



ADVANTEX

News Release

Advantex Announces Fiscal 2017 First Quarter Results

Toronto, November 21, 2016 -- Advantex Marketing International Inc. (CSE: ADX), a specialist in marketing loyalty-reward programs, announced its results for the three months ended September 30, 2016.

The Company's business performance was stable for the Quarter, while it continues to seek growth funds through recapitalization, in order to take advantage of expansion opportunities.

Highlights of Fiscal 2017 First Quarter results are set out in the table ⁽¹⁾. Additional details are available in the Consolidated Financial Statements and the Management Discussion and Analysis available under the Company's profile on www.sedar.com.

	<u>Fiscal 2017</u> <u>First Quarter</u>	<u>Fiscal 2016</u> <u>First Quarter</u>	<u>Change</u>
	\$	\$	\$
Revenues	\$ 2,604,270	\$ 2,995,254	\$ (390,984)
Direct expenses			
Cost of cardholder rewards and marketing in connection with Company's merchant based loyalty programs	\$ 697,764	\$ 744,419	\$ (46,655)
Expense for provision against delinquent accounts	\$ 179,594	\$ 138,650	\$ 40,944
Gross profit	\$ 1,726,912	\$ 2,112,185	\$ (385,273)
Selling and General & Administrative expenses	\$ 1,398,251	\$ 1,647,813	\$ (249,562)
Earnings from operations before depreciation, amortization and interest	\$ 328,661	\$ 464,372	\$ (135,711)
Stated interest expense - loan payable, and debentures	\$ 338,994	\$ 383,471	\$ (44,477)
Profit (Loss) from operations before depreciation, amortization and non cash interest	\$ (10,333)	\$ 80,901	\$ (91,234)
Depreciation, amortization and non-cash interest expense	\$ 139,072	\$ 188,573	\$ (49,501)
Net loss and Comprehensive loss	\$ (149,405)	\$ (107,672)	\$ (41,733)

⁽¹⁾ The tabulation is a non-GAAP presentation and is provided to assist readers in understanding the Company's financial performance. The information is extracted from consolidated financial statements for the three months ended September 30, 2016.

About Advantex:

Advantex provides specialized marketing programs that enable members of affinity groups to earn frequent-flyer miles and other loyalty rewards through purchases at participating merchants.

Through our partnerships with Aeroplan, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and Caesars Entertainment, we have contractual access to millions of consumers with above-average personal and household income. We also have partnerships with about 1,300 merchants in Canada and the US.

Advantex shares trade on the Canadian Securities Exchange under the symbol ADX. For more information, go to www.advantex.com.

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

	Note	At September 30, 2016	At June 30, 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		\$ 1,097,917	\$ 658,678
Accounts receivable		213,134	425,402
Transaction credits	5	6,252,747	7,352,262
Inventory	6	39,351	39,914
Prepaid expenses and sundry assets		<u>119,768</u>	<u>103,684</u>
		\$ 7,722,917	\$ 8,579,940
Non-current assets			
Property, plant and equipment		\$ 104,882	\$ 116,049
Intangible assets		<u>52,243</u>	<u>119,921</u>
		\$ 157,125	\$ 235,970
Total assets		\$ 7,880,042	\$ 8,815,910
Liabilities			
Current liabilities			
Loan payable	7	\$ 4,808,293	\$ 5,533,267
Accounts payable and accrued liabilities		3,435,262	3,556,978
12% Non-convertible debentures payable	8	<u>5,159,000</u>	<u>5,098,773</u>
		\$ 13,402,555	\$ 14,189,018
Shareholders' deficiency			
Share capital	9	\$ 24,530,555	\$ 24,530,555
Contributed surplus		4,090,382	4,090,382
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		<u>(34,096,067)</u>	<u>(33,946,662)</u>
Total deficiency		\$ (5,522,513)	\$ (5,373,108)
Total liabilities and deficiency		\$ 7,880,042	\$ 8,815,910

Economic and Financial dependence (note 2 a), Going concern (note 2 b), Commitments and contingencies (note 12)

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

Approved by the Board

Director: Signed "William Polley"
William Polley

Director: Signed "Kelly Ambrose"
Kelly Ambrose

Advantex Marketing International Inc.
Consolidated Statements of Loss and Comprehensive Loss (unaudited)
For the three months ended September 30, 2016 and 2015
(expressed in Canadian dollars)

	Note	2016	2015
		\$	\$
Revenues	15	\$ 2,604,270	\$ 2,995,254
Direct expenses	14/15	<u>877,358</u>	<u>883,069</u>
		1,726,912	2,112,185
Operating expenses			
Selling and marketing	14/15	505,707	739,428
General and administrative	14/15	<u>892,544</u>	<u>908,385</u>
Earnings from operations before depreciation, amortization and interest		328,661	464,372
Interest expense:			
Stated interest expense - loan payable, and debentures	7/8	338,994	383,471
Non-cash interest expense on debentures	8	<u>60,227</u>	<u>57,466</u>
		(70,560)	23,435
Depreciation of property, plant and equipment, and amortization of intangible assets		<u>78,845</u>	<u>131,107</u>
Net loss and comprehensive loss		\$ (149,405)	\$ (107,672)
Loss per share			
Basic and Diluted	13	\$ (0.00)	\$ (0.00)

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Advantex Marketing International Inc.
 Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
 For the three months ended September 30, 2016 and 2015
 (expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	₹	₹	₹	₹	₹	₹
Balance - July 1, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,039,219)	\$ (4,465,665)
Net loss and comprehensive loss	-	-	-	-	(107,672)	(107,672)
Balance - September 30, 2015	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,146,891)	\$ (4,573,337)
Balance - July 1, 2016	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (33,946,662)	\$ (5,373,108)
Net loss and comprehensive loss	-	-	-	-	(149,405)	(149,405)
Balance - September 30, 2016	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (34,096,067)	\$ (5,522,513)

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Advantex Marketing International Inc.
Consolidated Statements of Cash Flow (unaudited)
For the three months ended September 30, 2016 and 2015
(expressed in Canadian dollars)

	Note	2016	2015
		\$	\$
Operational activities			
Net loss for the period		\$ (149,405)	\$ (107,672)
Adjustments for:			
Depreciation of property, plant and equipment, and amortization of intangible assets		78,845	131,107
Accretion charge for debentures	8	<u>60,227</u>	<u>57,466</u>
		(10,333)	80,901
Changes in items of working capital			
Accounts receivable		212,268	32,057
Transaction credits		1,099,515	(887,519)
Inventory		563	75,562
Prepaid expenses and sundry assets		(16,084)	(72,034)
Accounts payable and accrued liabilities		<u>(121,716)</u>	<u>(170,631)</u>
		1,174,546	(1,022,565)
Net cash provided by (used in) operating activities		\$ 1,164,213	\$ (941,664)
Investing activities			
Purchase of property, plant and equipment, and intangible assets		\$ <u>-</u>	\$ <u>(18,026)</u>
Net cash (used in) investing activities		\$ -	\$ (18,026)
Financing activities			
Utilization (Repayment) of loan payable	7	\$ <u>(724,974)</u>	\$ <u>696,586</u>
Net cash generated (used in) financing activities		\$ (724,974)	\$ 696,586
Increase (Decrease) in cash and cash equivalents during the period		\$ 439,239	\$ (263,104)
Cash and cash equivalents at beginning of the period		<u>658,678</u>	<u>1,162,609</u>
Cash and cash equivalents at end of the period		\$ 1,097,917	\$ 899,505
Additional information			
Interest paid		\$ 183,378	\$ 227,429
For purposes of the cash flow statement, cash comprises			
Cash		\$ 1,092,917	\$ 894,505
Term deposits		<u>5,000</u>	<u>5,000</u>
		<u>\$ 1,097,917</u>	<u>\$ 899,505</u>

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