ADVANTEX

ADVANTEX® MARKETING INTERNATIONAL INC.
Management's Discussion and Analysis of Operating Results
For the three month periods ended September 30, 2020 and 2019

This management's discussion and analysis ("MD&A") has been prepared based on information available to Advantex Marketing International Inc. ("Advantex" or "the company") as at March 31, 2021. MD&A is a narrative explanation to enable the reader to assess material changes in the financial condition and results of operations of the company during the three month period ended September 30, 2020 compared to the three month period ended September 30, 2019. This MD&A should be read in conjunction with the company's audited consolidated financial statements and the related notes for the twelve months ended June 30, 2020, and the interim consolidated financial statements and the related notes for the three months ended September 30, 2020 which are available on www.sedar.com. All dollar amounts are stated in Canadian Dollars, which is the company's presentation and functional currency, unless otherwise noted. Certain dollar amounts have been rounded and may not tie directly to the interim and audited consolidated financial statements.

Overall Performance

Advantex is an aggregator of independent merchants, and currently provides merchant cash advance ("MCA") and loyalty marketing services to its community of merchants. MCA program meets working capital needs of merchants. It is the core business of the company. Loyalty marketing provides merchants an economic way to market their establishments to about 5 million consumers. Loyalty marketing services are delivered through its re-seller relationship with Aeroplan loyalty program owned by Air-Canada.

The company's merchants operate across Canada in diverse business segments: restaurants; independent inns, resorts and selected hotels; spas; retailers of men's and ladies fashion, footwear and accessories; florists and garden centres; health and beauty centres; gift stores; and home décor, many of which are leaders in their respective business segment.

While three months ended September 30, 2019 ("Q1 Fiscal 2020") saw the completion of transition to new business model, MCA program, 3 months ended September 30, 2020 ("Q1 Fiscal 2021") was shaped by the devastating impact of the Covid-19 pandemic.

Transition to MCA program

For the better part of fiscal year ended June 30, 2019 ("Fiscal 2019") the company developed and managed merchant based loyalty programs for Canadian Imperial Bank of Commerce ("CIBC") and The Toronto Dominion Bank ("TD") through its CIBC/TD program. Given that the CIBC/TD program would wind-up by June 30, 2019 the company commenced during the latter half of Fiscal 2019 the transition to MCA program. The company completed this transition during the three months ended September 30, 2019.

In the MCA program the company provides merchants' with working capital through pre-purchase, at a discount, of merchants' future receivables and company earns its revenue, per contract terms, as it collects against the pre-purchased receivables. The working capital given to the merchants is the transaction credits on the consolidated statement of financial position.

Impact of Covid-19 pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus, Covid-19, as a global pandemic. The government in Canada ordered the closure of all non-essential businesses. Practically

all of the company's customers, small independent merchants, operate in the non-essential business segments. Since March 2020 until date hereof the restrictions have flexed between lockdowns and limited relaxation across Canada resulting in a devastating impact on the company's Q1 Fiscal 2021 performance and further deterioration of its financial position since June 30, 2020.

Restrictions led to decline in the ability of the company's merchants to pay the contracted amounts per MCA agreements. It also did not give significant additional advances – both on account of its diminished working capital availability and the credit environment and this in turn led to decline in MCA program transaction credits and participating merchants. The two factors led to a sharp decline in company's MCA revenues. Similarly the company's re-seller program ("Aeroplan program") dependent on agreement with Aeroplan Inc., operator of Aeroplan Loyalty Program owned by Air-Canada was impacted. Participating merchants either stopped or curtailed their loyalty marketing activities leading to decline in revenues from this program. Q1 Fiscal 2021 company revenues at $311,772 declined $487,271 (61.0%) compared to Q1 Fiscal 2020. Consequently the company was left with a weak balance sheet after further working capital deterioration during the Covid-19 pandemic.

Given the severe adverse economic effect on small independent businesses the company took a significant reserve during year ended June 30, 2020 ("Fiscal 2020") against the amounts due from merchants in its MCA portfolio, and continued to monitor credit risk during Q1 Fiscal 2021.

The company availed federal government Covid-19 pandemic relief measures during Fiscal 2020 and continues to do so as of date hereof. To manage its costs the company had to lay-off of some staff and the remaining staff including the management, since April 1, 2020, are receiving 85% of their pre pandemic remuneration with assistance from Canada Emergency Wage Subsidy. 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. The company's landlord applied for Canada Emergency Commercial Rent Assistance program. Since October 2020 the company is accessing the Canada Emergency Rent Subsidy.

Prior to Covid-19 the company entered discussions with two unrelated parties for loans to supplement its working capital and provide growth capital in order to expand the MCA business. Expansion was expected to lead to financial stability. The two parties terminated the discussions citing Covid-19 issues.

The company applied for working capital loans with the Business Development Bank of Canada, under the federal government pandemic support programs, and Canadian Imperial Bank of Commerce, the company's long-standing commercial banker but was unsuccessful in both cases. The reason was the weak balance sheet.

The upshot was the company: a) fell into arrears with monthly interest payments to Accord Financial Inc. ("Accord") provider of credit facility (see Section Loan Payable) which is the source of 90% of funds for the MCA program, and other suppliers/service providers, b) did not have the funds to pay for the audit so did not timely file the Fiscal 2020 annual financial statements and related documents by due date of October 28, 2020, and c) had diminished capacity – both in terms of access to capital and as a consequence of the credit environment to maintain its MCA portfolio.

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 company has a decade old relationship with Aeroplan. The current five year term of the agreement ended April 30, 2019 which was extended to April 30, 2020 and thereafter – in July 2020 - has been extended to April 30, 2021; the two parties continue to work while discussing future terms and direction. Merchants are able to leverage a powerful currency to market their business, specific products and services to the Aeroplan membership which is able to accelerate earning aeroplan points. Advantex earns its revenue in the Aeroplan program from selling aeroplan points, at an agreed price per aeroplan point, to participating merchants. During Q1 Fiscal 2021 and Q1 Fiscal 2020 the company had about 100 merchants. The agreement can be terminated by Aeroplan under certain conditions, including the company being in default on payments and not being able to cure default within stipulated timeline during its term. The company and Aeroplan had established a payment plan to enable the company to settle arrears. Primarily due to Covid-19 the company could not keep up with payments under the payment plan. The company and Aeroplan re-established the payment plan. As of date

hereof the company is in arrears with respect to the payment plan as well as amounts due on current invoices of past couple of months. Advantex and Aeroplan are negotiating a revised payment plan.

The company continued to be in default on the financial covenants and interest payments on its 9% Non convertible Debentures Payable ("9 debentures") (see Section 9% Non-convertible Loan Payable) with no ability to cure the default.

Since the company was not in a position to timely file the Fiscal 2019 annual financial statements and related financial documents the Ontario Securities Commission ("OSC") issued a cease trade order on November 1, 2019. While the company remedied filing situation on May 21, 2020 by filing Fiscal 2019, three months ended September 30, 2019 and three and six months ended December 31, 2019 financial documents it did not, as noted above, timely file its Fiscal 2020 annual financial statements and related financial documents. The company also did not timely file its interim financial statements and related financial documents for three months ended September 30, 2020. Consequently the company's common shares which are listed on the Canadian Securities Exchange ("CSE") under the symbol ADX continue to be under a cease trade order.

Capital Raise Developments post September 30, 2020

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.

Next steps

Upon bringing its disclosure record to current status the company will apply to the OSC for full revocation of the FFCTO.

Simultaneously, the company will be seeking growth capital.

The company requires continued access to its existing levels of debt and access to additional working capital in the form of debt and or equity to fund growth of MCA program. The growth of MCA portfolio is essential to the company being able to initially break-even and then generate surplus cash from its operating activities and move towards financial stability.

The company is aware given the FFCTO and the financial difficulties it faces there is no guarantee that capital will be available to the company at economic terms, if at all, once the FFCTO has been revoked or at all.

Outlook

The outlook from the MD&A dated March 31, 2021 for year ended June 30, 2020 is reproduced in its entirety as it is applicable to this MD&A dated March 31, 2021.

"The company believes its core business - MCA - is a growth industry because institutional lenders are not available to independent merchants, likely even more so because of Covid-19 pandemic. Independent merchants are the engines of significant economic activity. Although there are several competitors in the MCA space the company believes the transparency, pricing and its go-to market strategy give it an ability to grow its MCA portfolio if it has access to growth capital.

As of date hereof, primarily due to Covid pandemic, the company's MCA portfolio has declined to about 100 merchants. The company believes if it has capital to grow this business it has the ability to initially go back to pre Covid pandemic level of about 250 merchants and expand beyond significantly thereafter. The growth of company's MCA portfolio is essential to bring financial stability.

The loyalty marketing service the company provides is dependent on its agreement with Aeroplan, operator of Aeroplan Loyalty Program. The current agreement ends April 30, 2021. The two parties continue to work while discussing future terms and direction and the company expects to secure a multi-year renewal upon attaining financial stability. Operating this program gives the company a significant secondary business line and an advantage over competition in the MCA space. The company can offer loyalty marketing opportunities to merchants which the competition cannot.

As discussed above in section Capital Raise Developments post June 30, 2020 the company obtained approval of the OSC and closed a raise of $250,000 by way of a 9% Non-Convertible Debenture. The funds are to enable the company to bring to current status its public disclosure record, apply for a full revocation of the cease trade order, operate and maintain its client base at existing level while it seeks growth capital.

The company shall be looking to timely raise growth capital raise by way of either debt and or equity which it believes is necessary to secure the on-going support from its current partners, grow the MCA program, achieve financial stability followed by a gradual growth phase.

The company's consolidated financial statements for Fiscal 2020 and Section Working Capital and Liquidity Management in this document carry a going concern note. In the event the company cannot secure growth capital in a timely manner it will cease operations."

Information respecting Capital Raise Developments post June 30, 2020 noted above is available under section Capital Raise Developments post September 30, 2020 in this document. The company's interim consolidated financial statements for three months ended September 30, 2020 and Section Working Capital and Liquidity Management in this document carry also a going concern note.

Summary – Three months ended September 30, 2020

Q1 Fiscal 2021 financial performance reflects impact of Covid-19.

During Q1 Fiscal 2021 and Q1 Fiscal 2020 the company operated MCA and Aeroplan programs.

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. The consolidated financial statements for three months ended

September 30, 2020 reflect amended amounts for September 30, 2019. 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. All comparisons in this document are to amended amounts for three months ended September 30, 2019.

The financial highlights for Q1 Fiscal 2021 compared to Q1 Fiscal 2020 are summarized in the tabulation:

	Q1 Fiscal 2021	Q1 Fiscal 2020
	$	$
Revenues		
MCA program	$ 198,814	$ 619,460
Aeroplan program	112,958	179,583
	$ 311,772	**$ 799,043**
Gross profit	**$ 221,328**	**$ 635,153**
Gross margin	71.0%	79.5%
Earnings/(loss) from operations before depreciation, amortization and interest	**$ (88,534)**	**$ 37,914**
Net (loss) and Comprehensive (loss)	**$ (508,821)**	**$ (533,987)**

Income Statement – Q1 Fiscal 2021 compared to Q1 Fiscal 2020

The $487,271 drop in the company's revenues to $311,772 reflects the impact of Covid-19. MCA program revenues declined $420,646 (67.9%) and Aeroplan program revenues declined $66,625 (37.1%).

The $413,825 drop in the company's gross profit to $221,328 reflects mainly decline in revenues. MCA program gross profit declined $383,247 (69.3%) and Aeroplan program gross profit declined $30,578 (37.4%).

Selling expenses were $40,698 lower, a 21.7% drop. To offset some of the financial impact of Covid-19 since April 1, 2020, sales staff are receiving 85% of their pre pandemic remuneration with assistance from Canada Emergency Wage Subsidy ("CEWS"). The CEWS received for sales and administration staff is reflected in G&A (see Section G&A). In addition, the headcount was lower by two, one of whom was on lay-off.

General & Administrative ("G&A") were $246,679 lower, a 60.3% drop. To offset some of the financial impact of Covid-19 pandemic, administration staff including management, since April 1, 2020, are receiving 85% of their pre pandemic remuneration with assistance from CEWS. The results for Q1 Fiscal 2021 reflect CEWS of $141,055. Staff remuneration including travel expenses are the main component of SG&A.

Q1 Fiscal 2021 reflects a loss from operations before depreciation, amortization and interest of $88,534. Q1 Fiscal 2020 reflects earnings from operations before depreciation, amortization and interest of $37,914. The deterioration of $126,448 reflects lower gross profit partially offset by lower Selling/G&A expenses.

Stated interest cost was lower by $154,356. The decrease reflects lower interest paid of $158,536 on loan payable (Q1 Fiscal 2021 $116,555 compared to $275,091 for Q1 Fiscal 2020) which is a reflection of lower utilization of loan payable. Average loan payable balance during Q1 Fiscal 2021 was $4,018,357 compared to $8,190,808 during Q1 Fiscal 2020. The lower utilization reflects lower MCA program receivables (transaction credits on the balance sheet) during Q1 Fiscal 2021. While the company reduced the collections from merchants so as not to stress the merchants' cash flows during Covid-19 it also did not give significant additional advances – both on account of its diminished working capital availability and the credit environment.

Q1 Fiscal 2021 non cash interest at $162,073 is higher by $17,479. Accretion charges and restructuring bonus relating to 9% debentures for Q1 Fiscal 2021 was higher by $12,782 partially reflecting issuance of $200,000 9% debentures in October 2019. Also expensed is $4,697 amortization of transaction costs incurred on raise of the $200,000 9% debentures (Q1 Fiscal 2020 $nil).

The depreciation for right of use asset was lower ($11,373 vs. $16,334) reflecting write-off due to its partial impairment at June 30, 2020. At end of Fiscal 2020 the property, plant and equipment were fully depreciated. Consequently depreciation and amortization expense was lower by $13,721.

The above factors are reflected in a lower net loss. Q1 Fiscal 2021 $508,821 vs. Q1 Fiscal 2020 $533,987.

<u>Balance Sheet – Q1 Fiscal 2021 compared to Q1 Fiscal 2020</u>

Transaction credits (net of provision for delinquent accounts) were about 91.1% of total assets at end of Q1 Fiscal 2021 (Q1 Fiscal 2020 89.9%). Transaction credits represent balance receivable of working capital advanced to merchants. Transaction credits, net of provision for delinquent accounts, of $3,190,042 at September 30, 2020 were $4,859,909 lower compared to $8,049,951 at September 30, 2019. Since the start of Covid-19 pandemic while the company reduced the collections from merchants so as not to stress the merchants' cash flows it also did not give significant additional advances – both on account of its diminished working capital availability and the credit environment. In addition, the balance at September 30, 2020 reflects an additional general reserve for potential delinquent transaction credits on account of Covid-19. The general reserve at September 30, 2020 is $559,736 (September 30, 2019 $74,975). Consequently the total provision for delinquent transaction credits at September 30, 2020 was $1,021,698 (Q1 Fiscal 2019 $205,484). Both of the foregoing factors are reflected in lower transaction credits at September 30, 2020. September 30, 2019 reflects transition of merchants participating in the CIBC/TD program to the MCA program. Under the MCA program the working capital advances of merchants being transitioned were refreshed to new higher credit limits.

Loan payable of $3,661,636 at September 30, 2020 was $3,576,085 lower compared to $7,237,721 at September 30, 2019. The loan payable is used exclusively to fund transaction credits deployed with merchants. The company funds 10% of each dollar of transaction credit and the loan payable funds the balance 90%. The company back-stops all delinquencies. The loan payable balance at September 30, 2020 also includes amounts payable under the working capital overdraft provided by Accord. The loan payable balance at September 30, 2020 (net of working capital overdraft) and September 30, 2019 primarily reflects the change in transaction credits (grossed up for general reserve) at the end of the two periods.

9% debentures reflect accrued and unpaid interest of $914,671 for the period December 16, 2018 until September 30, 2020 ($397,730 at September 30, 2019 for period December 16, 2018 until September 30, 2019). The company does not have the ability to pay the interest.

Results of Operations

	Q1 Fiscal 2021	Q1 Fiscal 2020
	$	$
Revenues	**$ 311,772**	**$ 799,043**
Direct Expenses - Cost of cardholder rewards and marketing in connection with merchant based loyalty program	61,717	97,764
Direct Expenses - Expense for provision against delinquent accounts	28,727	66,126
Gross profit	**$ 221,328**	**$ 635,153**
Selling and General & Administrative	309,862	597,239
Earnings/(loss) from operations before depreciation, amortization and interest	**$ (88,534)**	**$ 37,914**
Cash interest on loan payable and debentures	246,841	401,197
(Loss) from operations before depreciation, amortization, non-cash interest, and other non cash expenses	**$ (335,375)**	**$ (363,283)**
Depreciation of right of use asset	11,373	16,334
Depreciation and amortization	-	8,760
Interest - Lease	3,960	4,976
Non cash interest expense on 9% debentures - accretion, performance bonus, amortization of transaction costs	158,113	140,634
Net (loss) and Comprehensive (loss)	**$ (508,821)**	**$ (533,987)**
Basic and Diluted (loss) per share	**$ (0.00)**	**$ (0.00)**

Extract from the Statement of Financial Position

	At September 30, 2020	At June 30, 2020	Increase/ (Decrease)
	$	$	$
Current assets	$ 3,413,100	$ 4,268,200	$ (855,100)
Total assets	$ 3,413,100	$ 4,268,200	$ (855,100)
Shareholders' deficiency	$ (9,763,720)	$ (9,266,272)	$ 497,448

The change in current assets primarily reflected decrease in transaction credit, net of provision for delinquent accounts, of $733,875.

Since the start of Covid-19 pandemic while the company reduced the collections from merchants so as not to stress the merchants' cash flows it also did not give significant additional advances – both on account of its diminished working capital availability and the credit environment. This is the primary reason for the decline in transaction credits.

The change in the total assets primarily reflects decrease in the current assets.

On the current liabilities side, the main change is on account of loan payable. Loan payable supports 90% investment in transaction credits. The loan payable balance at September 30, 2020 also includes amounts payable under the working capital overdraft provided by Accord (September 30, 2020 $460,000 vs. June 30, 2020 $184,098). The loan payable balance at September 30, 2020 at $3,661,636 was down $707,370 compared to June 30, 2020. The loan payable balance at September 30, 2020 and June 30, 2020 (net of working capital overdraft) primarily reflects the change in transaction credits (grossed up for general reserve – see credit risk under section Critical Accounting Estimates) at the end of the two periods.

The 9% debentures accrued and unpaid interest increased $130,286.

The movement in the shareholders' deficit reflects net loss during Q1 Fiscal 2021.

Extracts from the Statement of Cash Flow

	Q1 Fiscal 2021	Q1 Fiscal 2020	Change
	$	$	$
Net (loss)	$ (508,821)	$ (533,987)	$ 25,166
Adjustments for non cash expenses	303,732	296,855	6,876
(Loss) after adjustments for non cash expenses	$ (205,089)	$ (237,132)	$ 32,042
Changes in working capital	822,075	1,388,686	(566,611)
Net (used by) financing activities	(726,788)	(1,197,773)	470,985
Net cash (used in) operations	$ (109,802)	$ (46,219)	$ (63,583)
Net cash (used in) investing activities	$ -	$ -	$ -
(Decrease) in cash	(109,802)	(46,219)	$ (63,584)
Cash at start of period	$ 166,601	$ 119,636	$ 46,965
Cash at end of period	$ 56,799	$ 73,417	$ (16,619)

Adjustments for non cash expenses. A significant item for Q1 Fiscal 2021 and Q1 Fiscal 2020 is accrued and unpaid 9% debentures interest (Q1 Fiscal 2021 $130,286 vs. Q1 Fiscal 2020 $126,106). Furthermore, charges for Accretion and Restructuring bonus respecting 9% debentures were $153,416 (Q1 Fiscal 2020 $140,634).

Changes in working capital. Transaction credits, accounts receivable, accounts payable and accrued liabilities and other working capital items. During Q1 Fiscal 2021 the significant item was the decrease of $733,875 in transaction credits. Since the start of Covid-19 pandemic while the company reduced the collections from merchants so as not to stress the merchants' cash flows it also did not give significant additional advances – both on account of its diminished working capital availability and the credit environment. This is the primary reason for the decline in transaction credits. During Q1 Fiscal 2020 the significant item was the decrease of $1,424,048 in transaction credits and reflected a combination of transition of merchants participating in the CIBC/TD program to the MCA program and collection of dues from merchants transitioned as at June 30, 2019 and post June 30, 2019 to MCA. The collections exceeded the issuance of advances to the merchants transitioned during the quarter.

From time to time the company enters into payment plans to settle its dues. As of date hereof there are payment plans with certain vendors. It is currently negotiating a revised payment plan with Aeroplan because it, as of date hereof, is in arrears, due to Covid-19, with respect to its present payment plan as well as amounts due on current invoices of past couple of months.

Financing activities. During Q1 Fiscal 2021 the primary change was the decrease of $707,370 in loan payable which is primarily due to above noted decrease in transaction credits. Furthermore, the loan payable balance during Q1 Fiscal 2021 also includes an increase in amounts payable under the working capital overdraft provided by Accord (September 30, 2020 $460,000 vs. June 30, 2020 $184,098). During Q1 Fiscal 2020 the primary change was the decrease in loan payable which is primarily due to above noted decrease in transaction credits.

Investing activities. The company is frugal with capital expenditures given its financial situation. In the event the company is successful in capital raise it would continue a gradual move of its entire IT infrastructure into the cloud. The company does not expect significant capital expenditures in the next twelve months.

The presentations in Results of Operations section are not set out in accordance with International Financial Reporting Standards ("IFRS"). The presentations are extracts from the interim consolidated financial statement for the three months ended September 30, 2020, and have been included to provide additional analysis for the reader.

Revenue

The company's revenues were derived from merchants participating in the MCA program, and the Aeroplan program which the company has been operating for about a decade.

In the MCA program the company provides merchants' with working capital through pre-purchase, at a discount, of merchants' future receivables and company earns its revenue, per contract terms, as it collects against the pre-purchased receivables. The working capital given to the merchants is the transaction credits on the consolidated statement of financial position. The amount collected against the pre-purchased receivables less of revenue is applied to reduce the transaction credit balance.

The Aeroplan program operates the Re-seller and Processing products.

> Re-seller. The company sells aeroplan points to small and mid-sized retailers and service providers. Revenue is recognized, at the agreed price per aeroplan point, when the participating merchant issues aeroplan points to an Aeroplan member completing a qualifying transaction at the merchant.
>
> Processing. The company processes issuance of aeroplan points for Aeroplan customers. Revenue is recognized at the agreed price per aeroplan point processed by the company.

The drivers for revenues from the MCA program are number of participating merchants, the amount of working capital advances deployed with merchants and the discount at which future receivables are purchased from merchants.

The revenues from the Aeroplan Re-seller product reflects the number of participating merchants, traffic of aeroplan members completing purchases at participating merchants and the level of engagement of participating merchants in the program.

Economic activity and Covid-19 restrictions have an impact on both MCA and Aeroplan programs.

A significant factor in the Q1 Fiscal 2021 revenues was the Covid-19 pandemic.

The revenue trends are provided in the tabulation.

	Q1 Fiscal 2021	Q1 Fiscal 2020	Inc./(Dec)	Inc./(Dec)
	$	$	$	%
Revenues				
MCA program	$ 198,814	$ 619,460	$ (420,646)	-67.9%
Aeroplan program	112,958	179,583	(66,625)	-37.1%
	$ 311,772	**$ 799,043**	**$ (487,271)**	**-61.0%**

MCA program

Since the start of the Covid-19 pandemic on an on and off basis most of the participating merchants either were mandated by the law to close operations or operate with restrictions. The company reduced the contracted collections from merchants so as not to stress the merchants' cash flows. Furthermore the company did not give any significant additional working capital advances to merchants - both on account of its diminished working capital availability and the credit environment – leading to reduction in transaction credits and participating merchants. Average number of merchants during Q1 Fiscal 2021 about 150 compared to about 250 during Q1 Fiscal 2020.

The above two factors led to a sharp decline in revenues.

Aeroplan program

In both periods the revenue was from re-seller activity. Revenue decline primarily reflects economic impact of Covid-19 pandemic on participating merchants and their ability to carry on with loyalty marketing activity using this program.

Direct Expenses

The MCA direct expenses are provision against transaction credits.

In the Aeroplan program, direct expenses are primarily costs of consumer rewards which the company purchases from Aeroplan. Other costs include cost of marketing and advertising on behalf of merchants and provision against receivables.

	Q1 Fiscal 2021	Q1 Fiscal 2020	Inc./(Dec)	Inc./(Dec)
	$	$	$	%
Revenues				
MCA program	$ 198,814	$ 619,460	$ (420,646)	-67.9%
Aeroplan program	112,958	179,583	(66,625)	-37.1%
	$ 311,772	**$ 799,043**	**$ (487,271)**	**-61.0%**
Direct expenses				
MCA program	$ 28,727	$ 66,126	$ (37,399)	-56.6%
Aeroplan program	61,717	97,764	(36,047)	-36.9%
	$ 90,444	**$ 163,890**	**$ (73,446)**	**-44.8%**

MCA program.

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. The methodology to include forecast rate was commenced in the 3 months ended March 31, 2020.

The company continued to monitor credit risk along above methodology during Q1 Fiscal 2021.

Aeroplan program

The decline in direct costs reflects decline in revenues. The changes in direct costs vs. changes in revenues is primarily attributable to the mix of gross margins the company earns from transacting merchants.

Gross Profit

The decline in gross profit (65.2%) primarily reflects decline in revenues (61.0%).

	Q1 Fiscal 2021	Q1 Fiscal 2020	Inc./(Dec)	Inc./(Dec)
	$	$	$	%
MCA program	$ 170,087	$ 553,334	$ (383,247)	-69.3%
Aeroplan program	51,241	81,819	(30,578)	-37.4%
	$ 221,328	**$ 635,153**	**$ (413,825)**	**-65.2%**
Gross margin				
	Q1 Fiscal 2021	Q1 Fiscal 2020		
MCA program	85.6%	89.3%		
Aeroplan program	45.4%	45.6%		
Company	**71.0%**	**79.5%**		

Selling Expenses

Selling expenses include expenses arising from remuneration of sales staff, and other selling activities. The significant component is cost – remuneration and travel/cell - of the sales staff.

To offset some of the financial impact of Covid-19 since April 1, 2020, sales staff are receiving 85% of their pre pandemic remuneration with assistance from CEWS. The CEWS received for sales and administration staff is reflected in G&A (see Section G&A). In addition, the headcount was lower by two, one of whom was on lay-off.

The company's sales force is common to both programs.

	Q1 Fiscal 2021	Q1 Fiscal 2020	Inc./(Dec)	Inc./(Dec)
	$	$	$	%
Revenues				
MCA program	$ 198,814	$ 619,460	$ (420,646)	
Aeroplan program	112,958	179,583	(66,625)	
	$ 311,772	**$ 799,043**	**$ (487,271)**	**-61.0%**
Selling expenses				
MCA and Aeroplan programs	$ 147,165	$ 187,863	$ (40,698)	
	$ 147,165	**$ 187,863**	**$ (40,698)**	**-21.7%**
Cost of sales staff	$ 138,727	$ 186,674		
Cost as % of selling expenses	94.3%	99.4%		

General and Administrative Expenses ("G&A")

G&A expenses include compensation for all non-sales staff, professional fees, head office premises costs, shareholder and public relations costs, office overheads, capital and income taxes, and foreign exchange gains/(losses).

	Q1 Fiscal 2021	Q1 Fiscal 2020	Inc./(Dec)	Inc./(Dec)
	$	$	$	%
Change in revenues				**-61.0%**
G&A				
Compensation for non-sales staff	$ 235,778	$ 275,734	$ (39,956)	
Directors fees	8,125	16,250	(8,125)	
CEWS - for sales and non-sales staff	(141,055)	-	(141,055)	
All other G&A expenses, incl staff travel	59,849	117,392	(57,543)	
	$ 162,697	**$ 409,376**	**$ (246,679)**	**-60.3%**

To offset some of the financial impact of Covid-19 pandemic, administration staff including management, since April 1, 2020, are receiving 85% of their pre pandemic remuneration.

The CEWS reflected in tabulation is received for sales and non-sales staff.

All other G&A expenses

Reduction in expenses is primarily a reflection of the minimization of costs to cope with the sharp decline in revenues due to Covid-19 pandemic.

Interest Expense

The interest expense is tabulated:

	Q1 Fiscal 2021	Q1 Fiscal 2020	Inc./(Dec)	Inc./(Dec)
	$	$	$	%
Stated ("Cash") interest expense				
Loan payable	$ 116,555	$ 275,091	$ (158,536)	
9% debentures	130,286	126,106	4,180	
	$ 246,841	$ 401,197	$ (154,356)	-38.5%
Non-cash interest expense				
Interest - Lease	$ 3,960	$ 4,976	$ (1,016)	
Accretion charge on 9% debentures	86,488	78,053	8,435	
Restructuring bonus on 9% debentures	66,928	62,581	4,347	
Amortization of transaction costs on 9% debentures	4,697	-	4,697	
	$ 162,073	$ 145,610	$ 17,479	
	$ 408,914	**$ 546,807**	**$ (137,893)**	**-25.2%**

Stated interest. The lower interest on loan payable is a reflection of lower utilization of loan payable. Loan payable supports 90% investment in transaction credits. Average loan payable balance during Q1 Fiscal 2021 was $4,018,357 compared to $8,190,808 during Q1 Fiscal 2020. The lower utilization reflects lower MCA program receivables (transaction credits on the balance sheet) during Q1 Fiscal 2021. While the company reduced the collections from merchants so as not to stress the merchants' cash flows during Covid-19 it also did not give significant additional advances – both on account of its diminished working capital availability and the credit environment.

Non-cash interest. Accretion charges and restructuring bonus relating to 9% debentures are higher partially reflecting issuance of $200,000 9% debentures in October 2019. Also expensed in Q1 Fiscal 2021 is

amortization of transaction costs incurred on raise of the $200,000 9% debentures. The company adopted from July 1, 2019 IFRS 16, Leases resulting in set-up of interest cost on the company's head office lease.

Net Loss

Highlights of Q1 Fiscal 2021 compared to Q1 Fiscal 2020 are tabulated:

	Q1 Fiscal 2021	Q1 Fiscal 2020	Inc./(Dec)
	$	$	$
Revenues	$ 311,772	$ 799,043	$ (487,271)
Gross margin	71.0%	79.5%	
Gross profit	$ 221,328	$ 635,153	$ (413,825)
Earnings/(loss) from operations before depreciation, amortization and interest	$ (88,534)	$ 37,914	$ (126,448)
Net (loss) and Comprehensive (loss)	$ (508,821)	$ (533,987)	$ (25,166)
Basic and Diluted (loss) per share	$ (0.00)	$ (0.00)	

The detailed analysis of the above tabulated items is provided in Sections - *Income Statement – Q1 Fiscal 2021 compared to Q1 Fiscal 2020*, and in Sections Revenue, Direct Expenses, Gross Profit, Selling Expenses, G&A, and Interest Expense.

Highlights are provided here comparing the two periods:

- The decline in revenues reflects impact of Covid-19 pandemic.
- Gross profit primarily reflects the decline in revenues.
- Selling, General and Administrative ("SG&A") expenses were lower. The lower SG&A expenses primarily reflect Covid-19 pandemic lay-off of some staff and the remaining staff including the management, since April 1, 2020, receiving 85% of their pre pandemic remuneration with assistance from Canada Emergency Wage Subsidy. Staff remuneration including travel expenses are the main component of SG&A (Q1 Fiscal 2021 78.2% vs. Q1 Fiscal 2020 81.3%).
- Earnings/(loss) from operations before depreciation, amortization and interest was sharply lower. Loss in Fiscal 2021 of $88,534 compared to earnings of $37,914 in Q1 Fiscal 2020. The SG&A savings offset to some extent the decline in gross profit.
- Stated interest cost was significantly lower reflecting lower utilization of loan payable which is used to fund 90% of the MCA program advances (transaction credits).
- The non-cash interest expense, comprising expense for 9% debentures charges for accretion, restructuring bonus and amortization of transaction costs related to $200,000 9% debentures raised in October 2019 was higher primarily on account of $200,000 raised in October 2019.
- The depreciation for right of use asset was lower ($11,373 vs. $16,334) reflecting write-off due to its partial impairment at June 30, 2020. At end of Fiscal 2020 the property, plant and equipment were fully depreciated. Consequently depreciation and amortization expense was lower by $13,721.
- The result is a small decrease in net loss.

Working Capital and Liquidity Management

	Q1 Fiscal 2021	Q1 Fiscal 2020
	$	$
Funds available to expand the MCA program (Transaction credits on the balance sheet) and meet working capital needs		
Net (loss)	$ (508,821)	$ (533,987)
Adjustments for non cash expenses	303,732	296,855
(Loss) after adjustment for non cash expenses	(205,089)	(237,132)
Cash balances at start of the period	166,601	119,636
(Dec) in loan payable	(707,370)	(1,178,355)
	$ (745,858)	**$ (1,295,851)**
Utilization of funds		
Cash balances at end of period	$ 56,799	$ 73,417
(Dec) in accounts receivable	(5,329)	(28,808)
(Dec) in transaction credits	(733,875)	(1,424,048)
Inc (Dec) in accounts payable and accrued liabilities	(76,777)	67,104
Changes in all other working capital items	(6,094)	(2,934)
Change in other financing items	19,418	19,418
	$ (745,858)	**$ (1,295,851)**

Adjustments for non cash expenses. A significant item for Q1 Fiscal 2021 and Q1 Fiscal 2020 is accrued and unpaid 9% debentures interest (Q1 Fiscal 2021 $130,286 vs. Q1 Fiscal 2020 $126,106). Furthermore, charges for Accretion and Restructuring bonus respecting 9% debentures were $153,416 (Q1 Fiscal 2020 $140,634).

Changes in working capital. Transaction credits, accounts receivable, accounts payable and accrued liabilities and other working capital items. During Q1 Fiscal 2021 the significant item was the decrease of $733,875 in transaction credits. Since the start of Covid-19 pandemic while the company reduced the collections from merchants so as not to stress the merchants' cash flows it also did not give significant additional advances – both on account of its diminished working capital availability and the credit environment. This is the primary reason for the decline in transaction credits. During Q1 Fiscal 2020 the significant item was the decrease of $1,424,048 in transaction credits and reflected a combination of transition of merchants participating in the CIBC/TD program to the MCA program and collection of dues from merchants transitioned as at June 30, 2019 and post June 30, 2019 to MCA. The collections exceeded the issuance of advances to the merchants transitioned during the quarter.

From time to time the company enters into payment plans to settle its dues. As of date hereof there are payment plans with certain vendors. It is currently negotiating a revised payment plan with Aeroplan because it, as of date hereof, is in arrears, due to Covid-19, with respect to its present payment plan as well as amounts due on current invoices of past couple of months.

Financing activities. During Q1 Fiscal 2021 the primary change was the decrease of $707,370 in loan payable which is primarily due to above noted decrease in transaction credits. Furthermore, the loan payable balance during Q1 Fiscal 2021 also includes an increase in amounts payable under the working capital overdraft provided by Accord (September 30, 2020 $460,000 vs. June 30, 2020 $184,098). During Q1 Fiscal 2020 the primary change was the decrease in loan payable which is primarily due to above noted decrease in transaction credits.

Investing activities. The company is frugal with capital expenditures given its financial situation. In the event the company is successful in capital raise it would continue a gradual move of its entire IT infrastructure into the cloud. The company does not expect significant capital expenditures in the next twelve months.

The company does not have the wherewithal to re-pay its legacy suppliers i.e. those providing services connected to CIBC/TD program and those suppliers not essential to operating the new business model. It will have to reach settlement accommodation with these suppliers. The company either has or is negotiating payment plans in place with suppliers critical to ongoing operations.

Cash balances at the end of periods reflect cash (used) by operations [(loss) after adjustment for non cash expenses – see above tabulation], payments of accounts payable, collection of transactions, and deployment of advances with merchants (Q1 Fiscal 2020).

The company's operations are funded by debt – loan payable and 9% debentures (see Sections Loan Payable and 9% Non-Convertible Debentures Payable) in this document. Both the partnerships are set-up for maturity/expiry in December 2021.

Impact of Covid-19 pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus, Covid-19, as a global pandemic. The government in Canada ordered the closure of all non-essential businesses. Practically all of the company's customers, small independent merchants, operate in the non-essential business segments. Since March 2020 until date hereof the restrictions have flexed between lockdowns and limited relaxation across Canada resulting in a devastating impact on the company's Q1 Fiscal 2021 performance and further deterioration of its financial position since June 30, 2020.

Restrictions led to decline in the ability of the company's merchants to pay the contracted amounts per MCA agreements. It also did not give significant additional advances – both on account of its diminished working capital availability and the credit environment and this in turn led to decline in MCA program transaction credits and participating merchants. The two factors led to a sharp decline in company's MCA revenues. Similarly the company's re-seller program ("Aeroplan program") dependent on agreement with Aeroplan Inc., operator of Aeroplan Loyalty Program owned by Air-Canada was impacted. Participating merchants either stopped or curtailed their loyalty marketing activities leading to decline in revenues from this program. Q1 Fiscal 2021 company revenues at $311,772 declined $487,271 (61.0%) compared to Q1 Fiscal 2020. Consequently the company was left with a weak balance sheet after further working capital deterioration during the Covid-19 pandemic.

Given the severe adverse economic effect on small independent businesses the company took a significant reserve during year ended June 30, 2020 ("Fiscal 2020") against the amounts due from merchants in its MCA portfolio, and continued to monitor credit risk during Q1 Fiscal 2021.

The company availed federal government Covid-19 pandemic relief measures during Fiscal 2020 and continues to do so as of date hereof. To manage its costs the company had to lay-off of some staff and the remaining staff including the management, since April 1, 2020, are receiving 85% of their pre pandemic remuneration with assistance from Canada Emergency Wage Subsidy. 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. The company's landlord applied for Canada Emergency Commercial Rent Assistance program. Since October 2020 the company is accessing the Canada Emergency Rent Subsidy.

Prior to Covid-19 the company entered discussions with two unrelated parties for loans to supplement its working capital and provide growth capital in order to expand the MCA business. Expansion was expected to lead to financial stability. The two parties terminated the discussions citing Covid-19 issues.

The company applied for working capital loans with the Business Development Bank of Canada, under the federal government pandemic support programs, and Canadian Imperial Bank of Commerce, the company's long-standing commercial banker but was unsuccessful in both cases. The reason was the weak balance sheet.

The upshot was the company: a) fell into arrears with monthly interest payments to Accord Financial Inc. ("Accord") provider of credit facility (see Section Loan Payable) which is the source of 90% of funds for the MCA program, and other suppliers/service providers, b) did not have the funds to pay for the audit so did not timely

file the Fiscal 2020 annual financial statements and related documents by due date of October 28, 2020, and c) had diminished capacity – both in terms of access to capital and as a consequence of the credit environment to maintain its MCA portfolio.

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 company has a decade old relationship with Aeroplan. The current five year term of the agreement ended April 30, 2019 which was extended to April 30, 2020 and thereafter – in July 2020 - 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 Aeroplan under certain conditions, including the company being in default on payments and not being able to cure default within stipulated timeline during its term. The company and Aeroplan had established a payment plan to enable the company to settle arrears. Primarily due to Covid-19 the company could not keep up with payments under the payment plan. The company and Aeroplan re-established the payment plan. As of date hereof the company is in arrears with respect to the payment plan as well as amounts due on current invoices of past couple of months. Advantex and Aeroplan are negotiating a revised payment plan.

The company continued to be in default on the financial covenants and interest payments on its 9% Non convertible Debentures Payable ("9 debentures") (see Section 9% Non-convertible Loan Payable) with no ability to cure the default.

Due to lack of funds to pay for the audit the company did not timely file its financial statements and related financial documents for year ended June 30, 2020.

Capital Raise Developments post September 30, 2020

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.

Next steps

Upon bringing its disclosure record to current status the company will apply to the OSC for full revocation of the FFCTO.

Simultaneously, the company will be seeking growth capital.

The company is aware given the FFCTO and the financial difficulties it faces there is no guarantee that capital will be available to the company at economic terms, if at all, once the FFCTO has been revoked or at all.

The company requires continued access to its existing levels of debt and access to additional working capital in the form of debt and or equity to fund growth of MCA program. The MCA portfolio works on a co-funding formula which requires the company to fund 10% of each $ of merchant cash advance and a loan payable facility to fund the balance. Even with the $250,000 raise the company has very limited ability to fund the growth of MCA at 10%. The growth of MCA portfolio is essential to bring financial stability.

The company's future success is dependent on financial stability in order to retain its existing relationships with Aeroplan, Accord and holders of 9% debentures.

Off Balance sheet financing arrangements

The company has adopted IFRS 16, Leases from July 1, 2019 with respect to its head office.

There are leases for equipment which are primarily due within the next 12 months. The details are provided in document under Contractual obligations. Except for these leasing arrangements the company does not participate in off balance sheet financing arrangements.

Going Concern

The consolidated financial statements for the three months ended September 30, 2020 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 (section 9% Non convertible Debentures Payable). 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.

The 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 the 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.

Contractual Obligations

Contractual obligations as at September 30, 2020 were due as follow:

		Total	Less than 1 year	1 to 3 years	4 to 5 years
		$	$	$	$
Loan payable		$ 3,661,636	$ 3,661,636	$ -	$ -
9% debentures		5,759,000	5,759,000	-	-
Canada Emergency Business Account		40,000	-	40,000	-
Head office lease		148,869	77,671	71,198	-
Operating leases		8,417	8,417	-	-
		$ 9,617,922	**$ 9,506,724**	**$ 111,198**	**$ -**

In addition, there is a contractual obligation to holders of 9% debenture for interest of $1,561,848 payable for the period December 16, 2018 to maturity on December 31, 2021. The company also has a liability of restructuring bonus for $1,036,620 to the holders of the 9% debentures payable on December 31, 2021.

The company adopted IFRS 16 Leases in Fiscal 2020 with respect to its head office lease. The expense related to above operating leases, and to head office lease in Fiscal 2019 is expensed in selling and marketing, and general and administrative expenses in the consolidated statements of income.

The company's head office lease is for a five year term ending August 31, 2022.

Loan Payable

The loan payable is a line of credit facility provided by Accord. It was established in December, 2007.

The facility has a limit of $8.5 million and is only available to the company for acquisition of transaction credits under its MCA and Aeroplan programs, and was until end of Fiscal 2019 under CIBC/TD program. 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%. Interest is calculated daily on the amount outstanding and charged monthly. The company is responsible for all delinquencies on amounts due from establishments funded from the loan payable.

The company had utilized $3.7 million of the facility at September 30, 2020 (at June 30, 2020 $4.4 million).

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.

Non-payment of interest on due date if not cured within time period stipulated in the agreement would constitute an event of default and would be one, amongst certain other circumstances, where the loan payable is repayable on demand to Accord.

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.

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 three 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 coverage at June 30, 2019. The company was in default on all three 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 semi-annually, since December 16, 2018. Except for the waiver obtained on June 21, 2019 to event of default respecting non-payment of interest due June 15, 2019 for the period December 16, 2018 to June 15, 2019, the company is in default on its interest payments. Due to events of default – breaches of financial covenants and not making the interest payments - the 9% debentures have been classified as a current liability.

As compensation for the June 21, 2019 waiver of event of default 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.

As of September 30, 2020 the accrued and unpaid interest since December 16, 2018 is $914,671.

Summary of Quarterly Results

12 month period ended September 30, 2020					
In $ millions except for per share amounts	Q2	Q3	Q4	Q1	Total
	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	
	$	$	$	$	$
	Amended	Amended			
Revenues	0.9	0.7	0.2	0.3	2.1
% of annual revenues	42.9%	33.3%	9.5%	14.3%	100.0%
Net (Loss)	(0.5)	(1.0)	(0.9)	(0.5)	(2.9)
(Loss) per share - Basic and Diluted	-	-	-	-	-
12 Month period ended September 30, 2019					
In $ millions except for per share amounts	Q2	Q3	Q4	Q1	Total
	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	
	$	$	$	$	$
Revenues	1.8	1.4	1.1	0.8	5.1
% of annual revenues	35.3%	27.5%	21.6%	15.6%	100.0%
Net (Loss)	-	(0.4)	(0.5)	(0.5)	(1.4)
(Loss) per share - Basic and Diluted	-	-	-	-	-

Capital Resources

The company did not incur material capital expenditures or enter into any material equipment leases during the two periods under review. The company's plan is to continue a gradual move of its entire IT infrastructure into the cloud. The company does not expect significant capital expenditures during period ending June 30, 2021.

Critical Accounting Estimates

The preparation of the company's consolidated financial statements, in accordance with IFRS, requires the company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim and annual consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The company's significant accounting policies are disclosed in note 4 to the audited consolidated financial statements for year ended June 30, 2020.

Contingent liabilities

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.

Going concern

The company assesses the going concern assumption on a quarterly basis. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The company has prepared a financial forecast based on its expectation regarding ability to access additional sources of working capital in the form of either debt or equity to stabilize its financial situation and support growth of its core business, the MCA program, renewal of its agreement with Aeroplan ending April 2021, market for its programs and its ability to expand its existing MCA and Aeroplan programs upon access to additional working capital, continued

access to existing sources of debt, obtaining waivers and debt amendments, ability to reach and fulfil settlement accommodation with suppliers, the estimated impact of Covid-19 to its business.

The company's audited consolidated financial statements for year ended June 30, 2020 and three months ended September 30, 2020 carry a going concern note (Note 2). The note is also carried in the Section Working Capital and Liquidity Management in this document.

Financial instruments – fair value

The carrying value of accounts receivable, transaction credits, accounts payable and accrued liabilities, loan payable approximate their fair values due to the short-term maturity of these instruments.

A significant amount of estimation was applied in evaluation of the fair value of the 9% debentures. Estimates applied by management in the determination of fair value are reflective of the company's overall cost of equity capital.

Credit risk

The company has certain business risks linked to the collection of its transaction credits.

Under the MCA program the company acquires the rights to cash flow from future receivables at a discount from participating merchants ("transaction credits" on consolidated statement of financial position).

The majority of the 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, and an increase in credit risk associated with the longer time frame approaching and/or exceeding 365 days.

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 Covid-19 pandemic restrictions have impacted economic activity and this will affect the collectability of the transaction credits. As of date hereof the federal and provincial governments are easing the restrictions in phases. However, there is considerable uncertainty related to the vaccination roll-out, re-opening, the pace and extent of economic recovery and hence the evaluation of collectability of transaction credits.

The maximum exposure to credit risk is the balance, net of provision for impaired accounts, of the transaction credits, and accounts receivable.

The accounts receivable, transaction credits, and the allowance is as follows:

	At September 30, 2020		At June 30, 2020	
		$		$
Transaction credits	$	4,211,740	$	4,918,115
Accounts receivable		117,957		123,286
Allowance		(1,026,083)		(998,583)
Per consolidated statement of financial position	$	3,303,614	$	4,042,818
Maximum exposure to credit risk	$	3,303,614	$	4,042,818

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

Stock Options

The company has a stock option plan for directors, officers, employees and consultants. The stock options are non-assignable; the stock option price is to be fixed by the Board of Directors but may not be less than the regulations of the stock exchange on which the company's common shares are listed; the term of the stock options may not exceed five years, and payment for the optioned shares is required to be made in full on the exercise of the stock options. The stock options are subject to various vesting provisions, determined by the Board of Directors, ranging from immediate to four years.

There was nil outstanding employee stock options at September 30, 2020 and September 30, 2019.

16,688,546 stock options were available for future issuance at September 30, 2020 and September 30, 2019.

There was no stock based compensation expense during Q1 Fiscal 2021 and Q1 Fiscal 2020.

Restricted Share Unit Plan

On December 18, 2017, the Board of Directors ("Board") authorized, subject to approval by the shareholders of the company, the creation of 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 shareholders of the company approved the RSU Plan at the Annual and Special Meeting of the Shareholders held on February 28, 2018.

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 September 30, 2020.

Outstanding Share Data

There is no change since June 30, 2020.

At September 30, 2020 issued and outstanding: 461,887 Class A preference shares and 878,948,414 common shares.

Additional details on share capital provided in note 8 to the audited consolidated financial statements for year ended June 30, 2020.

Potentially Dilutive Securities

As of date hereof, there are no potentially dilutive securities exercisable into common shares of the company.

Related party transactions

The following related parties beneficially own or exercise direction and control over the securities of the company:

	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				

Economic Dependence

The company's has two business units. MCA program and Aeroplan program.

While both programs are dependent on the continuity of the support of the 9% debentures which is the source of general working capital, the MCA program is dependent on the support of Accord which provides the loan payable enabling the company to use it to fund 90% of each $ of merchant cash advance. The Aeroplan program is dependent on agreement with Aeroplan. The term of the agreement was due to expire April 30, 2019, was extended to April 30, 2020 and thereafter was extended to April 30, 2021; the two parties continue to work while discussing future terms and direction.

The company was in default on its 9% debentures financial covenants and on interest payments. These defaults are described in Section 9% Non-Convertible Debentures Payable. The company does not have the ability to cure the defaults. The 9% debentures are secured by a general security interest over the assets of the company and its subsidiaries. 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.

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 date hereof the company has fully utilized this facility. Non-payment of interest on due dates if not cured within time period stipulated in the agreement, would constitute an event of default and would be one, amongst certain other circumstances, where the loan payable is repayable on demand to Accord.

The Aeroplan agreement can be terminated by Aeroplan under certain conditions, including the company being in default on payments and not being able to cure default within stipulated timeline during its term. The company and Aeroplan had established a payment plan to enable the company to settle arrears. Primarily due to Covid-19 the company could not keep up with payments under the payment plan. The company and Aeroplan re-established the payment plan. As of date hereof the company is in arrears with respect to the payment plan as well as amounts due on current invoices of past couple of months. Advantex and Aeroplan are negotiating a revised payment plan.

Covid-19 pandemic has created additional uncertainty to the company's business continuity and this could affect its relationships with Accord, holders of 9% debentures and Aeroplan.

The company's consolidated financial statements for 3 months ended September 30, 2020 in note 2 and audited consolidated financial statements for Fiscal 2020 carry a going concern note (Note 2). The note is also carried in the Working Capital and Liquidity Management Section in this document. The company also carried a going concern note for Fiscal 2019.

General Risks and Uncertainties

The company has a going concern issue as explained in Section Working Capital and Liquidity Management in this document.

As explained in the Section Economic Dependence the company's operations are funded by debt – loan payable and 9% debentures (see sections Loan Payable and 9% Non-Convertible Debentures Payable in this document). Both the partnerships are set-up for maturity/expiry in December 2021. The risks connected to the continuity of the two sources of debt are explained in Section Economic Dependence.

Covid-19 pandemic has created additional uncertainty to the company's business continuity. The uncertainty stems from unknown duration of the crisis and its adverse effect on the economy in general and the company's merchants' in particular. This will adversely affect the company's: collection of accounts receivable and transaction credits; revenues, cash flows and liquidity; ability to meet obligations on due dates; ability to retain

relationships with Accord, holders of 9% debentures, Aeroplan; ability to attract growth capital in the form of either debt or equity; and continuity as a going concern. As of date hereof the company has applied for and received relief under some government programs, and continues to explore its eligibility under various other government programs but no assurance can be given on successful outcomes.

To continue its current operations and fund growth, the company requires continued access to its existing levels of debt and obtain access to additional working capital in the form of debt and or equity.

The company needs to fund growth of MCA program beyond where the MCA portfolio is as of the date hereof. The MCA portfolio works on a co-funding formula which requires the company to fund 10% of each $ of merchant cash advance and a loan payable facility to fund the balance. However, for access to a loan payable facility in excess of the current $8.5 million provided by Accord the company needs to put in higher % as co-fund. The company has limited ability to fund the growth of MCA at 10%. The growth of MCA portfolio is essential to the company being able to initially break-even and then generate surplus cash from its operating activities and move towards financial stability and being able to meet its obligations to 9% debenture holders. The 9% debentures are secured by a general security interest over the assets of the company and its subsidiaries. Since the company is in default on financial covenants and on interest payments the 9% debentures holders 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. Consequently, general market conditions or the financial status of the company in terms of its profitability, cash flows and strength of its consolidated balance sheet, and it being under a FFCTO and there being no assurance that the FFTCO may be revoked, may eliminate or limit access to existing sources of debt, and / or may limit access to additional financing and / or alternative funding to replace existing debt, or the terms of accessible debt may be uneconomic and this could materially and adversely affect the company.

Given the current financial position of the company there is uncertainty connected to continuity of loan payable provided by Accord. Non-payment of interest on due date, if not cured within time period stipulated in the agreement, would constitute an event of default and would be one, amongst certain other circumstances, where the loan payable is repayable on demand to Accord.

If the company is not successful in raising additional debt financing and or equity, its ability to expand its MCA program and increase revenue may be impeded, resulting in reduced growth in cash flows from operations. This could affect the company's liquidity and working capital position, and ability to continue as a going concern. Any debt structure would need to recognize the general security interest over the company's assets held by the 9% debentures holders.

The company has certain business risks linked to the collection of its transaction credits. Under the MCA program the company acquires the rights to cash flow from future receivables at a discount from participating merchants ("transaction credits" on consolidated statement of financial position). The majority of the 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, and an increase in credit risk associated with the longer time frame approaching and/or exceeding 365 days. 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 merchant and the company's historical experience on recoveries. Covid-19 has created a deterioration in the MCA space and has adversely impacted the financial position of the company. Both factors are likely to adversely reflect on the company's credit environment and its attractiveness as a borrower and its ability to access existing or additional or alternative debt or debt at economic terms and this could materially and adversely affect the company.

The company's activities are funded by two sources of debt. The 9% debentures has a fixed interest rate, and loan payable which carries a floating interest rate. While the company is not exposed to interest rate risk on account of 9% debentures, its future cash flows are exposed to interest risk from the floating interest rate payable, calculated as prime rate of a certain Canadian bank plus 9.05%, on loan payable. While the company does not use derivative instruments to reduce its exposure to interest rate risk, it believes it may be able to pass on, to merchants participating in its programs, a portion of a significant adverse interest rate movement on its loan payable. During the year ended June 30, 2020, the company incurred interest expense of $807,189 on

utilization of loan payable. Had the interest rate, for the year ended June 30, 2020, been 10% higher the interest expense on loan payable would have been $887,908, an increase of $80,719.

The company believes the MCA business is a growth industry because institutional lenders are not available to independent merchants, the engines of significant economic activity. There are several competitors in the MCA space. Currently there is no legislation governing the MCA business. The company believes the transparency of its pricing and its go-to market strategy give it an ability to grow its MCA portfolio if it has access to growth capital. Competition, regulation, and the as yet undeterminable adverse impact of Covid-19 pandemic on economic activity however carry the possibility of adversely affecting the company's ability to expand its MCA program and in turn its revenue and costs.

The company's operations are dependent on the abilities, experience and efforts of its management and highly skilled workforce. While the company has entered into employment agreements with key management personnel and other employees, and each of these agreements includes confidentiality and non-competition clauses, the business prospects of the company could be adversely affected if any of these people were unable or unwilling to continue their employment with the company.

The Aeroplan program the company operates is dependent on its agreement with Aeroplan. The current agreement is due to end April 30, 2021. The Aeroplan agreement can be terminated by Aeroplan under certain conditions, including the company being in default on payments, during its term. As explained in Section Economic Dependence in this document as of date hereof the company is in arrears with respect to its payment plan as well as amounts due on current invoices of past couple of months. Advantex and Aeroplan are negotiating a revised payment plan.

The Aeroplan program the company operates as a re-seller for Aeroplan is dependent upon ongoing consumer interest in accumulating frequent flyer miles for the purpose of obtaining reward air travel on Air-Canada. Due to the current Covid-19 concerns and the security difficulties being experienced by the airline industry overall, and in general the continuous devaluation of frequent flyer miles, there is a risk that the underlying frequent flyer currencies used in these programs could become unavailable to the company, or that consumer interest in accumulating these awards could decline. This, in turn, may result in difficulties in acquiring and retaining merchants and may adversely affect the company's revenue and direct costs.

The company provides loyalty marketing services to retail organizations and, in more general terms, the company could be considered competitive with other advertising and promotional programs for a portion of a client's total marketing budget. If client promotional spending levels decrease, this could have a material adverse effect on the company's revenue. In addition, there are additional operators of either loyalty programs or merchant cash advance in Canada, targeting the same merchant base as the company. In the past, other companies have attempted to develop similar merchant-based coalitions on their own and failed, making the company, with its established merchant coalition and proven loyalty systems, a reputable outsourced partner in the Canadian marketplace. The company believes its substantial client equity, proprietary systems, provide a strong platform for the company to compete effectively and respond to competition in Canada.

In addition to those risk factors noted above and risk factors noted in the Working Capital and Liquidity Management Section, the financial condition and profitability of the company is also subject to a number of additional risk factors including: state of the economy, its ability to negotiate settlement accommodation with its suppliers and changes in taxation regulations.

In the ordinary course of business, the company is subject to ongoing audits by tax authorities. While the company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities. The company regularly reviews the potential for adverse outcomes in respect of tax matters and believes that any ultimate disposition of a reassessment will not have a material adverse impact on its liquidity, consolidated financial position or results of operations due to adequate provisioning for these tax matters. Should an outcome materially differ from existing provisions, the company's effective tax rate, its earnings, and its liquidity and working capital position could be affected positively or negatively in the period in which matters are resolved.

Forward-Looking Information

This Management's Discussion and Analysis contains certain "forward-looking information". All information, other than information comprised of historical fact, that addresses activities, events or developments that the

company believes, expects or anticipates will or may occur in the future constitutes forward-looking information. Forward-looking information is typically identified by words such as: anticipate, believe, expect, goal, intend, plan, will, may, should, could and other similar expressions. Such forward-looking information relates to, without limitation, information regarding the company's: belief MCA is growth industry; belief in its ability to grow its MCA program upon availability of capital and in a competitive environment; belief it can secure a full revocation of the cease trade order; ability to raise growth capital; expectation of growth capital required and the timing of its raise; belief that upon availability of capital it can secure support of its partners, expectation of financial stability and growth from expansion of MCA program; expectation of timing of financial stability and growth phase; expectation of securing a revised payment plan and securing a multi-year agreement with Aeroplan; expectation of capital expenditures required to operate the business in the next twelve months; expectation of adequacy of reserve created for delinquent transaction credits; belief it has the ability to manage delinquencies consequent to Covid-19 and during growth mode; belief drivers of revenues across all programs are those set out in the Revenue section; belief it may be able to pass on a portion of any significant adverse interest rate movement on its loan payable to merchants; belief Aeroplan program gives it a competitive advantage in MCA space; expectation of negotiating economic settlement accommodation with its suppliers; belief it has support of its staff; belief in the appropriateness of its tax filings; and other information regarding financial and business prospects and financial outlook is forward-looking information.

Forward-looking information reflects the current expectations or beliefs of the company based on information currently available to the company, including certain assumptions and expectations of Management. With respect to the forward-looking information contained in this Management Discussion and Analysis, the company has made assumptions regarding, among other things, continued support from its provider of loan payable and holders of 9% debentures; renewal of its agreement with Aeroplan; its ability to access additional working capital in the form of debt and or equity to meet operational needs and to support the growth of the company; its expectation to timely raise growth capital; its ability to manage risks connected to collection of transaction credits; current and future economic and market conditions and the impact of same on its business; ongoing consumer interest in accumulating frequent flyer miles; the size of the market for its programs; its ability to expand and grow its programs; future introductions of regulations to MCA; future business levels, and the cost structure, capital expenditures and working capital required to operate at those levels; future interest rates; impact of Covid-19 on Canadian economy, company's merchants and company's business prospects; and the appropriateness of its tax filing position.

Forward-looking information is subject to a number of risks, uncertainties and assumptions that may cause the actual results of the company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, those listed under "Working Capital and Liquidity Management", "Economic Dependence" and "General Risks and Uncertainties" in this Management Discussion and Analysis.

All forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Disclosure Controls and Procedures, and Internal Controls Over Financial Reporting

Management is responsible for external reporting. The company maintains appropriate processes to ensure that relevant and reliable financial information is produced.

Additional Information

Additional information relating to the company is available at www.sedar.com, and may also be obtained by request by telephone or facsimile or at the company's website at www.advantex.com.

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