



Cortex Business Solutions Announces Third Quarter 2016 Financial Results

CALGARY, ALBERTA – June 9, 2016 - Cortex Business Solutions Inc. (TSXV: CBX), an online business-to-business network as a service, that helps companies reduce invoice processing times by connecting and interacting with each other, today announces the results for the three and nine months ended April 30, 2016.

Sandra Weiler, CFO of Cortex Business Solutions commented “Cutting costs is difficult for any company, but it is considerably more difficult to exhibit the discipline needed to maintain cost reductions without negatively impacting the company’s overall performance. Cortex has shown over the past 12 months a willingness to reduce costs and improve adjusted EBITDA, while improving other areas of the business, which has moved us closer to profitability than ever before.”

“The Company continues the financial discipline required to drive costs to appropriate levels while remaining focused on investing in strategic priorities to enable long-term growth” commented Joel Leetzow, President and CEO of Cortex Business Solutions, “our strategy remains expanding further into other verticals to minimize the fluctuations in commodities pricing. As well, we are recommitting to our growth strategies in the United States by hiring a Texas based VP of Sales giving us boots on the ground in our targeted geographical area”.

Three months ending April 30, 2016;

- Adjusted EBITDA of \$(80)K, an improvement of 93% over same quarter last year.
- Net cash used in operating activities of \$206K, an improvement of 85% over same quarter last year.
- Revenue of \$2.4M, down 9% over same quarter last year.
- Access fees up 14% to \$1.4M
- Usage fees down 30% to \$0.85M
- Gross profit, net of amortization improved to 63%
- Three new buying organizations signed in the quarter for an estimated \$200K in annualized revenue. Internal efficiencies are continuing to be improved with the re-architecture of our CRM and various other initiatives to improve data management and increase productivity.
- We are in the process of moving the production environment to a managed service agreement. This will provide Cortex with the following benefits:
 - Eliminate the expenditure spikes in purchasing our own equipment
 - Re-purpose the existing production equipment in our corporate infrastructure further reducing capital expenditures
 - Reduce the amount spent on maintenance contracts
 - Enhance our disaster recovery and back-up options
 - The ability to add capacity at an accelerated rate

Nine months ended April 30, 2016;

- Adjusted EBITDA of \$(448)K, an improvement of 89% over same period last year.
- Net cash used in operating activities of \$744K, an improvement of 83% over same period last year.
- Revenue of \$7.6M, down 6% over same period last year.
- Access fees up 22% to \$4.1M
- Usage fees down 23% to \$3.1M
- Gross profit, net of amortization improved to 63%

Operational results:

	Fiscal 2016						Fiscal 2015			
	Q3		Q2		Q1		Q4		Q3	
	#	% Change	#	% Change	#	% Change	#	% Change	#	% Change
Buyer Integrations Completed	91	1%	90	5%	86	Nil	86	2%	84	8%
In progress	5		5		8		7		3	
Total	96	1%	95	1%	94	1%	93	7%	87	1%
Billable Transactions	982,990	(13%)	1,127,303	(6%)	1,196,362	3%	1,166,258	(5%)	1,221,999	(17%)
Total Documents exchanged	2,540,249	(13%)	2,936,158	(6%)	3,109,103	2%	3,054,263	(9%)	3,355,769	(14%)
Active Suppliers	8,622	(4%)	8,960	(1%)	9,038	0.5%	8,997	1%	8,890	2%

Conference Call

Cortex management will host a conference call, followed by a question and answer period.

The details of the conference call are as follows:

Date: Friday, June 10, 2016
Time: 10:00 a.m. Eastern time (8:00 a.m. Mountain time)
Toll-free dial-in number: 1-866-225-0198
International dial-in number: 1-416-340-2216

Please call the conference telephone number ten minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Cortex Business Solutions at 403-219-2838.

A replay of the conference call will be available after the call through June 17, 2016.

Toll-free replay number: 1-800-408-3053
Toll replay number: 1-905-694-9451
Replay ID: 2668375

About Cortex Business Solutions

Cortex Business Solutions Inc. (TSXV: CBX) is a business-to-business network that enables electronic invoicing for buying and supplying organizations. The Cortex network offers flexible connection methods to reduce the time required to process invoices and tools that leverage existing customer technologies and processes. Access to the Cortex Network enhances the exchange of documents allowing companies to connect and interact with each other to grow their businesses.

For more information, please visit www.cortex.net.

Investor Relations Contacts:

Joel Leetzow
 President and CEO
jleetzow@cortex.net
 403-219-2838

Sandra Weiler
 CFO
sweiler@cortex.net
 403-219-2838

Andrew Stewart
 Director, Marketing & Investor Relations
astewart@cortex.net
 403-219-2838

Cortex Business Solutions Inc.

Condensed Consolidated Interim Statement of Financial Position

(Prepared in Canadian dollars)

(unaudited)

	April 30 2016	July 31 2015
Assets		
Current assets		
Cash	\$ 5,896,618	\$ 3,986,950
Short-term investments	60,000	60,000
Accounts receivable	730,851	868,452
Prepaid expenses and deposits	<u>175,261</u>	<u>154,861</u>
	6,862,730	5,070,263
Deposits	35,061	35,061
Property and equipment	322,125	413,961
Intangible assets	<u>473,119</u>	<u>1,763,804</u>
	<u>\$ 7,693,035</u>	<u>\$ 7,283,089</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 695,192	\$ 948,311
Deferred revenue	59,944	230,989
Current portion of rebate provision	496,426	695,207
Income tax payable	<u>44,177</u>	<u>57,148</u>
	1,295,739	1,931,655
Rebate provision	<u>287,212</u>	<u>77,557</u>
	<u>1,582,951</u>	<u>2,009,212</u>
Shareholders' Equity		
Share capital	60,277,555	57,640,393
Accumulated other comprehensive income	510,288	580,502
Warrants	-	980,941
Contributed surplus	9,092,131	7,848,559
Deficit	<u>(63,769,890)</u>	<u>(61,776,518)</u>
	<u>6,110,084</u>	<u>5,273,877</u>
	<u>\$ 7,693,035</u>	<u>\$ 7,283,089</u>

Cortex Business Solutions Inc.

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

For the three and nine months ended April 30, 2016 and 2015

(Prepared in Canadian dollars)

(unaudited)

	Three months ended April 30		Nine months ended April 30	
	2016	2015	2016	2015
Revenue				
Access and usage fees	\$ 2,263,485	\$ 2,452,310	\$ 7,223,753	\$ 7,388,768
Integration fee and set-up fees	127,025	167,025	335,810	459,594
Project management	12,804	21,562	29,596	247,264
	<u>2,403,314</u>	<u>2,640,897</u>	<u>7,589,159</u>	<u>8,095,626</u>
Cost of Sales	<u>1,319,152</u>	<u>1,381,534</u>	<u>4,128,834</u>	<u>4,626,865</u>
Gross Profit	1,084,162	1,259,363	3,460,325	3,468,761
Expenses				
Sales and marketing	336,405	845,865	1,009,993	2,893,274
Research and development costs	434,426	795,750	1,509,674	2,336,554
General and administrative	846,457	1,070,314	2,722,685	3,654,007
Severance and employee termination costs	46,862	216,600	208,596	480,225
	<u>1,664,150</u>	<u>2,928,529</u>	<u>5,450,948</u>	<u>9,364,060</u>
Loss before finance income	(579,988)	(1,669,166)	(1,990,623)	(5,895,299)
Finance (expense) income	702	(5,054)	(3,793)	5,572
Current tax recovery	<u>14,305</u>	<u>-</u>	<u>1,044</u>	<u>-</u>
Net loss	<u>\$ (564,981)</u>	<u>\$ (1,674,220)</u>	<u>\$ (1,993,372)</u>	<u>\$ (5,889,727)</u>
Other comprehensive earnings				
Items that may be reclassified subsequently to net loss:				
Foreign exchange (loss) gain on foreign operations	(216,076)	(169,766)	(70,214)	384,267
Comprehensive loss	<u>\$ (781,057)</u>	<u>\$ (1,843,986)</u>	<u>\$ (2,063,586)</u>	<u>\$ (5,505,460)</u>
Net loss per share-basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.23)</u>	<u>\$ (0.23)</u>	<u>\$ (0.80)</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, 2014	7,233,949	\$ 56,778,460	447,580	\$ 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	192,400	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>7,426,349</u>	<u>57,640,393</u>	<u>447,580</u>	<u>980,941</u>	<u>7,785,335</u>	<u>306,982</u>	<u>(59,740,447)</u>	<u>6,973,204</u>
Balance - July 31, 2015	7,426,349	57,640,393	447,580	980,941	7,848,559	580,502	(61,776,518)	5,273,877
Net loss	-	-	-	-	-	-	(1,993,372)	(1,993,372)
Issued during the period	1,551,375	3,102,750	-	-	-	-	-	3,102,750
Issuance costs	-	(364,366)	-	-	-	-	-	(364,366)
Expiration of warrants	-	-	(447,580)	(980,941)	980,941	-	-	-
Translation of foreign operations	-	-	-	-	-	(70,214)	-	(70,214)
Stock-based compensation	-	-	-	-	161,409	-	-	161,409
Compensation units issued in conjunction with private placement	-	(101,222)	-	-	101,222	-	-	-
Balance - April 30, 2016	<u>8,977,724</u>	<u>\$ 60,277,555</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 9,092,131</u>	<u>\$ 510,288</u>	<u>\$ (63,769,890)</u>	<u>\$ 6,110,084</u>

Cortex Business Solutions Inc.

Condensed Consolidated Interim Statement of Cash Flows

For the three and nine months ended April 30, 2016 and 2015

(Prepared in Canadian dollars)

(unaudited)

	For the three months ended		For the nine months ended	
	April 30		April 30	
	2016	2015	2016	2015
Cash provided by (used in)				
Operating activities				
Net loss	\$ (564,981)	\$ (1,674,220)	\$ (1,993,372)	\$ (5,889,727)
Items not affecting cash				
Stock-based compensation	39,620	65,740	161,409	284,632
Amortization	460,301	470,636	1,380,899	1,394,473
Salaries paid in shares	-	-	-	865,800
Accretion on rebate provision	1,245	7,988	10,874	23,962
Loss on disposal of equipment	-	-	2,811	-
Cash from operating activities before non-cash working capital	(63,815)	(1,129,856)	(437,379)	(3,320,860)
Changes in non-cash working capital	<u>(141,687)</u>	<u>(201,239)</u>	<u>(306,963)</u>	<u>(1,164,772)</u>
Net cash used in operating activities	<u>(205,502)</u>	<u>(1,331,095)</u>	<u>(744,342)</u>	<u>(4,485,632)</u>
Financing activities				
Proceeds from issuance of shares	-	-	3,102,750	-
Share issuance costs	-	-	<u>(364,366)</u>	<u>(3,867)</u>
Net cash (used in) from financing activities	-	-	<u>2,738,384</u>	<u>(3,867)</u>
Investing activities				
Acquisition of property and equipment	-	(63,347)	(1,189)	(152,297)
Software and software development costs	-	<u>(9,102)</u>	-	<u>(14,508)</u>
Net cash used in investing activities	-	<u>(72,449)</u>	<u>(1,189)</u>	<u>(166,805)</u>
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	\$ <u>(377,756)</u>	\$ <u>(160,769)</u>	\$ <u>(83,185)</u>	\$ <u>403,342</u>
Cash (outflow) inflow	(583,258)	(1,564,313)	1,909,668	(4,252,962)
Cash, beginning of period	<u>6,479,876</u>	<u>6,859,012</u>	<u>3,986,950</u>	<u>9,547,661</u>
Cash, end of period	<u>\$ 5,896,618</u>	<u>\$ 5,294,699</u>	<u>\$ 5,896,618</u>	<u>\$ 5,294,699</u>
Non-cash transactions:				
Issuance of shares in lieu of salaries and bonuses including prior period amounts accrued	\$ -	\$ -	\$ -	\$ 865,800