



## Cortex Reports Fiscal 2015 Third Quarter Financial Results

**CALGARY, ALBERTA – June 15, 2015** – Cortex Business Solutions Inc. (TSXV: CBX), the pioneering online network that helps companies connect and interact with each other to transmit documents and grow their businesses, today announces its Q3 F2015 Financial Results.

### Operational Highlights:

- During Q3 F2015, the Company sold four new buying organizations to receive invoices on the Cortex Trading Partner Network (“CTPN”). During the quarter three buying organizations stopped receiving invoices on the CTPN; two buying organizations were acquired and one buying organization, who was a user of our basic product, was decommissioned.
- As of April 30, 2015 active buying organizations on the Network increased 22% to 84, compared to 69 active at April 30, 2014.
- The impact of the slowdown in the energy business activity caused a reduction in billable transactions:
  - Increased 2% Q3 F2015 over Q3 F2014 (Q3 F2015 -1,221,999; Q3 F2014 -1,203,283)(year over year);
    - The Company saw a 10% increase in revenue during the same period.
  - Declined 14% Q3 F2015 over Q2 F2015 (Q3 F2015 -1,221,999; Q2 F2015 -1,423,818)(quarter over quarter);
    - There was a 6% decline in revenue during the same period, which is expected with the cyclical nature of some of our customers.
  - As the recurring revenue stream is made up of a flat fee and a transactional fee; the downward trend in the transactions does not have an equivalent impact to revenue.
- Active suppliers on the Cortex Network
  - Increased 14% Q3 F2015 over Q3 F2014 (year over year)
  - Increased 2% Q3 F2015 over Q2 F2015 (quarter over quarter)
- The Company released its Field Ticket Approval product on May 16, 2015. This functionality will eliminate manual processes associated with the approval of invoices and field tickets, continuing to increase the velocity of money on our network. The same product release included a notification framework that allows users to receive email notifications regarding any unread messages or invitations, as well as status updates for suppliers.

### The Q3 F2015 financial highlights are:

- Total revenue year over year is up Q3 F2015 to \$2,640,897, an improvement of 10% over Q3 F2014 total revenue of \$2,390,652.
- Due to the seasonal nature of some of our customers business revenue is down 6% quarter over quarter, from Q2 F2015, which is to be expected (Q3 F2015 - \$2,640,897; Q2 F2015 - \$2,823,082).
- Cash used in the operations before working capital changes and employment termination expenses decreased to \$(913,256) in Q3 F2015 from \$(1,173,656) in Q3 2014 and increased from \$(597,490) in Q2 2015. During the quarter there was a net \$230,634 worth of expenditures related to the CEO transition, which will not continue past

mid May 2015. Cash gross profit<sup>1</sup> improved to 64% in Q3 2015 from 60% in Q3 2014. AP service fees, credit card discounts and partner commissions increased \$141,233, accounting for the majority of the increase in cost of sales, net of amortization.

#### **Quarter ended April 30, 2015 summary financial information**

	<b><u>Q3 2015</u></b>	<b><u>Q2 2015</u></b>	<b><u>Q1 2015</u></b>
Revenue	\$2,640,897	\$2,823,082	\$2,631,647
Cash gross profit (1)	\$1,691,466	\$1,712,819	\$1,358,737
Cash used in operations (2)	\$ (913,256)	\$ (597,490)	\$(1,329,890)
Cash available	\$5,294,699	\$6,859,012	\$8,623,308

(1) Cash gross profit is Gross Profit net of amortization

(2) Cash used in operations is Net cash flow used in operating activities before changes in non-cash working capital and before severance and employee termination costs

#### **Management Commentary**

“I have been truly inspired during my first 30 days as Cortex Business Solutions President and CEO. Since coming on board May 4, 2015 I have received a warm welcome and the support of our key customers, the Cortex staff, the Board of Directors and the investment community. I have witnessed firsthand the value and market leading position of the Cortex Trading Partner Network and the vital role that we play in driving automation and cost savings for our customers. Clearly, we have some hard work ahead of us preparing for a profitable future, but I am confident that with the support of my management team and staff and by continuing to leverage our recent sales wins in construction, mining and retail that we will indeed see our way to running a profitable business. Our customers clearly support us and our future success and I am excited to be able to see a clear path to doing just that.” said Joel Leetzow, Cortex’s President and CEO.

#### **Conference Call**

Cortex will hold a conference call Tuesday June 16<sup>th</sup>, 2015 at 11:00 a.m. Eastern time (9:00 a.m. Mountain time) to discuss its financial results for the third quarter ended April 30, 2015. The company’s President and CEO, Joel Leetzow, and CFO, Sandra Weiler, will host the conference call, followed by a question and answer period.

Date: Tuesday June 16<sup>th</sup>, 2015

Time: 11:00 a.m. Eastern time (9:00 a.m. Mountain time)

Toll-free dial-in number: 1-800-355-4959

International dial-in number: 1-416-340-8527

Please call the conference telephone number ten minutes prior to the start time. An operator will register your name and organization.

A replay of the conference call will be available after the call through June 23, 2015 (23:59).

Toll-free replay number: 1-800-408-3053

Toll replay number: 1-905-694-9451

Replay ID: 2139986

#### **About Cortex Business Solutions**

Cortex Business Solutions Inc. is an Enterprise eProcurement solutions company that improves efficiencies, reduces costs and streamlines procurement and supply chain processes for its customers. Accessing the Cortex Network enhances the exchange of business critical documents, such as purchase orders, receipts and invoices resulting in improved cash flow management and business controls, while reducing each day's outstanding and administrative costs. Cortex is a low cost, low risk solution that can be implemented quickly by leveraging clients' existing business environment. [www.cortex.net](http://www.cortex.net)

### **Forward-Looking Statements**

*Certain statements contained in this press release may constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. In particular, this press release contains forward-looking statements pertaining to meaning revenue growth from e-billing solution and recurring revenue growth. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Cortex believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon by investors. With respect to forward-looking statements contained in this press release, Cortex has made assumptions regarding, among other things: Cortex's continued success in gaining new customers in Canada and the United States, general economic and financial conditions, and other assumptions as set forth in the company's annual filings. Cortex's actual results could differ materially from those anticipated in these forward-looking statements as a result of risk factors that may include, but are not limited to: worse than expected general economic conditions in Canada and the United States, the inability of management to execute its business plan and manage growth successfully and the risk of slow service adoption. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Cortex's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).*

*The forward-looking statements contained in this press release speak only as of the date of this press release and are expressly qualified, in their entirety, by this cautionary statement. Readers should not place undue reliance on forward-looking information. Except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements.*

#### **Cortex Contacts:**

Sandra Weiler  
CFO  
(403) 219-1500  
[sweiler@cortex.net](mailto:sweiler@cortex.net)

Joel Leetzow  
CEO  
(403) 219-1503  
[jleetzow@cortex.net](mailto:jleetzow@cortex.net)

Andrew Stewart  
Director, Marketing  
(403) 219-1532  
[astewart@cortex.net](mailto:astewart@cortex.net)

# Cortex Business Solutions Inc.

## Condensed Consolidated Interim Statement of Financial Position

(Prepared in Canadian dollars)  
(unaudited)

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	<b>April 30 2015</b>	<b>July 31 2014</b>
<b>Assets</b>		
Current assets		
Cash	\$ 5,294,699	\$ 9,547,661
Short-term investments	60,000	60,000
Accounts receivable	1,049,961	1,046,424
Prepaid expenses	<u>202,192</u>	<u>237,738</u>
	6,606,852	10,891,823
Deposits	39,448	39,029
Property and equipment	441,751	389,666
Intangible assets	<u>2,195,225</u>	<u>3,474,977</u>
	<u>\$ 9,283,276</u>	<u>\$ 14,795,495</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 727,635	\$ 2,057,348
Deferred revenue	280,488	128,061
Current portion of rebate provision	<u>550,660</u>	<u>523,592</u>
	1,558,783	2,709,001
Rebate provision	<u>751,289</u>	<u>754,395</u>
	<u>2,310,072</u>	<u>3,463,396</u>
<b>Shareholders' Equity</b>		
Share capital	57,640,393	56,778,460
Accumulated other comprehensive income (loss)	306,982	(77,285)
Warrants	980,941	980,941
Contributed surplus	7,785,335	7,500,703
Deficit	<u>(59,740,447)</u>	<u>(53,850,720)</u>
	<u>6,973,204</u>	<u>11,332,099</u>
	<u>\$ 9,283,276</u>	<u>\$ 14,795,495</u>

# Cortex Business Solutions Inc.

## Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

### For the three and nine months ended April 30, 2015 and 2014

(Prepared in Canadian dollars)

(unaudited)

	Three months ended April 30		Nine months ended April 30	
	2015	2014	2015	2014
<b>Revenue</b>				
Access and usage fees	\$ 2,452,310	\$ 2,070,174	\$ 7,388,768	\$ 5,555,292
Integration fee and set-up fees	167,025	231,794	459,594	515,752
Project management	<u>21,562</u>	<u>88,684</u>	<u>247,264</u>	<u>94,259</u>
	2,640,897	2,390,652	8,095,626	6,165,303
<b>Cost of Sales</b>	<u>1,381,534</u>	<u>1,232,037</u>	<u>4,626,865</u>	<u>3,588,995</u>
<b>Gross Profit</b>	1,259,363	1,158,615	3,468,761	2,576,308
<b>Expenses</b>				
Sales and marketing	845,865	814,592	2,893,274	2,340,230
Research and development costs	795,750	494,351	2,336,554	974,491
General and administrative	1,070,314	1,469,987	3,654,007	3,526,207
Severance and employee termination costs	<u>216,600</u>	<u>-</u>	<u>480,225</u>	<u>-</u>
	<u>2,928,529</u>	<u>2,778,930</u>	<u>9,364,060</u>	<u>6,840,928</u>
Loss before finance income (expense)	(1,669,166)	(1,620,315)	(5,895,299)	(4,264,620)
Finance income (expense), net	<u>(5,054)</u>	<u>6,759</u>	<u>5,572</u>	<u>(2,865)</u>
Net loss	<u>\$ (1,674,220)</u>	<u>\$ (1,613,556)</u>	<u>\$ (5,889,727)</u>	<u>\$ (4,267,485)</u>
Other comprehensive earnings				
Items that may be reclassified subsequently to net loss:				
Foreign exchange gain on foreign operations	(169,766)	40,365	384,267	141,745
Comprehensive loss	<u>\$ (1,843,986)</u>	<u>\$ (1,573,191)</u>	<u>\$ (5,505,460)</u>	<u>\$ (4,125,740)</u>
Net loss per share-basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>

# Cortex Business Solutions Inc.

## Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

(Prepared in Canadian dollars)  
(unaudited)

	Number of Common shares	Common shares value	Number of Warrants	Warrants value	Contributed surplus	Accumulated Other Comprehensive Income	Deficit	Total shareholders' equity
Balance - July 31, 2013	259,147,375	\$ 47,713,288	22,379,000	\$ 980,941	\$ 6,492,492	\$ -	\$ (47,963,620)	\$ 7,223,101
Net loss	-	-	-	-	-	-	(4,267,485)	(4,267,485)
Options exercised for cash	65,852	13,480	-	-	-	-	-	13,480
Transferred on exercise of options	-	8,505	-	-	(8,502)	-	-	3
Issued in lieu of salaries and bonus	2,484,200	397,472	-	-	-	-	-	397,472
Issuance costs	-	(888,185)	-	-	-	-	-	(888,185)
Stock-based compensation	-	-	-	-	423,023	-	-	423,023
Foreign exchange translation of foreign operations	-	-	-	-	-	141,745	-	141,745
Prospectus offering for cash	100,000,000	10,000,000	-	-	-	-	-	10,000,000
Compensation units issued in conjunction with prospectus	-	(462,000)	-	-	462,000	-	-	-
Balance - April 30, 2014	<u>361,697,427</u>	<u>56,782,560</u>	<u>22,379,000</u>	<u>980,941</u>	<u>7,369,013</u>	<u>141,745</u>	<u>(52,231,105)</u>	<u>13,043,154</u>
Balance - July 31, 2014	361,697,427	56,778,460	22,379,000	980,941	7,500,703	(77,285)	(53,850,720)	11,332,099
Net loss	-	-	-	-	-	-	(5,889,727)	(5,889,727)
Issued during the period	9,620,000	865,800	-	-	-	-	-	865,800
Share issue costs	-	(3,867)	-	-	-	-	-	(3,867)
Foreign exchange translation of foreign operations	-	-	-	-	-	384,267	-	384,267
Stock-based compensation	-	-	-	-	284,632	-	-	284,632
Balance - April 30, 2015	<u>371,317,427</u>	<u>\$ 57,640,393</u>	<u>22,379,000</u>	<u>\$ 980,941</u>	<u>\$ 7,785,335</u>	<u>\$ 306,982</u>	<u>\$ (59,740,447)</u>	<u>\$ 6,973,204</u>

# Cortex Business Solutions Inc.

## Condensed Consolidated Interim Statement of Cash Flows

### For the three and nine months ended April 30, 2015 and 2014

(Prepared in Canadian dollars)

(unaudited)

	For the three months ended April 30		For the nine months ended April 30	
	2015	2014	2015	2014
Cash provided by (used in)				
Operating activities				
Net loss	\$ (1,674,220)	\$ (1,613,556)	\$ (5,889,727)	\$ (4,267,485)
Items not affecting cash				
Stock-based compensation	65,740	122,918	284,633	423,023
Amortization	470,636	305,131	1,394,472	766,163
Salaries paid in shares	-	-	865,800	16,000
Accretion on rebate provision	7,988	11,851	23,962	35,553
	(1,129,856)	(1,173,656)	(3,320,860)	(3,026,746)
Changes in non-cash working capital	(201,239)	313,200	(1,164,772)	(43,263)
Net cash used in operating activities	(1,331,095)	(860,456)	(4,485,632)	(3,070,009)
Financing activities				
Share issuance costs	-	(882,148)	(3,867)	(888,185)
Proceeds from exercise of stock options, net of costs	-	-	-	13,480
Proceeds from issuance of shares	-	10,000,000	-	10,000,000
Net cash (used in) from financing activities	-	9,117,852	(3,867)	9,125,295
Investing activities				
Acquisition of property and equipment	(63,347)	(1,641)	(152,297)	(6,966)
Software and software development costs	(9,102)	(85,215)	(14,508)	(662,947)
Net cash used in investing activities	(72,449)	(86,856)	(166,805)	(669,913)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	\$ (160,769)	\$ (27,041)	\$ 403,342	\$ 104,686
Cash (outflow)	(1,564,313)	8,143,499	(4,252,962)	5,490,059
Cash, beginning of period	6,859,012	2,525,626	9,547,661	5,179,066
Cash, end of period	\$ 5,294,699	\$ 10,669,125	\$ 5,294,699	\$ 10,669,125
Issuance of shares in lieu of salaries and bonuses including prior period amounts accrued	\$ -	\$ -	\$ 865,800	\$ 16,000