Cortex Business Solutions Inc.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JULY 31, 2018

DATED: October 23, 2018

Dear Shareholders,

As we post this fiscal year's results, I am excited to share that the Cortex 3.0 phase of our transformation plan is now well under way. Our Cortex Team has delivered our strongest results yet for F2018 and we are even better positioned now to accelerate our growth via our recent acquisition of Powervision Software Inc.. This truly changes our trajectory as an "applications" company by putting Cortex into the "all day use" category of applications vs simply being a deliverer of the data.

As our revenue growth theme continues into F2019, our Team is working with our clients on many new levels of adding value including supply chain financing to providing a digital receipt or field ticket solution replacing the last piece of paper in our customers supply chain. We are striving every day to expand our value, application mindshare and revenue with our client base and it is working on all fronts.

We continue to design the business for scale. From security to redundancy to resiliency, our technical team has been using the latest and greatest development and testing tools to reduce our customer's risk and harden our business from the outside in and inside out from security attacks. Our team again exceeded our goal of 99.99 % uptime across our platform and a 98% customer satisfaction for the year.

We have had our first cash flow positive full year from operating activities in the history of the company and we plan to continue to grow our Adjusted EBIDTA this year.

I look forward to another exciting year with a focus on growing revenue and expanding our value to our customers in F2019. Regards,

Joel Leetzow

Cortex President and CEO

Management's Discussion & Analysis
For the Fiscal Years Ended July 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 consolidated financial statements, as at and for the year ended July 31, 2018. The accompanying financial statements of Cortex have been prepared by Management and approved by the Company's Audit Committee and Board of Directors. 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 October 23, 2018.

The MD&A and consolidated 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", "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.

WHO WE ARE

Cortex is one of Canada's leading technology companies that has been providing network-as-a-service e-invoicing solutions throughout North America for over 10 years. Cortex has annual revenue totaling more than $12,000,000 and over 11,000 trading partners on the Cortex Trading Partner Network ("the Network"). Cortex delivers e-invoicing services across various industries including Oil & Gas, Mining, Manufacturing 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 reoccurring usage fees, integration fees, funding services and project management fees. Cortex's strategy is to revolutionize B2B document exchange by replacing traditional paper-based manual systems with automated e-invoicing. This positions companies with the scalability and flexibility needed to meet the demands of today's business. Cortex offers a B2B network that enables electronic invoicing for buying and supplying organizations using flexible connection methods to leverage existing customer technologies and processes. Access to the Network enhances the exchange of documents allowing companies to connect and interact with each other to grow their businesses.

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 flows, data accuracy and integrity, internal controls and improved visibility into accounts receivable and accounts payable functions at any point in the document process flow.

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 simplify their processes further through a draft upload capability. For those looking to fully automate their invoicing, we offer a complete integration method.

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 some of our competitors have made the decision to adopt similar models.

As a network-as-a-service e-invoicing 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.

HOW WE COMPETE

Technology solutions like Cortex allow companies to run more efficiently and enable them to focus on their own strategies without having large fluctuations in staffing requirements or distractions that take effort away from their core business. Our long-term goal for our customers is not to replace their existing staff; rather our focus is on helping employees perform their jobs better and faster, thus enabling them to focus on higher value tasks within their company to contribute to the bottom line and participate in their core values. Historically, the Oil & Gas industry delays implementing new administrative technologies, but we have seen higher number of customers requesting the implementation of a low-cost, high return on investment solutions for them to concentrate on what they do best within their business.

We bolster the standard functionality of the 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 cohesive strategic relations with industry associations and educational institutions, furthering our ability to innovate, grow, 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 helps us have a competitive advantage in leadership, compliance and growth in electronic procurement and supply chain solutions.

INDUSTRY TRENDS

Our primary industry remains Oil & Gas, which can experience extended periods of great prosperity followed by periods of economic hardship, as has been the case in recent years. The new reality of the Oil & Gas market and more specifically commodity price fluctuations and in turn, capital budget variances creates a greater need for improved productivity and lower operating costs. Technology solutions like Cortex allow companies to run more efficiently without having large fluctuations in staffing requirements and reduces risk by lowering manual processes that can lead to human error.

Because of the flexibility of our platform, we can offer our e-invoicing solution across many industry segments beyond Oil & Gas such as food and beverage companies, software vendors, engineering companies and equipment dealers. 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 Network. Cortex continues to explore these new markets to find the best way to support these complex procurement cycles and challenges.

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 have focused up until now solely on e-invoicing as a network to provide the greatest value to our customers. Our ability to offer a platform that connects to existing software and is accessible via several different connection methods, allows us to better enhance a customer's process without acting as a disruptive entity and lowering risk.

SEASONALITY & MARKET IMPACT

The recurring monthly access and reoccurring usage fees that we derive from customers transacting on the Network have cyclical characteristics based on the current verticals the Company operates in. The integration fees and project management fees fluctuate each quarter dependent on multiple factors such as number of new buyers joining the Network in any given quarter, customization requirements of the individual customer and sophistication of the customers' integration team.

A primary example of seasonal effects on Canadian Oil & Gas is the reduction of business that occurs during spring breakup. During or for a portion of the months of April and May, most Oil & Gas companies are affected by government road bans which impede their ability to move equipment to different lease sites. This government-imposed slowdown to protect environmental damage of work means fewer rigs are operating than during the rest of the year, which affects the number of invoices being sent.

In Western Canada, there has been pipeline capacity shortages which means companies have had difficulties getting their product to new markets. Due to this, oil and gas prices in Western Canada have been selling at a material discount to similar pricing hubs in the US and overseas. This has made it very difficult for some companies to sustain operations and recently there has been an increase in mergers and acquisitions to gain economies of scale to try to counter the discounted commodity prices.

OPERATIONAL HIGHLIGHTS & KEY METRICS

The following are some key operational highlights achieved during F2018:

- Cortex has increased active suppliers on the Network by 9% to 9,160 from 8,388. This not only increases recurring access revenue, but it confirms that companies are using technology to operate their business which can create cost savings and efficiencies.
- The Company has made significant progress on technological advancements internally during and subsequent to F2018. We have developed our own internal Workflow product that was just released to the market. With this product release, Cortex is has introduced 100% automated testing to certify releases which enables the Company to respond to large scale high priority change requests within days instead of weeks or quick fixes within hours instead of days. While retaining high quality release expectations from our customers, the key changes set the foundation to allow Cortex to compete technologically at levels previously not seen while achieving cost reductions, stronger customer service and reduced risk.
- The Company's new sales team was established during F2018 with a commitment to customer-centric selling focused on establishing the Cortex value proposition for our customers along with exploring new verticals outside of the oil and gas industry.
- Cortex moved into a new office in August 2018 which has allowed employees more flexibility to do their jobs as well as be in a more modern and cohesive environment.

Access and usage fees

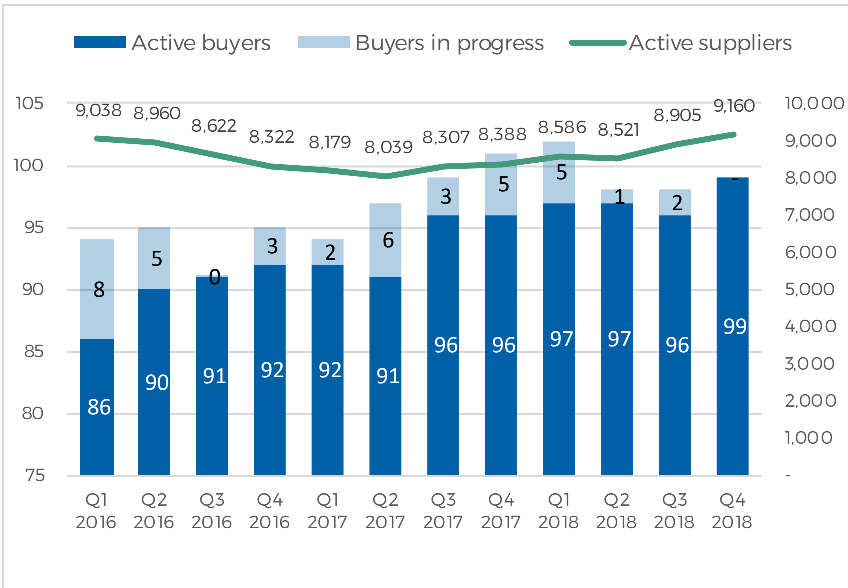
Access and usage fee revenue is influenced by the number of billable transactions and active suppliers on the Network. The billable transactions trend is aligned to the movement in the usage fees whereas the access fees tends to move more in line with the number of active suppliers. The number of billable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

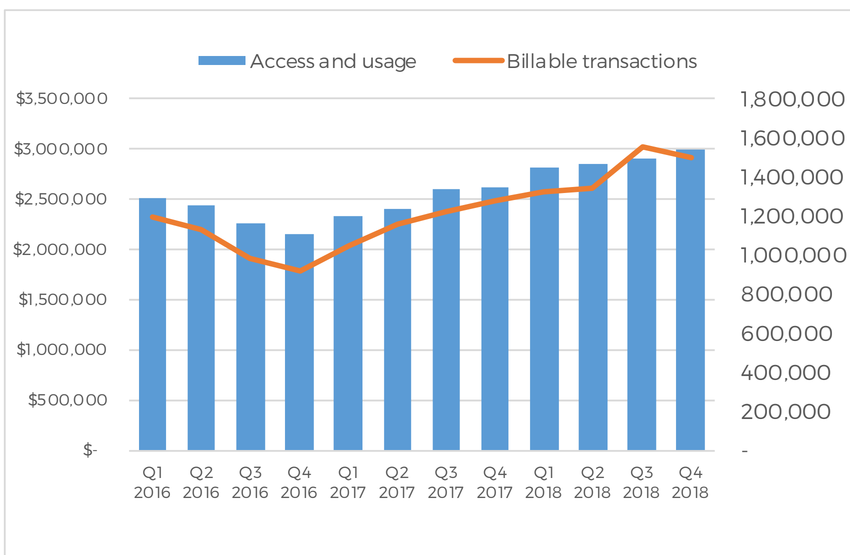
The number of active suppliers is a measure of how many suppliers sent invoices in any given month. This occurs by either sending a document or having a minimum monthly access fee.

The following table illustrates key operational metrics:

	F2018	F2017	% change
Active Buyers	99	96	3%
Buyers in progress	0	5	
Total	99	101	(2%)
Active Suppliers	9,160	8,388	9%
Billable documents exchanged	5,718,148	4,704,755	22%
Total documents exchanged	12,799,320	11,827,178	8%

	Q4 2018		Q3 2018		Q2 2018		Q1 2018	
	#	% change	#	% change	#	% change	#	% change
Active buyers	99	3%	96	(1%)	97	0%	97	1%
Buyers in-progress	0		2		1		5	
Total	99	1%	98	0%	98	(4%)	102	1%
Active Suppliers	9,160	3%	8,905	5%	8,521	(1%)	8,586	2%
Billable documents exchanged	1,496,136	(4%)	1,554,497	16%	1,344,277	2%	1,323,238	3%
Total documents exchanged	3,007,469	(8%)	3,264,762	1%	3,242,672	(1%)	3,284,417	6%





The number of buyers transacting on the Network has increased 3% over prior year while the total number contracted decreased 2% year over year. Nine buyers were decommissioned during the year due to a variety of factors, which include but are not limited to M&A, bankruptcies and competition. The Company executed agreements with seven new buyers resulting in a net loss in active buyers of two for F2018.

As buying organizations join Cortex and accept invoices, new suppliers are brought onto the Network and existing suppliers transact more on the Network. With more 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 fees and reoccurring usage fees. The model has resulted in a Network of approximately 18,000 individual users and 12,000 customers on the Network as of Q4 F2018.

FINANCIAL HIGHLIGHTS

The following table is a summary of key financial results for stakeholders as at and for the years ended July 31, 2018, 2017 and 2016.

	F2018	F2017	% Change	F2017	F2016	% Change
Total revenue	$12,453,780	$11,059,292	13%	$11,059,292	$9,823,518	13%
Cost of sales	3,287,242	3,217,622	2%	3,217,622	5,462,248	(41%)
Gross profit	9,166,538	7,841,670	17%	7,841,670	4,361,270	80%
Total other expenses (1)	7,610,390	8,285,658	(8%)	8,285,658	7,045,703	18%
Net Income (loss)	4,341,865	(415,314)	1145%	(415,314)	(2,704,669)	85%
Adjusted EBITDA(2)	2,173,614	569,214	282%	569,214	(299,604)	90%
Earnings (Loss) per share - Basic (3)	0.48	(0.05)	1060%	(0.05)	(0.31)	84%
Earnings (Loss) per share - Diluted (3)	0.47	(0.05)	1040%	(0.05)	(0.31)	84%
Total assets	12,424,370	8,051,286	54%	8,051,286	7,064,534	14%
Deferred revenue	$309,967	$423,734	(27%)	$423,734	$46,854	804%

(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
(3) The company recorded a deferred tax asset for $2.8 million in Q4 2018. See the Consolidated Financial Statements note 12 for more details

The following are some key financial highlights achieved during the year:

- The Company achieved positive cash flows from operating activities for F2018 for $2 million versus $0.5 million in the previous year.
- Record EBITDA of $2.2 million due to both to increase in organic revenue and a decrease in fixed and variable expenses.
- Significant project management fees as in the previous fiscal year the Company secured a large fee-based project with one of its largest customers to transition them from the Cortex Legacy desktop application to the current Cortex Network platform. This work was completed successfully during F2018.

- Higher finance income by successfully investing Cortex's large cash balance in low risk investments.

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 its operating performance against its expectations and against other entities. The Company believes these measures provide useful information to both management and the readers of this MD&A in measuring the financial performance and condition of the Company. 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:

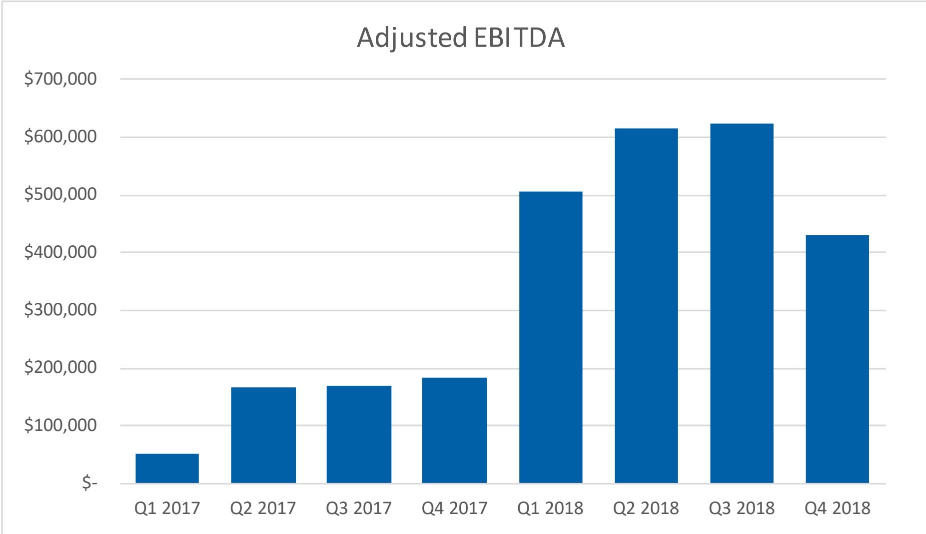
- Adjusted earnings before interest, taxes, depreciation and amortization **("Adjusted EBITDA")** provides useful information to users as it reflects the net earnings prior to the effect of non-operating expenses including interest, tax, depreciation and amortization, in addition to non-recurring charges and share based compensation. 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 interest rates, tax rates and the Company's share 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 annual and quarterly reconciliation of Adjusted EBITDA to net income (loss):

	F2018	F2017	F2016
Net Income (Loss)	$ 4,341,865	$ (415,314)	$ (2,704,669)
Amortization	183,624	139,051	1,841,521
Income tax (recovery) expense - current and deferred	(2,749,236)	(22,128)	12,987
Share-based payments	397,361	649,967	550,557
Onerous contract	-	217,638	-
Adjusted EBITDA	**$ 2,173,614**	**$ 569,214**	**$ (299,604)**

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net Income (Loss)	**$3,088,803**	**$644,448**	**$322,150**	**$286,464**	**($145,989)**	**$19,847**	**($196,385)**	**($92,787)**
Amortization	15,943	9,220	8,167	150,294	64,162	25,004	25,030	24,855
Income tax expense (recovery) - current and deferred	(2,755,713)	2,227	2,142	2,108	(68,592)	16,799	15,024	14,641
Share-based payments	82,125	(33,163)	282,451	65,947	115,104	109,081	321,741	104,041
Onerous contract	-	-	-	-	217,638	-	-	-
Adjusted EBITDA (2)	**$431,158**	**$622,732**	**$614,910**	**$504,813**	**$182,323**	**$170,731**	**$165,410**	**$50,750**



With a full year results since completing its restructuring plan, Cortex has achieved Adjusted EBITDA of $0.4 million in Q4 2018 and has an annual record Adjusted EBITDA of $2.2 million.

Adjusted EBITDA in Q4 2018 decreased from Q3 2018 by $0.2 million mainly due to higher expenses as the Company invested in additional sales personnel to target new verticals and continue its focused expansion and customer centric sales strategy.

ANNUAL RESULTS OF OPERATIONS

REVENUE

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

	F2018	F2017	% Change
Revenue			
Access and usage	$ 11,562,518	$ 9,964,212	16%
Integration	240,227	268,579	(11%)
Project management and other revenue	651,035	826,501	(21%)
	$ 12,453,780	$ 11,059,292	13%

Access and usage fees include a monthly recurring subscription fee for access (fixed portion) to the Network plus reoccurring transaction fees (variable portion) which are recorded monthly as documents exchanged between buyers and suppliers. Price plans vary depending on number of transactions they forecast will occur within their business. The basic premise of the higher the access fee, the higher number of documents which are included in the plan and the lower the average price per document.

Total revenue increased 13% to $12.5 million from $11.1 million in F2017 mainly due to higher access and usage fees partially offset by lower integration and project management revenue.

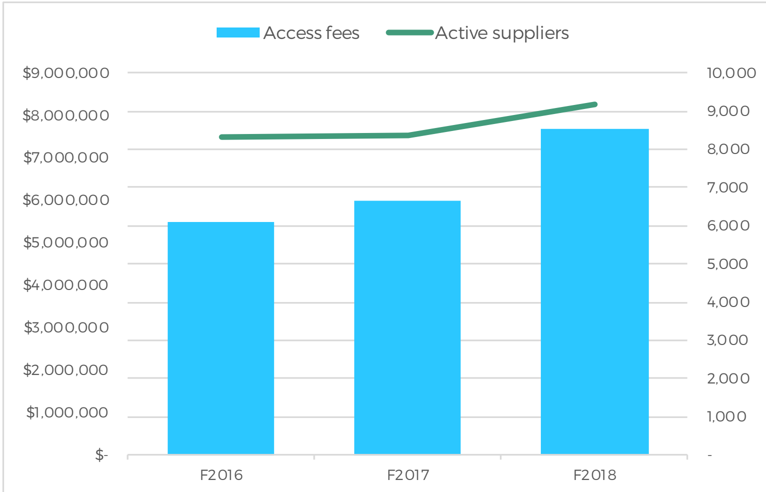
	F2018	F2017	% Change
Access and usage			
Access	$ 7,669,600	$ 5,973,235	28%
Usage	3,892,918	3,990,977	(2%)
	$ 11,562,518	$ 9,964,212	16%

Access and usage fees increased 16% in F2018 over F2017 compared to a 6% increase from F2017 to F2016.

ACCESS FEES

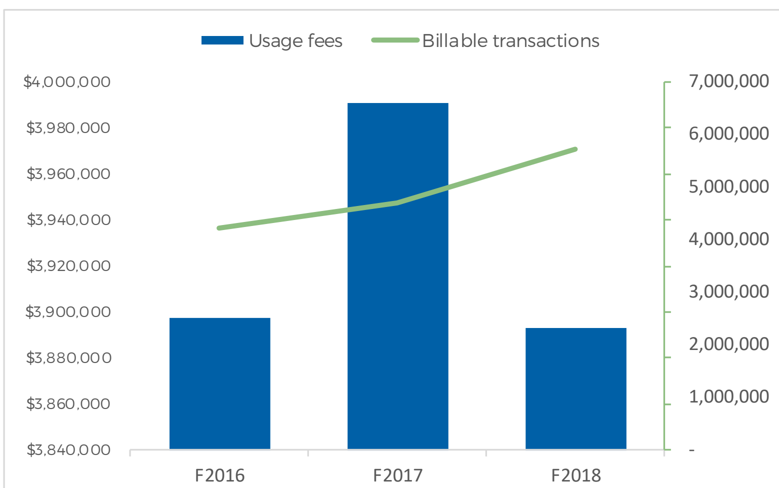
Access fees are highly influenced by the number of active suppliers on the Network. Access fees grew 28% or $1.7 million during F2018 over F2017 (F2018 - $7.7 million; F2017 - $6.0 million) with the number of active suppliers increasing 9%.

This growth matches the Company's goal to mitigate fluctuations in customer fees and gaining higher predictability of cash flow, by ensuring customers were on optimal price plans that had higher access fees with the appropriate number of documents included for their business needs. This has continued to result in a shift to higher access fees less influenced by the number of billable transactions on the Network.



USAGE FEES

Usage fees have historically been correlated more with changes in the number of billable transactions flowing through the Network. Usage fees decreased 2% F2018 over F2017 (F2018 - $3.9 million; F2017 - $4.0 million) even with an increase in billable transactions of 22%. With the shift to higher access fee subscriptions previously discussed, 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 plans. Additionally, billable transactions increased in F2018 as Cortex's largest customer started a subscription plan in early 2018 whereas previously this customer's transactions have not been included in the total billable transactions.



Integration fee revenue is recognized as a percentage of completion based on the stage of the project. Integration fees revenue decreased 11% (F2018 - $0.2 million; F2017 - $0.3 million). The integration revenue stream continues to fluctuate dependent on integration project timelines, completions and the number of net new buyers and suppliers joining the Network in the year.

The contract to live time frame for major integrations has progressed rapidly allowing for recognition of revenue to occur earlier while reducing the cost to deliver the integration.

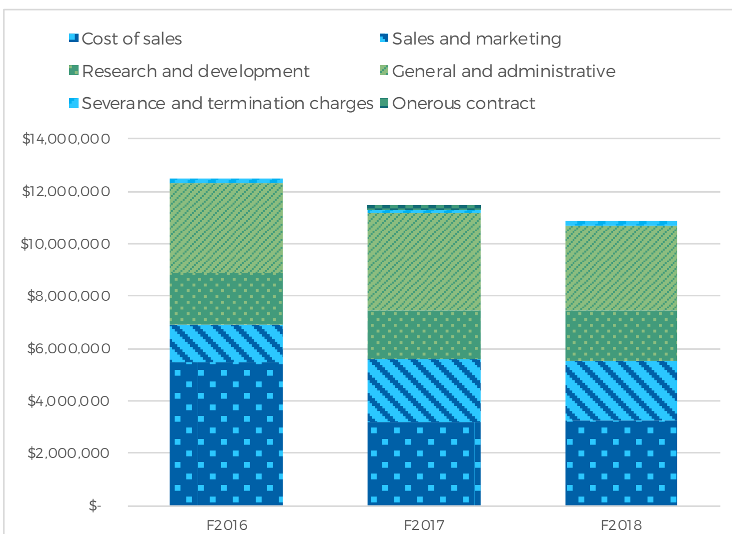
Project management fees are recognized on a time and material basis as services are performed. In F2018, project management fees decreased 21% (F2018 – $0.7 million; F2017 - $0.8 million) as a large project with an existing customer ended in March 2018.

In recent years, the Company has added to the list of services provided to our customer to include process improvement consulting, onboarding programs and campaigns and integration specializations which will be charged out on a time and material basis. With the acquisition of Powervision Software Inc. as discussed in the Subsequent Event note 20 of the annual consolidated financial statements, the Company will be able to provide a broader range of product offerings and expects that the project management fees will grow as additional customers require ongoing customizations for their specific needs.

ANNUAL EXPENSES

The total expenses for F2018 decreased $0.6 million or 5% over F2017 mainly due to lower general and administrative and sales and marketing expenses partially offset by higher cost of sales, research and development and a one-time severance and termination charge. The below table summarizes all expenses for the fiscal year.

	F2018	F2017	% Change
Expenses			
Cost of sales	$ 3,287,242	$ 3,217,622	2%
Sales and marketing	2,248,966	2,382,665	(6%)
Research and development	1,900,089	1,869,596	2%
General and administrative	3,276,424	3,676,862	(11%)
Severance and termination charges	184,911	138,897	33%
Onerous contract	-	217,638	(100%)
	$ 10,897,632	$ 11,503,280	(5%)



Total expenses related to operations are expected to increase as the Company has completed the hiring of new sales staff in both Canada and the US and also plans to increase its internal developer staffing. With the recent acquisition of Powervision and additional product offerings, the Company's sales team will be able to offer more breadth to potential and existing customers in order to meet their priorities.

The individual expense movements of a $0.6 million or 5% decrease in overall expenses are discussed below.

COST OF SALES & GROSS PROFIT

Gross profit increased by $1.3 million or 17% in F2018 over F2017. Gross profit percentage increase by 3% to 74% in F2018 over 71% in F2017.

	F2018	F2017	% Change
Cost of sales	$ 3,287,242	$ 3,217,622	2%
As a percentage of revenue	26%	29%	
Gross profit	$ 9,166,538	$ 7,841,670	17%
Gross profit %	74%	71%	

Cost of sales includes costs directly related to recognized revenue in the period. This includes professional services salaries, customer onboarding and support salaries, amortization of intangible assets, third party service provider and revenue sharing costs, credit card fees and a proportionate allocation of sustainment and corporate expenses, including rent, repairs & maintenance, infrastructure costs and stock option expenses.

Cost of sales increased $0.1 million or 2% in F2018 from F2017. However, as a percentage of revenue, cost of sales decreased to 26% in F2018 from 29% in F2017. This decrease as a percentage of revenue is a result of successful rollover of customer onboarding and initiatives first initiated in F2017.

Cortex's ongoing core strategy is to increase buyers and suppliers on its Network. New buying organizations that join the Network, will inevitably add additional suppliers and connect existing suppliers to additional delivery points by increasing their buyer connections on the Network. As the Network matures, higher automation will occur while reducing the effort required by Cortex to successfully achieve critical mass. The tools within the Company's application allow buyers to have greater success in inviting and connecting to suppliers and communicating to current suppliers on the Network.

The gross profit improved to 74% in F2018 from 71% in F2017. This improvement is the result of a slight increase in cost of sales more than offset by a revenue increase, as the Company becomes more productive and efficient.

SALES AND MARKETING

	F2018	F2017	% Change
Sales and marketing	$ 2,248,966	$ 2,382,665	(6%)
As a percentage of revenue	18%	22%	

Sales and marketing expenses consist primarily of salaries and related expenses for our sales and marketing staff in both Canada and the US. This includes sales commissions paid or accrued in the period, a proportionate allocation of corporate expenses based on head count, including rent, repairs & maintenance, infrastructure costs.

Sales and marketing expenses decreased $0.1 million or 6% in F2018 from F2017 and as a percentage of revenue to 18% in F2018 from 22% in F2017. This decrease was a reduction in sales staff in the latter half of F2017 and new sales staff were not replaced until the fourth quarter of F2018.

Sales and marketing expenses are expected to increase with variable based compensation and other sales and marketing initiatives in F2019. Sales and marketing expenses are not expected to increase significantly as a percentage of revenue as it is expected that revenue increases will correlate with the hiring of a new qualified and experienced sales team.

RESEARCH AND DEVELOPMENT

	F2018	F2017	% Change
Research and development	**$ 1,900,089**	$ 1,869,596	2%
As a percentage of revenue	**15%**	17%	

Research and development expenses include the costs of our development resources and related expenses, quality assurance salaries and a proportionate allocation of corporate expenses based on head count, including rent, repairs & maintenance, infrastructure costs and stock option expenses.

Research and development had a slight increase of 2% from F2017 to F2018. As a percentage of revenue, research and development has decreased to 15% from 17% in F2017.

Research and development expenses are expected to increase in F2019 due to new hiring of staff to help support the new product lines acquired and already developed in the past few months.

GENERAL AND ADMINISTRATIVE

	F2018	F2017	% Change
General and administrative	**$ 3,276,424**	$ 3,676,862	(11%)
As a percentage of revenue	**26%**	33%	

General and administrative expenses (“G&A”) include public company costs, professional fees including audit, tax and legal, corporate and board compensation, corporate travel and social functions along with a proportionate allocation of corporate expenses based on head count, including rent, repairs & maintenance, infrastructure costs and stock option expenses.

G&A decreased $0.4 million or 11% in F2018 from F2017. The main reason for the decrease is board compensation is lower due to one less director for six months and deferred stock unit (“DSU”) liability, lower occupancy costs from reduced rent and utilities and lower professional expenses mainly from legal expenses.

G&A are expected to remain consistent but may vary based on share-based compensation decisions for F2019 along with ongoing review and negotiations with vendors.

SEVERANCE AND TERMINATION CHARGES

	F2018	F2017	% Change
Severance and termination charges	$ 184,911	$ 138,897	33%
As a percentage of revenue	1%	1%	

Severance and termination charges increased 33% during F2018 over F2017 due to one-time staffing decisions made.

NET INCOME (LOSS)

The Company's net income for F2018 improved 1,145% to $4.3 million compared to a F2017 net loss of $0.4 million, an increase of $4.7 million.

The significant items impacting the change between fiscal years were:

- Improved revenue growth resulting in a 13% increase in revenue due mainly from recurring access fees.
- Process improvements, competitive choices for vendors and attention to detail allowed Cortex to successfully implement its strategy with a lower cost structure, while being efficient, scalable, and still responsive to its customers. Total expenses was lower by 5%.
- Income tax recovery and deferred tax asset recognition of $2.8 million as it was concluded in the fourth quarter that Cortex will more likely than not be able to use a portion of its non-capital losses in future years to offset positive taxable income.

QUARTERLY INFORMATION

The Company's quarterly results are outlined below

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Total revenue	**$3,087,309**	$3,112,843	$3,018,955	$3,234,673	$2,937,822	$2,930,726	$2,721,676	$2,469,068
Access and usage Fees	**2,986,866**	2,911,847	2,853,893	2,809,912	2,624,467	2,603,932	2,398,153	2,337,660
Total other expenses (1)	**1,875,458**	1,695,811	1,918,224	2,120,897	2,389,005	2,041,944	2,131,024	1,723,685
Net cash provided by (used in) operating activities	**673,607**	843,048	141,452	313,863	510,690	241,456	(108,755)	(126,248)
Adjusted EBITDA (2)	**431,158**	622,732	614,910	504,813	182,323	170,731	165,410	50,750
Net income (loss)	**3,088,803**	644,448	322,150	286,464	(145,989)	19,847	(196,385)	(92,787)
Net income (loss) per share - basic (3)	**$0.34**	$0.07	$0.04	$0.03	($0.02)	$0.00	($0.02)	($0.01)
Net income (loss) per share - diluted (3)	**$0.33**	$0.07	$0.04	$0.03	($0.02)	$0.00	$0.00	$0.00

(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 above
(3) The company recorded a deferred tax asset for $2.8 million in Q4 2018. See the Consolidated Financial Statements note 12 for more details

QUARTERLY REVENUE

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

	Q4 2018	Q4 2017	% Change
Revenue			
Access and usage	$ 2,986,866	$ 2,624,467	14%
Integration	15,371	48,188	(68%)
Project management and other revenue	85,072	265,167	(68%)
	$ 3,087,309	**$ 2,937,822**	**5%**

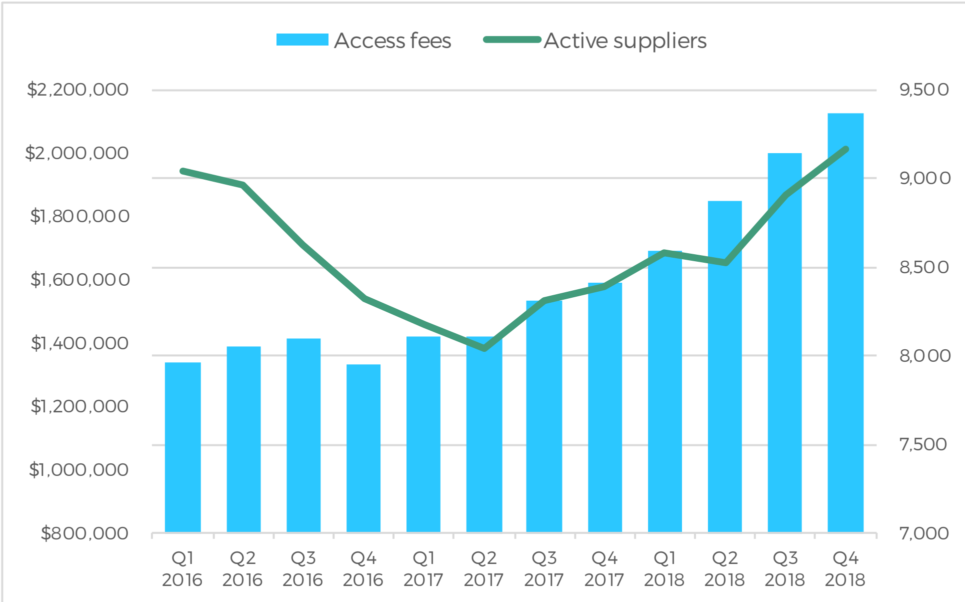
The Company's total revenue increased 5% or $0.1 million in Q4 F2018 over Q4 2017.

	Q4 2018	Q4 2017	% Change
Access and usage			
Access	$ 2,128,566	$ 1,592,259	34%
Usage	858,300	1,032,208	(17%)
	$ 2,986,866	**$ 2,624,467**	**14%**

Access and usage fees increased 14% or $0.4 million in Q4 F2018 over Q4 F2017.

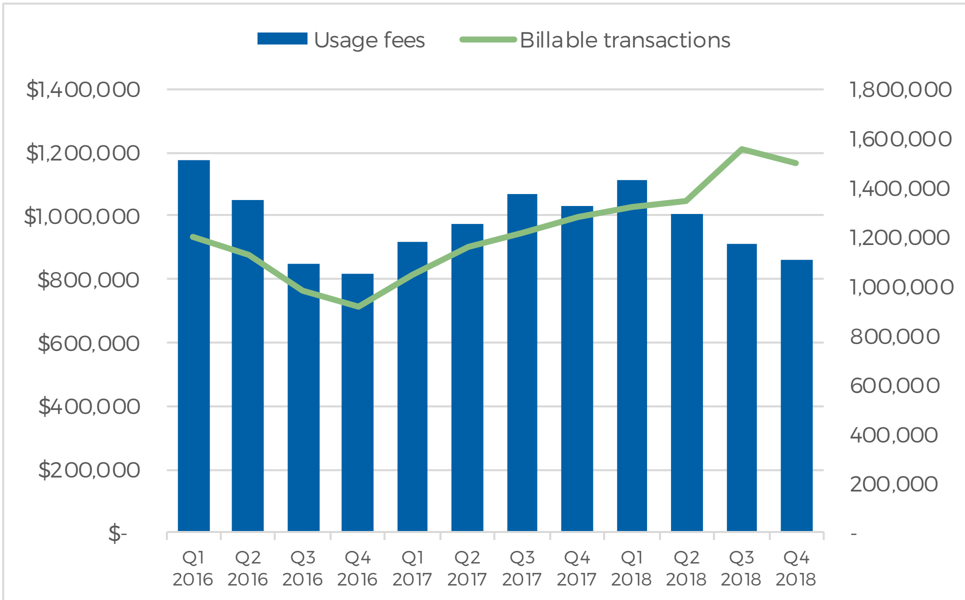
ACCESS FEES

Access, or recurring fees tend to move more in line with the number of active suppliers where the usage fees trend more in line with billable transactions. The charts below highlight this point for the last 12 quarters.



Access fees grew 34% or $0.5 million Q4 F2018 over Q4 F2017 while the number of active suppliers went up 9% during the same period. Consistent with the annual change described above, the results from the quarter also show the effects of the efforts put in place to mitigate fluctuations in customer fees by ensuring customers were on optimal price plans that had higher access fees with the appropriate number of documents included. This resulted in a shift to higher access fees, less influenced by the number of billable transactions. For this reason, the access fees still trend the same direction with the increase in active suppliers but will not be as correlated as the past.

USAGE FEES

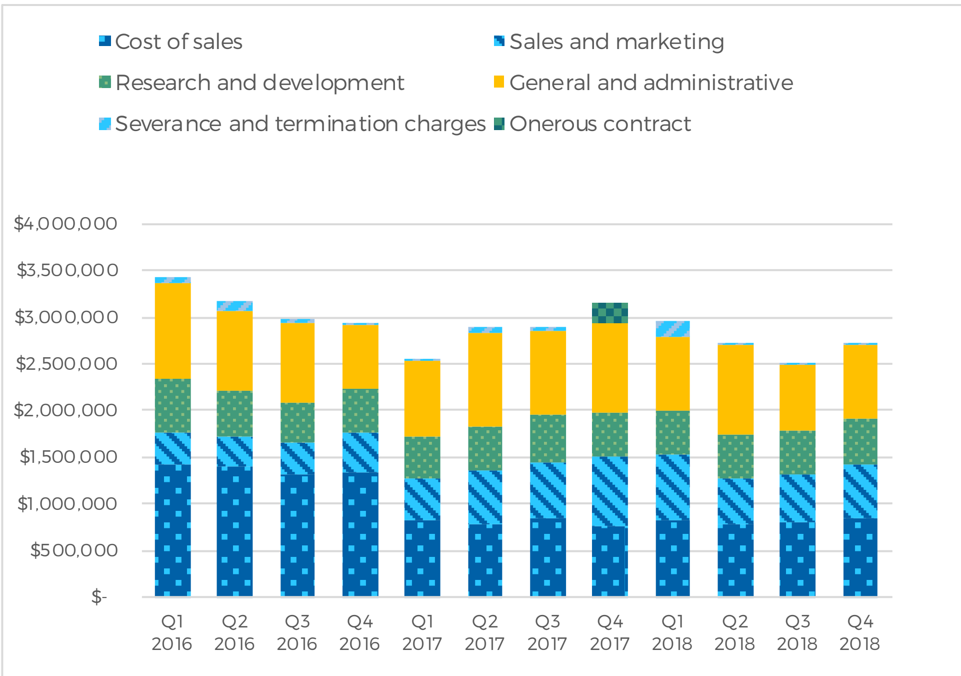


Usage fees are closer aligned with movements in the number of billable transactions flowing through the Network. Usage fees decreased 17% in Q4 F2018 over Q4 F2017 (Q4 F2018 - $0.9 million; F2017 - $1.0 million) with a increase in billable transactions of 22%. With the shift to higher access fees noted 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.

QUARTERLY EXPENSES

Total expenses decreased Q4 F2018 over Q4 F2017 by 7% or $0.2 million mainly due to lower general and administrative and sales and marketing expenses partially offset by higher cost of sales, research and development and a higher severance and termination charge.

	Q4 2018	Q4 2017	% Change
Expenses			
Cost of sales	$ 856,541	$ 768,585	11%
Sales and marketing	573,365	742,131	(23%)
Research and development	483,516	466,568	4%
General and administrative	798,097	951,828	(16%)
Severance and termination charges	20,480	10,840	89%
	$ 2,731,999	$ 2,939,952	(7%)



Expenses related to operations are expected to slowly increase as Cortex implements its growth strategy and will need to invest in additional infrastructure and/or personnel.

The details of the reduction in expenses by 7% are discussed below.

COST OF SALES & GROSS PROFIT

Gross profit % decreased to 72% from 74% in Q4 2017. Gross profit increased by $0.1 million or 3% over Q4 2017.

	Q4 2018	Q4 2017	% Change
Cost of sales	**$ 856,541**	$ 768,585	11%
As a percentage of revenue	**28%**	26%	2%
Gross profit	**$ 2,230,768**	$ 2,169,237	3%
Gross profit %	**72%**	74%	(2%)

Cost of sales increased $ 0.1 million or 11% as of Q4 F2018 from Q4 F2017 as a result in additional headcount.

Cost of sales includes costs directly related to recognized revenue in the period. This includes professional services salaries, customer onboarding and support salaries, amortization of intangible assets, third party service provider and revenue sharing costs, credit card fees and a proportionate allocation of sustainment and corporate expenses, including rent, repairs & maintenance, infrastructure costs.

SALES AND MARKETING

	Q4 2018	Q4 2017	% Change
Sales and marketing	**$ 573,365**	$ 742,131	(23%)
As a percentage of revenue	**19%**	25%	

Sales and marketing expenses decreased $0.2 million or 23% from Q4 F2017 to Q4 F2018. The decrease is due to lower commissions from less buyers coming on the Network versus the prior quarter. Sales and marketing expenses are expected to be similar as a percentage of revenue for future quarters and slightly higher in actual expense.

RESEARCH AND DEVELOPMENT

	Q4 2018	Q4 2017	% Change
Research and development	**$ 483,516**	$ 466,568	4%
As a percentage of revenue	**16%**	16%	

Research and development expense increased 4% in Q4 2018 from Q4 F2017, however stayed the same as a percentage of revenue. The research and development team had an increase in headcount resulting in a $0.1 million increase is salary costs which was offset by $0.1 million in sustainment allocations to the cost of sales function.

GENERAL AND ADMINISTRATIVE

	Q4 2018	Q4 2017	% Change
General and administrative	**$ 798,097**	$ 951,828	(16%)
As a percentage of revenue	**26%**	32%	

The G&A decreased 16% or $0.2 million, in Q4 2018 compared to Q4 2017. Additionally, as a percentage of revenue, G&A decreased to 26% from 32% in F2017. The major components of this decrease are reduced salary and wages from lower head count, lower board compensation from one less director, lower occupancy costs, lower professional fees. reduced travel costs and lower corporate costs due to moving to a new office location.

NET INCOME Q4 F2018

The Company’s net income for the quarter ended July 31, 2018 improved 2,188% to $3.1 million compared to the quarter ended July 31, 2017 net loss of $0.1 million, an increase of $3.2 million

The significant items impacting net income were:

- Improved revenue growth resulting in a 14% increase in access and usage revenue.
- Lower expenses by 7% due mainly to G&A and sales and marketing.
- Income tax recovery and deferred tax asset recognition of $2.8 million as it was concluded in the fourth quarter that Cortex will more likely than not be able to use a portion of its non-capital losses in future years to offset positive taxable income.

INCOME TAXES

For the year and quarter ended July 31, 2018, the Company is not cash taxable. At July 31, 2018, the Company had approximately $51 milllion of non-capital losses to carry forward to reduce future year's taxable income in Canada and $0.4 millon in the U.S. These Canadian non-capital losses begin to expire in 2026. As it is more likely than not the company will start using some of these non-capital losses in future periods, Cortex has now recorded a deferred tax asset on its balance sheet for $2.8 million based on expected future taxable income.

SHARE CAPITAL

Cortex Business Solutions Inc. issued 67,717 common shares during F2018 compared to 85,279 during 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 exiting board members.

The number of common shares issued and outstanding at July 31, 2018 was 9,137,700 and October 23, 2018 is also 9,137,700. The Company had 149,620 Deferred Share Units outstanding at July 31, 2018 and 149,620 at October 23, 2018

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2018, Cortex Business Solutions Inc. held $8.2 million in cash and $60,000 in short-term investments, compared to $6.2 million and $60,000, respectively, at July 31, 2017. The Company had trade accounts receivable of $0.6 million at July 31, 2018 compared to trade accounts receivable of $0.7 million at July 31, 2017. The Company continues to maintain a diligent collections regime. None of the accounts receivables is under dispute by the customer but due to regular credit risks and detailed review of ongoing customer risk, the Company has set up $41,284 as an allowance for doubtful accounts at July 31, 2018.

The Company has a current working capital of $7.8 million compared to $5.4 million at July 31, 2017. The changes in working capital from F2017 to F0218 was the result of timing associated with cash collected on receivables and payment of accrued liabilities and accounts payable. Cash provided by operating activities improved 281% to 2.0 million in F2018 compared to $0.5 million during F2017.

Due to the acquisition described in the Subsequent Event note 20 of the consolidated annual financial statements cash balances at the end of the first quarter of F2019 will be materially lower.

The Company has a detailed budgeting and forecast process to assist in determining the funds required to ensure appropriate capital is available to meet its working capital and growth objectives. The Company strives to maintain sufficient capital to meet its short-term business requirements taking into its working capital commitments, planned capital expenditures and its available cash. The Company has an approved budget in place including, expected revenue and expense targets for the fiscal year ended July 31, 2019. This budget is continuously monitored and adjusted as a new forecast throughout the fiscal year.

The Company is not subject to externally imposed capital requirements. There has been no change to the Company's capital management policy during the year ended July 31, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

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

The following is the minimum annual fiscal obligations, while excluding the share of operating costs relating to office space as at July 31, 2018:

Year	Amount
2019	143,663
2020	124,649
2021	124,649
2022	94,709
Total	**$ 487,670**

BUSINESS RISKS AND UNCERTAINTIES

The Company's activities expose it to a variety of risks that arise because of its normal course of business. The board of directors oversee management's establishment and execution of risks management.

Risk factors that could cause our actual results to differ materially from the forward-looking statements contained herein include dependence on key personnel, risks related to expansion of our business operations – domestically and internationally, potential local and global economic downturns, exchange rate fluctuations, future acquisitions, requirements for additional financing, , credit risk, volatility of our share price, product and geographic concentration in conjunction with the limited range of services that provided, dependence on a small number of large revenue customers, ability to protect our intellectual property, potential vulnerability to computer and information systems security breaches, competition from third parties, rapid technological changes, 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 the consolidated annual 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 and assumptions.

Estimates and assumptions 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 known. Accounting estimates will, by definition, seldom equal the actual financial 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.

INCOME TAX

Management is required to apply judgment in determining whether it is probable deferred income tax assets will be realized and/or realizable. For July 31, 2018, Management determined the future realization of an estimated portion of its deferred income tax assets did meet the threshold of being probable and as such, recognized a deferred income tax asset 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 become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

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 to calculate the present value. No impairments of non-financial assets have been recorded for the year ended July 31, 2018 or July 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 5, 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 3-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 July 31, 2018 was 550,328 and at July 31, 2017, 605,554 with a weighted average exercise price of $3.62 and $3.93 respectively. The amounts exercisable for the same periods were 330,073 and 285,426, respectively, with a weighted average exercise price of $3.71 and $4.97 respectively. At October 23, 2018, the Company had 330,073 stock options exercisable and 550,328 stock options issued and 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 influence the amounts recognized in the consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

Recent accounting 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 several 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 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 standard contains a single model that applies to contracts with customers. The model features a contract-based five-step analysis of transactions to determine how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and timing of revenue recognized.

The Company will adopt IFRS 15, effective August 1, 2018, using the cumulative effect method. Under the cumulative effect method, the Company will recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of accumulated deficit earnings as at August 1, 2018. Therefore, the comparative information will not been restated and continues to be reported under IAS 18 and IAS 11.

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.

SUBSEQUENT EVENT

Cortex entered into a share purchase agreement on September 27, 2018 whereby the Company agreed to acquire all of the issued and outstanding common and preferred shares of Powervision Software Inc. (“Powervision”) for an aggregate purchase price of $7.0 million (the "Transaction"). The Transaction was primarily funded through cash consideration of $4.75 million subject to customary holdbacks and adjustments and a promissory note for $2.25 million.

The business acquired in the Transaction specializes in the development of electronic document management and workflow management software. Powervision’s client base is oil and gas industry mainly in Canada. Powervision has been a Cortex partner since Cortex’s inception and a significant number of Powervision customers are already on the Cortex Network. The Transaction will strengthen and expand Cortex’s position as the digital document platform of choice across North America.

Cortex is currently in the process of assessing the purchase price allocation and expects to include a preliminary version in its first quarter F2019 condensed consolidated interim financial statements. The purchase price will be allocated to working capital and identifiable intangible assets including customer relationships & workforce and the excess to goodwill. The preliminary purchase price is subject to change and will be finalized no later than one year from the acquisition date.

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

CORPORATE INFORMATION

EXECUTIVE OFFICERS

Joel Leetzow
President and Chief Executive Officer

Jason Baird
VP, Finance and Chief Financial Officer

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

Alice Reimer (1) (2) (3)
Director

Joel Leetzow
Director

Committees

(1) Audit Committee

(2) Compensation Committee

(3) Corporate Governance

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

LAWYERS

DLA Piper LLP
Calgary, Alberta

TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

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