Cortex Business Solutions Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2018 AND 2017

DATED: June 12, 2018

Management's Discussion & Analysis

For the three and nine months ended April 30, 2018 and 2017

The following management's discussion and analysis ("MD&A") of Cortex Business Solutions Inc. ("Cortex" or the "Company") should be read in conjunction with the accompanying condensed consolidated unaudited interim financial statements and related notes for the three and nine months ended April 30, 2018 and 2017, and with the audited consolidated financial statements and related notes for the year ended July 31, 2017 in addition to the MD&A for that period. The accompanying financial statements of Cortex have been prepared by management and approved by the Company's Audit Committee. The financial data presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS").

All amounts are expressed in Canadian dollars, unless otherwise stated. This disclosure is effective as of June 12, 2018.

The MD&A and financial statements for earlier periods should also be considered relevant and are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Additional information is also available on the Company's website at www.cortex.net.

FORWARD LOOKING STATEMENTS

Statements in this MD&A relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements may involve known and unknown risks and uncertainties, which may cause the actual results, performances or achievements of the Company, to be materially different from any future results implied by such forward-looking statements. Forward-looking statements are often, but not exclusively identified by words such as "anticipate", "may", "expect", "plan", "future", "continue", "intends", "projects", "believes", "seek", "propose", "likely", "scheduled", "budget", "estimate"," forecast", "will"," predict", "potential", "target", "could", "might", and other similar expressions. Some of the risks that may cause actual results to vary are described under the "Business Risks and Uncertainties" section. It is important to note that:

Unless otherwise indicated, forward-looking statements describe our expectations, as of the date of the MD&A.

Readers are cautioned not to place undue reliance on forward-looking statements, as our actual results may differ materially from our expectations, if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. Therefore, we cannot provide any assurance that forward-looking statements will materialize and the Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or any other reason unless required by applicable securities laws.

COMPANY OVERVIEW

Cortex Business Solutions ("Cortex" or the "Company") is one of Canada's leading technology companies that has been providing electronic invoicing delivery solutions throughout North America for over 10 years. Cortex has annual recurring and reoccurring revenue in excess of $11 million and over 11,000 registered users on the Cortex Trading Partner Network ("the Network") along with over 8,500 active customers. Cortex delivers simple, scalable e-invoicing services across multiple industries including Oil & Gas, Mining, and Sports & Entertainment, with a focused expansion into additional verticals.

Cortex generates revenue through a combination of recurring monthly access and reoccurring usage fees, customer system integration and set up fees, and project management fees. Our network platform provides equal value to both the buyer and supplier organizations by leveraging a customer's existing technology, while facilitating easy to use connections to new trading partners, improving cash flow and data accuracy while adding internal controls and greater visibility into their accounts receivable and accounts payable processes.

We implemented our shared value model pricing strategy over 10 years ago, at a time when no company billed suppliers, as it was our belief that suppliers would pay for a service that provided them real value. Recent events have provided validation of this model as some of our direct competitors have made the decision to adopt similar models.

As a leading network-as-a-service company, Cortex is focused on helping businesses within North America transform their manual and costly paper invoice-related processes, by enabling buyers and suppliers to send and receive documents electronically (including Rate Schedules, Purchase Orders, Field Tickets, and Invoices). Cortex also offers its users document approval tools for Field Tickets and Invoices that allow the system users to review documents prior to data being transmitted to the formal document workflow and Enterprise Resource Planning ("ERP") systems.

COMPETITIVE ADVANTAGES

We bolster the standard functionality of the Cortex Trading Partner Network through strategic partnerships with technology vendors in the Procure to Pay space. These partnerships help Cortex enhance the customer's existing investment in solutions for accounting, finance, procurement and operations.

In addition, Cortex forms strategic relations with industry and education associations, furthering our ability to innovate, serve customer's needs, and help shape the future of technology in North America. Some of the organizations that we align with are Alberta Innovates Technology Forum, OFS Portal, Petroleum Industry Data Exchange, and the University of Calgary. Through these collaborative relationships, Cortex puts itself at the forefront of technology and industry best practices, and in turn allows us to excel at leadership, compliance and growth in electronic procurement and supply chain solutions.

INDUSTRY TRENDS

Historically our primary industry and focus has been the energy industry which is a very volatile industry depending on commodity prices and capital investment levels, along with regulatory compliance. The new reality of this market creates a permanent expectation for improved productivity and lower operating costs. Technology solutions like Cortex allow companies to run more efficiently without having new staffing requirements.

Because of the flexibility of our platform, we can offer our e-invoicing solution across many industry segments beyond the energy industry such as agriculture, manufacturing, construction, food and beverage, software, engineering and equipment dealer companies. Each of these markets shares a common denominator of having complex procurement cycles, supported by costly manual processes, which can benefit from being on the Cortex Trading Partner Network.

ECONOMIC CONDITIONS

The market for cloud-based, software-as-a-service continues to be a highly competitive, yet somewhat underserved market. Most vendors focus on offering several loosely-connected services as part of larger, more diluted offering, whereas we focus solely on e-invoicing as a means of providing the greatest value to our customers. Our ability to offer a Network that connects to existing software, and is accessible via several different connection methods, allows us to better enhance a customer's experience, create efficiencies, and reduce risk all the while without acting as a disruptive entity.

A unique quality of the Network is our multiple connection methods that ensure any company, regardless of size or accounting complexity can benefit from using Cortex. Companies that start with our standard Workbench connection get full control over the invoice data entry from day one. As they grow they can move to a partial integrated connection method that simplifies their processes further through a draft upload capability. For those looking to fully automate their invoicing, Cortex also offers a complete integration solution.

OPERATIONAL HIGHLIGHTS & KEY OPERATIONAL METRICS

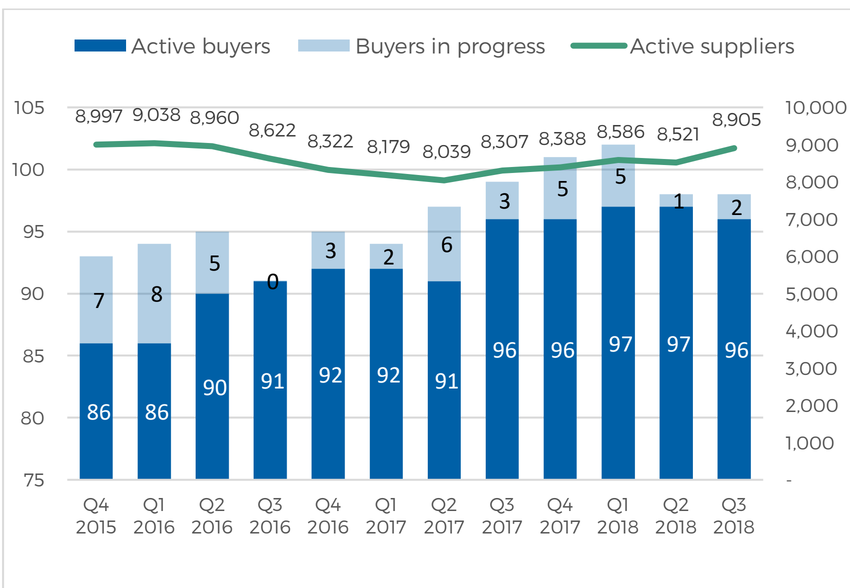
The decommissioning of the Cortex legacy platform is at the very end of the project cycle. Cortex's largest customer has fully transitioned to the current Cortex platform, thereby enabling the Company to begin streamlining its product offering and completing the final decommissioning of its legacy platform.

Access and usage fee revenue are affected by the number of billable transactions and active suppliers on the Network. Access fees growth rates correlate with increases in the number of buyers on the Network and active suppliers along with renewal of existing contracts. The number of billable transactions is dependent on the invoice flow between buyers and suppliers on the Network. Customers on pay as you go contracts are considered usage fees.

The number of active suppliers is a measure of how many suppliers sent invoices in any given month. This occurs by either sending a document or having a minimum monthly access fee. The number of active suppliers has increased by 7% quarter over prior year quarter and has increased by 5% compared to last quarter.

The following table illustrates the growth in some key operational metrics:

	Q3 F2018	Q3 F2017	% change	Q3 F2018	Q2 F2018	% change
Active Buyers	**96**	96	0%	96	97	(1%)
Buyers in progress	**2**	3	(33%)	2	1	100%
Total	**98**	99	(1%)	98	98	0%
Active Suppliers	**8,905**	8,307	7%	8,905	8,521	5%
Billable documents exchanged	**1,554,497**	1,218,686	28%	1,554,497	1,344,277	16%
Total documents exchanged	**3,264,762**	3,124,249	4%	3,264,762	3,242,672	1%



The number of active buyers transacting on the Network has stayed consistent quarter over prior quarter and the total number of billable documents increased 28% in Q3 2018 compared to Q3 2017. Main reason for the increase in billable documents is our largest customer became billable halfway through the previous quarter. One new buyer went live and one was signed in Q3 2018 while two were decommissioned during the same period. The decommissioned buyers were the result of competition and M&A activity. When more buying organizations join Cortex and accept invoices, more suppliers are brought onto the Network. Active suppliers increased by 7% as at April 30, 2018 compared to the prior year as at April 30, 2017.

FINANCIAL HIGHLIGHTS

The following are some key financial highlights achieved during the third quarter of fiscal 2018:

- Adjusted EBITDA[(2)]: The Company achieved record quarterly adjusted EBITDA of $0.6 million and EBITDA margin of 20%, along with nine months ended EBITDA of $1.7 million and EBITDA margin of 19% and continues to deliver profitable results from both an increase in revenue and a decrease in expenses.

- Record cash flow from operations: The Company continues to build on its repeatable and sustainable business plan as evidenced by positive cash flows from operations of $0.8 million for the three months ended and $1.3 million for the nine months ended April 30, 2018

- Access and usage fees: Increase of 12% for the three months ended Q3 2018 compared to Q3 2017 and 17% for the nine months ended Q3 2018 compared to Q3 2017 mainly due to adding and upgrading more suppliers to the network.

- Access fees increased by 30% quarter over prior year quarter while usage fees decreased by 14% quarter over quarter. For the nine months ended April 30, 2018 access fees increased 26% year over year and usage fees increased by 3% year over year.

- Cortex hired three new sales staff during the quarter to help implement its corporate strategy

(2) See additional information in the "Non-IFRS Measures" section below on page 8.

QUARTERLY INFORMATION

The Company's quarterly results are outlined below.

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Total revenue	**$ 3,112,843**	**$ 3,018,955**	$ 3,234,673	$ 2,937,822	$ 2,930,726	$ 2,721,676	$ 2,469,068	$ 2,234,359
Access and usage Fees	**2,911,847**	**2,853,893**	2,809,912	2,624,467	2,603,932	2,398,153	2,337,660	2,152,545
Total other expenses (1)	**1,695,811**	**1,918,224**	2,120,897	2,389,005	2,041,944	2,131,024	1,723,685	1,594,755
Net cash provided by (used in) operating activities	**843,048**	**141,452**	313,863	510,690	241,456	(108,755)	(126,248)	(432,424)
Adjusted EBITDA (2)	**622,732**	**614,910**	504,813	182,323	170,731	165,410	50,750	(137,517
Net income (loss)	**644,448**	**322,150**	286,464	(145,989)	19,847	(196,385)	(92,787)	(711,297
Basic and diluted loss per share	**$ 0.07**	**$ 0.04**	$ 0.03	$ (0.02)	$ 0.00	$ (0.02)	$ (0.01)	$ (0.08)

(1) Other expenses include: Sales and marketing, Research and development, General and administrative, Severance and termination charges and Onerous contract.

(2) See additional information in the "Non-IFRS Measures" section below.

NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

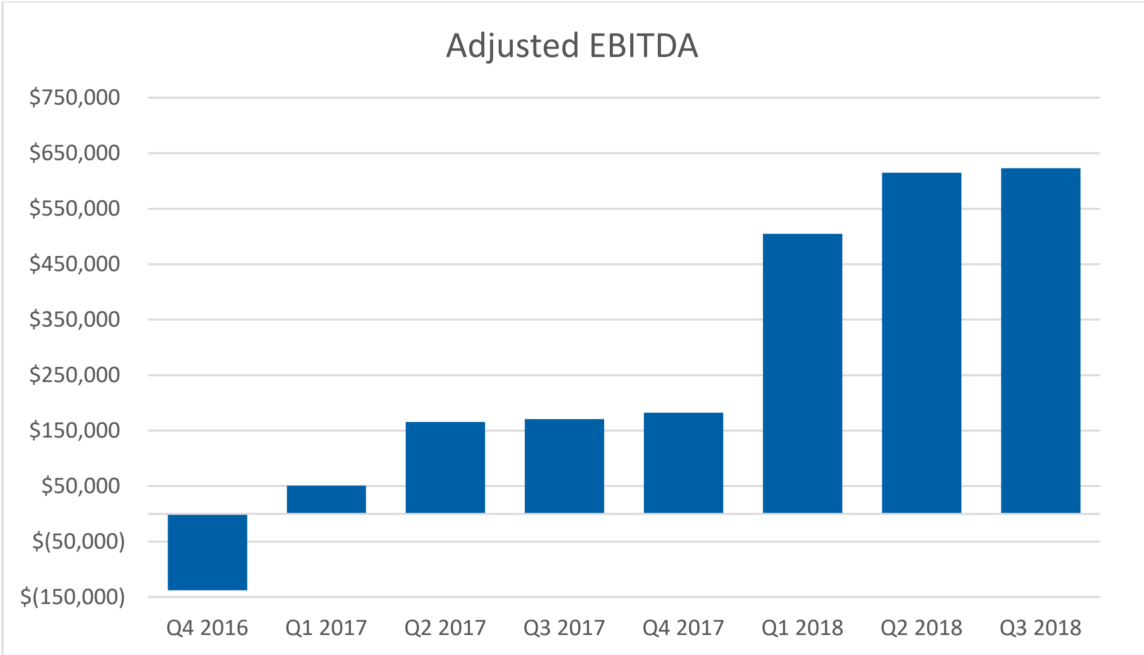
In addition to the results prepared in accordance with IFRS, This MD&A contains references to Non-IFRS financial measures that do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other reporting issuers. These measures assist the Company and readers of this MD&A in evaluating the Company's operating performance against its expectations and against other entities. These non-IFRS financial measures assist in identifying underlying operating trends but are not substitutes for the Company's results reported under IFRS. Each measure is defined as follows:

- Adjusted earnings before interest, taxes, depreciation and amortization **("Adjusted EBITDA")** provides useful information to users as it reflects the net earnings prior to the effect of non-operating expenses including interest, tax, depreciation and amortization, , share based payments and non-recurring charges. Management uses Adjusted EBITDA in measuring the financial performance of the Company as this measure reflects results that are controllable by Management in day-to-day operations. The fluctuations in tax rates, interest rates and the Company's stock price which have an impact on net income (loss) are not reflective of the Company's core operations.

  For F2017, costs associated with an onerous contract related to the Company's previous head office lease are classified as non-recurring charges. As at April 30, 2018 the liability associated with the onerous contract is nil.

The following is a reconciliation of Adjusted EBITDA(2) to net income (loss):

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net Income (Loss)	**$ 644,448**	**$ 322,150**	**$ 286,464**	**$ (145,989)**	**$ 19,847**	**$ (196,385)**	**$ (92,787)**	**$ (711,297)**
Amortization	**9,220**	**8,167**	150,294	64,162	25,004	25,030	24,855	460,622
Income tax expense (recovery)	**2,227**	**2,142**	2,108	(68,592)	16,799	15,024	14,641	14,031
Share-based payments	**(33,163)**	**282,451**	65,947	115,104	109,081	321,741	104,041	99,127
Onerous contract	**-**	**-**	-	217,638	-	-	-	-
Adjusted EBITDA (2)	**$ 622,732**	**$ 614,910**	**$ 504,813**	**$ 182,323**	**$ 170,731**	**$ 165,410**	**$ 50,750**	**$ (137,517)**



With successfully implementing its restructuring plan, Cortex has now achieved record historical Adjusted EBITDA of $0.6 million in Q3 2018 and has already surpassed the total of Fiscal 2017 with a record nine months' period to date Adjusted EBITDA of $1.7 million. Trailing 12 months Adjusted EBITDA is $1.9 million.

RESULTS OF OPERATIONS - THREE MONTHS ENDED APRIL 30, 2018

QUARTERLY REVENUE

The Company's revenue breakdown of revenue is as follows:

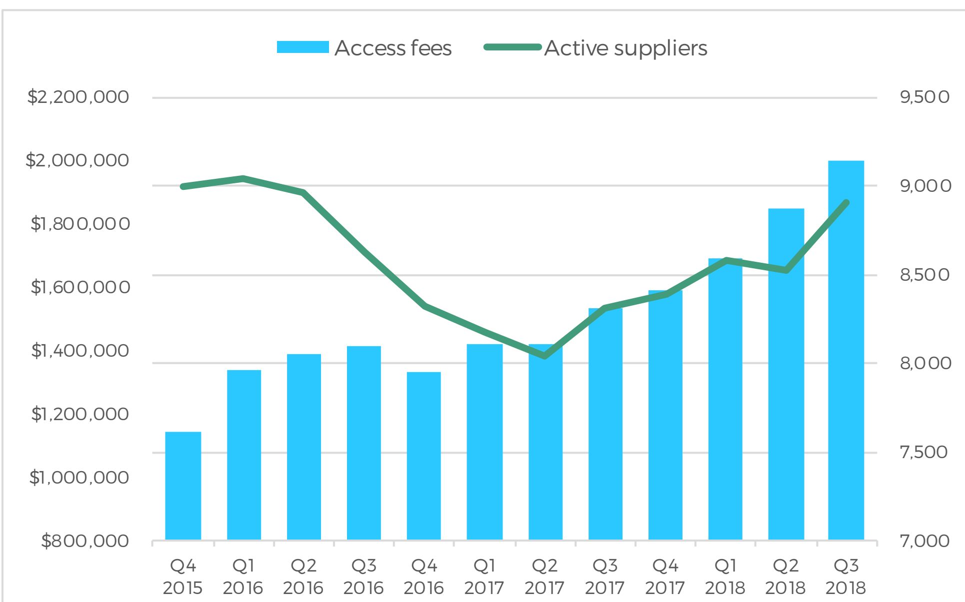
	Q3 2018	Q3 2017	% Change
Revenue			
Access and usage	$ 2,911,847	$ 2,603,932	12%
Integration	87,612	119,792	(27%)
Project management	113,384	207,002	(45%)
	3,112,843	2,930,726	6%

The Company's total revenue increased 6% or $0.2 million for the three months ended April 30, 2018 compared to the three months ended April 30, 2017. Access and usage fees make up 94% of total revenue in Q3 2018. Project fees declined 45% compared to the prior year quarter and are not expected to occur again in the fourth quarter. Approximately 60% of Cortex's revenue is based in Canada and 40% in the USA.

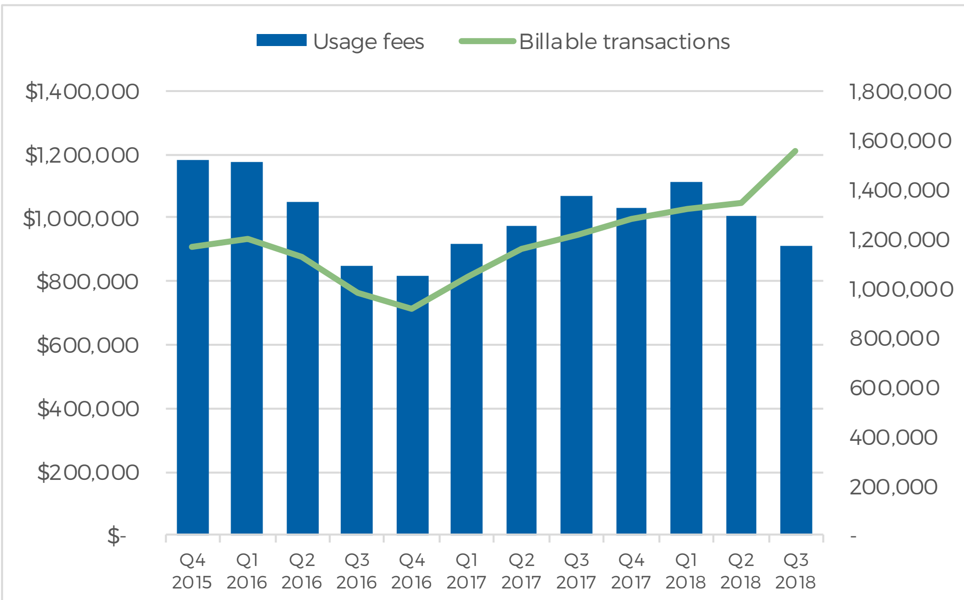
	Q3 2018	Q3 2017	% Change
Access and usage			
Access	$ 1,997,332	$ 1,535,463	30%
Usage	914,515	1,068,469	(14%)
	2,911,847	2,603,932	12%

Access and usage fees increased 12% for the three months ended April 30, 2018 compared to the three months ended April 30, 2017.

Access fees over the long run tend to correlate with the number of active suppliers on the Network. Most new contracts are subscription based so when active suppliers or buyers are added then there will be a corresponding increase in access fees as well. Usage fees will trend with the number of billable transactions but can also fluctuate due to changes in contract terms. The charts below highlight the last 12 quarters of access and usage fees



Access fees increased by 30% or $0.4 million for the three months ended April 30, 2018 compared to the three months ended April 30, 2017, while the number of active suppliers increased 7% during the same period. The large increase is due to a combination of active suppliers increasing, new buyers in the previous 12 months coming onto the Network, and upgrades in both buyers and supplier contracts either during mid cycle or upon contract renewal. Relating to these factors is that Cortex has listened to its customers and converted many previous contracts that used to be on a per transaction billable basis over to fixed fee subscription recurring revenue contracts. This allows better predictability of recurring revenue for Cortex as well as cash flow estimate accuracy for its customers. It is expected that there will be a continual shift from usage fees over to access fees in future periods.

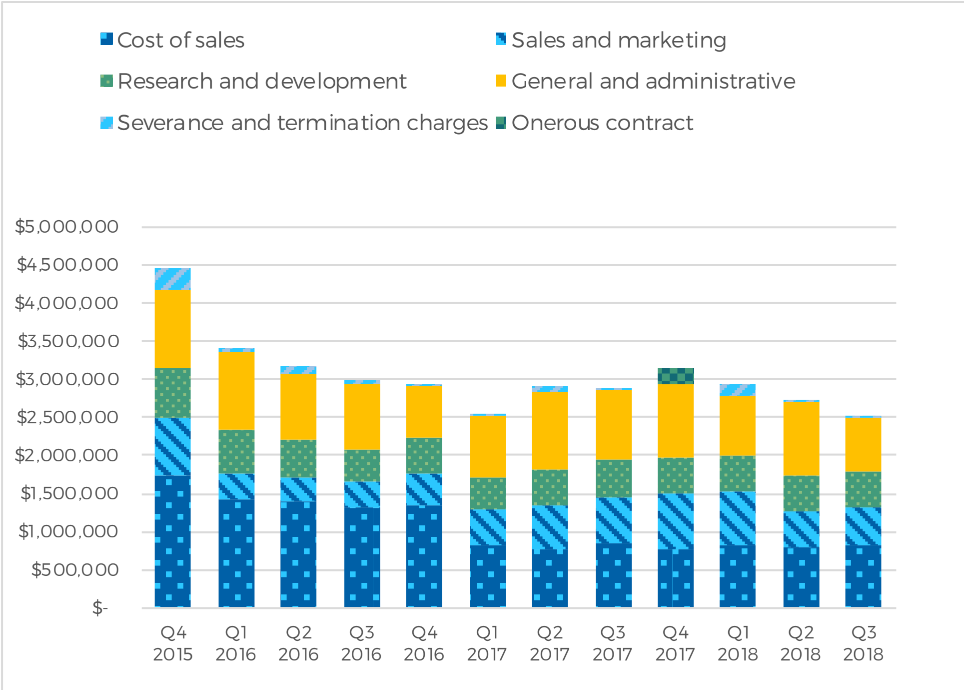


Usage fees are correlated with changes in the number of billable transactions transacting on the Network. Usage fees decreased 14% for the three months ended April 30, 2018 compared to the three months ended April 30, 2017 with an offsetting increase in billable transactions of 16%. Our largest customer started to be included in the billable transaction total in the current quarter which materially increased the number of billable transactions count but revenue for these transactions was fixed. With the shift to higher access fees noted above, billable transactions have less of an impact on usage fees as they only occur when customers go over their allotted documents per month or if they are on a usage only price plan which are decreasing over time as Cortex encourages customers to move to subscription based contracts.

QUARTERLY EXPENSES

Total expenses decreased for the three months ended April 30, 2018 compared to the three months ended April 30, 2017 by 13% or $0.4 million.

	Q3 2018	Q3 2017	% Change
Expenses			
Cost of sales	$ 808,897	$ 853,057	(5%)
Sales and marketing	501,039	596,473	(16%)
Research and development	479,843	500,338	(4%)
General and administrative	709,182	908,697	(22%)
Severance and termination charges	5,747	36,436	(84%)
	2,504,708	2,895,001	(13%)



The main decreases in overall expenses are $0.2 million in reduced general and administrative expenses, and reduced sales and marketing costs of $0.1 million. Some of these reduced costs compared to the prior year include lower staff costs, software, rent, professional fees, and corporate travel. Some of these costs are temporarily lower, as different departments of the Company will be filling vacant positions.

Expenses related to operations are expected to increase slightly compared to the third quarter of F2018 as open sales positions are filled and the Company ensures it retains key personnel. Company has in place a repeatable business model that will allow the business to scale up without a significant need to invest in additional infrastructure or personnel. However, as new sales are generated, there will be additional variable costs which will likely result in increased sales and marketing costs.

The details of these movements for the quarters are highlighted as follows:

COST OF SALES & GROSS PROFIT

	Q3 2018	Q3 2017	% Change
Cost of sales	$ 808,897	$ 853,057	(5%)
As a percentage of revenue	**26%**	29%	(10%)
Gross profit	**2,303,946**	2,077,669	11%
Gross profit %	**74%**	71%	4%

Gross profit margin % improved to 74% from 71%. Margin percentage continued to grow as recurring revenue increases and costs are maintained. Cost of sales reduced by 5% for the three months ended April 30, 2018 compared to the three months ended April 30, 2017. Reduction in headcounts and commissions resulted in savings of $0.1 million. Cost of sales is expected to remain relatively flat or increase slightly in the short term.

SALES AND MARKETING

	Q3 2018	Q3 2017	% Change
Sales and marketing	$ 501,039	$ 596,473	(16%)
As a percentage of revenue	16%	20%	

Sales and marketing expenses decreased $0.1 million or 16% for the three months ended April 30, 2018 compared to the three months ended April 30, 2017. The primary driver is a realignment of the sales functions and also the timing of hiring new staff. Sales and marketing expenses are expected to be higher as a percentage of revenue for future quarters as additional sales activity is generated and new staff have been hired during the current quarter.

	Q3 2018	Q3 2017	% Change
Research and development	$ 479,843	$ 500,338	(4%)
As a percentage of revenue	15%	17%	

Research and development expenses decreased 4% in for the three months ended April 30, 2018 compared to the three months ended April 30, 2017 as result of reduced headcount. Research and development costs are expected to remain consistent in future quarters. That could change depending on the strategy direction taken for developing new products internally or accelerating project timelines.

GENERAL AND ADMINISTRATIVE

	Q3 2018	Q3 2017	% Change
General and administrative	$ 709,182	$ 908,697	(22%)
As a percentage of revenue	23%	31%	

The general and administrative expenses ("G&A") decreased 22% for the three months ended April 30, 2018 compared to the three months ended April 30, 2017. The most significant changes were the result of lower board compensation costs of $0.1 million and lower accounting systems upgrade and implementation costs of $0.1 million. It is expected G&A costs will be consistent in the short run.

SEVERANCE AND TERMINATION CHARGES

	Q3 2018	Q3 2017	% Change
Severance and termination	$ 5,747	$ 36,436	(84%)
As a percentage of revenue	0.2%	1.2%	

Severance and termination charges decreased 84% as there were no significant severance provisions during the third quarter.

NET INCOME THREE MONTHS ENDED APRIL 30, F2018

The Company's net income for the three months ended April 30, 2018 improved 3,297% to $0.6 million compared to the three months ended April 30, 2017 net income of $0.02 million.

The significant items impacting net income were:

- Improved revenue growth resulting in a 6% overall increase mainly contributed by access fees growing 30%.
- Overall expenses decreasing 13%, primarily related to reduced cost of sales, sales and marketing and general and administrative expenses.

NINE MONTHS ENDED APRIL 30, 2018

NINE MONTH REVENUE

The Company's revenue breakdown by significant types of revenue is as follows:

	Q3 2018	Q3 2017	% Change
Revenue			
Access and usage	$ 8,575,652	$ 7,339,745	17%
Integration	224,856	220,391	2%
Project management	565,963	561,334	1%
	9,366,471	8,121,470	15%

The Company's total revenue increased 15% or $1.2 million for the nine months ended April 30, 2018 compared to the nine months ended April 30, 2017. Access and usage fees make up 92% of total revenue in for the nine month period ended April 30, 2018. Project fees are not expected to occur again in the fourth quarter. Approximately 60% of Cortex's revenue is based in Canada and 40% in the USA.

	Q3 2018	Q3 2017	% Change
Access and usage			
Access	$ 5,541,034	$ 4,380,976	26%
Usage	3,034,618	2,958,769	3%
	8,575,652	7,339,745	17%

Access and usage fees increased 17% April 30, 2018 compared to the nine months ended April 30, 2017.

Access fees grew 26% or $1.2 million April 30, 2018 compared to the nine months ended April 30, 2017. This was the result of a shift to higher access fees, less influenced by the number of billable transactions. The large increase is due to a combination of active suppliers increasing, new buyers in the previous 12 months coming onto the Network, and an upgrade in both buyers and supplier contracts either during mid cycle or upon contract renewal. Relating to these factors is that Cortex has listened to its customers and converted many previous contracts that used to be on a per transaction billable basis over to fixed fee subscription recurring revenue contracts. This allows better predictability of recurring revenue for Cortex as well as cash flow estimate accuracy for its customers. It is expected that there will be a continual shift from usage fees over to access fees in future periods.

Usage fees are correlated closely with changes in the number of billable transactions transacting on the Network. Usage fees increased 3% April 30, 2018 compared to the nine months ended April 30, 2017 with a large increase in billable transactions as well. Our largest customer started to be included in the billable transaction total in the current quarter which materially increased the number of billable transactions count but revenue for these transactions was fixed. With the shift to higher access fees noted above, billable transactions have less of an impact on usage fees as they only occur when customers go over their allotted documents per month or if they are on a usage only price plan which are decreasing over time as Cortex encourages customers to move to subscription based contracts.

NINE MONTH EXPENSES

Total expenses for the nine months ended April 30, 2018 decreased by 2% or $0.2 million compared to the nine months ended April 30, 2017.

	Q3 2018	Q3 2017	% Change
Expenses			
Cost of sales	$ 2,430,701	$ 2,449,037	(1%)
Sales and marketing	1,675,601	1,640,534	2%
Research and development	1,416,573	1,403,028	1%
General and administrative	2,478,327	2,725,034	(9%)
Severance and termination charges	164,431	128,057	28%
	8,165,633	8,345,690	(2%)

The main decrease in overall expenses are lower general and administrative expenses of $0.2 million due to lower board compensation, occupancy and professional fees offset by slight increases in sales and marketing and severance and termination charges of $0.1 million. Some of these reduced costs compared to the prior year include lower staff costs, software, rent, professional fees, and corporate travel. Some of these costs are temporarily lower, as different departments of the Company will be filling vacant positions.

The details of these movements for the quarters are highlighted below.

COST OF SALES & GROSS PROFIT

	Q3 2018	Q3 2017	% Change
Cost of sales	$ 2,430,701	$ 2,449,037	(1%)
As a percentage of revenue	26%	30%	(13%)
Gross profit	6,935,770	5,672,433	22%
Gross profit %	74%	70%	6%

Gross profit margin % improved to 74% from 70%. Cost of sales decreased 1% in the nine month period ended April 30, 2018 compared to the nine months period ended April 30, 2017. Cost of sales is expected to remain relatively flat or increase slightly in future quarters.

SALES AND MARKETING

	Q3 2018	Q3 2017	% Change
Sales and marketing	$ 1,675,601	$ 1,640,534	2%
As a percentage of revenue	18%	20%	

Sales and marketing expenses increased 2% from April 30, 2018 compared to the nine months ended April 30, 2017. The primary driver is an increase in overhead allocations. It is expected that sales and marketing expenses will increase starting in the fourth quarter of F2018.

RESEARCH AND DEVELOPMENT

	Q3 2018	Q3 2017	% Change
Research and development	$ 1,416,573	$ 1,403,028	1%
As a percentage of revenue	15%	17%	

Research and development expenses increased 1% for the nine months ended April 30, 2018 compared to the nine months ended April 30, 2017. Research and development costs are expected to remain flat in future quarters. That could change depending on the strategy direction taken for developing new products internally or accelerating project timelines.

GENERAL AND ADMINISTRATIVE

	Q3 2018	Q3 2017	% Change
General and administrative	$ 2,478,327	$ 2,725,034	(9%)
As a percentage of revenue	26%	34%	

The general and administrative expenses decreased 9% for the nine months ended April 30, 2018 compared to the nine months ended April 30, 2017. The most significant change was the result of lower board compensation costs of $0.1 million, lower occupancy and professional fees of $0.1 million, and lower accounting systems implementation costs of $0.1 million for the current nine month period ended.

SEVERANCE AND TERMINATION CHARGES

	Q3 2018	Q3 2017	% Change
Severance and termination	$ 164,431	$ 128,057	28%
As a percentage of revenue	1.8%	1.6%	

Severance and termination charges increased 28% as of the result of severance provisions made during the nine month period ended April 30, 2018 pertaining to an executive team member.

NET INCOME NINE MONTHS ENDED APRIL 30, F2018

The Company's net income for the nine months ended April 30, 2018 improved 576% to $1.3 million compared to the nine months ended April 30, 2017 net loss of $0.3 million.

The significant items impacting net income were:

- Improved total revenue growth resulting in a 15% increase mainly due to the 26% increase in access fees.
- Overall expenses decreasing 2% mainly due to decreases in general and administrative expenses.

INCOME TAXES

For the nine months ended April 30, 2018, the Company is not cash taxable. At April 30, 2018, the Company had approximately $51.5 million of non-capital losses to carry forward to reduce future year's taxable income in Canada and $0.4 million in the U.S. These non-capital losses begin to expire in 2026.

SHARE CAPITAL

Cortex issued 67,717 common shares during the nine months ended April 30, 2018 compared to 6,158 during the comparable nine month period in F2017. Of the shares issued, 27,163 were issued by way of the exercise of stock options and compensation units for total proceeds of $58,081. The remaining 40,554 were common share issues relation to Deferred Share Units for retiring board members.

The number of common shares issued and outstanding at April 30, 2018 was 9,137,700 and June 12, 2018 is 9,137,700. The Company had 149,620 Deferred Share Units outstanding at April 30, 2018 and 149,620 at June 12, 2018.

There were no compensation units outstanding as of April 30, 2018. These were issued in conjunction with the private placement on September 2, 2015. These units were exercisable at $2.00 for a period of two years.

LIQUIDITY AND CAPITAL RESOURCES

At April 30, 2018, Cortex held $7,561,299 in cash and cash equivalents and $60,000 in short-term investments, compared to $5,707,921 and $60,000, respectively, at April 30, 2017. The Company had trade accounts receivable of $674,803 at April 30, 2018 compared to trade accounts receivable of $715,646 at April 30, 2017. The Company continues to maintain a diligent collections regime. None of the accounts receivables are under dispute; however, the Company has set up $20,000 as an allowance for doubtful accounts at April 30, 2018 based on historical review.

The Company has current working capital of $7,387,139 at April 30, 2018 compared to $5,432,794 at April 30, 2017. Cash provided by operating activities improved 249% to $843,048 for the three months ended Q3 F2018 compared to cash provided in operating activities of $241,456 for the three months ended Q3 F2017 and improved by $1.3 million for the nine months ended Q3 f2018 compared to the nine months ended Q3 F2017.

The Company has in place a detailed planning and budgeting process to assist in determining the funds required to ensure appropriate capital to meet its growth objectives. The Company strives to maintain sufficient capital to meet its short-term business requirements taking into account its ongoing capital commitments, planned capital expenditures and its cash and cash equivalent holdings. The Company has set forth in its approved business plan, expected revenue and expense targets for the fiscal year ended July 31, 2018.

The Company is not subject to externally imposed minimum capital requirements. There has been no change to the Company's capital management policy during the period ended April 30, 2018. The consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Should the Company not be able to continue as a going concern, adjustments to the recorded amounts and classifications of assets, liabilities and expenses would be required.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

The Company has entered into various operating and finance leases for office space and equipment expiring at various dates through to August 1, 2022.

The following is the remaining minimum annual fiscal cash obligations while excluding the share of operating costs relating to office space & equipment:

Year	Amount
2018	$ 35,643
2019	143,663
2020	124,649
2021	124,649
2022	94,709
Total	$ 523,313

BUSINESS RISKS AND UNCERTAINTIES

Material risk factors that could cause our actual results to differ materially from the forward-looking statements contained herein include the dependence on key personnel, risks related to expansion of our business operations – domestically and internationally, current global economic downturns, exchange rate fluctuations, risks related to future acquisitions, requirements for additional financing for our business and any future acquisitions, credit terms extended to our customers, share price volatility, product and geographic concentration in conjunction with the limited range of services that we provide, our historical dependence on a small number of large customers, our ability to protect our intellectual property, our potential vulnerability to computer and information systems security breaches, competition from third parties, rapid technological change, risk of third party claims for infringement of intellectual property rights by others, and risks related to technical standards and the certification of our services.

The material business risks and uncertainties are described in greater detail in the Company's Annual Information form as filed on November 8, 2017. This document can be found on the SEDAR website www.sedar.com.

USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discussion sets forth Management's most critical estimates and assumptions in determining the value of assets, liabilities, and equity.

IMPAIRMENT OF NON-FINANCIAL ASSETS

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the three and nine months ended April 30, 2018 or April 30, 2017.

USEFUL LIFE OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment and intangible assets are amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the year.

VALUATION OF ACCOUNTS RECEIVABLE

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts. During this review, historical experience, the age of the receivable balance, the credit worthiness of the customer and the reason for delinquency are considered.

SHARE-BASED COMPENSATION

Management is required to make certain estimates when determining the fair value of stock options awards issued including future volatility of the Company's share price, expected forfeiture rates, expected lives of the underlying securities, expected dividends and other relevant assumptions.

The Company operates a stock option plan as approved by the shareholders at the 2017 Annual General Meeting on December 4, 2017. Under this plan, directors, officers, consultants and employees are eligible to receive stock options. The aggregate number of common shares to be issued upon the exercise of all options granted under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the current stock option plan generally have a term of five years but may not exceed five years and vest over a three-year period. The stock options granted under a previous stock option plan had vesting periods ranging from immediate vesting upon grant to 3 years. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policy or policies of the stock exchange(s) upon which the Company's common shares are then listed.

The number of outstanding stock options at April 30, 2018 was 577,748 and at April 30, 2017, 537,374 with a weighted average exercise price of $3.83 and $3.99 respectively. The amounts exercisable for the same periods were 232,468 and 183,425, respectively, with a weighted average exercise price of $4.45 and $6.59 respectively. At June 12, 2018, the Company had 261,408 stock options exercisable and 566,688 stock options issued and outstanding. At June 12, 2018, there were no Compensation Units outstanding.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

In the preparation of the Condensed Consolidated Interim Financial Statements, the Company has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

INCOME TAX

Management is required to apply judgment in determining whether it is probable deferred income tax assets will be realized. Management has determined that future realization of its deferred Canadian income tax assets did not meet the threshold of being probable and, as such, has not recognized any deferred income tax assets in the consolidated statement of financial position.

In addition, the measurement of any potential income taxes payable and deferred income tax assets and liabilities requires Management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

Recent accounting policies and new pronouncements

At the date of authorization of these Consolidated Financial Statements, the IASB and the IFRS Interpretations Committee (IFRIC) have issued the following new and revised standards and interpretations which are not yet effective for the relevant reporting periods. The Company has not early adopted these standards, amendments or interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9, which replaces the existing guidance in IAS 39, introduces a number of new principles including (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward looking 'expected loss' impairment model, and (iii) a substantially reformed approach to hedge accounting. It carries forward existing requirements on recognition and de-recognition of financial instruments from IAS 39. The Company is currently evaluating the impact of this standard on its financial statements. The standard is effective for the Company for the first interim period beginning August 1, 2018.

IFRS 15 Revenue from contracts with customers

IFRS 15 provides a single, comprehensive revenue recognition model for all contracts with customers. The new standard replaces IAS 11, IAS 18 IFRIC 13, IFRIC 15, IFRIC 18 and SIC 18. The standard contains principles that the Company will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that Company expects to be entitled to in exchange for those goods or services. The Company is currently evaluating the impact of this standard on its financial statements. The standard is effective for the Company for the first interim period beginning August 1, 2018.

IFRS 16 Leases

IFRS 16, which replaces IAS 17, requires all leases, including financing and operating to be reported on a company's balance sheet. The new standard will provide greater transparency on a lessee's right of use assets representing its right to use the underlying asset and the lease liability representing its obligation to make lease payments. Management has not yet determined the potential impact the adoption of IFRS 16 will have on the Company's consolidated financial statements. The standard will impact the Company and is effective for the first annual year ended July 31, 2020.

"Joel Leetzow" (signed)	"Jason Baird" (signed), CPA, CA
President and CEO	VP Finance and CFO

CORPORATE INFORMATION

EXECUTIVE OFFICERS

Joel Leetzow
President and Chief Executive Officer

Jason Baird
VP, Finance and Chief Financial Officer

John Gilkison
VP, Sales & Business Development

Chris Lambert
VP, Technology

Andrew Stewart
VP, Customer Experiences

BOARD OF DIRECTORS

Grant Billing (1) (2) (3)
Chairman of the Board,

Randy Henderson (1) (2) (3)
Chairman, Audit

Mark Ripplinger (1) (2) (3)
Chairman, Compensation

Andrew Gutman (1) (2) (3)
Chairman, Corporate Governance

Joel Leetzow
Director

Committees

(1) Audit Committee

(2) Compensation Committee

(3) Corporate Governance

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

LAWYERS

DLA Piper
Calgary, Alberta

TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

HEAD OFFICE

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