital through the pre-purchase, at a discount, of merchants' future cash flows.

The company also has an agreement with Aeroplan Inc. owned by Air Canada ("AC") to operate as a re-seller of aeroplan points to merchants. Aeroplan members are eligible to earn aeroplan points on purchases at merchants who acquire aeroplan points from the company. The original five year term of the agreement ended April 30, 2019, was extended to April 2020, thereafter to April 2021 and as of date hereof the two parties continue to work together under the terms of the original agreement while discussing future terms and direction. The agreement can be terminated by AC under certain conditions during its term.

The company's segment reporting is provided in note 14.

Advantex is incorporated and domiciled in Canada, and the address of its registered office is Suite 606, 600 Alden Road, Markham, Ontario, L3R 0E7.

2 Going concern

These consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern, which contemplates that the company will be able to realize its assets and settle its liabilities as they come due during the normal course of operations for the foreseeable future. When a company is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity is required to disclose those uncertainties.

The company has a shareholders' deficiency of $8,165,810 and negative working capital of $2,583,462 as at September 30, 2021. In September 2021 the company closed a $1.0 million financing (notes 7 and 10). The pandemic has created a more highly uncertain economic environment. More so for small independent businesses operating in the hospitality segment, especially restaurants. The company's customers are primarily small independent restaurants. Consequently, there is uncertainty surrounding the company's ability in the foreseeable future to generate cash flows sufficient to meet its operational needs and meet its obligations on due dates. Failure to meet obligations on due dates may lead to company being unable to continue operations due to: denial by suppliers of products and services; loss of access to loan payable (note 6) which supports the company's merchant cash advance program, and general working capital provided by 9% 2025 debentures (note 7); and inability to access alternative economically viable sources to replace existing capital. These material uncertainties cast significant doubt on the company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments or disclosures that may result from the company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments may be necessary in the carrying values of assets and liabilities and the reported expenses and balance sheet classifications; and such adjustments could be material.

3 Basis of preparation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These interim consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore, should be read in conjunction with the audited consolidated financial statements and notes for the company's year ended June 30, 2021, which are available on SEDAR at www.sedar.com.

These interim consolidated financial statements and related notes have been reviewed by the company's audit committee and approved by the company's board of directors on November 25, 2021.

4 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Details of accounting policies are available in note 3 to the audited consolidated financial statements for year ended June 30, 2021.

5 Transaction credits

Under the merchant cash advance ("MCA") program the company provides merchants with working capital through the pre-purchase, at a discount, of merchants' future cash flows.

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations.

The company acquires the rights to receive future cash flows associated with future cash flows under the MCA product at a discount from participating establishments ("transaction credits"). These transaction credits are estimated to be fully extinguishable within 365 days. Until these transaction credits have been extinguished through collections from participating merchants there is a credit risk.

The evaluation of collectability of transaction credits is done on an individual customer basis. For specifically identified transaction credit balances that are impaired an expected loss is estimated. The amount of the estimates is determined based on the status of the customer and the company's historical experience on recoveries.

Due to the uncertainties created by Covid-19 pandemic, for the unimpaired transaction credits the company has estimated loss based on historical loss rate supplemented by a forecast loss rate. The historical loss ratio is based on the losses experienced over the seven year period prior to start of the Covid-19 pandemic. The forecast loss rate is based on the company's knowledge of its customers and its evaluation of the impact of the pandemic on individual customers' ability to operate. Location of the merchant business, past and current payment history, current economic activity, duration of the public health restrictions, time-line of return to pre-pandemic economic activity levels are the inputs into the forecast loss ratio.

The company collects its dues through pre-authorized debits. The company's past experience is that recurring rejections of payments by a merchant – unless due to administration or clerical oversight and rapidly rectified - is the likely indication of the merchant not being able to operate, pay the company's dues leading to a credit loss. The risk management processes of the company in determining the expected credit losses review: a) the unimpaired portfolio for merchants with recurring rejections, b) reason(s) for the rejection(s) and the time-line within which satisfactorily resolved, c) location of the merchant and number of years in business, and d) likelihood of continuation of business for the period until the dues are paid to the company.

The Covid-19 pandemic restrictions have impacted economic activity and this will continue to affect the collectability of the transaction credits. As of date hereof the federal and provincial governments have eased the restrictions in phases. Although the vaccinations have picked pace there is considerable uncertainty related to the pace and extent of economic recovery and hence the evaluation of collectability of transaction credits.

Recoveries are only recorded when objective verifiable evidence supports the change in the original provision.

The exposure to credit risk with respect to transaction credits is the net balance of the transaction credits.

The transaction credits and the allowance is as follows:

	September 30, 2021	June 30, 2021
	$	$
Transaction credits	$ 3,942,325	$ 2,787,958
Allowance	(1,061,369)	(1,061,295)
Per Consolidated statement of financial position	**$ 2,880,956**	**$ 1,726,663**
Maximum exposure to credit risk	**$ 2,880,956**	**$ 1,726,663**

The transaction credits that are considered impaired and the related allowance is as follows:

	September 30, 2021	June 30, 2021
	$	$
Impaired transaction credits	$ 874,285	$ 896,059
Allowance	(874,285)	(896,059)
Impaired transaction credits not allowed for	**$ -**	**$ -**
The company carries a general allowance towards transaction credits. This allowances at September 30, 2021 and June 30, 2021 include a forecast loss ratio to estimate for recovery issues on account of Covid-19 pandemic	$ 187,084	$ 165,236

Movement on allowance for impaired transaction credits:

	September 30, 2021	September 30, 2020
	$	$
Balance brought forward at start of period	**$ 1,061,295**	**$ 994,198**
Allowance created during the period	-	27,500
Impaired accounts written back against allowance	74	-
Balance carried forward at end of period	**$ 1,061,369**	**$ 1,021,698**

6 Loan payable

	September 30, 2021	June 30, 2021
	$	$
Balance at start of period	**$ 2,387,439**	**$ 4,369,006**
Increase/(Decrease) in borrowing	1,011,634	(1,981,567)
Balance at end of period	**$ 3,399,073**	**$ 2,387,439**

The Loan payable is a line of credit facility provided by Accord Financial Inc. ("Accord"), and was established in December, 2007. The loan payable has a facility limit of $8.5 million and is only available to the company for acquisition of transaction credits. As security, Accord has first charge to all amounts due from establishments funded from the loan payable.

In September 2021 the company and Accord agreed to extend the term of their agreement, which was due to end in December 2021, to June 30, 2022. The agreement is subject to automatic renewal thereafter for periods of one year unless terminated by either party by giving 180 days written notice prior to end of the term.

The interest rate was equivalent to the prime rate of a certain Canadian bank plus 9.05% during period January 1, 2018 until August 31, 2021. Effective September 1, 2021 the interest rate is equivalent to prime rate of a certain Canadian bank plus 8.80%.

Due to Covid-19 pandemic restrictions and their impact on the company's business, Accord allowed the company to defer payment of interest from March 2020 to June 2020. Subsequent to June 30, 2020, Accord provided the company an overdraft facility of $460,000. This is a general working capital facility. The interest rate is similar to the loan payable. As of September 30, 2021 the company has utilized $451,000 from this facility. The September 2021 agreement gives Accord the option to convert the overdraft facility into an equity or quasi equity investment on to be agreed terms and conditions. If Accord does not exercise this option, the overdraft is repayable by the company in equal monthly instalments between January 2022 and June 2022.

Accord funds 90% of each dollar of transaction credits acquired by the company and the company funds 10%. The company is responsible for all delinquencies on amounts due from establishments funded from the loan payable.

In certain circumstances the loan payable is repayable on demand to Accord.

The interest cost during period ended September 30, 2021 was $70,701 (2020 $116,555).

7 9% Non-convertible debentures payable

The company closed a $250,000 financing on March 15, 2021 by way of senior secured non convertible debentures ("9% 2025 debentures"). The 9% 2025 debentures were issued on the same terms and rank pari passu with existing 9% Non-convertible debentures payable ("9% debentures") bearing interest at 9% per annum and maturing on December 31, 2021. The financing was a related party transaction (note 10).

The company also received agreement of the 9% debentures holders to extend their maturity date from December 31, 2021 to December 31, 2025. The 9% debentures were issued as 5,759 units (5,559 units in December 2017 and 200 units in October 2019) consisting of principal amount of $5,759,000 and 623,377,196 common shares of the company. Effective March 15, 2021 the 9% debentures were replaced by 9% 2025 debentures on a dollar for dollar basis with respect to the principal amount, restructuring bonus, and interest rate as such terms are defined in the 9% debentures.

The unpaid interest from December 16, 2018 until March 14, 2021 on the 9% debentures together with interest on interest are due on maturity of 9% 2025 debentures. An additional feature of the 9% 2025 debentures is that the first year interest is deferred and is payable in eight equal instalments, with each instalment being added to each semi-annual interest payment payable after the first year through December 31, 2025, and the interest on interest will be added in the final interest payment.

On September 7, 2021 the company issued 9% 2025 debentures for gross proceeds of $1.0 million. The financing was a related party transaction (note 10). As described in Note 10, in September 2021, the purchasers of 9% 2025 debentures - $250,000 in March 2021 and $1.0 million in September 2021 - received common shares. The common shares were determined to have nil value.

The 9% 2025 debentures are secured by a general security interest over the assets of the company and its subsidiaries. The 9% 2025 debentures require the company to meet financial covenants. The company was in compliance with financial covenants at March 31, 2021, June 30, 2021 and September 30, 2021. If the company were to breach a financial covenant or were unable to pay its debts as they came due, it would be in default under the 9% 2025 debentures agreement and, as a result, the 9% 2025 debentures holders would have the right to waive the event of default, demand immediate payment of the 9% 2025 debentures in full or modify the terms and conditions of the 9% 2025 debentures including key terms such as repayment terms, interest rates and security. If the company is unable to secure alternative financing to repay the 9% 2025 debentures, the 9% 2025 debentures holders would have the right to realize upon a part or all of the security held by them.

The issuance of 9% 2025 debentures in March 2021 was considered a transaction with holders of 9% debentures in their capacity as shareholders and accounted for as an exchange of the 9% debentures for 9% 2025 debentures. The value of the 9% 2025 debentures was determined as the amount required to extinguish the 9% debentures. The fair value of the 9% 2025 debentures issued was determined to be $4,310,989 based on a discounted cash flow of the principal, interest and restructuring bonus of the 9% 2025 debentures.

The fair value of the $1.0 million 9% 2025 debentures issued in September 2021 was determined to be $597,275 based on a discounted cash flow of the interest and principal obligations of the 9% 2025 debentures. As a result, a gain of $402,725 has been recognized in the contributed surplus (consolidated statements of changes in shareholder deficiency). In addition, the company incurred $77,501 of transaction costs related to the transaction and these are being amortized to maturity date.

Movement on 9% 2025 debentures

	Debt portion	Accrued and Unpaid interest	Total
	$	$	$
Fair value of 9% 2025 debentures in the principal amount of $6,009,000 on issuance March 15, 2021	$ 4,310,989	$ -	$ 4,310,989
Accretion charge for the period	204,239	-	204,239
Restructuring bonus for the period	(9,234)	-	(9,234)
Interest for the period	-	188,891	188,891
Balance at June 30, 2021	**$ 4,505,994**	**$ 188,891**	**$ 4,694,885**
Fair value of 9% 2025 debentures issued in September 2021	597,275	-	597,275
Transaction costs related to September 2021 raise	(77,501)	-	(77,501)
Accretion charge for the period	173,944	-	173,944
Restructuring bonus for the period	18,749	-	18,749
Amortization of transaction costs for the period	1,490	-	1,490
Interest for the period	-	173,506	173,506
Balance at September 30, 2021	**$ 5,219,951**	**$ 362,397**	**$ 5,582,348**

Stated interest, accretion charge and restructuring bonus are as follows:

	Period ended September 30, 2021			Period ended September 30, 2020		
	Stated interest	Accretion charge	Restructuring bonus	Stated interest	Accretion charge	Restructuring bonus
	$	$	$	$	$	$
9% debentures	$ -	$ -	$ -	$ 130,286	$ 86,488	$ 66,928
9% 2025 debentures	173,506	173,944	18,749	-	-	-
	$ 173,506	$ 173,944	$ 18,749	$ 130,286	$ 86,488	$ 66,928

In addition, three months ended September 30, 2021 include $1,490 amortization of transaction cost (three months ended September 30, 2020 costs $4,697).

8 Share capital

No change in the authorized share capital since June 30, 2021.

No change in issued Class A preference shares since June 30, 2021.

Common shares:

In September 2021 the company issued common shares to: 1) purchasers of 9% 2025 debentures, 2) CEO and CFO as retention bonus, and 3) CEO and CFO in lieu of a portion of vacation pay due to them. Details provided in notes 7 and 10.

	Number of common shares	$
No par value. At June 30, 2021	878,948,414	$ 24,526,740
No par value. At September 30, 2021	6,932,716,451	$ 24,526,740

9 Share-based payments

Employee stock options

The company has a stock option plan for directors, officers, employees and consultants. The number of employee stock options issuable per the company's stock option plan is 16,688,546.

There were nil employee stock options outstanding at September 30, 2021, June 30, 2021 and September 30, 2020.

The number of employee stock options available for future issuance as at September 30, 2021, June 30, 2021 and September 30, 2020 was 16,688,546.

Restricted Share Unit Plan

The company has a restricted share unit plan (the "RSU Plan"), pursuant to which the Board may grant restricted share units (the "RSUs") to eligible persons. The eligible persons are directors, officers, employees and consultants of the company designated by the Board.

On August 26, 2021 at a special meeting of the shareholders the company received approval from its shareholders to increase to 412,000,000, from 32,000,000, as the maximum number of common shares of the company which may be made subject to issuance under RSUs granted under the RSU Plan.

The company has not granted any RSUs under the RSU plan as at September 30, 2021, June 30, 2021 and September 30, 2020.

Potentially Dilutive Securities

No potentially dilutive securities exist as at September 30, 2021 and September 30, 2020.

10 Related party transactions

Related parties were issued units of 9% debentures on terms and conditions applicable to other recipients of 9% debentures. Effective March 15, 2021 the 9% debentures held by all debenture holders were replaced by 9% 2025 debentures on a dollar for dollar basis with respect to the principal amount, restructuring bonus, and interest rate as such terms are defined in the 9% debentures.

On March 15, 2021, the company closed a $250,000 financing by way of 9% 2025 debentures. Through managed accounts and principals, related parties Generation IACP Inc. and Generation PMCA Corp. purchased $200,000, and Kelly Ambrose, the company's President and Chief Executive Officer and a director purchased $50,000 of the 9% 2025 debentures.

On September 7, 2021, the company closed a $1.0 million financing by way of 9% 2025 debentures. Through managed accounts and principals, related parties Generation IACP Inc. and Generation PMCA Corp. purchased $975,000, and Kelly Ambrose, the company's President and Chief Executive Officer and a director purchased $25,000 of the 9% 2025 debentures.

9% debentures and 9% 2025 debentures are described in note 7.

In addition, on September 7, 2021 the company issued common shares:

a. For purchase of $200,000 and $975,000 9% 2025 debentures on March 15, 2021 and September 7, 2021 respectively the company issued 5,258,125,000 common shares to managed accounts and principals of Generation IACP Inc. and Generation PMCA Corp. For purchase of $50,000 and $25,000 9% 2025 debentures on March 15, 2021 and September 7, 2021 respectively the company issued 335,625,000 common shares to Kelly Ambrose the company's President and Chief Executive Officer;

b. Kelly Ambrose, the company's President and Chief Executive Officer was issued 325,000,000 common shares as a retention bonus and 6,588,653 common shares in lieu of a portion of vacation pay due to him; and

c. Mukesh Sabharwal, the company's Vice President and Chief Financial Officer was issued 125,000,000 common shares as a retention bonus and 3,429,384 common shares in lieu of a portion of vacation pay due to him.

The holdings of 9% 2025 debentures and common shares by related parties are summarized below:

	September 30, 2021		June 30, 2021	
	9% 2025 debentures	Common shares	9% 2025 debentures	Common shares
Director, Chief Executive Officer - K. Ambrose	$ 575,000	762,737,471	$ 550,000	95,523,818
Director - M. Lavine	500,000	73,514,818	500,000	73,514,818
Director - D. Moscovitz	9,000	1,168,971	9,000	1,168,971
Chief Financial Officer - M. Sabharwal	115,000	155,927,960	115,000	27,498,576
R. Abramson, GIACP, GPMCA (a)	3,543,650	4,452,455,589	2,815,229	321,629,458
Herbert Abramson (b)	356,000	1,130,310,814	159,891	11,560,814
	$ 5,098,650	6,576,115,623	$ 4,149,120	530,896,455
Total issued and outstanding 9% 2025 debentures and common shares	$ 6,009,000	6,932,716,451	$ 6,009,000	878,948,414
% held by parties in tabulation	84.9%	94.9%	69.0%	60.4%

(a) Randall Abramson ("R. Abramson"), along with Generation IACP Inc. ("GIACP") and Generation PMCA Corp. ("GPMCA") in their capacity as portfolio managers on behalf of their respective fully managed accounts, beneficially own (directly or indirectly) or exercise control or direction over, in aggregate, the above securities of the company. R. Abramson indirectly controls both GIACP and GPMCA and is a portfolio manager of both firms

(b) Herbert Abramson, Chairman and a portfolio manager of both GIACP and GPMCA, beneficially owns the securities of the company

11 Commitments and contingencies

Legal matters

From time to time, the company is party to legal proceedings arising out of the normal course of business. The results of these litigations cannot be predicted with certainty, and management is of the opinion that the outcome of these types of proceedings is generally not determinable. Any loss resulting from these proceedings will be charged to operations in the period the loss is determined.

12 Earnings per share

Basic EPS is calculated by dividing the net income (loss) for the year attributable to equity owners of the company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

	Period ended September 30, 2021	Period ended September 30, 2020
	$	$
Net (loss) and comprehensive (loss)	$ (556,408)	$ (508,821)
Basic and Diluted EPS		
Average number of issued common shares during the period	2,458,192,250	878,948,414
Basic EPS	**$ (0.00)**	**$ (0.00)**
There are no potentially dilutive common shares outstanding at September 30, 2021 and 2020. Hence Diluted EPS not computed		

13 Nature of expenses

		Period ended September 30, 2021	Period ended September 30, 2020
		$	$
Direct expenses			
Costs of loyalty rewards, and marketing in connection with Advantex's merchant based loyalty program		$ 138,171	$ 61,717
Expense for provision against impaired accounts receivable and transaction credits		1,466	28,727
		$ 139,637	**$ 90,444**
Selling and Marketing, and General & Administrative			
Salaries and wages including travel		$ 250,351	$ 242,390
Professional fees		58,043	34,044
Facilities, processing, and office expenses		22,370	29,514
Other		18,742	3,914
		$ 349,506	**$ 309,862**

Selling and Marketing, and General & Administrative reflect receipt of wage and rent subsidies during period ended September 30, 2021 of $101,000 (2020 $141,055). Salaries and wages expense during period ended September 30, 2021 reflects write-back of $35,063 resulting from extinguishment of a portion of vacation pay dues to CEO and CFO of the company upon issuance to them of common shares in September 2021 (note 10).

14 Segment reporting

The company's reportable segments include: (1) MCA program, and (2) Aeroplan program. Where applicable, corporate and other activities are reported separately as Corporate.

The programs are described in Note 1.

Financial information by reportable segment for period ended September 30, 2021 and September 30, 2020 is tabulated.

The Chief Operating Decision Maker reviews the segment income statement. The segment assets and liabilities are not reviewed.

For the period ended September 30, 2021.

	MCA program	Aeroplan program	Total
	$	$	$
Revenues	175,829	197,468	373,297
Direct expenses	1,466	138,171	139,637
	174,363	59,297	233,660
Selling & marketing	69,662	78,236	147,898
General & administrative	94,961	106,647	201,608
Earnings/(loss) from operations before depreciation, amortization and interest	9,740	(125,586)	(115,846)
Stated Interest - loan payable	70,701	-	70,701
Stated Interest - 9% non convertible debentures payable	81,724	91,782	173,506
Interest - Lease	1,023	1,149	2,172
Non-cash interest - 9% non convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	91,463	102,720	194,183
Segment (loss)	(235,171)	(321,237)	(556,408)

For the period ended September 30, 2020.

	MCA program	Aeroplan program	Total
	$	$	$
Revenues	198,814	112,958	311,772
Direct expenses	28,727	61,717	90,444
	170,087	51,241	221,328
Selling & marketing	93,846	53,319	147,165
General & administrative	103,750	58,947	162,697
(Loss) from operations before depreciation, amortization and interest	(27,509)	(61,025)	(88,534)
Stated Interest - loan payable	116,555	-	116,555
Stated Interest - 9% non convertible debentures payable	83,082	47,204	130,286
Interest - Lease	2,525	1,435	3,960
Non-cash interest - 9% non convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	100,827	57,286	158,113
Depreciation of right of use asset	7,252	4,121	11,373
Segment (loss)	(337,750)	(171,071)	(508,821)

15 Leases

The company adopted IFRS 16 with respect to its head office lease (note 1). The lease ends August 31, 2022.

Movement is tabulated:

	Right of use asset	Lease liability
	$	$
Balance as at June 30, 2021	$ -	$ 84,679
Interest payments	-	2,172
Lease payments	-	(19,419)
Balance as at September 30, 2021	$ -	$ 67,432
Current		$ 67,432
Long term		-
		$ 67,432

The undiscounted lease liability of $71,198 is during 12 months ending September 30, 2022.

16 Government subsidies

The company has availed Covid-19 pandemic relief measures.

Amount of $80,504 received during period ended September 30, 2021 (2020 - $141,055) under the Canada Emergency Wage Subsidy is reflected as a reduction of the salaries and wages expense disclosed in note 13.

Amount of $20,496 received during period ended September 30, 2021 (2020 - $nil) under the Canada Emergency Rent Subsidy is reflected as a reduction of the facilities expense disclosed in note 13.

The company's landlord applied for Canada Emergency Commercial Rent Assistance program. This covered the period ended September 30, 2020.

The company received $60,000 under the Canada Emergency Business Account. $20,000 of this loan of $60,000 is forgivable provided the loan is re-paid by December 31, 2022. There is no interest on the $60,000 loan provided it is re-paid by December 31, 2022. Beginning on January 1, 2023, interest will accrue on the balance of the loan at the rate of 5% per annum.