



# ADVANTEX

## **Advantex Announces Fiscal 2024 Second Quarter Results**

### **Continuing significant improvements in operational financial metrics**

- Core activity – Merchant Cash Advance program – Revenues increased 105.1% to \$581,756 in second quarter and 69.9% to \$1,107,445 in YTD second quarter.
- Total Revenues increased 97.5% to \$863,982 in second quarter and 57.7% to \$1,612,160 in YTD second quarter.
- Gross Profit increased 96.1% to \$671,301 in second quarter and 66.5% to \$1,259,088 in YTD second quarter.
- Flat SG&A. \$455,029 vs. \$441,920 in second quarter and \$866,311 vs. \$861,052 in YTD second quarter.
- Earnings from operations before depreciation, amortization and interest \$216,272 in second quarter and \$392,777 in YTD second quarter. Significant turnaround of \$315,848 in second quarter and \$497,824 in YTD second quarter from loss positions in the corresponding periods in the previous year.
- Decrease in Loss from operations before non-cash expenses. Reduction of \$151,043 to \$258,564 in second quarter and \$183,442 to \$545,713 in YTD second quarter.

**Toronto, February 28, 2024** -- – 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, 2023.

Post pandemic improvements in operational financial metrics which were gradual until fiscal year ended June 30, 2023, are accelerating and reflect execution of strategies to re-build Advantex business levels, initially to pre-pandemic levels and then to capitalize on a strengthening economy to achieve growth.

Advantex carries a higher debt load to support re-build of its business and for general corporate purposes, and this is a reason for increase in interest costs in the second quarter and YTD second quarter vs. corresponding periods in the previous year. This debt consists of fixed coupon non-convertible debentures which provide general working capital and a line of credit which carries a floating interest rate - a base rate plus prime rate - and which is used exclusively for growth of the core activity. The increase in prime rates during 2023 was the factor that hurt the financial performance for July-August 2023 period, but this was offset by reduction in the base rate from September 2023. Despite increase in interest costs Loss from operations before non-cash expenses was a reduction vs. corresponding periods in the previous year of \$151,043 to \$258,564 in second quarter and \$183,442 to \$545,713 in YTD second quarter.

The above improvement in Loss from operations before non-cash expenses is masked by increase in non-cash expenses. Increase in non-cash expenses is primarily on account of accretion charges which reflect outcome of prescribed accounting connected to the non-convertible debentures.

Highlights are provided in the tabulation in this news release comparing three and six months ended December 31, 2023, with three and six months ended December 31, 2022.

	3 months ended December 31 (second quarter)			6 ended December 31 (YTD second quarter)		
	<u>23</u>	<u>22</u>	<u>Inc./ (Dec)</u>	<u>23</u>	<u>22</u>	<u>Inc./ (Dec)</u>
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Merchant Cash Advance ("MCA") program	\$ 581,756	\$ 283,655	\$ 298,101	\$ 1,107,445	\$ 651,915	\$ 455,530
Reseller-Aeroplan program-Loyalty marketing	\$ 282,226	\$ 153,896	\$ 128,330	\$ 504,715	\$ 370,473	\$ 134,242
	\$ 863,982	\$ 437,551	\$ 426,431	\$ 1,612,160	\$ 1,022,388	\$ 589,772
<b>Gross profit</b>	\$ 671,301	\$ 342,344	\$ 328,957	\$ 1,259,088	\$ 756,005	\$ 503,083
Selling and General & administrative expenses	\$ 455,029	\$ 441,920	\$ 13,109	\$ 866,311	\$ 861,052	\$ 5,259
<b>Earnings/(Loss) from operations before depreciation, amortization and interest</b>	\$ 216,272	\$ (99,576)	\$ 315,848	\$ 392,777	\$ (105,047)	\$ 497,824
Stated interest expense - loan payable (utilized exclusively to support 90% of funds deployed in MCA program, balance 10% is from working capital available to Advantex)	\$ 237,570	\$ 107,889	\$ 129,681	\$ 463,958	\$ 219,823	\$ 244,135
Stated interest expense - 9% non-convertible debentures payable, and 12% non-convertible debentures payable (general working capital, including to support 10% of funds deployed in MCA)	\$ 237,266	\$ 202,142	\$ 35,124	\$ 474,532	\$ 404,285	\$ 70,247
<b>(Loss) from operations before non-cash expenses</b>	\$ (258,564)	\$ (409,607)	\$ (151,043)	\$ (545,713)	\$ (729,155)	\$ (183,442)
Non-cash interest expense - 1) accretion charges and restructuring bonus respecting 9% non-convertible debentures payable, 2) amortization of transaction costs respecting 9% non-convertible debentures payable and 12% non-convertible debentures payable, and 3) interest on lease	\$ 270,212	\$ 217,924	\$ 52,288	\$ 533,020	\$ 429,780	\$ 103,240
<b>Net (loss) and comprehensive (loss)</b>	\$ (528,776)	\$ (627,531)	\$ (98,755)	\$ (1,078,733)	\$ (1,158,935)	\$ (80,202)

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 interim consolidated financial statements for three and six months ended December 31, 2023.

### 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.sedarplus.com](http://www.sedarplus.com)

**For further information please contact**

Mukesh Sabharwal

Vice-President and Chief Financial Officer

Tel: 416-560-5173

Email: [Mukesh.Sabharwal@advantex.com](mailto:Mukesh.Sabharwal@advantex.com)

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

	Note	December 31, 2023	June 30, 2023
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 155,598	\$ 340,427
Accounts receivable		66,631	84,917
Transaction credits	5	5,645,935	5,641,940
Prepaid expenses and sundry assets		<u>1,416</u>	<u>1,416</u>
		<b>\$ 5,869,580</b>	<b>\$ 6,068,700</b>
<b>Total assets</b>		<b>\$ 5,869,580</b>	<b>\$ 6,068,700</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loan payable	6	\$ 5,869,038	\$ 5,992,287
Loan	16	60,000	60,000
Accounts payable and accrued liabilities		<u>3,605,951</u>	<u>3,590,699</u>
		<b>\$ 9,534,989</b>	<b>\$ 9,642,986</b>
<b>Non-current liabilities</b>			
9% non-convertible debentures payable	7	\$ 9,749,158	\$ 8,765,806
12% non-convertible debentures payable	8	300,696	278,136
Deferred fair value adjustment on 12% non-convertible debentures payable		<u>73,691</u>	<u>91,993</u>
		<b>\$ 10,123,546</b>	<b>\$ 9,135,935</b>
<b>Total liabilities</b>		<b>\$ 19,658,535</b>	<b>\$ 18,778,921</b>
<b>Shareholders' deficiency</b>			
Share capital	9	\$ 24,530,555	\$ 24,530,555
Contributed surplus		7,901,617	7,901,617
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		<u>(46,173,744)</u>	<u>(45,095,010)</u>
<b>Total deficiency</b>		<b>\$ (13,788,955)</b>	<b>\$ (12,710,221)</b>
<b>Total liabilities and deficiency</b>		<b>\$ 5,869,580</b>	<b>\$ 6,068,700</b>

**Going concern (note 2) and Commitments and contingencies (note 12)**

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, 2023 and 2022  
(expressed in Canadian dollars)

		3 months ended December 31		6 months ended December 31	
	Note	2023	2022	2023	2022
		\$	\$	\$	\$
<b>Revenues</b>	15				
Marketing activities		\$ 282,226	\$ 153,896	\$ 504,715	\$ 370,473
Interest income		<u>581,756</u>	<u>283,655</u>	<u>1,107,445</u>	<u>651,915</u>
		<b>\$ 863,982</b>	<b>\$ 437,551</b>	<b>\$ 1,612,160</b>	<b>\$ 1,022,388</b>
Direct expenses	14/15	<u>192,681</u>	<u>95,207</u>	<u>353,072</u>	<u>266,383</u>
		671,301	342,344	1,259,088	756,005
<b>Operating expenses</b>					
Selling and marketing	14/15	151,731	140,389	289,907	275,136
General and administrative	14/15	<u>303,298</u>	<u>301,531</u>	<u>576,404</u>	<u>585,916</u>
<b>Earnings/(Loss) from operations before depreciation, amortization and interest</b>		<b>216,272</b>	<b>(99,576)</b>	<b>392,777</b>	<b>(105,047)</b>
Stated interest expense					
Loan payable	6	237,570	107,889	463,958	219,823
9% non-convertible debentures payable	7	225,266	202,142	450,532	404,285
12% non-convertible debentures payable	8	12,000	-	24,000	-
Interest - Lease		-	-	-	180
Non-cash interest expense - accretion charges, restructuring bonus and amortization of transaction costs related to 9% non-convertible debentures payable	7	268,084	217,924	528,763	429,600
Non-cash interest expense - amortization of transaction costs related to 12% non-convertible debentures	8	2,128	-	4,257	-
Non-cash interest expense - accretion charges related to 12% non-convertible debentures payable	8	9,283	-	18,302	-
Non-cash interest expense - accretion of deferred gain related to 12% non-convertible debentures payable	8	<u>(9,283)</u>	<u>-</u>	<u>(18,302)</u>	<u>-</u>
<b>Net (loss) and comprehensive (loss)</b>		<b>\$ (528,776)</b>	<b>\$ (627,531)</b>	<b>\$ (1,078,733)</b>	<b>\$ (1,158,935)</b>
<b>(Loss) per share</b>					
Basic and Diluted		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (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 six months ended December 31, 2023 and 2022  
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at July 1, 2022</b>	\$ 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)
<b>Balance at December 31, 2022</b>	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 7,742,802</u>	<u>\$ (47,383)</u>	<u>\$ (43,726,792)</u>	<u>\$ (11,500,818)</u>
<b>Balance at July 1, 2023</b>	\$ 3,815	\$ 24,526,740	\$ 7,901,617	\$ (47,383)	\$ (45,095,010)	\$ (12,710,221)
Net (loss) and comprehensive (loss)	-	-	-	-	(1,078,733)	(1,078,733)
<b>Balance at December 31, 2023</b>	<u>\$ 3,815</u>	<u>\$ 24,526,740</u>	<u>\$ 7,901,617</u>	<u>\$ (47,383)</u>	<u>\$ (46,173,744)</u>	<u>\$ (13,788,955)</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, 2023 and 2022  
(expressed in Canadian dollars)

	Note	2023	2022
		\$	\$
<b>Operational activities</b>			
Net (loss) for the period		\$ (1,078,733)	\$ (1,158,935)
Adjustments for:			
Accrued and unpaid 9% non-convertible debentures payable interest - current and non-current payable	7	450,532	404,285
Accrued and unpaid 12% non-convertible debentures payable interest - current payable	8	24,000	-
Interest - Lease		-	180
Accretion charge - 9% non-convertible debentures payable	7	458,678	380,968
Restructuring bonus - 9% non-convertible debentures payable	7	56,608	38,608
Amortization of transaction costs - 9% non-convertible debentures payable	7	13,477	10,024
Amortization of transaction costs - 12% non-convertible debentures payable	8	4,257	-
Non-cash interest expense - accretion charges related to 12% non-convertible debentures payable	8	18,302	-
Non-cash interest expense - accretion of deferred gain related to 12% non-convertible debentures payable	8	(18,302)	-
		(71,181)	(324,870)
Changes in items of working capital			
Accounts receivable		18,286	(12,576)
Transaction credits		(3,995)	1,532,891
Prepaid expenses and sundry assets		-	40,172
Accounts payable and accrued liabilities excluding current portion of accrued and unpaid interest on 9% non-convertible debentures payable and 12% non-convertible debentures payable		18,192	244,386
		32,483	1,804,873
<b>Net cash generated/(used) - operating activities</b>		<b>\$ (38,698)</b>	<b>\$ 1,480,003</b>
<b>Financing activities</b>			
Payment for lease		-	(12,948)
Payment of interest - 12% non-convertible debentures payable		(22,882)	-
Proceeds of loan payable	6	6,322,140	2,320,821
(Repayment) of loan payable	6	(6,445,389)	(3,845,998)
<b>Net cash generated/(used) - financing activities</b>		<b>\$ (146,131)</b>	<b>\$ (1,538,125)</b>
<b>Increase/(Decrease) in cash during the period</b>		<b>\$ (184,829)</b>	<b>\$ (58,122)</b>
Cash at beginning of the period		340,427	93,185
<b>Cash at end of the period</b>		<b>\$ 155,598</b>	<b>\$ 35,063</b>
<b>Additional information</b>			
Interest paid		\$ 486,840	219,823

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