ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended September 30, 2020

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	At September 30, 2020	At June 30, 2020
		$	$
Assets			
Current assets			
Cash		$ 56,799	$ 166,601
Accounts receivable		113,572	118,901
Transaction credits	5	3,190,042	3,923,917
Prepaid expenses and sundry assets		52,687	58,781
		$ 3,413,100	**$ 4,268,200**
Non-current assets			
Right of use asset	15	$ 87,189	$ 98,562
		$ 87,189	**$ 98,562**
Total assets		**$ 3,500,289**	**$ 4,366,762**
Liabilities			
Current liabilities			
Loan payable	6	$ 3,661,636	$ 4,369,006
Lease liability		66,240	64,452
Loan	16	40,000	40,000
Accounts payable and accrued liabilities		2,441,536	2,364,759
9% Non convertible debentures payable	7	6,899,975	6,611,576
		$ 13,109,387	**$ 13,449,793**
Non-current Liabilities			
Lease liability	15	$ 67,433	$ 84,679
		$ 67,433	**$ 84,679**
Shareholders' deficiency			
Share capital	8	$ 24,530,555	$ 24,530,555
Contributed surplus		4,117,170	4,117,170
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(38,276,873)	(37,768,052)
Total deficiency		**$ (9,676,531)**	**$ (9,167,710)**
Total liabilities and deficiency		**$ 3,500,289**	**$ 4,366,762**

Going concern (note 2), 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, 2020 and 2019
(expressed in Canadian dollars)

	Note	2020	2019
		$	$
	18		Amended
Revenues	14		
Marketing activities		$ 112,958	179,583
Interest income		198,814	619,460
		$ 311,772	**$ 799,043**
Direct expenses	13/14	90,444	163,890
		221,328	635,153
Operating expenses			
Selling and marketing	13/14	147,165	187,863
General and administrative	13/14	162,697	409,376
Earnings/(loss) from operations before depreciation, amortization and interest		**(88,534)**	**37,914**
Stated interest expense - loan payable, and debentures	6/7	246,841	401,197
Interest - Lease	15	3,960	4,976
Non-cash interest expense (accretion charges), restructuring bonus and amortization of transaction costs related to non-convertible debentures payable	7	158,113	140,634
Depreciation of right of use asset	15	11,373	16,334
Depreciation of property, plant and equipment		-	8,760
Net (loss) and comprehensive (loss)		**$ (508,821)**	**$ (533,987)**
(Loss) per share			
Basic and Diluted	12	**$ (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 months ended September 30, 2020 and 2019
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	$	$	$	$	$	$
Balance - July 1, 2019	**$ 3,815**	**$ 24,526,740**	**$ 4,090,382**	**$ (47,383)**	**$ (34,840,656)**	**$ (6,267,102)**
Reported at September 30, 2019 as adjustment to deficit on account of adoption of IFRS 16 Leases at July 1, 2019	-	-	-	-	(35,218)	(35,218)
Reported Net (loss) and comprehensive (loss)	-	-	-	-	(532,406)	(532,406)
Reported as balance at September 30, 2019	3,815	24,526,740	4,090,382	(47,383)	(35,408,280)	(6,834,726)
Adjustments on account of amendments made at year end June 30, 2020 to initial computations on adoption of IFRS 16 Leases at July 1, 2019						
Reversal of adjustment made to deficit at July 1, 2019	-	-	-	-	35,218	35,218
Increase in Reported Net (loss) and comprehensive (loss)	-	-	-	-	(1,581)	(1,581)
Amended Balance - September 30, 2019	**$ 3,815**	**$ 24,526,740**	**$ 4,090,382**	**$ (47,383)**	**$ (35,374,643)**	**$ (6,801,089)**
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)**

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, 2020 and 2019
(expressed in Canadian dollars)

	Note	2020	2019
		$	$
	18		Amended
Operational activities			
Net (loss) for the period		$ (508,821)	$ (533,987)
Adjustments for:			
Accrued and unpaid 9% debentures interest		130,286	126,106
Interest - Lease	15	3,960	4,976
Depreciation of right of use asset	15	11,373	16,334
Depreciation of property, plant and equipment		-	8,760
Loss on disposal of property, plant & equipment		-	45
Accretion charge - non-convertible debentures payable	7	86,488	78,053
Restructuring bonus - non-convertible debentures payable	7	66,928	62,581
Amortization of transaction costs - non-convertible debentures payable	7	4,697	-
		(205,089)	(237,132)
Changes in items of working capital			
Accounts receivable		5,329	28,808
Transaction credits		733,875	1,424,048
Prepaid expenses and sundry assets		6,094	2,934
Accounts payable and accrued liabilities		76,777	(67,104)
		822,075	1,388,686
Net cash generated by operating activities		**$ 616,986**	**$ 1,151,554**
Financing activities			
Payment for lease	15	$ (19,418)	$ (19,418)
(Decrease) of loan payable	6	(707,370)	(1,178,355)
Net cash (used in) financing activities		**$ (726,788)**	**$ (1,197,773)**
(Decrease) in cash during the period		**$ (109,802)**	**$ (46,219)**
Cash at beginning of the period		166,601	119,636
Cash at end of the period		**$ 56,799**	**$ 73,417**
Additional information			
Interest paid		$ 116,555	$ 275,091
Cash		$ 56,799	$ 73,417

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 three months ended September 30, 2020 and 2019 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 receivables.

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 have acquired aeroplan points from the company. The original five year term of the agreement ended April 30, 2019, was extended to April 2020 and since then has been extended to April 30, 2021; the two parties continue to work 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 $9,676,531 and negative working capital of $9,696,287 as at September 30, 2020. The company is also in breach of its covenants on its debentures, and has not paid the interest due on its debentures since December 15, 2018 (note 7). There is uncertainty surrounding the company's ability to generate cash flows sufficient to meet its operational needs including meeting payroll, payments to its suppliers, payment of interest on the 9% debentures and payment of interest on the loan payable. Failure to make payments to suppliers may lead to termination of agreements with entities such as Aeroplan Inc. and the denial of services required by the company to operate. The 9% debentures are secured by a general security interest over the assets of the company and its subsidiaries and since the debentures are in default, the holders of the 9% debentures have the right to demand re-payment and realize upon a part or all of the security held by them. The loan payable supports the company's merchant cash advance program, is a demand facility and if the company cannot pay interest it would be in default and the provider has the right to demand re-payment. 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, 2020, 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 March 31, 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 4 to the audited consolidated financial statements for year ended June 30, 2020.

5 Transaction credits

Under the MCA program the company provides merchants with working capital and in return acquires the rights to their future receivables at a discount (“transaction credits”).

These transaction credits are estimated to be fully extinguishable within 365 days. Transaction credits are net of applicable allowance, which is established based on the specific credit risk associated with the customer and other relevant information.

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

The transaction credits and the allowance is as follows:

	At September 30, 2020	At June 30, 2020
	$	$
Transaction credits	$ 4,211,740	$ 4,918,115
Allowance	(1,021,698)	(994,198)
Per statement of financial position	**$ 3,190,042**	**$ 3,923,917**

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

	At September 30, 2020	At June 30, 2020
	$	$
Impaired transaction credits	$ 461,962	$ 353,108
Allowance	(461,962)	(353,108)
Impaired transaction credits not allowed for	**$ -**	**$ -**
The company carries a general allowance towards transaction credits. This provision at September 30, 2020 and June 30, 2020 includes a forecast loss ratio to estimate for recovery issues on account of covid-19 pandemic	$ 559,736	$ 641,090

Movement on allowance for impaired transaction credits

	At September 30, 2020	September 30, 2019
	$	$
Balance brought forward at start of period	**$ 994,198**	**$ 239,909**
Allowance created during the period	27,500	66,000
Impaired accounts written off against allowance	-	(100,425)
Balance carried forward at end of period	**$ 1,021,698**	**$ 205,484**

6 Loan payable

	At September 30, 2020	At June 30, 2020
	$	$
Balance at start of period	**$ 4,369,006**	**$ 8,416,076**
(Decrease) in borrowing	(707,370)	(4,047,070)
Balance at end of period	**$ 3,661,636**	**$ 4,369,006**

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.

The current term ends in December 2021. The agreement is subject to automatic renewal thereafter for periods of one year unless earlier terminated by either party prior to end of term.

The interest rate is equivalent to the prime rate of a certain Canadian bank plus 9.05%. 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.

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 to June. 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, 2020 and date hereof the company has fully utilized this facility.

The interest cost during the three months ended September 30, 2020 was $116,555 (2019 $275,091).

7 9% Non-convertible debentures payable

In December, 2017 the company re-financed its 12% debentures as 9% Non-convertible debentures payable ("9% debentures") maturing December 31, 2021. The 9% debentures bear interest at 9% per annum payable semi-annually, and carry the right to receive restructuring bonus payment of $180 for each $1,000 of 9% debentures on December 31, 2021.

The company issued 5,559 units consisting of principal amount of $5,559,000 9% debentures and 601,728,396 common shares of the company.

The units were issued as follows:

1. Principal amount of $5,159,000 9% debentures and 558,430,796 common shares of the company issued to holders of 12% debentures; and
2. Principal amount of $400,000 new investment in 9% debentures and 43,297,600 common shares of the company.

On October 28, 2019 the company issued additional 200 units of 9% debentures for gross proceeds of $200,000. The additional 200 units of 9% debentures was a related party transaction and the purchase was on terms and conditions applicable to the other subscribers of 9% debentures. Pursuant to the financing the company also issued 21,648,800 common shares. In addition, the company incurred $40,703 of transaction costs related to the transaction and these are being amortized to maturity date.

The 9% debentures are secured by a general security interest over the assets of the company and its subsidiaries. The 9% debentures require the company to meet financial covenants. 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% debentures agreement and, as a result, the 9% debentures holders would have the right to waive the event of default, demand immediate payment of the 9% debentures in full or modify the terms and conditions of the 9% 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% debentures, the 9% debentures holders would have the right to realize upon a part or all of the security held by them.

The company was in default on its interest coverage financial covenant at June 30, 2019. The company was in default on all its financial covenants at September 30, 2019 and continues to be in default in subsequent quarters. In addition, the company did not pay the interest due December 15, 2020 for the period June 16, 2020 to December 15, 2020, due June 15, 2020 for the period December 16, 2019 to June 15, 2020 and due December 15, 2019 for the period June 16, 2019 to December 15, 2019. As a result the 9% debentures have been classified as a current liability.

The company did not pay interest due June 15, 2019 for the period December 16, 2018 to June 15, 2019. The company obtained a waiver to this event of default on June 21, 2019. As compensation, the company issued 75 million common shares to the debenture holders to be distributed on a pro-rata basis of the principal amount of the 9% debentures held by each holder. The company issued the fully paid common shares on July 10, 2019. The common shares were valued at $nil based on the estimated market value of the common shares at the date of the agreement.

Movement on 9% debentures

		Debt portion		Accrued and Unpaid interest		Total
		$		$		$
Balance at June 30, 2019	**$**	**5,095,949**	**$**	**271,624**	**$**	**5,367,573**
Accretion charge for the period		78,053		-		78,053
Restructuring bonus for the period		62,581		-		62,581
Amortization of transaction costs		-		-		-
Interest for the period		-		126,106		126,106
Balance at September 30, 2019	**$**	**5,236,583**	**$**	**397,730**	**$**	**5,634,313**
Balance at June 30, 2020	**$**	**5,827,191**	**$**	**784,385**	**$**	**6,611,576**
Accretion charge for the period		86,488		-		86,488
Restructuring bonus for the period		66,928		-		66,928
Amortization of transaction costs		4,697		-		4,697
Interest for the period		-		130,286		130,286
Balance at September 30, 2020	**$**	**5,985,304**	**$**	**914,671**	**$**	**6,899,975**

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

	Period ended September 30, 2020			Period ended September 30, 2019		
	Stated interest	Restructuring bonus	Accretion charge	Stated interest	Restructuring bonus	Accretion charge
	$	$	$	$	$	$
9% debentures	$ 130,286	$ 66,928	$ 86,488	$ 126,106	$ 62,581	$ 78,053
	$ 130,286	$ 66,928	$ 86,488	$ 126,106	$ 62,581	$ 78,053

In addition, during three months ended September 30, 2020 costs include $4,697 amortization of transaction costs incurred for the $200,000 raised in October 2019.

8 Share capital

Authorized and Issued share capital.

No change in the authorized share capital since June 30, 2020.

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, 2019, June 30, 2020 and September 30, 2020.

The number of employee stock options available for future issuance as at June 30, 2020 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.

The maximum number of common shares of the company which may be made subject to issuance under RSUs granted under the RSU Plan shall not exceed 32,000,000 common shares. The company has not granted any RSUs under the RSU plan as at June 30, 2020 and September 30, 2020.

Potentially Dilutive Securities

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

10 Related party transactions

In December 2017 the related parties holding 12% debentures were issued units comprising 9% debentures and common shares of the company (note 7), on terms and conditions applicable to the other holders of 12% debentures. The 12% debentures were purchased by the related parties on terms and conditions applicable to the other subscribers. In October 2019 related parties purchased 200 units of 9% debentures (note 7) on terms and conditions applicable to existing holders of 9% debentures.

The holdings of 9% debentures by related parties are tabulated:

	September 30, 2020	September 30, 2020	June 30, 2020	June 30, 2020
	$		$	
	9% debentures	Common shares	9% debentures	Common shares
Director, Chief Executive Officer - K. Ambrose	$ 500,000	95,523,818	$ 500,000	95,523,818
Director - M. Lavine	500,000	73,514,818	500,000	73,514,818
Chief Financial Officer - M.Sabharwal	115,000	27,498,576	115,000	27,498,576
R. Abramson, GIACP, GPMCA (a)	2,669,120	321,629,458	2,669,120	321,629,458
Herbert Abramson (b)	106,000	11,560,814	106,000	11,560,814
	$ 3,890,120	529,727,484	$ 3,890,120	529,727,484
Total issued and outstanding 9% debentures and common shares	$ 5,759,000	878,948,414	$ 5,759,000	878,948,414
% held by parties in tabulation	67.5%	60.3%	67.5%	60.3%

(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 following 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

Commitments

As at September 30, 2020 the company is committed to minimum payments with respect to existing leases for equipment:

	Equipment	Total
	$	$
Not later than one year	$ 8,417	$ 8,417
Total	**$ 8,417**	**$ 8,417**

The expense related to above operating leases is expensed in selling and marketing, and general and administrative expenses in the consolidated statements of loss.

Note 15 Leases carries the company's commitment with respect to its head office lease.

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, 2020	Period ended September 30, 2019
	$	$
Net (loss) and comprehensive (loss)	$ (508,821)	$ (533,987)
Basic and Diluted EPS		
Average number of issued common shares during the period	878,948,414	849,962,657
Basic EPS	**$ (0.00)**	**$ (0.00)**
There are no potentially dilutive common shares outstanding at September 30, 2020 and 2019. Hence Diluted EPS not computed		

13 Nature of expenses

	Period ended September 30, 2020	Period ended September 30, 2019
	$	$
Direct expenses		
Costs of cardholders awards, and marketing and advertising in connection with the company's merchant based loyalty programs	$ 61,717	$ 97,764
Expense for provision against impaired accounts receivable and transaction credits	28,727	66,126
	$ 90,444	**$ 163,890**
Selling and Marketing, and General & Administrative		
Salaries and wages including travel	242,390	$ 485,564
Professional fees	34,044	23,249
Facilities, processing, and office expenses	29,514	80,401
Other	3,914	8,025
	$ 309,862	**$ 597,239**

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, 2020 and September 30, 2019 (Amended) 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, 2020.

	MCA program	Aeroplan program	Corporate	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 - Non convertible debentures payable	83,082	47,204	-	130,286
Interest - Lease	2,525	1,435	-	3,960
Non-cash interest - Non convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	100,827	57,286	-	158,113
Depreciation - Right of use asset	7,252	4,121	-	11,373
Segment (loss)	(337,750)	(171,071)	-	(508,821)

For the period ended September 30, 2019

	MCA program	Aeroplan program	Corporate	Total
	$	$	$	$
Revenues	619,460	179,583	-	799,043
Direct expenses	66,126	97,764	-	163,890
	553,334	81,819	-	635,153
Selling & marketing	145,641	42,222	-	187,863
General & administrative	317,370	92,006	-	409,376
Earnings (loss) from operations before depreciation, amortization and interest	90,323	(52,409)	-	37,914
Stated interest - loan payable	275,091	-	-	275,091
Stated interest - Non convertible debentures payable	97,764	28,342	-	126,106
Interest - Lease	3,858	1,118	-	4,976
Non-cash interest - Non convertible debentures payable - accretion charges, and restructuring bonus	109,027	31,607	-	140,634
Depreciation - Right of use asset	12,663	3,671	-	16,334
Depreciation and amortization	6,791	1,969	-	8,760
Segment (loss)	(414,871)	(119,116)	-	(533,987)

15 Leases

The company adopted IFRS 16 with respect to its head office lease (note 1).

Movement is tabulated:

	Right of use asset	Lease liability
Balance at June 30, 2020	$98,562	$149,131
Depreciation for the period	(11,373)	-
Interest payments	-	3,960
Lease payments	-	(19,418)
Balance at September 30, 2020	$87,189	$133,673
Current		$ 66,240
Long-term		67,433
		$133,673

The undiscounted lease liability is as follows:

	Base rent
Due 12 months ended September 30, 2021	$ 77,671
Due 12 months ended September 30, 2022	71,198
Total	$148,869

16 Government subsidies

The company has availed Covid-19 pandemic relief measures.

Amount of $141,055 received under the Canada Emergency Wage Subsidy is reflected as a reduction of the salaries and wages disclosed in note 13.

The company received $40,000 under the Canada Emergency Business Account. In December 2020 the company applied for and received an additional $20,000 under this subsidy. $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.

The company's landlord applied for Canada Emergency Commercial Rent Assistance program.

The company is receiving assistance towards its rent payments from October 2020 under the Canada Emergency Rent Subsidy.

17 Subsequent events

The Ontario Securities Commission ("OSC") issued an order dated February 25, 2021 partially revoking (the "Partial Revocation Order") the failure-to-file cease trade order issued against the company on November 1, 2019 (the "FFCTO") for failing to file certain outstanding continuous disclosure documents in a timely manner.

The company applied for the Partial Revocation Order to complete a financing (the "Financing") whereby, through its managed accounts and principals, Generation IACP Inc. ("GIACP") and Generation PMCA Corp. ("GPMCA" and together with GIACP, "Generation") would subscribe for $200,000 of senior secured non-convertible debentures of the company bearing interest at 9% per annum and maturing on December

31, 2025 (“New Debentures”) and Kelly Ambrose, the company’s President and Chief Executive Officer and a director, would subscribe for $50,000 of the New Debentures. The New Debentures are on the same terms and rank pari passu with 9% debentures bearing interest at 9% per annum and maturing on December 31, 2021. The FFCTO continues to apply in all other respects.

The company previously obtained the requisite consents from the holders of the 9% debentures to complete the Financing.

As the Financing would constitute a related party transaction pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”), the company relied on the financial hardship exemption from both the formal valuation and minority approval requirements of such instrument.

The company closed the $250,000 Financing on March 16, 2021 by way of senior secured non-convertible debentures. The Financing was conducted in accordance with the terms of the partial revocation order issued by the OSC. The company also received agreement of the 9% debentures to extend their maturity date from December 31, 2021 to December 31, 2025.

The proceeds of the Financing will be used to pay for: (i) the preparation and filing of the outstanding continuous disclosure documents and late filing fees with the applicable regulatory authorities; (ii) legal expenses incurred in connection with the Partial Revocation Order, the revocation of the FFCTO and the Financing; (iii) operational and general administrative expenses; (iv) payment of accounts payable incurred in the ordinary course of business; and (v) partial funding of its Merchant Cash Advance business as public health restrictions are gradually eased in Canada.

18 Comparatives

Amendments were made at year end June 30, 2020 to initial computations on adoption of IFRS 16 Leases at July 1, 2019. This resulted in adjustments to amounts reported at September 30, 2019; increase in the reported net loss for three months ended September 30, 2019 of $1,581, decrease in reported total assets by $125,956, and decrease in total liabilities by $159,593. These consolidated financial statements reflect amended amounts. Additional details are provided in the management discussion and analysis for year ended June 30, 2020 under section Amendments to Amounts Reported in Interim Financial Statements of Fiscal 2020.

Certain comparatives have been amended to conform to presentation in the current period.

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