Cortex Business Solutions Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2018 AND 2017

DATED: March 6, 2018

Management's Discussion & Analysis
For the three and six months ended January 31, 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 six months ended January 31, 2018, 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 March 6, 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 e-invoicing solutions throughout North America for over 10 years. Cortex has annual recurring revenue in excess of $11 million and over 10,000 trading partners on the Cortex Trading Partner Network along with over 8,000 active partners. Cortex delivers e-invoicing services across various industries including Oil & Gas, Mining, and Sports & Entertainment, with a focused expansion into additional verticals as opportunities present themselves.

We generate revenue through a combination of recurring monthly access and usage fees, integration 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 connections to new trading partners, improved cash flow, data accuracy, internal controls and improved visibility into accounts receivable and accounts payable at any point in the process flow, along with lower risk.

We implemented our shared value model 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 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 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 lightweight document approval tools for Field Tickets and Invoices that allow users to review documents prior to data being transmitted to the formal document workflow and ERP systems.

COMPETITIVE ADVANTAGES

Technology solutions like Cortex allow companies to run more efficiently without having large fluctuations in staffing requirements. Our strategy for our customers isn't to replace existing staff; rather our goal is to help employees perform their jobs better and more efficiently, thus enabling them to focus on higher value tasks within their company. Traditionally, the energy industry lags when it comes to implementing new administrative technologies, but we have seen greater interest from customers wanting to reduce risk, save on costs, and to implement a low-cost, high return automated solution that contributes to their company's success.

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 associations and education, furthering our ability to innovate, serve customers 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

Our primary industry and focus is 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 ("the Network").

ECONOMIC CONDITIONS

The market for cloud-based, software-as-a-service is 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 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

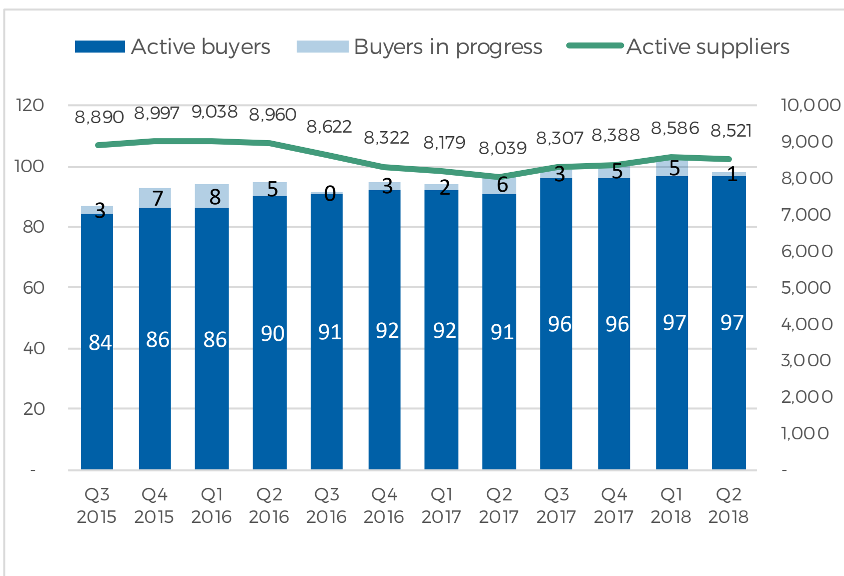
Decommissioning of the Cortex legacy platform continues. One of the Company's largest customers is transitioning to the current Cortex platform, thereby enabling the Company to begin streamlining its product offering decommissioning its legacy platform.

Access and usage fee revenue is influenced by the number of billable transactions and active suppliers on the Network. The billable transactions trend is aligned to the movement in the usage fees whereas the access fees tends to move more in line with the number of active suppliers and buyers. The number of billable transactions is dependent on the invoice flow between buyers and suppliers on the Network.

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 6% quarter over quarter.

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

	Q2 F2018	Q2 F2017	% change	Q2 F2018	Q1 F2018	% change
Active Buyers	**97**	91	7%	97	97	0%
Buyers in progress	**1**	6	(83%)	1	5	(80%)
Total	**98**	97	1%	98	102	(4%)
Active Suppliers	**8,521**	8,039	6%	8,521	8,586	(1%)
Billable documents exchanged	**1,344,277**	1,159,385	16%	1,344,277	1,323,238	2%
Total documents exchanged	**3,242,672**	2,907,739	12%	3,242,672	3,284,417	(1%)



The number of active buyers transacting on the Network has increased 7% quarter over prior quarter and the total number of billable documents increased 16% in Q2 2018 compared to Q2 2017. Four new buyers went live in Q2 2018 while four 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 6% as at January 31, 2018 compared to the prior year as at January 31, 2017. With an increase of buyers as destination points for suppliers, the ability to send invoices electronically magnifies. This correlates significantly with the number of billable documents and our recurring fees in the form of access and usage fees.

FINANCIAL HIGHLIGHTS

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

- Adjusted EBITDA[(2)]: The Company achieved record quarterly adjusted EBITDA of $0.6 million and continues to deliver profitable results building on previous positive quarterly results

- Positive 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 $0.1 million for the three months ended and $0.4 million for the six months ended from Q2 2018

- Access and usage fees: Increase of 19% for the three months ended Q2 2018 from Q2 2017 and 20% for the six months ended Q2 2018 from Q2 2017 mainly due to adding and upgrading more suppliers to the network

- Project management fees: The Company continues to recognize fees associated with transitioning one of its major customers to the current Cortex platform. This work is ongoing for fiscal year ended July 31, 2018 ("F2018") and is expected to be completed by the end of F2018

(2) See additional information in the "Non-IFRS Measures" section below on page 7.

QUARTERLY INFORMATION

The Company's quarterly results are outlined below.

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Total revenue	**$ 3,018,955**	$ 3,234,673	$ 2,937,822	$ 2,930,726	$ 2,721,676	$ 2,469,068	$ 2,234,359	$ 2,403,314
Access and usage Fees	**2,853,893**	2,809,912	2,624,467	2,603,932	2,398,153	2,337,660	2,152,545	2,263,485
Total other expenses (1)	**1,918,224**	2,120,897	2,389,005	2,041,944	2,131,024	1,723,685	1,594,755	1,664,150
Net cash provided by (used in) operating activities	**141,452**	313,863	510,690	241,456	(108,755)	(126,248)	(432,424)	(205,502)
Adjusted EBITDA (2)	**614,910**	504,813	182,323	170,731	165,410	50,750	(137,517)	(63,546)
Net income (loss)	**322,150**	286,464	(145,989)	19,847	(196,385)	(92,787)	(711,297)	(564,981)
Basic and diluted loss per share	**$ 0.04**	$ 0.03	$ (0.02)	$ 0.00	$ (0.02)	$ (0.01)	$ (0.08)	$ (0.06)

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

(3) See additional information in the "Non-IFRS Measures" section below on page 7.

NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

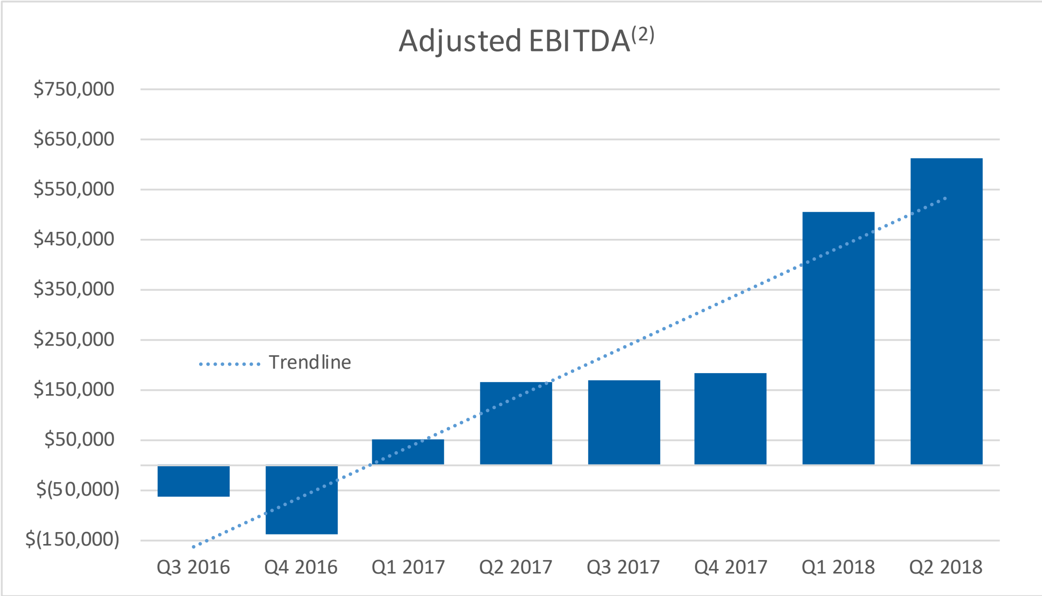
The MD&A contains references to Non-IFRS financial measures that do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other reporting issuers. These measures assist the Company in evaluating the Company's operating performance against 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, in addition to non-recurring charges and share based payments. 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 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.

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

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net Income (Loss)	**$ 322,150**	**$ 286,464**	**$ (145,989)**	**$ 19,847**	**$ (196,385)**	**$ (92,787)**	**$ (711,297)**	**$ (564,981)**
Amortization	**8,167**	150,294	64,162	25,004	25,030	24,855	460,622	460,301
Income tax expense (recovery)	**2,142**	2,108	(68,592)	16,799	15,024	14,641	14,031	(14,305)
Share-based payments	**282,451**	65,947	115,104	109,081	321,741	104,041	99,127	55,439
Onerous contract	**-**	-	217,638	-	-	-	-	-
Adjusted EBITDA (2)	**$ 614,910**	**$ 504,813**	**$ 182,323**	**$ 170,731**	**$ 165,410**	**$ 50,750**	**$ (137,517)**	**$ (63,546)**



(2) See additional information in the "Non-IFRS Measures" section above on page 7.
(3) The dotted line in the graph shows trend of data over the full timeline of the graph

Cortex has achieved record historical Adjusted EBITDA of $0.6 million in Q2 2018 and has already surpassed the total of fiscal 2017 with a six months period to date Adjusted EBITDA of $1.1 million. Trailing 12 months EBITDA is $1.5 million.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JANUARY 31, 2018

QUARTERLY REVENUE

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

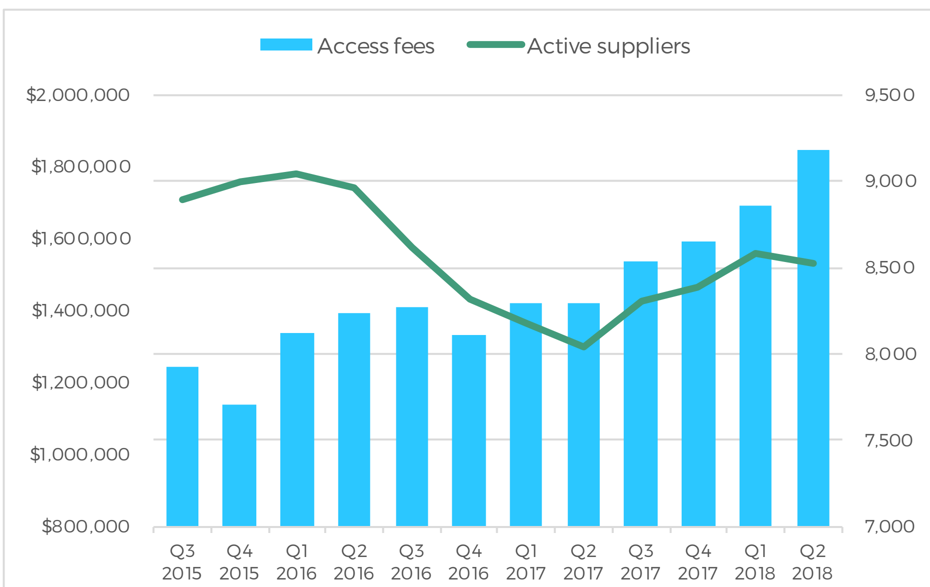
	Q2 2018	Q2 2017	% Change
Revenue			
Access and usage	$ 2,853,893	$ 2,398,153	19%
Integration	50,683	82,475	(39%)
Project management	114,379	241,048	(53%)
	3,018,955	2,721,676	11%

The Company's total revenue increased 11% or $0.3 million for the three months ended January 31, 2018 compared to the three months ended January 31, 2017. Access and usage fees make up 95% of total revenue in Q2 2018.

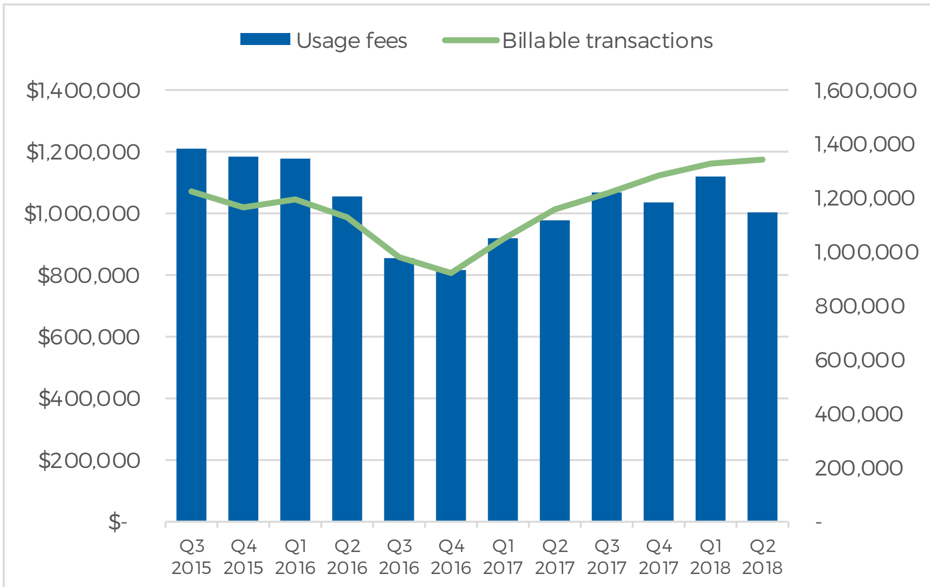
	Q2 2018	Q2 2017	% Change
Access and usage			
Access	$ 1,849,615	$ 1,423,958	30%
Usage	1,004,278	974,195	3%
	2,853,893	2,398,153	19%

Access and usage fees increased 19% in for the three months ended January 31, 2018 compared to the three months ended January 31, 2017.

Access fees over the long run tend to correlate with the number of active suppliers whereas the usage fees tend to trend with number of billable transactions. The charts below highlight the last 12 quarters.



Access fees increased by 30% or $0.4 million for the three months ended January 31, 2018 compared to the three months ended January 31, 2017, while the number of active suppliers increased 6% 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 an upgrade in both buyers and supplier contracts either during mid cycle or upon 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 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.

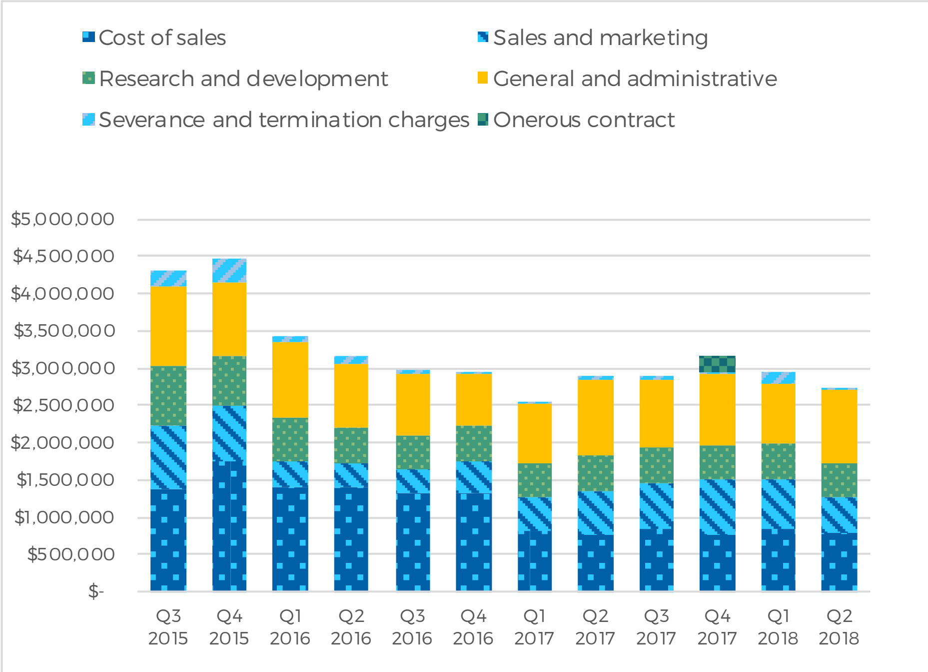


Usage fees are correlated with movements in the number of billable transactions flowing through the Network. Usage fees increased 3% for the three months ended January 31, 2018 compared to the three months ended January 31, 2017 with an increase in billable transactions of 16%. With the shift to higher 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.

QUARTERLY EXPENSES

Total expenses decreased for the three months ended January 31, 2018 compared to the three months ended January 31, 2017 by 7% or $0.2 million.

	Q2 2018	Q2 2017	% Change
Expenses			
Cost of sales	$ 789,504	$ 772,442	2%
Sales and marketing	484,593	584,152	(17%)
Research and development	459,143	462,159	(1%)
General and administrative	971,726	1,014,480	(4%)
Severance and termination charges	2,762	70,233	(96%)
	2,707,728	2,903,466	(7%)



The main decreases in overall expenses are $0.1 million in severance and termination charge due to timing and magnitude of staff turnover, reduced sales and marketing costs of $0.1 million.

Expenses related to operations are expected to remain flat as the 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

	Q2 2018	Q2 2017	% Change
Cost of sales	**$ 789,504**	$ 772,442	2%
As a percentage of revenue	**26%**	28%	(7%)
Gross profit	**2,229,451**	1,949,234	14%
Gross profit %	**74%**	72%	3%

Gross profit improved to 74% from 72%. Margin percentage continued to grow as recurring revenue increases and costs are maintained or reduced. Cost of sales remained flat for the three months ended January 31, 2018 compared to the three months ended January 31, 2017. Reduction in headcounts resulted in savings of $0.1 million offset by $0.1 million in increased overhead allocations and general and administrative expenses. Cost of sales is expected to remain relatively flat in the short term.

CORTEX

SALES AND MARKETING

	Q2 2018	Q2 2017	% Change
Sales and marketing	**$ 484,593**	$ 584,152	(17%)
As a percentage of revenue	**16%**	21%	

Sales and marketing expenses decreased $0.1 million or 17% for the three months ended January 31, 2018 compared to the three months ended January 31, 2017. The primary driver is reduced accrued commission costs of $0.1 million. Sales and marketing expenses are expected to be higher as a percentage of revenue for future quarters as additional sales activity is generated.

	Q2 2018	Q2 2017	% Change
Research and development	**$ 459,143**	$ 462,159	(1%)
As a percentage of revenue	**15%**	17%	

Research and development expenses decreased 1% in for the three months ended January 31, 2018 compared to the three months ended January 31, 2017 primarily related to increased overhead allocations. Research and development costs are expected to remain consistent in future quarters as a percentage of revenue and speaks to the Company's reinvestment into our product roadmap.

GENERAL AND ADMINISTRATIVE

	Q2 2018	Q2 2017	% Change
General and administrative	**$ 971,726**	$ 1,014,480	(4%)
As a percentage of revenue	**32%**	37%	

The general and administrative expenses decreased 4% for the three months ended January 31, 2018 compared to the three months ended January 31, 2017. The most significant change was the result of lower board compensation costs of $0.1 million for the current period as there was no change in the fair value of the deferred stock units previously granted.

SEVERANCE AND TERMINATION CHARGES

	Q2 2018	Q2 2017	% Change
Severance and termination	**$ 2,762**	$ 70,233	(96%)
As a percentage of revenue	**0.1%**	2.6%	

Severance and termination charges decreased 96% or $0.1 million as there were no significant severance provisions during the quarter.

NET INCOME THREE MONTHS ENDED JANUARY 31, F2018

The Company's net income for the three months ended January 31, 2018 improved 264% to $0.3 million compared to the three months ended January 31, 2017 net loss of $(0.2) million.

The significant items impacting net income were:

- Improved revenue growth resulting in a 11% increase.
- Overall expenses decreasing 7%, primarily related to reduced sales and marketing, general and administrative and severance costs.

SIX MONTHS ENDED JANUARY 31, 2018

SIX MONTH REVENUE

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

	Q2 2018	Q2 2017	% Change
Revenue			
Access and usage	$ 5,663,805	$ 4,735,813	20%
Integration	137,244	100,599	36%
Project management	452,579	354,332	28%
	6,253,628	5,190,744	20%

The Company's total revenue increased 20% or $0.6 million for the six months ended January 31, 2018 compared to the six months ended January 31, 2017. Access and usage fees make up 91% of total revenue in for the six months period ended January 31, 2018.

	Q2 2018	Q2 2017	% Change
Access and usage			
Access	$ 3,543,702	$ 2,845,513	25%
Usage	2,120,103	1,890,300	12%
	5,663,805	4,735,813	20%

Access and usage fees increased 20% January 31, 2018 compared to the six months ended January 31, 2017.

Access fees grew 25% or $0.7 million January 31, 2018 compared to the six months ended January 31, 2017. This was the result of a shift to higher access fees, less influenced by the number of billable transactions.

Usage fees are closer aligned with movements in the number of billable transactions flowing through the Network. Usage fees increased 12% January 31, 2018 compared to the six months ended January 31, 2017 with an increase in billable transactions of 21%. 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 usage only price plan.

SIX MONTH EXPENSES

Total expenses increased January 31, 2018 compared to the six months ended January 31, 2017 by 4% or $0.2 million.

	Q2 2018	Q2 2017	% Change
Expenses			
Cost of sales	$ 1,621,804	$ 1,595,980	2%
Sales and marketing	1,174,562	1,044,061	12%
Research and development	936,730	902,690	4%
General and administrative	1,769,145	1,816,337	(3%)
Severance and termination charges	158,684	91,621	73%
	5,660,925	5,450,689	4%

The main increases in overall expenses are severance and termination charges of $0.1 million due to executive turnover and sales and marketing costs of $0.1 million as sales efforts ramped up throughout F2017 which means full run rate of those increased expenses are recognized in F2018.

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

COST OF SALES & GROSS PROFIT

	Q2 2018	Q2 2017	% Change
Cost of sales	**$ 1,621,804**	$ 1,595,980	2%
As a percentage of revenue	**26%**	31%	(16%)
Gross profit	**4,631,824**	3,594,764	29%
Gross profit %	**74%**	69%	7%

Gross profit improved to 74% from 69%. Cost of sales increased 2% in the six months period ended January 31, 2018 compared to the six months period ended January 31, 2017. Cost of sales is expected to remain relatively flat in future quarters.

SALES AND MARKETING

	Q2 2018	Q2 2017	% Change
Sales and marketing	**$ 1,174,562**	$ 1,044,061	12%
As a percentage of revenue	**19%**	20%	

Sales and marketing expenses increased $0.1 million or 12% from January 31, 2018 compared to the six months ended January 31, 2017. The primary driver is an increase in increased overhead allocations.

RESEARCH AND DEVELOPMENT

	Q2 2018	Q2 2017	% Change
Research and development	**$ 936,730**	$ 902,690	4%
As a percentage of revenue	**15%**	17%	

Research and development expenses increased 2% January 31, 2018 compared to the six months ended January 31, 2017. Research and development costs are expected to remain flat in future quarters.

GENERAL AND ADMINISTRATIVE

	Q2 2018	Q2 2017	% Change
General and administrative	**$ 1,769,145**	$ 1,816,337	(3%)
As a percentage of revenue	**28%**	35%	

The general and administrative expenses decreased 3% from January 31, 2018 compared to the six months ended January 31, 2017. The most significant change was the result of lower board compensation costs of $0.1 million for the current six months period ended.

SEVERANCE AND TERMINATION CHARGES

	Q2 2018	Q2 2017	% Change
Severance and termination	**$ 158,684**	$ 91,621	73%
As a percentage of revenue	**2.5%**	1.8%	

Severance and termination charges increased 73% or $0.1 million as of the result of severance provisions made during the six months period ended January 31, 2018 pertaining to an executive team member.

NET INCOME SIX MONTHS ENDED JANUARY 31, F2018

The Company's net income for the six months ended January 31, 2018 improved 310% to $0.6 million compared to the six months ended January 31, 2017 net loss of $(0.3) million.

The significant items impacting net income were:

- Improved revenue growth resulting in a 20% increase mainly due to large increase in access fees
- Overall expenses increasing only 4% mainly due to increase in severance and termination charges and sales and marketing expenses

INCOME TAXES

For the six months ended January 31, 2018, the Company is not cash taxable. At January 31, 2018, the Company had approximately $52.2 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 Business Solutions Inc. issued 27,163 common shares during the six months ended January 31, 2018 compared to 3,491 during the comparable six months period in F2017. Of the shares issued, all 27,163 were issued by way of the exercise of stock options and compensation units for total proceeds of $58,081.

The number of common shares issued and outstanding at January 31, 2018 was 9,097,146 and March 6, 2018 is 9,112,321. The Company had 211,265 Deferred Share Units outstanding at January 31, 2018 and 174,998 at March 6, 2018. This is primarily due to one director exercising their Deferred Share Units subsequent to the period ended January 31, 2018.

There were no compensation units outstanding as of January 31, 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 January 31, 2018, Cortex Business Solutions Inc. held $6,675,340 in cash and cash equivalents and $60,000 in short-term investments, compared to $5,364,124 and $60,000, respectively, at January 31, 2017. The Company had trade accounts receivable of $835,749 at January 31, 2018 compared to trade accounts receivable of $559,772 at January 31, 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 January 31, 2018 based on historical review.

The Company has current working capital of $6,566,020 at January 31, 2018 compared to $5,244,279 at January 31, 2017. Cash provided by operating activities improved 230% to $141,453 for the three months ended Q2 F2018 compared to cash used in operating activities of $(108,755) for the three months ended Q2 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 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 January 31, 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	$ 71,286
2019	143,663
2020	124,649
2021	124,649
2022	94,709
Total	$ 558,956

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 six months ended January 31, 2018 or January 31, 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 January 31, 2018 was 628,025 and at January 31, 2017, 547,013 with a weighted average exercise price of $3.97 and $4.05 respectively. The amounts exercisable for the same periods were 267,685 and 193,095, respectively, with a weighted average exercise price of $4.70 and $6.62 respectively. At March 6, 2018, the Company had 232,588 stock options exercisable and 592,928 stock options issued and outstanding. At March 6, 2018 there were no Compensation Units outstanding.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

In the preparation of these Consolidated 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.

CORTEX

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. Management has not yet determined that potential impact the adoption of IFRS 9 will have on the Company's consolidated 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. Management has not yet determined that potential impact the adoption of IFRS 15 will have on the Company's consolidated 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. 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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