ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended March 31, 2021

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

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

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

	Note	At March 31, 2021 $	At June 30, 2020 $
Assets			
Current assets			
Cash		$ 104,180	$ 166,601
Accounts receivable		78,554	118,901
Transaction credits	5	2,092,782	3,923,917
Prepaid expenses and sundry assets		46,371	58,781
		$ 2,321,887	**$ 4,268,200**
Non-current assets			
Right of use asset	15	$ 64,444	$ 98,562
		$ 64,444	**$ 98,562**
Total assets		**$ 2,386,331**	**$ 4,366,762**
Liabilities			
Current liabilities			
Loan payable	6	$ 2,719,782	$ 4,369,006
Lease liability		69,967	64,452
Loan	16	60,000	40,000
Accounts payable and accrued liabilities		2,582,822	2,364,759
9% Non convertible debentures payable	7	-	6,611,576
		$ 5,432,571	**$ 13,449,793**
Non-current Liabilities			
9% Non convertible debentures payable	7	$ 4,609,582	$ -
Lease liability	15	31,493	84,679
		$ 4,641,075	**$ 84,679**
Shareholders' deficiency			
Share capital	8	$ 24,530,555	$ 24,530,555
Contributed surplus		7,150,275	4,117,170
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		(39,320,762)	(37,768,052)
Total deficiency		**$ (7,687,315)**	**$ (9,167,710)**
Total liabilities and deficiency		**$ 2,386,331**	**$ 4,366,762**

Going concern (note 2), Commitments and contingencies (note 11)

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

Approved by the Board

Director: Signed "Marc Lavine"
Marc Lavine

Director: Signed "Kelly Ambrose"
Kelly Ambrose

Advantex Marketing International Inc.
Consolidated Statements of Loss and Comprehensive Loss (unaudited)
(expressed in Canadian dollars)

	Note	Three months ended March 31		Nine months ended March 31	
		2021	2020	2021	2020
		$	$	$	$
	18		Amended		Amended
Revenues	14				
Marketing activities		$ 90,013	$ 216,843	$ 397,093	$ 633,506
Interest income		150,638	525,120	542,256	1,798,436
		$ 240,651	**$ 741,963**	**$ 939,349**	**$ 2,431,942**
Direct expenses	13/14	57,262	692,893	313,854	1,100,914
		183,389	49,070	625,495	1,331,028
Operating expenses					
Selling and marketing	13/14	166,728	203,848	423,688	582,546
General and administrative	13/14	199,559	402,613	582,809	1,267,938
(Loss) from operations before depreciation, amortization and interest		**(182,898)**	**(557,391)**	**(381,002)**	**(519,456)**
Stated interest expense - loan payable, and debentures	6/7	205,250	301,059	677,215	1,059,413
Interest - Lease	15	3,090	4,976	10,582	14,929
Non-cash interest expense (accretion charges), restructuring bonus and amortization of transaction costs	7	132,141	154,595	449,793	442,753
Depreciation of right of use asset	15	11,372	16,333	34,118	49,001
Depreciation of property, plant and equipment		-	629	-	15,210
Net (loss) and comprehensive (loss)		**$ (534,751)**	**$ (1,034,983)**	**$ (1,552,710)**	**$ (2,100,762)**
(Loss) per share					
Basic and Diluted	12	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**

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

Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	$	$	$	$	$	$
Balance - July 1, 2019	**$ 3,815**	**$ 24,526,740**	**$ 4,090,382**	**$ (47,383)**	**$ (34,840,656)**	**$ (6,267,102)**
Reported at December 31, 2019 as adjustment to deficit on account of adoption of IFRS 16 Leases at July 1, 2019	-	-	-	-	(35,218)	(35,218)
Reported Net (loss) and comprehensive (loss)	-	-	-	-	(2,085,639)	(2,085,639)
Reported as balance at March 31, 2020	3,815	24,526,740	4,090,382	(47,383)	(36,961,513)	(8,387,959)
Adjustments on account of amendments made at year end June 30, 2020 to initial computations on adoption of IFRS 16 Leases at July 1, 2019, and initial recording on issuance of $200,000 9% Non convertible debentures payable in October 2019						
Reversal of adjustment made to deficit at July 1, 2019 - IFRS 16 Leases	-	-	-	-	35,218	35,218
Recording of contributed surplus - 9% Non convertible debentures payable	-	-	26,788	-	-	26,788
Increase in Reported Net (loss) and comprehensive (loss)	-	-	-	-	(15,122)	(15,122)
Amended Balance - March 31, 2020	**$ 3,815**	**$ 24,526,740**	**$ 4,117,170**	**$ (47,383)**	**$ (36,941,417)**	**$ (8,341,075)**
Balance - July 1, 2020	**$ 3,815**	**$ 24,526,740**	**$ 4,117,170**	**$ (47,383)**	**$ (37,768,052)**	**$ (9,167,710)**
Recording of contributed surplus - 9% Non convertible debentures payable	-	-	3,033,105	-	-	3,033,105
Net (loss) and comprehensive (loss)	-	-	-	-	(1,552,710)	(1,552,710)
Balance - March 31, 2021	**$ 3,815**	**$ 24,526,740**	**$ 7,150,275**	**$ (47,383)**	**$ (39,320,762)**	**$ (7,687,315)**

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow (unaudited)
(expressed in Canadian dollars)

	Note	Nine months ended March 31, 2021	Nine months ended March 31, 2020
		$	$
	18		Amended
Operational activities			
Net (loss) for the period		$ (1,552,710)	$ (2,100,762)
Adjustments for:			
Accrued and unpaid interest - 9% Non convertible debentures payable		394,243	383,891
Interest - Lease	15	10,582	14,929
Depreciation of right of use asset	15	34,118	49,001
Depreciation of property, plant and equipment		-	15,210
Loss on disposal of property, plant & equipment		-	45
Accretion charge - 9% Non convertible debentures payable	7	248,797	242,098
Restructuring bonus - 9 % Non convertible debentures payable	7	187,689	192,827
Amortization of transaction costs - 9% Non convertible debentures payable	7	13,307	7,828
		(663,974)	(1,194,933)
Changes in items of working capital			
Accounts receivable		40,347	19,301
Transaction credits		1,831,135	4,715,015
Prepaid expenses and sundry assets		12,410	(8,851)
Accounts payable and accrued liabilities		218,063	89,608
		2,101,955	4,815,073
Net cash provided by operating activities		**$ 1,437,981**	**$ 3,620,140**
Financing activities			
Payment for lease	15	$ (58,253)	$ (58,253)
Gross proceeds - 9% Non convertible debentures payable	7	250,000	200,000
Transaction costs - 9% Non convertible debentures payable	7	(62,925)	(40,703)
Proceeds from loan - Canada Emergency Business Account		20,000	-
(Decrease) of Loan payable	6	(1,649,224)	(3,626,308)
Net cash (used in) financing activities		**$ (1,500,402)**	**$ (3,525,264)**
(Decrease)/Increase in cash during the period		**$ (62,421)**	**$ 94,876**
Cash at beginning of period		166,601	119,636
Cash at end of period		**$ 104,180**	**$ 214,512**
Additional information			
Interest paid		$ 282,972	$ 623,091
Cash		$ 104,180	$ 214,512

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

1 General information

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

During three and nine months ended March 31, 2021 and 2020 the company's core business was its merchant cash advance program. Under this program, the company provides merchants with working capital through the pre-purchase, at a discount, of merchants' future receivables.

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

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

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

2 Going concern

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

The company has a shareholders' deficiency of $7,687,315 and negative working capital of $3,110,684 as at March 31, 2021. 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% non-convertible debentures payable ("9% 2025 debentures") and payment of interest on the loan payable. Failure to make supplier payments may lead to inability to secure a renewal of agreement with Aeroplan and to termination by suppliers of agreements resulting in the denial of services required by the company to operate. The 9% 2025 debentures are secured by a general security interest over the assets of the company and its subsidiaries and if the debentures are in default, the holders of the 9% 2025 debentures have the right to demand re-payment and realize upon a part or all of the security held by them. The loan payable supports the company's merchant cash advance program, is a demand facility and if the company cannot pay interest it would be in default and the provider has the right to demand re-payment. These material uncertainties cast significant doubt on the company's ability to continue as a going concern.

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

3 Basis of preparation

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

These interim consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore, should be read in conjunction with the audited consolidated financial statements and notes for the company's year ended June 30, 2020, which are available on SEDAR at www.sedar.com.

These interim consolidated financial statements and related notes have been reviewed by the company's audit committee and approved by the company's board of directors on May 28, 2021.

4 Summary of significant accounting policies

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

Details of accounting policies are available in note 4 to the audited consolidated financial statements for year ended June 30, 2020.

5 Transaction credits

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

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

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

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

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

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

The transaction credits and the allowance is as follows:

	At March 31, 2021	At June 30, 2020
	$	$
Transaction credits	$ 3,154,957	$ 4,918,115
Allowance	(1,062,175)	(994,198)
Per statement of financial position	**$ 2,092,782**	**$ 3,923,917**

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

	At March 31, 2021	At June 30, 2020
	$	$
Impaired transaction credits	$ 559,225	$ 353,108
Allowance	(559,225)	(353,108)
Impaired transaction credits not allowed for	**$ -**	**$ -**
The company carries a general allowance towards transaction credits. This provision at March 31, 2021 and June 30, 2020 includes a forecast loss ratio to estimate for recovery issues on account of Covid-19 pandemic	$ 502,950	$ 641,090

Movement on allowance for impaired transaction credits

	At March 31, 2021	At March 31, 2020
	$	$
Balance brought forward at start of period	**$ 994,198**	**$ 239,909**
Allowance created during the period	67,500	766,779
Impaired accounts recovered/(written off) against allowance	477	(262,685)
Balance carried forward at end of period	**$ 1,062,175**	**$ 744,003**

6 Loan payable

	At March 31, 2021	At June 30, 2020
	$	$
Balance at start of period	**$ 4,369,006**	**$ 8,416,076**
(Decrease) in borrowing	(1,649,224)	(4,047,070)
Balance at end of period	**$ 2,719,782**	**$ 4,369,006**

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

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

The interest rate is equivalent to the prime rate of a certain Canadian bank plus 9.05%. Accord funds 90% of each dollar of transaction credits acquired by the company and the company funds 10%. The company is responsible for all delinquencies on amounts due from establishments funded from the loan payable.

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

Due to Covid-19 pandemic restrictions and their impact on the company's business, Accord allowed the company to defer payment of interest from March 2020 to June 2020. Subsequent to June 30, 2020, Accord provided the company an overdraft facility of $460,000. This is a general working capital facility. The interest rate is similar to the loan payable. As of March 31, 2021 and date hereof the company has fully utilized this facility.

The interest cost during the three and nine months ended March 31, 2021 was $71,578 and $282,972 respectively (2020 $172,190 and $675,522 respectively).

7 9% Non convertible debentures payable

The company closed a $250,000 financing on March 16, 2021 by way of senior secured non-convertible debentures ("9% 2025 debentures"). The 9% 2025 debentures were issued on the same terms and rank pari passu with existing 9% Non-convertible debentures payable ("9% debentures") bearing interest at 9% per annum and maturing on December 31, 2021. The financing was conducted in accordance with the terms of the partial revocation order issued by the Ontario Securities Commission. The financing was a related party transaction (note 10).

The company also received agreement of the 9% debentures to extend their maturity date from December 31, 2021 to December 31, 2025. The 9% debentures were issued as 5,759 units (5,559 units in December 2017 and 200 units in October 2019) consisting of principal amount of $5,759,000 and 623,377,196 common shares of the company. The 9% debentures were replaced by 9% 2025 debentures on a dollar for dollar basis with respect to the principal amount, restructuring bonus, and interest rate as such terms are defined in the 9% debentures. The unpaid interest from December 16, 2018 until March 16, 2021 on the 9% debentures together with interest on interest are due on maturity of 9% 2025 debentures. An additional feature of the 9% 2025 debentures is that the first year interest is deferred and is payable in eight equal instalments, with each instalment being added to each semi-annual interest payment payable after the first year through December 31, 2025, and the interest on interest will be added in the final interest payment.

The company did not issue common shares upon issuance of 9% 2025 debentures.

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

The issuance of 9% 2025 debentures is considered a transaction with holders of 9% debentures in their capacity as debtholders and accounted for as an exchange of the 9% debentures for 9% 2025 debentures. The value of the 9% 2025 debentures is determined as the amount required to extinguish the 9%

debentures. The fair value of the 9% 2025 debentures issued was determined to be $4,581,336 based on a discounted cash flow of the principal, interest and restructuring bonus of the 9% 2025 debentures. As a result, a gain of $3,033,105 has been recognized in the contributed surplus (consolidated statements of changes in shareholder deficiency) which consists of the book value of the 9% debentures of $7,427,366 (tabulated in this section under Movement on 9% debentures), plus fresh cash proceeds of $250,000 less the fair value of the 9% 2025 debentures of $4,581,336 and financing costs of $62,925.

Movement on 9% debentures

	Debt portion	Accrued and Unpaid interest	Total
	$	$	$
Balance at June 30, 2019	**$ 5,095,949**	**$ 271,624**	**$ 5,367,573**
Fair value of 9% debentures issued October 2019	153,819	-	153,819
Accretion charge for the period	245,026	-	245,026
Restructuring bonus for the period	192,827	-	192,827
Interest for the period	-	383,891	383,891
Initially Reported as Balance at March 31, 2020	5,687,621	655,515	6,343,136
Adjustments made at year ended June 30, 2020			
Accretion charge for the period	(2,928)	-	(2,928)
Amortization of transaction costs	7,828	-	7,828
Amended Balance at March 31, 2020	**$ 5,692,521**	**$ 655,515**	**$ 6,348,036**
Balance at June 30, 2020	**$ 5,827,191**	**$ 784,385**	**$ 6,611,576**
Accretion charge for the period	248,797	-	248,797
Restructuring bonus for the period	187,689	-	187,689
Amortization of transaction costs	13,307	-	13,307
Interest for the period	-	365,997	365,997
Refinanced March 16, 2021 as 9% 2025 debentures	(6,276,984)	(1,150,382)	(7,427,366)
Balance at March 31, 2021	$ -	$ -	$ -

Movement on 9% 2025 debentures

	Debt portion	Accrued and Unpaid interest	Total
	$	$	$
Fair value of 9% 2025 debentures on issuance	**$ 4,581,336**	**$ -**	**$ 4,581,336**
Interest for the period	-	28,246	28,246
Balance at March 31, 2021	**$ 4,581,336**	**$ 28,246**	**$ 4,609,582**

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

	Period ended March 31, 2021			Period ended March 31, 2020		
	Stated interest	Restructuring bonus	Accretion charge	Stated interest	Restructuring bonus	Accretion charge
	$	$	$	$	$	$
Three months ended March 31	$ 133,672	$ 53,834	$ 74,393	$ 128,869	$ 66,200	$ 83,698
Nine months ended March 31	$ 394,243	$ 187,689	$ 248,797	$ 383,891	$ 192,827	$ 242,098

8 Share capital

Authorized and Issued share capital.

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

9 Share-based payments

Employee stock options

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

There were nil employee stock options outstanding at March 31, 2020, June 30, 2020 and March 31, 2021.

The number of employee stock options available for future issuance as at June 30, 2020 and March 31, 2021 was 16,688,546.

Restricted Share Unit Plan

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

The maximum number of common shares of the company which may be made subject to issuance under RSUs granted under the RSU Plan shall not exceed 32,000,000 common shares. The company has not granted any RSUs under the RSU plan as at June 30, 2020 and March 31, 2021.

Potentially Dilutive Securities

No potentially dilutive securities exist as at March 31, 2021.

10 Related party transactions

Related parties were issued units of 9% debentures on terms and conditions applicable to other recipients of 9% debentures. In March 2021 holders of 9% debentures were issued with 9% 2025 debentures. In addition, in March 2021, through managed accounts and principals, Generation IACP Inc. and Generation PMCA Corp. purchased $200,000, and Kelly Ambrose, the company's President and Chief Executive Officer and a director purchased $50,000 of the 9% 2025 debentures.

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

The holdings are tabulated:

	March 31, 2021	March 31, 2021	June 30, 2020	June 30, 2020
	$		$	
	9% 2025 debentures	Common shares	9% debentures	Common shares
Director, Chief Executive Officer - K. Ambrose	$ 550,000	95,523,818	$ 500,000	95,523,818
Director - M. Lavine	500,000	73,514,818	500,000	73,514,818
Director - D. Moscovitz (c)	9,000	1,168,971	-	-
Chief Financial Officer - M.Sabharwal	115,000	27,498,576	115,000	27,498,576
R. Abramson, GIACP, GPMCA (a)	2,815,229	321,629,458	2,669,120	321,629,458
Herbert Abramson (b)	159,891	11,560,814	106,000	11,560,814
	$ 4,149,120	530,896,455	$ 3,890,120	529,727,484
Total issued and outstanding 9% debentures and common shares	$ 6,009,000	878,948,414	$ 5,759,000	878,948,414
% held by parties in tabulation	69.0%	60.4%	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

(c) David Moscovitz was elected director of the company at the annual and special meeting of shareholders held on December 24, 2020

11 Commitments and contingencies

Commitments

As at March 31, 2021 the company is committed to minimum payments with respect to existing leases for equipment:

	Equipment	Total
	$	$
Not later than one year	$ 1,818	$ 1,818
Total	**$ 1,818**	**$ 1,818**

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

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

Legal matters

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

12 Earnings per share

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

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

	Three months ended March 31, 2021	Three months ended March 31, 2020	Nine months ended March 31, 2021	Nine months ended March 31, 2020
	$	$	$	$
Net (loss) and comprehensive (loss)	$ (534,751)	$ (1,034,983)	$ (1,552,710)	$ (2,100,762)
Basic and Diluted EPS				
Average number of issued common shares during the period	878,948,414	878,948,414	878,948,414	867,082,694
Basic EPS	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**
There are no potentially dilutive common shares outstanding at March 31, 2021 and 2020. Hence Diluted EPS not computed				

13 Nature of expenses

	Period ended March 31, 2021	Period ended March 31, 2020
	$	$
Direct expenses		
Costs of cardholders awards, and marketing and advertising in connection with the company's merchant based loyalty program	$ 239,134	$ 329,048
Expense for provision against impaired accounts receivable and transaction credits	74,720	771,866
	$ 313,854	**$ 1,100,914**
Selling and Marketing, and General & Administrative		
Salaries and wages including travel	$ 750,801	$ 1,467,923
Professional fees	141,563	84,429
Facilities, processing, and office expenses	85,848	236,879
Other	28,285	61,253
	$ 1,006,497	**$ 1,850,484**

14 Segment reporting

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

The programs are described in Note 1. Financial information by reportable segment for period ended March 31, 2021 and 2020 is tabulated.

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

	MCA program	Aeroplan program	Corporate	Total
	$	$	$	$
Revenues	542,256	397,093	-	939,349
Direct expenses	74,720	239,134	-	313,854
	467,536	157,959	-	625,495
Selling & marketing	244,581	179,107	-	423,688
General & administrative	336,437	246,372	-	582,809
(Loss) from operations before depreciation, amortization and interest	(113,482)	(267,520)	-	(381,002)
Stated interest - Loan payable	282,972	-	-	282,972
Stated interest - 9% Non convertible debentures payable	227,584	166,659	-	394,243
Interest - Lease	6,109	4,473	-	10,582
Non-cash interest - 9% Non convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	259,651	190,142	-	449,793
Depreciation of right of use asset	19,695	14,423	-	34,118
Segment (loss)	(909,493)	(643,217)	-	(1,552,710)

For period ended March 31, 2020				
	MCA program	Aeroplan program	Corporate	Total
	$	$	$	$
Revenues	1,798,436	633,506	-	2,431,942
Direct expenses	771,866	329,048	-	1,100,914
	1,026,570	304,458	-	1,331,028
Selling & marketing	430,796	151,750	-	582,546
General & administrative	937,648	330,290	-	1,267,938
(Loss) from operations before depreciation, amortization and interest	(341,874)	(177,582)	-	(519,456)
Stated interest - Loan payable	675,522	-	-	675,522
Stated interest - 9% Non convertible debentures payable	283,890	100,001	-	383,891
Interest - Lease	11,040	3,889		14,929
Non-cash interest - 9% Non convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	327,419	115,334	-	442,753
Depreciation of right of use asset	36,237	12,764	-	49,001
Depreciation of property, plant and equipment	11,248	3,962	-	15,210
Segment (loss)	(1,687,230)	(413,532)	-	(2,100,762)

15 Leases

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

Movement is tabulated:

	Right of use asset	Lease liability
Balance at June 30, 2020	$98,562	$149,131
Depreciation for the period	(34,118)	-
Interest payments	-	10,582
Lease payments	-	(58,253)
Balance at March 31, 2021	$64,444	$101,460
Current		$ 69,967
Long-term		31,493
		$101,460

The undiscounted lease liability is as follows:

	Base rent
Due 12 months ended March 31, 2022	$ 77,671
Due 12 months ended March 31, 2023 (Lease ends August 31, 2022)	32,363
Total	$110,034

16 Government subsidies

The company has availed Covid-19 pandemic relief measures.

Amount of $335,480 received under the Canada Emergency Wage Subsidy is reflected as a reduction of the salaries and wages disclosed in note 13.

The company received $40,000 under the Canada Emergency Business Account. In December 2020 the company applied for and received an additional $20,000 under this program. $20,000 of this loan of $60,000 is forgivable provided the loan is re-paid by December 31, 2022. There is no interest on the $60,000 loan provided it is re-paid by December 31, 2022. Beginning on January 1, 2023, interest will accrue on the balance of the loan at the rate of 5% per annum.

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

The company is receiving assistance towards its rent payments from October 2020 under the Canada Emergency Rent Subsidy. Subsidy of $49,606 is reflected as a reduction of rent included in facilities, processing and office expenses disclosed in note 13.

17 Subsequent events

In May 2021 the company applied to the Ontario Securities Commission for full revocation of 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.

18 Comparatives

Amendments were made at year end June 30, 2020 to initial computations on adoption of IFRS 16 Leases at July 1, 2019, and initial recording of amounts upon issuance of $200,000 9% debentures in October 2019. This resulted in adjustments to amounts reported at March 31, 2020; increase in the reported net loss for nine months ended March 31, 2020 of $15,122, decrease in reported total assets by $101,073, decrease in total liabilities by $147,957, increase in contributed surplus of $26,788, and decrease in shareholders deficit of $46,884. These consolidated financial statements reflect amended amounts. Additional details are provided in the management discussion and analysis for year ended June 30, 2020 under section Amendments to Amounts Reported in Interim Financial Statements of Fiscal 2020.

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

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