

AVANTE LOGIXX INC. ANNOUNCES THIRD QUARTER RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2019

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TORONTO-Ontario- February 26, 2019 - Avante Logixx Inc. (TSX.V: XX) (OTC: ALXXF) (“Avante” or the “Company”) is pleased to announce its results for the three and nine-month periods ended December 31, 2019 (all amounts in Canadian dollars, unless otherwise indicated).

RESULTS FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2019

\$ in thousands, unless otherwise noted	Three months ended December 31,		Nine months ended December 31,	
	2019	2018	2019	2018
Revenues	14,114	8,846	37,371	20,277
Gross profit ⁽¹⁾	3,332	3,015	10,334	6,618
Gross profit margin ⁽¹⁾	23.6%	34.1%	27.7%	32.6%
EBITDA ⁽¹⁾	(1,248)	(704)	(858)	(629)
Adjusted EBITDA ⁽¹⁾	(327)	(321)	512	165
Net income (loss) attributable to Avante shareholders	(1,634)	(1,073)	(2,404)	(1,681)
Comprehensive income (loss) attributed to Avante shareholders	(1,687)	(1,073)	(2,935)	(1,681)
Basic and fully diluted income per share	(\$0.077)	(\$0.056)	(\$0.113)	(\$0.088)
Basic and fully diluted Adjusted EBITDA per share	(\$0.015)	(\$0.015)	\$0.024	\$0.0078

“We continue to build our platform of technology-enabled security solutions through acquisitions and organic growth,” said Craig Campbell, CEO of Avante. “Our deliberate strategy within the enterprise security sector has been to build capacity and a solid core base business with a national scope in the Protective Services segment. To that end, I am very pleased that Avante closed the acquisition of A.S.A.P. Secured Inc. (“ASAP”) on December 1, 2019. Although we were conscious of the fact that establishing a national base in Protective Services would initially lower gross margin percentages, our much enhanced national platform and management team is now well-positioned to attract larger enterprise clients, cross-sell higher-margin services to existing clients, and generate increasing synergies from highly scalable back-office infrastructure and technology. Since the end of the third quarter, we have seen increased new business wins from large enterprise clients that will be reflected in the last few months of Fiscal 2020 and beyond. The acquisition of ASAP contributed 31% of Protective Services Division (“PSD”) services, and 19% of total revenue for the third quarter with an EBITDA margin of 8.5%. I am very pleased with the acquisitions we have closed since implementing our XX 2.0 strategy, as evident by a 209.7% CAGR since F2018 to Pro-forma TTM.”

(1) Adjusted EBITDA, EBITDA, Gross Profit and Gross Profit Margin are non-IFRS measures. See Description of Non-IFRS Measures.

(2) YoY or Year-over-Year represents the percentage change from Q3 F19 to Q3 F20

“We have a clear vision, a detailed growth plan and an aligned group of stakeholders that look forward to demonstrating our ability to meaningfully grow the top and bottom line through scale, financial discipline and acquisitions. We have a healthy and robust acquisition pipeline, with multiple proprietary sourced opportunities from across Canada and the United States. During the third quarter, we raised \$8.3 million by way of 7.0% convertible debentures from Fairfax Financial Holdings (“Fairfax”), and we have the option (subject to shareholder and regulatory approval) to raise an additional \$9.7 million of these debentures prior to August 27, 2020. This provides us with ample capital to continue to scale our platforms as opportunities arise.”

Q3 FISCAL YEAR 2020 HIGHLIGHTS

- Generated revenues of \$14.1MM for the quarter ended December 31, 2019, which represented 59.5% YoY² growth.
- Organic year-over-year revenue growth of 2.9% versus 9.6% in Q2 F20.
- Generated gross profit of \$3.3MM, or a 23.6% gross margin, for the period ended December 31, 2019, which represented 10.5% YoY² growth.
- Operating expenses (net of depreciation, amortization, share-based payments, loss (gain) in fair value of the derivative liability, accretion expense on the convertible debentures, other adjustments and other interest expenses) were \$3.5MM during Q3 F20, unchanged versus the comparable period of Fiscal 2019. In comparison to Q2 F20, operating expenses increased by \$0.5MM, where \$0.2MM is attributable to the acquisition of ASAP.
- Generated Adjusted EBITDA of (\$0.33MM), or an Adjusted EBITDA margin of (2.3%).
- Balance sheet with \$0.4MM of cash on hand, assets of \$48.5MM, and shareholders' equity of \$15.1MM, with undrawn credit facilities of approximately \$7.0M and ability to draw down further on the convertible debenture facility entered into with Fairfax in the quarter (subject to shareholder and regulatory approval).
- Entered into an amended credit agreement with the Royal Bank of Canada.
- Entered into an agreement with Fairfax for up to \$18.0 million in financing through a private placement of unsecured convertible debentures at a 7.0% coupon. During the quarter the Company received \$8.3 million to fund the acquisition of ASAP.
- Entered into a definitive share purchase agreement to acquire all of the outstanding shares of ASAP for \$10.5MM on a cash-free and debt-free basis.

SUBSEQUENT EVENTS

- On January 20, 2020, the Company announced the appointment of Mr. Steve Rotz as Chief Financial Officer.

CONFERENCE CALL

Avante will be hosting a conference call to discuss the above financial results on Wednesday, February 26, 2020, at 8:30 AM EST.

Dial in details are as follows:

Local: (+1) 416-764-8658

Toll Free: (+1) 888-886-7786

Conference ID: 76907924

Playback details below, available until March 18, 2020:

Local: (+1) 416-764-8692

Toll Free: (+1) 877-674-7070

Playback Pin: 907924 #

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About Avante Logixx Inc.

Avante Logixx Inc. (TSXV: XX) is a Toronto-based provider of high-end security services. We acquire, manage and build industry leading businesses, which provide specialized, mission-critical solutions that address the needs of our customers. Our businesses continuously develop innovative solutions that enable our customers to achieve their objectives. With an experienced team and a proven track record of solid growth, we are taking steps to establish a broad portfolio of security businesses to provide our customers and shareholders with exceptional returns. Please visit our website at www.avantelogixx.com and consider joining our investor email list.

Avante Logixx Inc.

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Forward-Looking Information

All statements in this press release, other than statements of historical fact, may constitute “forward looking information” with respect to Avante within the meaning of applicable securities laws. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “planned”, “expect”, “project”, “predict”, “potential”, “targeting”, “intends”, “believe”, “potential”, and similar expressions, or describes a “goal”, or a variation of such words and phrases or state that certain actions, events or results “may”, “should”, “could”, “would”, “might” or “will” be taken, occur or be achieved. This forward-looking information includes statements with respect to, among other things, the intention to create a platform capable of supporting a business with significantly greater scale, Avante’s strategic plan, Avante’s intentions to engage in mergers and acquisitions in the near term, Avante’s intentions to identify, acquire and integrate suitable targets for mergers and acquisitions, the ability to achieve operational efficiencies and provide a better overall customer experience, Avante’s run-rate, opportunities to grow Avante’s revenue and Adjusted EBITDA profile, investments in corporate infrastructure, Avante’s ability to execute and integrate larger acquisitions, and the expected trajectory of corporate costs as a percentage of revenue. Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward looking information, including, without limitation, the ability to identify, acquire and integrate suitable targets for mergers and acquisitions, the ability to control corporate costs, and the list of risk factors identified in Avante’s Management Discussion & Analysis, Annual Information Form and other continuous disclosure, which list is not exhaustive of the factors that may affect any of Avante’s forward-looking information. In connection with the forward-looking statements contained in this and subsequent press releases, Avante has made certain assumptions about its business and the industry in which it operates and has also assumed that no significant events occur outside of Avante’s normal course of business. Although management believes that the assumptions inherent in the forward-looking statements are reasonable as of the date the statements are made,

forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein. Avante's forward-looking information is based on the beliefs, expectations and opinions of management on the date the statements are made, and Avante does not assume any obligation to update forward-looking information, whether as a result of new information, future events or otherwise, other than as required by applicable law. For the reasons set forth above, readers should not place undue reliance on forward-looking information.

Non-IFRS Financial Measures

This press release includes certain measures which have not been prepared in accordance with IFRS such as EBITDA, Adjusted EBITDA. These non-IFRS measures are not recognized under IFRS and, 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, amortization of capitalized commissions, share-based payments, acquisition, integration and / or reorganization costs, other adjustments, loss (gain) in fair value of derivative liability and expensing of CWL fair value adjustment per IFRS, less non-controlling interest's share in earnings. Neither EBITDA nor Adjusted EBITDA is an earnings measure recognized by International Financial Reporting Standards ("IFRS") and do not have a standardized meaning prescribed by IFRS. Management believes that Adjusted EBITDA is an appropriate measure in evaluating Avante's performance. Readers are cautioned that neither EBITDA nor Adjusted EBITDA should be construed as an alternative to net income (as 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 Adjusted EBITDA may differ from methods used by other issuers and, accordingly, Avante's Adjusted EBITDA may not be comparable to similar measures used by other issuers.

Neither the 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.