

Cortex Business Solutions Reports Q1 F2017 Financial Results

CALGARY, ALBERTA – December 6, 2016 - Cortex Business Solutions Inc. (TSXV: CBX), the online network helping companies connect and interact with each other to transmit documents and grow their businesses, today announces its three months ended October 31, 2016 (“Q1 F2017”) Management’s Discussion and Analysis and Condensed Interim Consolidated Financial Statements.

“As we share Q1 F2017 results today, I continue to be encouraged by the progress that we have made as an organization in the past year. My confidence in this Cortex Management Team to now deliver on our growth and financial strategy has never been stronger,” commented Joel Leetzow, President and CEO. “With the restructuring and internal transformation of Cortex now being mostly complete, F2017 is going to be a year of increased sales momentum with new customers and a continued focus on increasing our value to our current customers.

Q1 results for F2017 provide further proof that our goal of profitability is within reach this fiscal year. These Q1 results were achieved despite an increase in sales and marketing expenses during the quarter. Although there were no new buyers signed in Q1 F2017, the business coming from within our current customer base was strong and the results can be seen with our 777% improvement in professional services revenue quarter over quarter. “

Q1 F2017 Highlights:

Cash Flow from Operations

- Net cash used in operating activities improved 9% to \$126,248.

Revenue

- Total revenue was down 6%,
- Access and usage fees were down 7%:
 - Access fees grew 6%,
 - Usage fees declined 22%,
- Integration and set up fees were down 82%, and
- Project management fees were up 777%.

Expenses

- Total expenses were down 26%,
- Cost of sales were down 42%,
- Sales and marketing was up 32%,
- Research and development costs were down 25%,
- General and administrative costs were down 21%, and
- Severance and termination charges were down 62%.

“Q1 F2017 marked a great start to the 2017 fiscal year,” said Sandra Fawcett, CFO of Cortex. With the cost realignment behind us, the focus has moved towards generating new sales while maintaining the strict cost structure. The pipeline for sales was strong in Q1 F2017, however, no net new buyers contracts closed in the quarter. It was expected given the ongoing development of the sales team. Confidence remains in the ability to close additional buyers in the upcoming six months.”

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

The details of the conference call are as follows:

Date: Wednesday, December 7, 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 December 14, 2016.

Toll-free replay number: 1-800-408-3053
Toll replay number: 1-905-694-9451
Replay ID: 6178544

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:

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Cortex Business Solutions Inc.

Condensed Consolidated Interim Statements of Financial Position

(Prepared in Canadian dollars)

	October 31 2016	July 31 2016
Assets		
Current assets		
Cash	\$ 5,574,766	\$ 5,621,835
Short-term investments	60,000	60,000
Accounts receivable	854,150	866,142
Prepaid expenses	<u>225,897</u>	<u>145,823</u>
	6,714,813	6,693,800
Long term receivables	26,457	-
Deposits	35,061	35,061
Property and equipment	271,152	292,791
Intangible assets	<u>39,666</u>	<u>42,882</u>
	<u>\$ 7,087,149</u>	<u>\$ 7,064,534</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,041,920	\$ 1,086,380
Deferred revenue	49,818	46,854
Rebate provision	296,298	294,145
Current tax provision	<u>65,449</u>	<u>59,647</u>
	<u>1,453,485</u>	<u>1,487,026</u>
Shareholders' Equity		
Share capital	60,291,515	60,291,515
Accumulated other comprehensive income	713,609	640,232
Contributed surplus	9,202,514	9,126,948
Deficit	<u>(64,573,974)</u>	<u>(64,481,187)</u>
	<u>5,633,664</u>	<u>5,577,508</u>
	<u>\$ 7,087,149</u>	<u>\$ 7,064,534</u>

Cortex Business Solutions Inc.

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss For the three months ended October 31, 2016 and 2015

(Prepared in Canadian dollars)

	Three months ended October 31	
	2016	2015
Revenue		
Access and usage fees	\$ 2,337,660	\$ 2,516,293
Integration fee and set-up fees	18,124	98,056
Project management and other revenue	<u>113,284</u>	<u>12,923</u>
	2,469,068	2,627,272
Cost of Sales	<u>823,538</u>	<u>1,412,546</u>
Gross Profit	<u>1,645,530</u>	<u>1,214,726</u>
Expenses		
Sales and marketing	459,909	348,634
Research and development	440,531	585,703
General and administrative	801,857	1,017,901
Severance and termination charges	<u>21,388</u>	<u>56,108</u>
	<u>1,723,685</u>	<u>2,008,346</u>
Loss before finance expense and income taxes	(78,155)	(793,620)
Finance income (expense)	9	(2,536)
Income tax expense	<u>(14,641)</u>	<u>(12,979)</u>
Net loss	<u>\$ (92,787)</u>	<u>\$ (809,135)</u>
Other comprehensive earnings		
Items that may be reclassified subsequently to net loss:		
Foreign exchange gain on foreign operations	73,377	41,879
Comprehensive loss	<u>\$ (19,410)</u>	<u>\$ (767,256)</u>
Net loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.10)</u>

Cortex Business Solutions Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

(Prepared in Canadian dollars)

(unaudited)

	Number of Common Shares	Share Capital	Number of Warrants	Warrants Value	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
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	-	-	-	-	-	-	(809,135)	(809,135)
Issued during the period	1,551,375	3,102,750	-	-	-	-	-	3,102,750
Issuance cost	-	(364,366)	-	-	-	-	-	(364,366)
Translation of foreign operations	-	-	-	-	-	41,879	-	41,879
Stock based compensation	-	-	-	-	65,161	-	-	65,161
Compensation units issued in conjunction with private placement	-	(101,222)	-	-	101,222	-	-	-
Balance - October 31, 2015	<u>8,977,724</u>	<u>60,277,555</u>	<u>447,580</u>	<u>980,941</u>	<u>8,014,942</u>	<u>622,381</u>	<u>(62,585,653)</u>	<u>7,310,166</u>
Balance - July 31, 2016	8,984,704	60,291,515	-	-	9,126,948	640,232	(64,481,187)	5,577,508
Net loss	-	-	-	-	-	-	(92,787)	(92,787)
Translation of foreign operations	-	-	-	-	-	73,377	-	73,377
Stock based compensation	-	-	-	-	75,566	-	-	75,566
Balance - October 31, 2016	<u>8,984,704</u>	<u>\$ 60,291,515</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 9,202,514</u>	<u>\$ 713,609</u>	<u>\$ (64,573,974)</u>	<u>\$ 5,633,664</u>

Cortex Business Solutions Inc.

Condensed Consolidated Interim Statement of Cash Flows

For the three months ended October 31, 2016 and 2015

(Prepared in Canadian dollars)

(unaudited)

	For the three months ended October 31	
	2016	2015
Cash provided by (used in)		
Operating activities		
Net loss	\$ (92,787)	\$ (809,135)
Items not affecting cash		
Stock-based compensation	75,566	65,161
Amortization	24,855	460,300
Accretion on rebate provision	<u>2,153</u>	<u>4,830</u>
	9,787	(278,844)
Changes in non-cash working capital	<u>(136,035)</u>	<u>140,323</u>
Net cash used in operating activities	<u>(126,248)</u>	<u>(138,521)</u>
Financing activity		
Proceeds from issuance of shares	-	3,102,750
Share issuance costs	<u>-</u>	<u>(364,366)</u>
Net cash provided by financing activities	<u>-</u>	<u>2,738,384</u>
Investing activities		
Acquisition of property and equipment	<u>-</u>	<u>(1,189)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,189)</u>
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	<u>79,179</u>	<u>45,327</u>
Cash (outflow) inflow	(47,069)	2,644,001
Cash, beginning of period	<u>5,621,835</u>	<u>3,986,950</u>
Cash, end of period	<u>\$ 5,574,766</u>	<u>\$ 6,630,951</u>