ADVANTEX MARKETING INTERNATIONAL INC.
CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended March 31, 2023

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

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

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

Approved by the Board

Director: Signed "Marc Lavine"
Marc Lavine

Director: Signed "Kelly Ambrose"
Kelly Ambrose

Advantex Marketing International Inc.
Consolidated Statements of Loss and Comprehensive Loss (unaudited)
For the three and nine months ended March 31, 2023 and 2022
(expressed in Canadian dollars)

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

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

Advantex Marketing International Inc.
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
For the three and nine months ended March 31, 2023 and 2022
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	$	$	$	$	$	$
Balance at July 1, 2021	**$ 3,815**	**$ 24,526,740**	**$ 7,364,720**	**$ (47,383)**	**$ (39,860,019)**	**$ (8,012,127)**
Issuance of 9% non-convertible debentures payable (note 7)	-	-	378,082	-	-	378,082
Net (loss) and comprehensive (loss)	-	-	-	-	(1,800,699)	(1,800,699)
Balance at March 31, 2022	**$ 3,815**	**$ 24,526,740**	**$ 7,742,802**	**$ (47,383)**	**$ (41,660,718)**	**$ (9,434,744)**
Balance at July 1, 2022	**$ 3,815**	**$ 24,526,740**	**$ 7,742,802**	**$ (47,383)**	**$ (42,567,857)**	**$ (10,341,883)**
Issuance of 9% non-convertible debentures payable (note 7)	-	-	158,815	-	-	158,815
Net (loss) and comprehensive (loss)	-	-	-	-	(1,862,715)	(1,862,715)
Balance at March 31, 2023	**$ 3,815**	**$ 24,526,740**	**$ 7,901,617**	**$ (47,383)**	**$ (44,430,572)**	**$ (12,045,783)**

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

Advantex Marketing International Inc.
Consolidated Statements of Cash Flow (unaudited)
For the three and nine months ended March 31, 2023 and 2022
(expressed in Canadian dollars)

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

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 periods ended March 31, 2023 and 2022 the company's core business was its merchant cash advance ("MCA") program. Under this program, the company provides merchants with working capital through the pre-purchase, at a discount, of merchants' future cash flows.

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 acquire aeroplan points from the company. The original five year term of the agreement ended April 30, 2019, the agreement has been through extensions and current extension is to May 31, 2023. The agreement can be terminated by AC under certain conditions during its term.

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

Advantex is incorporated and domiciled in Canada. Until August 31, 2022 the address of its registered office was Suite 606, 600 Alden Road, Markham, Ontario, L3R 0E7, and thereafter is 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5.

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 $12,045,783 and negative working capital of $3,347,866 as at March 31, 2023. During the year ended June 30, 2022 the company closed two financings (note 7), $1.0 million in September 2021 and $150,000 in March 2022. In January 2023 the company closed a financing of $600,000 (note 7). The continuing negative effects of the pandemic, and the prevailing inflationary and increasing interest rate environment have created a more highly uncertain economic environment. More so for small independent businesses operating in the hospitality segment, especially restaurants. The company's customers are primarily small independent restaurants. Consequently, there is uncertainty surrounding the company's ability in the foreseeable future to generate cash flows sufficient to meet its operational needs and meet its obligations on due dates. Failure to meet obligations on due dates may lead to company being unable to continue operations due to: denial by suppliers of products and services; loss of access to a) loan payable (note 6) which supports the company's merchant cash advance program, and b) general working capital provided by 9% 2025 debentures (note 7); and inability to access alternative economically viable sources to replace existing capital. 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, 2022, 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 ("Board") on May 30, 2023.

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 3 to the audited consolidated financial statements for year ended June 30, 2022.

5 Transaction credits

Under the MCA program the company provides merchants with working capital through the pre-purchase, at a discount, of merchants' future cash flows.

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations.

Under the MCA product, the company acquires the rights to receive future cash flows, associated with future business activity, at a discount from participating establishments ("transaction credits"). Under the MCA program 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.

Transaction credits are net of applicable allowance, which is established based on 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 pandemic, for period ended June 30, 2022, for the unimpaired transaction credits the company estimated loss based on historical loss rate. Due to the uncertainties created by the inflationary and high interest environment, for period ended December 31, 2022, for the unimpaired transaction credits the company estimated loss based on historical loss rate supplemented by a forecast loss rate. With the economic situation being less uncertain during period ended March 31, 2023, for unimpaired transaction credits the company estimated loss based on historical loss rate.

The historical loss rate is based on the losses experienced over the seven-year period prior to start of the pandemic, during and post pandemic. The forecast loss rate is based on the company's knowledge of its customers and its evaluation of the impact of the pandemic and economic environment on individual customers' ability to operate. Location of the merchant business, past and current payment history, current 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 timeline 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.

During year ended June 30, 2021 and the first nine months of year ended June 30, 2022 the pandemic restrictions impacted economic activity. There was uncertainty related to the pace and extent of economic recovery in the business segments the company operates in and hence the evaluation of collectability of transaction credits. During periods ended March 31, 2023 the inflationary and increasing interest rate environment and its unknown impact on economic activity is a likely factor in evaluation of collectability in future periods.

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

The maximum exposure to credit risk with respect to transaction credits is the net balance of the transaction credits.

The transaction credit balances, and the related allowance is as follows:

	March 31, 2023	June 30, 2022
	$	$
Transaction credits	$ 5,955,349	$ 4,692,121
Allowance	(1,379,853)	(1,379,853)
Per Consolidated statement of financial position	**$ 4,575,496**	**$ 3,312,268**
Maximum exposure to credit risk on Transaction credits	**$ 4,575,496**	**$ 3,312,268**

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

	March 31, 2023		June 30, 2022	
	$		$	
Impaired transaction credits	$	1,197,553	$	1,246,397
Allowance		(1,197,553)		(1,246,397)
Impaired transaction credits not allowed for	**$**	**-**	**$**	**-**
The company carries a general allowance towards transaction credits. The general allowance at March 31, 2023 and June 30, 2022 is based on the historical loss rate	$	182,300	$	133,456

Movement on allowance for impaired transaction credits:

	March 31, 2023		March 31, 2022	
	$		$	
Balance brought forward at start of period	**$**	**1,379,853**	**$**	**1,061,295**
Allowance created during the period		-		-
Impaired accounts written back against allowance		-		557
Balance carried forward at end of period	**$**	**1,379,853**	**$**	**1,061,852**

6 Loan payable

	March 31, 2023		June 30, 2022	
	$		$	
Balance at start of period	**$**	**4,019,685**	**$**	**2,387,439**
Increase in borrowing		957,690		1,632,246
Balance at end of period	**$**	**4,977,375**	**$**	**4,019,685**

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.

Due to 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 overdraft facility was increased by $75,000 in June 2022, to be paid back by middle of September 2022 and the company repaid the $75,000 by due date. The overdraft facility is a general working capital facility and is a carve-out from the loan payable limit of $8.5 million. The interest rate is similar to the loan payable. As of March 31, 2023, the company has utilized $359,900 from this overdraft facility (at June 30, 2022 $492,750 and at March 31, 2022 $438,000).

In September 2021 the company and Accord agreed to: 1) extend the term of their agreement, which was due to end in December 2021, to June 30, 2022, 2) amend, effective September 1, 2021, the interest rate to the prime rate of a certain Canadian bank plus 8.80% from prime rate of a certain Canadian bank plus 9.05%, and 3) the overdraft facility would be repayable by the company in equal monthly instalments between January 2022 and June 2022.

In December 2021 Accord deferred the start of the re-payment of the overdraft facility to April 1, 2022.

In March 2022 the company and Accord agreed to: 1) extend the term of their agreement, which was due to end June 30, 2022, to July 31, 2024, and 2) a payment plan for Advantex to re-pay the overdraft facility by July 31, 2024. The agreement is subject to automatic renewal after July 31, 2024 for periods of one year unless terminated by either party by giving 180 days written notice prior to end of the term.

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.

The loan payable is repayable on demand to Accord.

The interest cost during three and nine months ended March 31, 2023, was $185,330 and $405,153 respectively (2022 $139,600 and $334,687).

Tabulation of re-payment of overdraft facility

	At March 31, 2023
3 months ended June 30, 2023	$ 26,898
12 months ended June 30, 2024	122,082
12 months ended June 30, 2025 - Payment due July 2024	210,898
	$ 359,878

7 9% Non-convertible debentures payable

The company received agreement of the 9% debentures holders 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. Effective March 15, 2021 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 company closed a $250,000 financing on March 15, 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, 2025. The financing was a related party transaction (note 10).

The unpaid interest from December 16, 2018 until March 14, 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.

On September 7, 2021 the company issued 9% 2025 debentures for gross proceeds of $1.0 million. The financing was a related party transaction (note 10). As described in note 10, in September 2021, the purchasers of 9% 2025 debentures - $250,000 in March 2021 and $1.0 million in September 2021 - received common shares. The common shares were determined to have nil value.

On March 24, 2022 the company issued 9% 2025 debentures for gross proceeds of $150,000. The financing was a related party transaction (note 10). As described in note 10, in March 2022, the purchasers of 9% 2025 debenture received common shares. The common shares were determined to have nil value.

On January 5, 2023, the company issued 9% 2025 debentures for gross proceeds of $600,000. The financing was a related party transaction (note 10). As described in note 10, in January 2023, the purchasers of 9% 2025 debenture received common shares. The common shares were determined to have nil value.

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 September 30, 2021, September 30, 2022, June 30, 2022, December 31, 2022, and March 31, 2023. On June 26, 2022 the company received waiver of the events of default with respect to financial covenants at December 31, 2021 and March 31, 2022. In addition, the company received agreement of the debenture holders to defer the payment of interest payable September 15, 2022, and re-set financial covenants for quarters ended June 30, 2022 until June 30, 2023. On March 14, 2023, the company received agreement of the debenture holders to defer the payment of interest payable March 15, 2023, and for it to be payable in six equal instalments, with each instalment being added to the interest payments due on September 15, 2023, March 15, 2024, September 15, 2024, March 15, 2025, September 15, 2025, and December 31, 2025.

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 9% 2025 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 in the event that the debenture holders demand immediate payment, the 9% 2025 debentures holders would have the right to realize upon a part or all of the security held by them.

The fair value of the $1.0 million 9% 2025 debentures issued in September 2021 was initially determined to be $597,275 based on a discounted cash flow of the interest and principal obligations of the 9% 2025 debentures. As a result, $402,725 was recognized in the contributed surplus. At June 30, 2022 the fair value was amended to $666,183 and the recognition in the contributed surplus was amended to $333,817 (consolidated statements of changes in shareholder deficiency for year ended June 30, 2022, and for period ended March 31, 2022 disclosed in these interim financial statements). In addition, the company incurred $77,501 of transaction costs related to the transaction and these are being amortized to maturity date.

The fair value of the $150,000 9% 2025 debentures issued in March 2022 was determined to be $105,735 based on a discounted cash flow of the interest and principal obligations of the 9% 2025 debentures. As a result, $44,265 was recognized in the contributed surplus (consolidated statements of changes in shareholder deficiency for period ended March 31, 2022, and for year ended June 30, 2022). In addition, the company incurred $8,115 of transaction costs related to the transaction and these are being amortized to maturity date.

The fair value of the $600,000 9% 2025 debentures issued in January 2023 was determined to be $441,185 based on a discounted cash flow of the interest and principal obligations of the 9% 2025 debentures. As a result, $158,815 has been recognized in the contributed surplus (consolidated statements of changes in shareholder deficiency for period ended March 31, 2023). In addition, the company incurred $20,713 of transaction costs related to the transaction and these are being amortized to maturity date.

Movement on 9% 2025 debentures is tabulated hereunder:

Balance at June 30, 2022	**$ 5,991,254**	**$ 962,624**	**$ 6,953,878**
Accretion charge for the period	187,360	-	187,360
Restructuring bonus for the period	19,304	-	19,304
Amortization of transaction costs for the period	5,012	-	5,012
Interest for the period	-	202,143	202,143
Balance at September 30, 2022	$ 6,202,930	$ 1,164,767	$ 7,367,697
Accretion charge for the period	193,608	-	193,608
Restructuring bonus for the period	19,304	-	19,304
Amortization of transaction costs for the period	5,012	-	5,012
Interest for the period	-	202,142	202,142
Balance at December 31, 2022	$ 6,420,854	$ 1,366,909	$ 7,787,763
Fair value of 9% 2025 debentures issued in January 2023	441,185	-	441,185
Transaction costs related to January 2023 raise	(20,713)	-	(20,713)
Accretion charge for the period	211,501	-	211,501
Restructuring bonus for the period	28,304	-	28,304
Amortization of transaction costs for the period	6,739	-	6,739
Interest for the period	-	243,138	243,138
Balance at March 31, 2023	**$ 7,087,870**	**$ 1,610,047**	**$ 8,697,917**

Stated interest ("Interest" or "Stated interest") includes interest on interest with respect to accrued and unpaid interest, Accretion charge, Performance bonus, Amortization of transaction costs for three and nine months ended March 31, 2023 and March 31, 2022 are disclosed in the below tabulation.

	Three months ended March 31			Nine months ended March 31		
	Stated interest	Accretion charge	Restructuring bonus	Stated interest	Accretion charge	Restructuring bonus
	$	$	$	$	$	$
March 31, 2023	243,138	211,501	28,304	647,423	592,469	66,912
March 31, 2022	199,029	177,944	17,505	571,590	524,215	53,759

In addition, three and nine months ended March 31, 2023 include amortization of transaction costs of $6,739 and $16,763 respectively (2022 $4,471 and $10,431 respectively).

8 Share capital

As at March 31, 2023:

No change in the authorized share capital since June 30, 2022.

No change in issued and outstanding Class A preference shares since June 30, 2022.

Issued and outstanding Common shares:

Balance as at June 30, 2022	253,392,507
Issued January 2023 – note 7 and note 10	12,000,000
Balance as at March 31, 2023	265,392,507

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 556,285.

There were no stock options outstanding during the three and nine months ended March 31, 2023 and 2022.

The company has recorded $nil of stock-based compensation expense during three and nine months ended March 31, 2023 and 2022.

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. On August 26, 2021 at a special meeting of the shareholders the company received approval from its shareholders to increase the maximum number of common shares of the company which may be made subject to issuance under RSUs granted under the RSU Plan.

The maximum number of common shares of the company which may be made subject to issuance under RSUs granted under the RSU Plan is 13,733,333.

The company has not granted any RSUs under the RSU plan as at March 31, 2023 and 2022.

Potentially Dilutive Securities

No potentially dilutive securities exist as at March 31, 2023 and March 31, 2022.

10 Related party transactions

9% 2025 debentures

Related parties were issued units of 9% debentures on terms and conditions applicable to other recipients of 9% debentures. Effective March 15, 2021 the 9% debentures held by all debenture holders 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.

On March 15, 2021, the company closed a $250,000 financing by way of 9% 2025 debentures. Through managed accounts and principals, related parties 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.

On September 7, 2021, the company closed a $1.0 million financing by way of 9% 2025 debentures. Through managed accounts and principals, related parties Generation IACP Inc. and Generation PMCA Corp. purchased $975,000, and Kelly Ambrose, the company's President and Chief Executive Officer and a director purchased $25,000 of the 9% 2025 debentures.

On March 24, 2022, the company closed a $150,000 financing by way of 9% 2025 debentures. Related parties, principals of Generation IACP Inc. and Generation PMCA Corp., purchased $150,000 of the 9% 2025 debentures.

On January 5, 2023, the company closed a $600,000 financing by way of 9% 2025 debentures. Related parties, principals of Generation IACP Inc. and Generation PMCA Corp., purchased $600,000 of the 9% 2025 debentures.

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

Common shares

On September 7, 2021 the company issued common shares. The common shares disclosed hereunder reflect conversion at consolidation ratio used in the share consolidation completed in June 2022.

a. For purchase of $200,000 and $975,000 9% 2025 debentures on March 15, 2021 and September 7, 2021 respectively the company issued 175,270,833 common shares to managed accounts and principals of Generation IACP Inc. and Generation PMCA Corp. For purchase of $50,000 and $25,000 9% 2025 debentures on March 15, 2021 and September 7, 2021 respectively the company issued 11,187,500 common shares to Kelly Ambrose the company's President and Chief Executive Officer;

b. Kelly Ambrose, the company's President and Chief Executive Officer was issued 10,833,333 common shares as a retention bonus and 219,621 common shares in lieu of a portion of vacation pay due to him; and

c. Mukesh Sabharwal, the company's Vice President and Chief Financial Officer was issued 4,166,667 common shares as a retention bonus and 114,312 common shares in lieu of a portion of vacation pay due to him.

On March 24, 2022 for purchase of $150,000 9% 2025 debentures the company issued 22,375,000 common shares to the principals of Generation IACP Inc. and Generation PMCA Corp.

On January 5, 2023 for purchase of $600,000 9% 2025 debentures the company issued 12,000,000 common shares to the principals of Generation IACP Inc. and Generation PMCA Corp (note 8).

The holdings of 9% 2025 debentures and common shares by related parties are summarized below:

	March 31, 2023		June 30, 2022	
	9% 2025 debentures	Common shares	9% 2025 debentures	Common shares
Director, Chief Executive Officer - K. Ambrose	$ 575,000	25,424,582	$ 575,000	25,424,582
Director - M. Lavine	500,000	2,450,494	500,000	2,450,494
Director - D. Moscovitz	9,000	38,966	9,000	38,966
Chief Financial Officer - M. Sabharwal	115,000	5,197,599	115,000	5,197,599
R. Abramson, GIACP, GPMCA (a)	3,478,650	156,997,057	3,543,650	158,137,414
Herbert Abramson (b)	731,000	54,864,527	431,000	48,864,527
	$ 5,408,650	244,973,225	$ 5,173,650	240,113,582
Total issued and outstanding 9% 2025 debentures and common shares	$ 7,759,000	265,392,507	$ 7,159,000	253,392,507
% held by parties in tabulation	69.7%	92.3%	72.3%	94.8%

(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 above securities of the company. R. Abramson indirectly controls both GIACP and GPMCA and is a portfolio manager of both firms

(b) Herbert Abramson, Chairman and a portfolio manager of both GIACP and GPMCA, beneficially owns the securities of the company

11 Commitments and contingencies

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.

Taxation

The Inland Revenue Service ("IRS") assessed a penalty of USD 100,000 with respect to a US subsidiary for late filing of a return for fiscal year which commenced September 1, 2020 and ended August 31, 2021 with respect to certain foreign owned US corporations. The corporation in question is dormant since its year ended August 31, 2019. The company has lodged an appeal with the IRS citing the relief for late filing available with respect to fiscal year 2020 and other mitigating circumstances including the relief available under small corporation category.

12 Earnings per share

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

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

	Three months ended March 31, 2023	Three months ended March 31, 2022	Nine months ended March 31, 2023	Nine months ended March 31, 2022
	$	$	$	$
Net (loss) and comprehensive (loss)	$ (703,780)	$ (561,506)	$ (1,862,715)	$ (1,800,699)
Basic and Diluted EPS				
Average number of issued post consolidation common shares during the period *	264,859,174	233,079,437	257,158,930	181,664,000
Basic EPS	**$ (0.00)**	**$ (0.00)**	**$ (0.01)**	**$ (0.01)**
* The company completed a share consolidation on the basis of one (1) post-consolidation common share for every thirty (30) pre-consolidation common shares. The company's board of directors set May 29, 2022 as the effective date of the consolidation. To enable a comparison the average number of issued common shares, in above tabulation, are stated as if the share consolidation had taken place on July 1, 2021. As additional information, the pre-consolidation average number of issued common shares during 3 and 9 month periods ended March 31, 2022 was 6,992,382,118 and 5,449,920,004 and based on this the reported basic EPS for both periods in 2022 was $0.00				
There are no potentially dilutive common shares outstanding at March 31, 2023 and 2022. Hence Diluted EPS not computed				

13 Nature of expenses

		Period ended March 31, 2023	Period ended March 31, 2022
		$	$
Direct expenses			
Costs of loyalty rewards, and marketing in connection with the company's merchant based loyalty program		$ 376,185	$ 296,402
Expense for provision against impaired accounts receivable and transaction credits, credit & collection expense		10,589	6,575
		$ 386,774	**$ 302,977**
Selling and Marketing, and General & Administrative ("SG&A")			
Salaries and wages including travel		$ 1,020,369	$ 908,285
Professional fees		136,231	140,258
Facilities, processing, and office expenses		121,887	77,713
Other		21,151	64,315
		$ 1,299,638	**$ 1,190,571**
Salaries and wages including travel as % of SG&A		78.5%	76.3%

Selling and Marketing, and General & Administrative reflect receipt of wage and rent subsidies during period ended March 31, 2023, of $1,888 (2022 $139,753). Salaries and wages expense during period ended March 31, 2022 reflects write-back of $35,063 resulting from extinguishment of a portion of vacation pay dues to CEO and CFO of the company upon issuance to them of common shares in September 2021 (note 10).

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, 2023 and March 31, 2022 is tabulated.

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

For the period ended March 31, 2023.

	MCA program	Aeroplan program	Total
	$	$	$
Revenues	1,024,330	528,267	1,552,597
Direct expenses	10,589	376,185	386,774
	1,013,741	152,082	1,165,823
Selling & marketing	280,447	144,632	425,079
General & administrative	576,993	297,566	874,559
Earnings/(Loss) from operations before depreciation, amortization and interest	156,301	(290,116)	(133,815)
Stated Interest - loan payable	405,153	-	405,153
Stated Interest - 9% non-convertible debentures payable	427,139	220,284	647,423
Interest - Lease	119	61	180
Non-cash interest - 9% non-convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	446,088	230,056	676,144
Segment (loss)	(1,122,198)	(740,517)	(1,862,715)

For the period ended March 31, 2022.

	MCA program	Aeroplan program	Total
	$	$	$
Revenues	788,576	404,020	1,192,596
Direct expenses	6,575	296,402	302,977
	782,001	107,618	889,619
Selling & marketing	319,683	163,787	483,470
General & administrative	467,554	239,547	707,101
(Loss) from operations before depreciation, amortization and interest	(5,236)	(295,716)	(300,952)
Stated Interest - loan payable	334,687	-	334,687
Stated Interest - 9% non-convertible debentures payable	377,950	193,640	571,590
Interest - Lease	3,349	1,716	5,065
Non-cash interest - 9% non-convertible debentures payable - accretion charges, restructuring bonus and amortization of transaction costs	389,069	199,336	588,405
Segment (loss)	(1,110,291)	(690,408)	(1,800,699)

15 Leases

The company adopted IFRS 16 with respect to its head office lease at 600 Alden Road (note 1).

The lease ended August 31, 2022.

Movement is tabulated:

	Right of use asset	Lease liability
	$	$
Balance at June 30, 2022	$ -	$ 12,768
Interest payments	-	180
Lease payments	-	(12,948)
Balance at September 30, 2022, December 31, 2022 and March 31, 2023	$ -	$ -

16 Government subsidies

The company availed pandemic relief measures during periods ended March 31, 2023 and March 31, 2022 under Federal wage and rent subsidies.

Amount of rent subsidy of $1,888 received during period ended March 31, 2023 (received July 2022) is reflected as a reduction of the facilities expense disclosed in note 13 (2022 - $25,114). Amount of wage subsidy of $114,639 received during period ended March 31, 2022 is reflected as a reduction of the salaries and wages expense disclosed in note 13.

The company received $60,000 under the Canada Emergency Business Account. $20,000 of this loan of $60,000 is forgivable provided the loan is re-paid by December 31, 2023. There is no interest on the $60,000 loan provided it is re-paid by December 31, 2023. Beginning on January 1, 2024, interest will accrue on the balance of the loan at the rate of 5% per annum.

17 Subsequent events

On April 21, 2023, the company closed a private placement of 12% non-convertible debentures ("12% 2025 debentures") for gross proceeds of $400,000. The 12% 2025 debentures bear interest at 12% per annum payable semi annually, mature October 10, 2025, and rank pari passu on security with the 9% 2025 debentures. There was no issuance of common shares of the company to the purchaser of the 12% 2025 debentures. This transaction is with a non-related party which is at arm's length with the company. The company secured the requisite approval of 9% 2025 debentures to issue 12% 2025 debentures.