



ADVANTEX

Advantex Announces Fiscal 2023 Third Quarter Results

Encouraging improvement in operational metrics compared to previous periods:

- Revenues from core activity – Merchant Cash Advance program – up \$35,265 (10.5%) for three months and \$235,754 (29.9%) for nine months.
- Advantex Revenues up \$78,106 (17.3%) for three months and \$360,001 (30.2%) for nine months.
- Gross Profit improves by \$41,653 (11.3%) for three months and \$276,204 (31.0%) for nine months.
- Flat SG&A. Prior to Federal pandemic subsidies, increase of \$19,033 (4.5%) for three months and decrease of \$26,092 (2.0 %) for nine months.
- Decrease in Loss from operations before depreciation, amortization and interest, and prior to Federal pandemic subsidies. Reduction of \$22,620 to \$28,768 for 3 months and reduction of \$305,002 to \$135,703 for 9 months.

Toronto, May 30, 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 nine months ended March 31, 2023.

The operational improvement of Fiscal 2023 third quarter is not reflected at the level of loss before non-cash expenses due to end of Federal pandemic subsidies and increase in interest costs. Corresponding periods in the previous Fiscal year reflect significant Federal pandemic subsidies. The stated interest costs during Fiscal 2023 on 1) loan payable is higher primarily due to the increase of 300 bps in prime rate during Fiscal 2023, and 2) 9% non-convertible debentures payable reflects higher outstanding principal, and interest on accrued and unpaid interest.

Non-cash expenses which are to do with 9% non-convertible debentures saw an increase primarily in accretion charges which also reflect outcome of prescribed accounting connected to the January 2023 capital raise by way of 9% non-convertible debentures.

Advantex utilized a portion of the funds from the January 2023 \$600,000 capital raise, by way of 9% non-convertible debentures payable, to bolster its merchant cash advance (“MCA”) portfolio and this is reflected in improvement in revenues and in higher Transaction credits (MCA receivables) on the balance sheet (\$4,575,496 as at March 31, 2023 compared to \$1,779,377 as at December 31, 2022). Advantex closed a debenture placement of \$400,000 in April 2023. Using the additional capital Advantex expects to continue its operational improvement and reflect it at the results before non-cash expenses level.

Additional financial information is provided in the tabulation in this news release.

	Three months ended March 31			Nine months ended March 31		
	March 2023	March 2022	Inc./Dec)	March 2023	March 2022	Inc./Dec)
	\$	\$	\$	\$	\$	\$
Revenues						
Merchant Cash Advance ("MCA") program	\$ 372,415	\$ 337,150	\$ 35,265	\$ 1,024,330	\$ 788,576	\$ 235,754
Reseller of Aeroplan program - Loyalty Marketing	157,794	114,953	42,841	528,267	404,020	124,247
	\$ 530,209	\$ 452,103	\$ 78,106	\$ 1,552,597	\$ 1,192,596	\$ 360,001
Direct expenses						
Costs of loyalty rewards, and marketing in connection as Reseller of Aeroplan program	\$ 117,077	\$ 83,286	\$ 33,791	\$ 376,185	\$ 296,402	\$ 79,783
Expense for provision against delinquent accounts, credit/collection expense - MCA program	3,314	652	2,662	10,589	6,575	4,014
Gross profit	\$ 409,818	\$ 368,165	\$ 41,653	\$ 1,165,823	\$ 889,619	\$ 276,204
Selling and General & administrative expenses, prior to Federal pandemic subsidies	\$ 438,586	\$ 419,553	\$ 19,033	\$ 1,301,526	\$ 1,330,324	\$ (28,798)
(Loss) from operations before depreciation, amortization and interest, and prior to Federal pandemic subsidies	\$ (28,768)	\$ (51,388)	\$ (22,620)	\$ (135,703)	\$ (440,705)	\$ (305,002)
Federal pandemic wage and rent subsidies	-	(29,632)	(29,632)	(1,888)	(139,753)	(137,865)
(Loss) from operations before depreciation, amortization and interest	\$ (28,768)	\$ (21,756)	\$ 7,012	\$ (133,815)	\$ (300,952)	\$ (167,137)
Stated interest expense - Loan payable used exclusively for MCA program	\$ 185,330	\$ 139,600	\$ 45,730	\$ 405,153	\$ 334,687	\$ 70,466
	\$ (214,098)	\$ (161,356)	\$ 52,742	\$ (538,968)	\$ (635,639)	\$ (96,671)
Stated Interest expense - 9% non-convertible debentures payable - general working capital	\$ 243,138	\$ 199,029	\$ 44,109	\$ 647,423	\$ 571,590	\$ 75,833
(Loss) from operations before depreciation, amortization, non cash interest and non cash items	\$ (457,236)	\$ (360,385)	\$ 96,851	\$ (1,186,391)	\$ (1,207,229)	\$ (20,838)
Non-cash interest expense related to 9% non-convertible debentures payable						
Accretion charges	\$ 211,501	\$ 177,944	\$ 33,557	\$ 592,469	\$ 524,215	\$ 68,254
Performance bonus and amortization of transaction costs	35,043	21,976	13,067	83,675	64,190	19,485
Non-cash Interest - Lease	-	1,201	(1,201)	180	5,065	(4,885)
Net (loss) and comprehensive (loss)	\$ (703,780)	\$ (561,506)	\$ 142,274	\$ (1,862,715)	\$ (1,800,699)	\$ 62,016

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 nine months ended March 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.sedar.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. 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 material include, but are not limited to, changes in Advantex's economic and competitive conditions including but not limited to the industry sectors in which Advantex operates.

The statements in this news release are made 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.

For further information please contact

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

	Note	March 31, 2023	June 30, 2022
		\$	\$
Assets			
Current assets			
Cash		\$ 35,507	\$ 93,185
Accounts receivable		39,214	83,320
Transaction credits	5	4,575,496	3,312,268
Prepaid expenses and sundry assets		1,417	41,589
		<u>\$ 4,651,634</u>	<u>\$ 3,530,362</u>
Total assets		\$ 4,651,634	\$ 3,530,362
Liabilities			
Current liabilities			
Loan payable	6	\$ 4,977,375	\$ 4,019,685
Lease liability	15	-	12,768
Loan	16	60,000	60,000
Accounts payable and accrued liabilities		<u>2,962,125</u>	<u>2,825,914</u>
		<u>\$ 7,999,500</u>	<u>\$ 6,918,367</u>
Non-current liabilities			
9% non-convertible debentures payable	7	\$ 8,697,917	\$ 6,953,878
		<u>\$ 8,697,917</u>	<u>\$ 6,953,878</u>
Total liabilities		\$ 16,697,417	\$ 13,872,245
Shareholders' deficiency			
Share capital	8	\$ 24,530,555	\$ 24,530,555
Contributed surplus		7,901,617	7,742,802
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		<u>(44,430,572)</u>	<u>(42,567,857)</u>
Total deficiency		\$ (12,045,783)	\$ (10,341,883)
Total liabilities and deficiency		\$ 4,651,634	\$ 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 nine months ended March 31, 2023 and 2022
(expressed in Canadian dollars)

	Note	3 months ended March 31		9 months ended March 31	
		2023	2022	2023	2022
		\$	\$	\$	\$
Revenues	14				
Marketing activities		\$ 157,794	\$ 114,953	\$ 528,267	\$ 404,020
Interest income		<u>372,415</u>	<u>337,150</u>	<u>1,024,330</u>	<u>788,576</u>
		530,209	452,103	1,552,597	1,192,596
Direct expenses	13/14	<u>120,391</u>	<u>83,938</u>	<u>386,774</u>	<u>302,977</u>
		409,818	368,165	1,165,823	889,619
Operating expenses					
Selling and marketing	13/14	149,943	148,113	425,079	483,470
General and administrative	13/14	<u>288,643</u>	<u>241,808</u>	<u>874,559</u>	<u>707,101</u>
(Loss) from operations before depreciation, amortization and interest		(28,768)	(21,756)	(133,815)	(300,952)
Stated interest expense - loan payable, and 9% non-convertible debentures payable	6/7	428,468	338,629	1,052,576	906,277
Interest - Lease	15	-	1,201	180	5,065
Non-cash interest expense - accretion charges, restructuring bonus and amortization of transaction costs related to 9% non-convertible debentures payable	7	<u>246,544</u>	<u>199,920</u>	<u>676,144</u>	<u>588,405</u>
Net (loss) and comprehensive (loss)		\$ (703,780)	\$ (561,506)	\$ (1,862,715)	\$ (1,800,699)
(Loss) per share					
Basic and Diluted	12	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

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, 2023 and 2022
(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)	-	-	378,082	-	-	378,082
Net (loss) and comprehensive (loss)	-	-	-	-	(1,800,699)	(1,800,699)
Balance at March 31, 2022	\$ 3,815	\$ 24,526,740	\$ 7,742,802	\$ (47,383)	\$ (41,660,718)	\$ (9,434,744)
Balance at July 1, 2022	\$ 3,815	\$ 24,526,740	\$ 7,742,802	\$ (47,383)	\$ (42,567,857)	\$ (10,341,883)
Issuance of 9% non-convertible debentures payable (note 7)	-	-	158,815	-	-	158,815
Net (loss) and comprehensive (loss)	-	-	-	-	(1,862,715)	(1,862,715)
Balance at March 31, 2023	\$ 3,815	\$ 24,526,740	\$ 7,901,617	\$ (47,383)	\$ (44,430,572)	\$ (12,045,783)

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, 2023 and 2022
(expressed in Canadian dollars)

	Note	2023	2022
		\$	\$
Operational activities			
Net (loss) for the period		\$ (1,862,715)	\$ (1,800,699)
Adjustments for:			
Accrued and unpaid 9% non-convertible debentures payable interest	7	647,423	571,590
Interest - Lease	15	180	5,065
Accretion charge - 9% non-convertible debentures payable	7	592,469	524,215
Restructuring bonus - 9% non-convertible debentures payable	7	66,912	53,759
Amortization of transaction costs - 9% non-convertible debentures payable	7	16,763	10,431
		(538,968)	(635,639)
Changes in items of working capital			
Accounts receivable		\$ 44,106	\$ 43,135
Transaction credits		(1,263,228)	(2,765,779)
Prepaid expenses and sundry assets		40,172	2,085
Accounts payable and accrued liabilities		136,211	(85,398)
		(1,042,739)	(2,805,957)
Net cash (used) - operating activities		\$ (1,581,707)	\$ (3,441,596)
Financing activities			
Gross proceeds - 9% non-convertible debentures payable	7	\$ 600,000	\$ 1,150,000
Transaction costs - 9% non-convertible debentures payable	7	(20,713)	(85,616)
Payment for lease	15	(12,948)	(58,255)
Proceeds of loan payable	6	6,877,589	7,394,861
(Repayment) of loan payable		(5,919,899)	(4,948,407)
Net cash generated - financing activities		\$ 1,524,029	\$ 3,452,583
Increase/(Decrease) in cash during the period		\$ (57,678)	\$ 10,987
Cash at beginning of the period		93,185	82,606
Cash at end of the period		\$ 35,507	\$ 93,593
Additional information			
Interest paid		\$ 405,153	\$ 334,687

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