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AVANTE LOGIXX INC. ANNOUNCES FINANCIAL RESULTS FOR THE SECOND FISCAL QUARTER ENDED SEPTEMBER 30, 2022

The Company is debt free, has cash balances of \$11 million and access to \$12 million of unused credit facilities.

Second quarter year-over-year revenue growth from continuing operations of 11.2% and Recurring Monthly Revenues improved by 8.9%.

TORONTO-Ontario- September 30, 2022 - Avante Logixx Inc. (TSX.V: XX) (OTC: ALXXF) ("Avante" or the "Company") is pleased to announce its financial results for its second fiscal quarter ended September 30, 2022 (all amounts in Canadian dollars thousands, unless otherwise indicated).

SUMMARY FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2022:

\$ thousands unless otherwise noted	Three Months Ended		
	Sept. 30, 2022	June 30, 2022	March 31, 2022
<u>INCOME STATEMENT INFORMATION:</u>	Q2 F23	Q1 F23	Q4 F22
RMR in the period, continuing operations ^{(1) (3)}	\$2,584	\$2,463	\$2,488
Revenues, continuing operations ⁽¹⁾	\$4,934	\$4,568	\$4,938
Gross profit, continuing operations ^{(1) (3)}	\$1,921	\$1,995	\$2,087
Gross profit margin, continuing operations ^{(1) (3)}	38.9%	43.7%	42.3%
Adjusted EBITDA, continuing operations ^{(1) (3)}	\$223	\$565	\$675
Net loss, continuing operations ^{(1) (2)}	\$(427)	\$(230)	\$(2,972)
Net Income (loss) ⁽²⁾	\$(427)	\$3,505	\$(3,354)
Average Common Shares during the quarter	26,489,438	26,489,438	22,767,445
	As At		
<u>BALANCE SHEET INFORMATION:</u>	Sept. 30, 2022	June 30, 2022	March 31, 2022
Cash balances & GIC investments ⁽¹⁾	\$10,911	\$12,085	\$354
Total funded debt as reported, IFRS	\$0	\$0	\$8,865
Total funded debt & lease obligations, IFRS ⁽¹⁾	\$772	\$724	\$9,706
Common Shares at period end	26,489,438	26,489,438	26,489,438

(1) The Company sold Logixx Security Inc. ("Logixx Security") on June 1, 2022. Its financial results are treated as discontinued operations for the reporting periods noted above.

(2) The net income (loss) during the fiscal quarters ended March 31, 2022 and June 30, 2022 reflect costs related to the Board's strategic review initiated in August 2021 and restructuring costs related to the transition of the Board and Management on March 30, 2022. The estimated gain on sale of Logixx Security is reflected in first quarter fiscal 2023's net income.

- (3) Adjusted EBITDA and Recurring Monthly Revenues (“RMR”) are non-IFRS financial measures that have no standard meaning under IFRS and as a result may not be comparable to the calculation of similar measures by other companies. See Description of Non-IFRS Financial Measures. Reconciliations of Adjusted EBITDA and RMR to Net Income or Revenues, as applicable, are provided in the Company’s Management Discussion & Analysis (“MD&A”).

“As we continue to grow the Executive team, we now have a solid foundation in place to continue the evolution of our business. In the next quarter, we expect to hire a Director of Operations and Chief Technology Officer to round out a solid management team to achieve our goals.” said Manny Mounouchos, Founder, CEO & Board Chair of Avante. “The company has maintained its revenue growth trajectory during this transition with a 11.2% increase in revenues. The company expects gross margin to rebound to levels earlier in the year as cost increases are incorporated in pricing.”

Added Raj Kapoor, Chief Financial Officer of the Company, “As the company transitions from the sale of Logixx Security, management has recognized areas of efficiency and has started to implement new policies and procedures to maximize return.”

FINANCIAL HIGHLIGHTS FOR THE SECOND FISCAL QUARTER ENDED SEPTEMBER 30, 2022:

Within continuing operations, the Company reported year-over-year revenue growth of 11.2%, or \$496, during the second quarter of fiscal 2023, increasing to \$4,934 from \$4,438 for the prior fiscal year second quarter. Gross profit margins within continuing operations declined to 38.9% of revenue, versus 41.5% during the prior year’s second quarter, with total gross profit increasing by \$79. During the second quarter of fiscal 2023, revenues increased sequentially versus Q1 of fiscal 2023 by 8.0%, or \$366, but gross profit margins declined to 38.9% versus 43.2%.

The Company’s recurring monthly revenues (“RMR”) from continuing operations during the last eight quarters are summarized below. The Avante Security segment delivered RMR of \$2,584 during the second quarter of fiscal 2023, up from \$2,463 during the Company’s first quarter of fiscal 2023, but a year-over-year growth of 8.9% versus the \$2,372 generated during the prior year’s second quarter. On a trailing twelve-month basis to September 30, 2022, the Company’s RMR was \$9,951 and total revenue was \$19,192.

Gross profit margins over the last eight quarters ranged between 38.9% and 45.1%, and were 42.2% on a trailing twelve-month basis to September 30, 2022:

Avante Security	F21⁽¹⁾		F22⁽¹⁾				F23⁽¹⁾	
\$thousands	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
RMR in the period	\$2,126	\$2,314	\$2,372	\$2,372	\$2,416	\$2,488	\$2,463	\$2,584
Other revenue	2,202	2,339	1,657	2,066	2,335	2,450	2,105	2,352
Total revenue	\$4,328	\$4,653	\$4,029	\$4,438	\$4,751	\$4,938	\$4,568	\$4,935
Total Gross Profit	\$1,848	\$1,865	\$1,776	\$1,842	\$2,143	\$2,087	\$1,995	\$1,921
Gross Profit %	42.7%	40.1%	44.1%	41.5%	45.1%	42.3%	43.7%	38.9%

- (1) The Company’s fiscal year end is on March 31 of each year. “F21” means the fiscal year ended March 31, 2021; “F22” means the fiscal year ended March 31, 2022; and “F23” means the fiscal year ended March 31, 2023.

SEGMENT RESULTS:

The Avante Security segment reported Adjusted EBITDA of \$723 during the three-month period ended September 30, 2022, versus \$840 during the first fiscal quarter ended June 30, 2022. This decrease of \$117 was largely due to an increase in divisional legal and consulting costs.

The loss in Adjusted EBITDA from central corporate costs, net of eliminations, within continuing operations was \$(500) during the three-month period ending September 30, 2022. This represented a decrease of \$(226) versus the \$(274) Adjusted EBITDA net of central costs during the first fiscal quarter ended June 30, 2022. The current quarterly period includes one-time costs for CFO searches and increases in Board fees for new members. The previous quarter ended June 30, 2022 also benefited from reversals of the PSU liability.

On June 1, 2022, the Company sold its ownership interest in Logixx Security. During first quarter ended June 30 2022, Discontinued Operations reflected two months of operations from the Logixx Security Segment, whereas the first quarter of the prior fiscal year reflected three months. During the first quarter ended June 30, 2022, Adjusted EBITDA of Discontinued Operations was \$526, compared to \$2,371 during the first quarter ended June 30, 2021, a decrease of \$1,845. In addition to one less month of operations reflected this quarter, Logixx Security's prior year quarterly period benefited more significantly from strong margins on COVID-19 related service revenues.

LIQUIDITY HIGHLIGHTS:

On June 1, 2022, all remaining funded debt of the Company was repaid from proceeds of the sale of Logixx Security. On the same date, the Company entered into amended and restated credit facilities with its bank to provide a \$2 million revolving credit facility, provided on a demand basis and subject to a customary borrowing base. To date, the Company has not drawn on this credit facility.

On July 7, 2022, the Company entered into a definitive loan agreement with affiliates of its largest shareholder. This agreement permits the Company to draw term loans, on a non-revolving basis, for up to \$10 million at a fixed rate of 5.0% with terms to maturity ending July 7, 2027. Drawings are subject to a minimum senior leverage test and other conditions. A standby fee on the unused portion of the facility of 0.5% is payable annually in arrears. To date, the Company has not drawn on this term loan facility.

With cash balances of \$10.9 million, and access to the senior secured revolver of \$2 million and to the \$10 million unsecured term loan facility, the Company has excess liquidity to more than meet its existing requirements.

Readers should refer to the Company's financial statements and MD&A in respect of its first fiscal quarter ended June 30, 2022, for additional risk factors, accounting policies, detailed financial disclosures, reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures, related party transactions, contingencies and reporting of subsequent events since the fiscal period ended June 30, 2022. Such financial statements and MD&A are incorporated by reference into this news release and are filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This news release does not constitute an offer of securities for sale in the United States. The securities described herein have not been, nor will they be, registered under the United States

Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent registration under U.S. federal and state securities laws or an applicable exemption from such U.S. registration requirements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

ABOUT AVANTE LOGIXX INC.:

Avante Logixx Inc. (TSXV: XX), provides high-end security services through its wholly owned subsidiary, Avante Security Inc., serving residential customers located in Toronto and Muskoka regions of Ontario, Canada. With an experienced team, a focus on customer service excellence and development of innovative solutions, we remain committed to providing our shareholders with exceptional returns. Please visit our website at avantelogixx.com.

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Forward-Looking Information

This news release may contain forward-looking statements (within the meaning of applicable securities laws) relating to the business of the Company and the environment in which it operates. Forward-looking statements are identified by words such as “believe”, “anticipate”, “project”, “expect”, “intend”, “plan”, “will”, “may” “estimate”, “pro-forma” and other similar expressions. These statements are based on the Company’s expectations, estimates, forecasts and projections. The forward-looking statements in this news release are based on certain assumptions. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the Company’s ability to achieve the benefits expected as a result of the sale of Logixx Security Inc., anticipated growth from acquisitions, new service offerings and from development and deployment of new technologies and the list of risk factors identified in the Company’s Management Discussion & Analysis (MD&A), Annual Information Form (AIF) and other continuous disclosure documents available at www.sedar.com. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to publicly update any such statement, whether as a result of new information, future events or otherwise.

Non-IFRS Financial Measures

This press release includes certain measures which have not been prepared in accordance with International Financial Reporting Standards (“IFRS”) such as EBITDA, Adjusted EBITDA and Recurring Monthly Revenue (“RMR”). These non-IFRS measures are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. Accordingly, users are cautioned that these measures should not be construed as alternatives to net income determined in accordance with IFRS. The non-IFRS measures presented are unlikely to be comparable to similar measures presented by other issuers.

References to **EBITDA** are to net income before interest, taxes, depreciation and amortization. References to **Adjusted EBITDA** are to net income before interest, taxes, depreciation, amortization of intangibles & capitalized commissions, share-based payments, acquisition, integration and / or reorganization costs, deferred financing costs, loss (gain) in fair value of derivative liability and expensing of fair value adjustments per IFRS. **Recurring Monthly Revenues**, or **RMR**, represent revenue during the fiscal period that benefited from contractual periodic billing to customers, typically monthly, quarterly or annually.

Management believes that Adjusted EBITDA and Recurring Monthly Revenues are appropriate additional measures for evaluating Avante's performance. Readers are cautioned that neither EBITDA, Adjusted EBITDA nor Recurring Monthly Revenues should be construed as an alternative to net income or revenues (as such financial measures are determined under IFRS), as an indicator of financial performance or to cash flow from operating activities (as determined under IFRS) or as a measure of liquidity and cash flow. Avante's method of calculating EBITDA, Adjusted EBITDA and Recurring Monthly Revenues may differ from methods used by other issuers and, accordingly, Avante's reported Non-IFRS measures may not be comparable to similar measures used by other issuers.