**Smart Employee Benefits Inc.**

**Consolidated Financial Statements**

**November 30, 2017 and 2016**

## Management's Responsibility

To the Shareholders of Smart Employee Benefits Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the consolidated financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors is composed primarily of Directors who are neither Management nor employees of the Company. The Board is responsible for overseeing Management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by Management and discussing relevant matters with Management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditor.

MNP LLP, an independent firm of Chartered Professional Accountants, was appointed by the shareholders to audit the annual consolidated financial statements and report directly to them.

April 2, 2018

| | |
|---|---|
| *"John McKimm"* | *"Robert Prentice"* |
| Chief Executive Officer | Chief Financial Officer |

Smart Employee Benefits Inc.

**Table of Contents**

**November 30, 2017 and 2016**

## Independent Auditors' Report

To the Shareholders of Smart Employee Benefits Inc.:

We have audited the accompanying consolidated financial statements of Smart Employee Benefits Inc., which comprise the consolidated statement of financial position as at November 30, 2017 and 2016, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Smart Employee Benefits Inc. as at November 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*Emphasis of Matter*
Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that Smart Employee Benefits Inc. has a working capital deficiency, accumulated deficit and has incurred losses and negative cash flows from operations. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty that casts significant doubt about Smart Employee Benefits Inc.'s ability to continue as a going concern.

MNP LLP

Toronto, Ontario

April 2, 2018

Chartered Professional Accountants

Licensed Public Accountants

Smart Employee Benefits Inc.

**Consolidated Statements of Financial Position**

**For the years ended November 30, 2017 and 2016**

| | Note | Nov 30, 2017 | Nov 30, 2016 |
|---|---|---|---|
| Cash | | $ 2,735,391 | $ 2,442,757 |
| Accounts receivable | 17 | 22,953,230 | 17,330,315 |
| Short-term notes receivable | 5,19 | - | 347,112 |
| Inventory | | 235,834 | 247,817 |
| Prepaids and deposits | | 1,424,135 | 652,102 |
| **Total Current Assets** | | **27,348,590** | **21,020,103** |
| Long-term deposits | | 184,196 | 93,412 |
| Notes receivable | 5,19 | 3,786,762 | 2,806,067 |
| Equipment | 6 | 1,016,062 | 798,484 |
| Software | 7 | 2,195,131 | 1,778,535 |
| Intellectual property | 7 | 27,500 | 80,208 |
| Customer relationships | 8 | 5,084,845 | 7,453,382 |
| Trade names | 9 | 3,702,158 | 5,257,319 |
| Goodwill | 5 | 15,781,224 | 15,613,324 |
| **Total Assets** | | **$ 59,126,468** | **$ 54,900,834** |
| Operating loans | 10 | $ 11,800,559 | $ 11,154,140 |
| Current portion of term bank loans | 10 | 1,875,000 | 1,050,000 |
| Accounts payable and accrued liabilities | | 19,980,695 | 15,670,000 |
| Deferred revenue | 11 | 754,310 | 435,234 |
| Notes payable | 14 | 2,076,517 | 9,215,997 |
| Equipment leases | 12 | 67,107 | 6,786 |
| Government remittances and current taxes payable | 16 | 1,382,195 | 1,071,671 |
| Royalty advance | 24 | 1,600,000 | - |
| Current portion of contingent consideration | 23 | 257,103 | 27,475 |
| Current portion of convertible debt | 13 | 2,673,023 | 2,224,492 |
| **Total Current Liabilities** | | **42,466,509** | **40,855,795** |
| Equipment leases | 12 | 89,439 | 7,148 |
| Contingent consideration | 23 | 1,317,207 | 3,649,340 |
| Convertible debt | 13 | 16,959 | 1,640,238 |
| Term bank loans | 10 | 7,937,500 | 1,226,000 |
| Notes payable | 14 | 1,371,510 | 1,832,286 |
| Deferred income taxes | 16 | 2,088,884 | 2,698,219 |
| Preferred shares | | 350,000 | 350,000 |
| **Total Long-term Liabilities** | | **13,171,499** | **11,403,231** |
| Share capital | 15 | 33,007,364 | 24,937,594 |
| Share issue costs | 15 | (1,660,894) | (963,492) |
| Contributed surplus | 15 | 6,931,277 | 3,224,582 |
| Warrants | 15 | 3,066,483 | 4,141,964 |
| Options | 15 | 618,892 | 1,274,342 |
| Accumulated deficit | | (38,383,061) | (29,611,206) |
| | | **3,580,061** | **3,003,784** |
| Non-controlling interests | 5 | (91,601) | (361,976) |
| **Total Shareholders' Equity** | | **3,488,460** | **2,641,808** |
| **Total Liabilities and Shareholders' Equity** | | **$ 59,126,468** | **$ 54,900,834** |

**Going concern** (Note 2), **Commitments and Contingencies** (Note 20), **Subsequent Events** (Note 26)

Approved on behalf of the Board:

*"Stephen Peacock"*
Director

*"John McKimm"*
Director

*The accompanying notes are an integral part of these consolidated financial statements*

# Smart Employee Benefits Inc.
## Consolidated Statements of Changes in Equity
## For the years ended November 30, 2017 and 2016

| | Share Capital | | Warrants | | Options | | Contributed Surplus | Share Issue Costs | Accumulated Deficit | Total Shareholders' Equity | Non-controlling Interests |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number | $ | Number | $ | Number | $ | $ | $ | $ | $ | $ |
| **Balances November 30, 2015** | 95,392,483 | $21,935,275 | 20,846,500 | $3,590,780 | 7,231,500 | $1,700,743 | $ 2,168,909 | $ (835,519) | $ (21,608,641) | $ 6,951,547 | $ (520,319) |
| Private placements | 12,264,425 | 2,583,689 | 12,264,425 | 669,196 | - | - | | (128,070) | - | 3,124,815 | - |
| Finder warrants re private placement | - | - | 1,025,000 | 119,903 | - | - | - | (119,903) | - | - | - |
| Acquisition of Maplesoft Group Inc. | 4,000,000 | 1,280,000 | 1,000,000 | 297,800 | - | - | - | - | | 1,577,800 | 148,131 |
| Conversion of notes | 16,666 | 10,000 | - | - | - | - | - | - | - | 10,000 | - |
| Expiration of warrants | - | - | (2,450,000) | (358,382) | - | - | 358,382 | - | - | - | - |
| Equity settled share-based compensation | - | - | - | - | 3,990,000 | 270,890 | - | - | - | 270,890 | - |
| Expiration of options | - | - | - | - | (2,851,500) | (697,291) | 697,291 | - | - | - | - |
| Written off Finder warrants not paid | - | - | - | - | - | - | - | 120,000 | - | 120,000 | - |
| Unwinding of Banyan acquisition | (2,000,000) | (871,370) | (555,000) | (177,333) | - | - | - | - | - | (1,048,703) | |
| Net loss and comprehensive loss for the year | - | - | - | - | - | - | - | - | (7,992,353) | (7,992,353) | - |
| Net income for the year attributed to non-controlling interests | - | - | - | - | - | - | - | - | (10,212) | (10,212) | 10,212 |
| **Balances November 30, 2016** | 109,673,574 | $24,937,594 | 32,130,925 | $4,141,964 | 8,370,000 | $1,274,342 | $ 3,224,582 | $ (963,492) | $ (29,611,206) | $ 3,003,784 | $ (361,976) |
| Private placements | 50,253,692 | 7,840,939 | 26,022,591 | 1,509,684 | - | - | - | (348,377) | - | 9,002,246 | - |
| Finder shares and warrants re private placement | 1,025,883 | 228,831 | 1,414,383 | 120,194 | - | - | - | (349,025) | - | - | - |
| Warrants issued on replacement of debt | - | - | 342,700 | 25,565 | - | - | - | - | - | 25,565 | - |
| Expiration and cancellation of warrants | - | - | (19,886,500) | (2,730,924) | - | - | 2,730,924 | - | - | - | - |
| Equity settled share-based compensation | - | - | - | - | 5,300,000 | 320,321 | - | - | - | 320,321 | - |
| Expiration of options | - | - | - | - | (5,280,000) | (975,771) | 975,771 | - | - | - | - |
| Net loss and comprehensive loss for the year | - | - | - | - | - | - | - | - | (8,501,480) | (8,501,480) | - |
| Net income for the year attributed to non-controlling interests | - | - | - | - | - | - | - | - | (270,375) | (270,375) | 270,375 |
| **Balances November 30, 2017** | 160,953,149 | $33,007,364 | 40,024,099 | $3,066,483 | 8,390,000 | $ 618,892 | $ 6,931,277 | $(1,660,894) | $ (38,383,061) | $ 3,580,061 | $ (91,601) |

*The accompanying notes are an integral part of these consolidated financial statements.*

## Smart Employee Benefits Inc.
**Consolidated Statements of Net Loss and Comprehensive Loss**
**For the years ended November 30, 2017 and 2016**

| | Note | 2017 | 2016 |
|---|---|---|---|
| **Revenue** | | $ 106,282,838 | $ 97,227,776 |
| **Cost of revenues** | | | |
| Compensation | 25 | 77,564,196 | 76,495,639 |
| Other costs of revenues | | 1,767,913 | 1,823,438 |
| | | 79,332,109 | 78,319,077 |
| **Gross margin** | | 26,950,729 | 18,908,699 |
| **Expenses** | | | |
| Salaries and other compensation costs | 19,25 | 16,618,928 | 10,378,964 |
| Office and general | | 6,731,458 | 5,044,631 |
| Professional fees | | 1,302,448 | 1,404,975 |
| Amortization of intangible assets | 7,8,9 | 4,477,861 | 4,340,165 |
| Depreciation of equipment | 6 | 267,632 | 260,838 |
| Change in fair value of contingent consideration | | (2,102,505) | 476,052 |
| Share-based compensation | | 320,321 | 270,890 |
| | | 27,616,143 | 22,176,515 |
| **Loss before the following:** | | (665,414) | (3,267,816) |
| Transition costs | 5 | 1,990,354 | - |
| Transaction costs | | 1,535,883 | 1,836,737 |
| Interest and financing costs | | 4,314,434 | 2,727,917 |
| Interest accretion | 13 | 230,760 | 397,733 |
| **Net loss before income tax** | | (8,736,845) | (8,230,203) |
| Income tax recovery | 16 | (235,365) | (237,850) |
| **Net loss and comprehensive loss** | | $ (8,501,480) | $ (7,992,353) |
| **Attributed to non-controlling interests** | | $ 270,375 | $ 10,212 |
| **Attributed to common shareholders** | | $ (8,771,855) | $ (8,002,565) |
| **Weighted average number of shares** | 15 | 132,640,054 | 103,287,242 |
| **Net loss per common share** | | | |
| **- basic and diluted** | | $ (0.07) | $ (0.08) |

*The accompanying notes are an integral part of these consolidated financial statements.*

## Smart Employee Benefits Inc.
### Consolidated Statements of Cash Flows
### For the years ended November 30, 2017 and 2016

| | Notes | | 2017 | | 2016 |
|---|---|---|---|---|---|
| **Net loss and comprehensive loss for the year** | | $ | **(8,501,480)** | $ | **(7,992,353)** |
| Items not affecting cash: | | | | | |
| Income tax recovery | | | (235,365) | | (301,236) |
| Amortization of intangible assets | 7,8,9 | | 4,477,861 | | 4,340,165 |
| Depreciation of equipment | 6 | | 267,632 | | 260,838 |
| Accretion of interest | 13 | | 230,760 | | 397,733 |
| Share-based compensation | | | 320,321 | | 270,890 |
| Change in contingent liability | 23 | | (2,102,505) | | 476,052 |
| | | | **(5,542,776)** | | **(2,547,911)** |
| Non-cash working capital | 21 | | (1,545,063) | | (353,551) |
| **Cash used in operating activities** | | | **(7,087,839)** | | **(2,901,462)** |
| **Cash flows from investing activities** | | | | | |
| Collection from acquisition target | 5 | | - | | 1,125,671 |
| Proceeds from sale of business in prior year | | | 150,000 | | 150,000 |
| Purchase of software | 7,8,9 | | (590,319) | | (210,173) |
| Purchase of equipment | 6 | | (485,211) | | (90,131) |
| Acquisition of benefit administration business | 5 | | (55,000) | | - |
| Cash flows from (used in) investing activities of continuing operations | | | **(980,530)** | | **975,367** |
| Cash flows from investing activities of discontinued operations | 5 | | - | | 1,625,000 |
| **Cash flows from (used in) investing activities** | | | **(980,530)** | | **2,600,367** |
| **Cash flows from financing activities** | | | | | |
| Proceeds of operating loan | 10 | | 11,800,559 | | 98,794 |
| Repayment of operating loan | 10 | | (11,498,466) | | - |
| Proceeds of term bank loans | 10 | | 10,500,000 | | - |
| Repayment of term bank loans | 10 | | (3,286,312) | | (1,136,500) |
| Proceeds from equity financings, net | 15 | | 9,350,623 | | 3,124,815 |
| Proceeds from royalty advance | 24 | | 1,600,000 | | - |
| Conversion of notes | 13 | | - | | 10,000 |
| Repayment of equipment leases | | | (47,215) | | (13,629) |
| Advance (Repayment) of notes receivable | 14 | | (633,583) | | 228,764 |
| Advance (Repayment) of notes payable | 14 | | (8,019,094) | | 501,560 |
| Repayment of convertible debt | 13 | | (1,405,509) | | (1,947,122) |
| **Cash flows from financing activities** | | | **8,361,003** | | **866,682** |
| Net increase in cash | | | 292,634 | | 565,587 |
| Cash, beginning of year | | | 2,442,757 | | 1,877,170 |
| **Cash, end of year** | | $ | **2,735,391** | $ | **2,442,757** |

**Supplemental Cash Information** (Note 21)

*The accompanying notes are an integral part of these consolidated financial statements.*

## 1. Nature of Operations

Smart Employee Benefits Inc. (the "Company" or "SEB") is a technology company providing professional services and software-enabled services in the areas of healthcare transaction processing and software solutions to corporate and government clients.

These financial statements are the consolidated financial statements of Smart Employee Benefits Inc. and its active subsidiaries as listed by operating segment below:

| Company | SEB Ownership |
|---|---|
| **Technology Division** | |
| APS - Antian Professional Services Inc. ("Antian") (1) | 100% |
| Inforica Inc. ("Inforica") | 50% |
| Logitek Technology Ltd. ("Logitek") | 100% |
| Maplesoft Group Inc. ("Maplesoft") | 100% |
| Paradigm Consulting Group Inc. ("Paradigm") | 100% |
| SOMOS Consulting Group Ltd. ("SOMOS") (1) | 100% |
| Stroma Service Consulting Inc. ("Stroma") | 100% |
| **Benefits Division** | |
| Adeeva Nutritionals Canada Inc. ("Adeeva") | 100% |
| Meschino Health and Wellness Corporation ("Meschino") | 75% |
| SEB Administrative Services Inc. ("SEB Adm") | 100% |
| SEB Analytics Inc. ("SEB Analytics") | 50% |
| SEB Benefits and HR Consulting Inc. ("SEB Con") | 50% |
| SES Benefits Canada Corporation ("SES Ben") | 100% |
| **Corporate Division** | |
| Smart Employee Solutions Inc. | 100% |

(1) : Antian and SOMOS were amalgamated on December 1, 2017

The Company's head office is located at 5500 Explorer Drive, 4th Floor, Mississauga, Ontario, L4W 5C7 and its registered and records office address is 2355 Skymark Avenue, Suite 300, Mississauga, Ontario, L4W 4Y6.

These audited consolidated financial statements were authorized for issuance by the Board of Directors on April 2, 2018.

These consolidated financial statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

## 2. Going Concern

At November 30, 2017, the Company had a working capital deficiency of $15,117,919 (November 30, 2016 -$19,835,692), and an accumulated deficit of $38,383,061 (November 30, 2016 -$29,611,206). The Company incurred a net loss $8,501,480 for the year ended November 30, 2017 (2016 -$7,992,353) and negative cash flow from operations of $7,087,839 (2016 - $2,901,462). These conditions raise significant doubt about the ability of the Company to continue as a going concern without additional equity or debt financing. Management of the Company has to date been successful in raising capital through equity or debt financing. Subsequent to the balance sheet date the Company has raised additional equity capital (see Note 26 Subsequent Events) and plans to raise more capital through the issue of equity. However, there is no assurance that the Company will continue to be successful in raising capital in the future.

These consolidated financial statements do not reflect the adjustments or reclassifications of assets and liabilities which would be necessary if the Company were unable to continue as a going concern. Such adjustments could be material.

## 3. Significant Accounting Policies

### Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended November 30, 2017. The accounting policies adopted are consistent with those of the previous financial year.

### Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

### Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries. The Company is considered to control a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated upon consolidation.

## 3. Significant Accounting Policies (continued)

### Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires Management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Although these estimates are based on Management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where judgments and estimates are significant to these consolidated financial statements include impairment of goodwill and intangible assets, useful lives, purchase price allocation, contingent consideration, royalty accrual, legal provisions and percent completion calculation.

a) Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of intangible assets with definite lives (software, trade names, intellectual property and customer relationships) is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in the consolidated statement of comprehensive loss. The assessment of fair values requires the use of estimates and assumptions related to future operating performance and discount rates; differences in these estimates and assumptions could have a significant impact on the consolidated financial statements. During the year ended November 30, 2017, the Company has assessed no impairment nor have any indicators of impairment been identified (2016 nil). See Note 5 for further information on the goodwill impairment test and management estimates.

b) Significant judgment is involved in the determination of useful life for the computation of equipment depreciation and intangible assets amortization. No assurance can be given that actual useful lives will not differ significantly from current assumptions.

c) Determining the allocation of purchase price to business combinations requires each identifiable asset and liability to be measured at the acquisition date's fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of acquisition date's fair values often requires Management to make assumptions and estimates about future events. The assumptions with respect to fair value of intangible assets require a high degree of judgment and include estimates for future operating performance, discount rates, technology migration factors and terminal value rates.

d) The assessment of fair values of contingent consideration requires the use of estimates and assumptions related to future operating performance and discount rates; differences in these estimates and assumptions could have an impact on the financial statements.

e) Both probability analysis and discount rates were used to determine the liability for the royalty accruals. Determination of these requires a high degree of judgment.

f) The Company assesses the provision for legal obligations at each reporting period or when new material information becomes available. Legal and contractual matters are subject to interpretation and the Company may engage external advisors to assist with periodic assessments. To the extent that interpretation of legal and contractual matters differs significantly from estimates, the actual judgments and settlement amounts may vary significantly from Management's estimates.

g) The Company measures the stage of completion based on the costs incurred to date compared to the total estimated cost of the project. The total estimated costs require professional judgment and changes to these estimates may affect revenue, unbilled revenue and deferred revenue.

## 3. Significant Accounting Policies (continued)

### Business Combinations

A business combination is a transaction or other event in which control over one or more businesses is obtained. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits. A business consists of inputs and processes applied to those inputs that have the ability to create outputs that provide a return to the Company and its shareholders. A business need not include all of the inputs and processes that were used by the acquiree to produce outputs if the business can be integrated with the inputs and processes of the Company to continue to produce outputs. If the integrated set of activities and assets is in the research and development stage, and thus, may not have outputs, the Company considers other factors to determine whether the set of activities and assets is a business.

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the fair value purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

## 3. Significant Accounting Policies (continued)

### Non-controlling Interest

The Company recognizes any non-controlling interest on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

### Revenue Recognition

The Company is organized into two revenue-generating divisions; Benefits Division and Technology Division.

***Technology Division***
Through the Technology Division, the Company provides the following revenue-generating services:

Services charged on either a time and materials or fixed price basis. The Company recognizes revenue for the services as the services are performed and when collection is reasonably assured. Examples include:

- project management consulting and training, and information technology staffing
- event management
- software development

Services charged on a fee basis, either a % of completion or transactional. The Company recognizes revenue for the services on a periodic basis or on the % of completion of the transaction and when collection is reasonably assured. The % of completion takes into consideration the cost completed to date in relation to the total expected cost to complete the deliverable. Examples include:

- information technology hosting
- supply chain transactions
- energy information management
- software licensing

Fees paid in advance of the services being provided are recorded as deferred revenue and recognized into revenue over the period in which the service is performed.

***Benefits Division***
Through the Benefits Division, the Company provides the following revenue-generating products and services:

The Company recognizes revenue for the services on a % of completion basis or on completion of the transaction and when collection is reasonably assured. Examples include:

- processing of group health benefits
- provision of on-line wellness content and health management software

Revenue is recorded as products are shipped and when collection is reasonably assured.

In general, revenue from all streams is recognized when the following criteria are met:

- the amount of revenue can be reliably measured;
- the stage of completion can be reliably measured; and
- the receipt of economic benefits is probable.

## 3. Significant Accounting Policies (continued)

### Convertible Debentures

The Company accounts for its convertible debentures as financial instruments in accordance with IAS 32 Financial Instruments – Presentation. IAS 32 requires financial instruments that consist of both elements of debt and equity, to be accounted for in accordance with the substance of the contractual arrangement on initial recognition. With respect to the Company's convertible debentures, the instrument is valued using an appropriate market rate of interest applicable to the debt assuming it had no conversion feature or attached warrants. The excess of the net proceeds received from the debentures over their respective fair values (residual value method) is recorded as the value of the conversion feature as equity. The carrying value of the liability component is accreted to the principal face amount accretion interest expense over the term of the liability using the effective interest rate method.

### Equipment

The Company records as assets the cost of equipment when purchased. The Company records depreciation of its equipment according to the following rates, which approximate the useful lives of these assets:

| | |
|---|---|
| Furniture and office equipment | 20% straight-line and 20% declining balance |
| Computer hardware | 30% straight-line and 30% declining balance |

The estimated useful life and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Equipment under a finance lease is accounted for at cost. The cost corresponds to the present value of the minimum lease payments. Depreciation is based on the equipment's estimated useful life.

### Equipment Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as operating expense in the statement of profit or loss on a straight-line basis over the lease term.

## 3. Significant Accounting Policies (continued)

### Intangible Assets

The Company's intangible assets consist of:

- licenced, acquired or developed software;
- brands and trade names acquired through acquisition;
- customer relationships, acquired through acquisition; and
- intellectual property acquired through acquisition.

The Company amortizes software over its estimated useful life of 5 to 10 years on a straight-line basis and amortizes the customer relationships, brands, trade names and intellectual property over their estimated useful lives of 5 years on a straight-line basis.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired through business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods of the intangible assets are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*Internally generated intangible assets*
The Company recognizes expenditures on research activities as an expense in the year in which it incurs the expenditures. It recognizes an internally-generated intangible asset arising from development if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditures attributable to the intangible asset during its development.

### Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## 3. Significant Accounting Policies (continued)

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

### Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

### Share-based Expense

Share-based expenses for directors, officers, employees and consultants are measured at fair value at the date of grant and recorded as compensation expense in the consolidated financial statements with a corresponding increase in options. The fair value, using the Black-Scholes model, determined at the grant date is expensed over the vesting period based on the Company's estimate of options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise is credited to share capital. Shares are issued from treasury upon the exercise.

Share purchase warrants are recorded to warrants on the consolidated statements of financial position when issued and valued using the Black-Scholes model.

### Loss Per Share

Basic loss per share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

### Fair Value Measurement of Financial Instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

## 3. Significant Accounting Policies (continued)

*Fair value through profit or loss*
Financial assets at fair value through profit or loss ("FVTPL") are measured at their fair value with changes in fair value recognized in net profit or loss.

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

*Other financial liabilities*
Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

*Equity instruments*
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; (cash is measured within level 1 of the hierarchy);
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) for substantially the full term of the asset or liability; and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data and unobservable inputs supported by little or no market activity.

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding at November 30, 2017:

Fair value through profit and loss:
- Cash and cash equivalents
- Contingent consideration payable
- Royalty advance

Loans and receivables:
- Accounts receivable
- Notes receivable

## 3. Significant Accounting Policies (continued)

Other financial liabilities:

- Operating loan
- Term bank loan
- Accounts payable and accrued liabilities
- Notes payable
- Equipment leases
- Convertible debt
- Preferred shares

### Impairment of Assets

*Financial assets*
A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the asset's carrying value and its fair value. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Non-financial assets*
The carrying amounts of the Company's non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 4. Recent Accounting Pronouncements

### *Standards issued or amended which will be adopted in future periods*

IFRS 9 – Financial Instruments was issued by the IASB to establish principles for the financial reporting of financial assets and financial liabilities, including requirements for classification and measurement, impairment, and hedge accounting. This standard is mandatorily effective from period beginning after January 1, 2018, with earlier application permitted.

IFRS 15 - Revenue from Contracts with Customers – In May 2014, the International Accounting Standard Board (IASB) issued a new International Financial Reporting Standard (IFRS) on the recognition of revenue from contracts with customers which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2015. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 18 Revenue. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The five steps are:

- Identify the contract(s) with the customer.
- Identify the performance obligation(s) in the contract.
- Determine the transaction price.
- Allocate the transaction price to each performance obligation in the contract.
- Recognize revenue when (or as) performance obligations are satisfied.

The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 16 - Leases sets out a new model for lease accounting, replacing IAS 17. IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15.

The Company is currently assessing the effects of these new standards and intends to adopt them on their effective dates.

## 5. Business Combinations and Associate Investments

**(a) Banyan Work Health Solutions Inc.**

The acquisition of Banyan Work Health Solutions Inc. was unwound in July 2016. The 50% shareholding was returned to the original Banyan shareholder. Per the terms of the Unwinding, the Company received $1,625,000 in cash and the return of other consideration advanced by the Company under the terms of the Original Transaction, being the return and cancellation of 2,000,000 SEB shares, return and cancellation of 555,000 employee warrants and the cancellation of all the Company's contingent obligations arising from the Original Transaction. The loss on unwinding was not material.

It was accounted for as discontinued operations in the comparative period's consolidated financial statements.

## 5. Business Combinations and Associate Investments (continued)

### (b) Acquisition of Maplesoft Group Inc.

On December 1, 2015, the Company acquired Maplesoft Group Inc. ("Maplesoft"), an Ottawa-based business with regional offices in Calgary, Montreal and Toronto under the following terms:

1. The purchase price of Maplesoft common and preferred shares was $4,000,000. It was satisfied by the issuance of 4,000,000 SEB common shares at a deemed price of $0.50 per share and a promissory note of $2,000,000 (the "Promissory Note"). The SEB shares issued on the transaction were subject to contractual escrow releases. The Promissory Note bore interest at 6% per annum. Maplesoft common and preferred shares were pledged in support of various debt facilities assumed in the transaction.

2. Term debt was assumed of $8,428,028 plus a revolving operating credit facility of up to $7,500,000. SEB guaranteed $4,784,000 of the debt. The CEO of the Company personally guaranteed $2,560,000 of the debt.

3. The Company committed to make a working capital investment in Maplesoft of $1,500,000. Prior to acquisition, the Company had advanced Maplesoft $1,125,671 related to the working capital investment.

4. 1,000,000 share purchase warrants were issued for employee and consultant retention. The warrants have a five-year term, vest over a 48-month period, and have an exercise price of $0.50 per share.

5. Payment of performance incentive consideration equivalent to 15% of the increase of the enterprise value of Maplesoft Consulting Inc. over a five-year period (the "Performance Incentive Payments").

In addition, the Company committed to provide an advance of $2,000,000 to former Maplesoft shareholders to be secured by the SEB shares issued to such shareholders and other Maplesoft related assets where the shareholders have an interest. The advances, recorded in notes receivable, will be offset against any amounts owed to such shareholders including the Performance Incentive Payments. In the year $541,699 was advanced to these former Maplesoft shareholders, who continue to be executives of Maplesoft.

## 5. Business Combinations and Associate Investments (continued)

**The fair value of consideration transferred was as follows:**

| | Note | | |
|---|---|---|---|
| Shares issued | **15** | $ | 1,280,000 |
| Promissory note issued | **14** | | 2,000,000 |
| Warrants issued | **15** | | 297,800 |
| Bank indebtedness | **10** | | 6,845,549 |
| Debt assumed | **14** | | 6,768,098 |
| Contingent consideration payable | **23** | | 908,839 |
| **Total** | | $ | **18,100,286** |

**The fair value allocated to assets acquired was as follows:**

| | | | |
|---|---|---|---|
| Net tangible assets | | $ | 2,832,867 |
| Non-controlling interest in subsidiary | **5** | | (148,131) |
| Trade names | **9** | | 4,950,000 |
| Customer relationships | **8** | | 4,090,000 |
| Goodwill | **5** | | 8,326,595 |
| Deferred income taxes | **16** | | (1,951,045) |
| **Total** | | $ | **18,100,286** |

**Net tangible assets of Maplesoft on acquisition was as follows:**

| | | | |
|---|---|---|---|
| Working capital | | $ | 2,269,617 |
| Litigation contingency | **20** | | (255,000) |
| Notes receivable | | | 449,635 |
| Equipment | **6** | | 368,615 |
| **Total** | | $ | **2,832,867** |

## 5. Business Combinations and Associate Investments (continued)

### (c) Acquisition of Health Benefits Administration Business

On March 31, 2017, SEB closed a transaction ("Transaction") with Aon Hewitt Inc. ("AON") by which SEB acquired assets related to the mid-market Health Benefits Administration Business in Canada of AON ("Business") and formed a strategic alliance with AON. As part of this transaction, SEB acquired several technology platforms, SEB added approximately 150 former AON employees from Canada and India and certain customer contracts were assigned to SEB.

| The fair value of consideration transferred is as follows: | Note | | |
|---|---|---|---|
| Cash paid on closing | | $ | 55,000 |
| Obligations to employees | | | 145,000 |
| Note payable (1) | | | 297,900 |
| **Total** | | **$** | **497,900** |
| | | | |
| **The fair value was allocated to assets acquired as follows:** | | | |
| Acquired software | **7** | | 330,000 |
| Goodwill | **5** | | 167,900 |
| **Total** | | **$** | **497,900** |

(1) $297,900 is the discounted fair value of $300,000 in notes payable to AON arising from the Transaction, $200,000 being due on March 31, 2018, and $100,000 being due August 31, 2018. The total amount of $300,000 is included in Notes Payable (see Note 14).

Pursuant to the acquisition agreement, AON maintained portions of the operations of the Business within its environment during a transition period while SEB built the infrastructure necessary to operate the Business. Further to this, SEB paid transition fees ("Fees") to AON, as well as incurred certain other costs of a one-time nature (which together with Fees are identified as "Transition Costs"). A portion of the Transition Costs are recorded on the Consolidated Statement of Net Loss and Comprehensive Loss identified as "Transition Costs". The transition period ended in Q3, 2017. During Fiscal 2017, SEB recorded $7,503,107 as Revenue of the Business for the period April 1, 2017 to November 30, 2017.

## 5. Business Combinations and Associate Investments (continued)

### (d) Goodwill

**Continuity of goodwill from acquisitions by CGU as follows:**

| | Balance Nov 30, 2016 | Acquisitions | Write-down | Balance Nov 30, 2017 |
|---|---|---|---|---|
| SOMOS/Antian/Maplesoft | $ 8,326,595 | $ - | $ - | $ 8,326,595 |
| Logitek/Inforica | 1,488,820 | - | - | 1,488,820 |
| Benefits | 733,544 | 167,900 | - | 901,444 |
| Paradigm | 4,697,380 | - | - | 4,697,380 |
| Stroma | 366,985 | - | - | 366,985 |
| | **$ 15,613,324** | **$ 167,900** | **$ -** | **$ 15,781,224** |

### (e) Impairment Testing

For purposes of the annual impairment test (prepared as at November 30th), the Company applied the value in use method in completing its analysis. Using five year (and related terminal value) discounted future cash flow model with multiple model scenarios, the Company created a range of outcomes in determining the recoverable amount. The cash flow forecasts were extrapolated beyond five-year periods using an estimated long-term growth rate of 1.9% (2016-1.6%).

Below are the results and key assumptions used in the annual impairment test for each CGU:

**SOMOS/Antian/Maplesoft CGU**

As a result of this analysis, the Company concluded the recoverable amount of the CGU was greater than its carrying amount as of November 30, 2017 and 2016. No impairment loss has been recognized.

The key assumptions used in the discounted future cash flow model include projections surrounding revenue growth ranging from 3.0% to 8.0% (November 30, 2016 - 1.6% to 8.0%) and pre-tax discount rate of 18.1% (November 30, 2016 - 12.4%).

**Logitek/Inforica CGU**

As a result of this analysis, the Company concluded the recoverable amount of the CGU was greater than its carrying amount as of November 30, 2017 and 2016 and no impairment loss has been recognized.

The key assumptions used in the discounted future cash flow model include projections surrounding revenue growth ranging from 2.5% to 34.6% (November 30, 2016 - 1.0% to 15.0%) and discount rate of 24.6% (November 30, 2016 – 17.2%).

## 5. Business Combinations and Associate Investments (continued)

**Benefits CGU (includes AON, Adeeva, Meschino, and SEBCON)**

As a result of this analysis, the Company concluded the recoverable amount of the CGU was greater than its carrying amount as of November 30, 2017 and 2016 and no impairment loss has been recognized. During fiscal 2017, the AON business (Note 5c) was added to this CGU.

The key assumptions used in the discounted future cash flow model include projections surrounding revenue growth ranging from 3.6% to 9.4% (November 30, 2016 - 1.6% to 54.2%) and the probability-adjusted revenue model and discount rate of 21.2% (November 30, 2016 - 17.1%).

**Paradigm CGU**

As a result of this analysis, the Company concluded the recoverable amount of the CGU was greater than its carrying amount as of November 30, 2017 and 2016 and no impairment loss has been recognized.

The key assumptions used in the discounted future cash flow model include projections surrounding revenue growth ranging from 3.0% to 5.0% (November 30, 2016 - 1.6% to 4.0%) and discount rate of 30.1% (November 30, 2016 – 31.5%).

**Stroma CGU**

During the year ended November 30, 2015, the Company reorganized its structure due to restructuring and the goodwill previously allocated to the Stroma CGU was allocated to other CGU based on the relative values. Goodwill of $563,324 was allocated to the SOMOS/Antian/Maplesoft CGU and Paradigm CGU of $196,339 and $366,985, respectively. During the year ended November 30, 2016, the portion of Stroma previously allocated to the Paradigm CGU was removed and allocated to the Stroma CGU.

The key assumptions used in the discounted future cash flow model include projections surrounding revenue growth at 5.0% per annum (November 30, 2016 – 1.0% to 5.0%) and discount rate of 20.4% (November 30, 2016 – 18.4%).

### (f) Non-controlling Interest

**Continuity of non-controlling interest as follows:**

| | Investment | Net income (loss) | Total |
|---|---|---|---|
| **Balance, November 30, 2015** | **$ (243,775)** | **$ (276,544)** | **$ (520,319)** |
| Acquisition of Maplesoft | 148,131 | - | 148,131 |
| Net income attributed to non-controlling interest | - | 10,212 | 10,212 |
| **Balance, November 30, 2016** | **$ (95,644)** | **$ (266,332)** | **$ (361,976)** |
| Net income attributed to non-controlling interest | - | 270,375 | 270,375 |
| **Balance, November 30, 2017** | **$ (95,644)** | **$ 4,043** | **$ (91,601)** |

## 6. Equipment

| | Nov 30, 2016 | Additions | (Disposal) | Nov 30, 2017 |
|---|---|---|---|---|
| **Cost** | | | | |
| Furniture and office equipment | $ 602,171 | $ 194,757 | $ (63,157) | $ 733,771 |
| Computer hardware | 1,243,378 | 290,454 | - | 1,533,832 |
| Leaseholds | 159,335 | - | - | 159,335 |
| **Total** | **$ 2,004,884** | **$ 485,211** | **$ (63,157)** | **$ 2,426,938** |
| | | **Expense** | **(Disposal)** | |
| **Accumulated depreciation** | | | | |
| Furniture and office equipment | $ 302,503 | $ 143,143 | $ (63,157) | $ 382,489 |
| Computer hardware | 879,836 | 86,679 | - | 966,516 |
| Leaseholds | 24,061 | 37,810 | - | 61,871 |
| **Total** | **$ 1,206,400** | **$ 267,632** | **$ (63,157)** | **$ 1,410,876** |
| **Net balance** | | | | |
| Furniture and office equipment | $ 299,668 | $ 51,614 | $ - | $ 351,282 |
| Computer hardware | 363,542 | 203,775 | - | 567,316 |
| Leaseholds | 135,273 | (37,810) | - | 97,464 |
| **Total** | **$ 798,484** | **$ 217,578** | **$ -** | **$ 1,016,062** |

| | Nov 30, 2015 | Acquire Maplesoft | Additions | (Disposal/ Adjustment) | Nov 30, 2016 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Furniture and office equipment | $ 372,922 | $ 193,321 | $ 47,259 | $ (11,331) | $ 602,171 |
| Computer hardware | 1,187,560 | 12,946 | 42,872 | - | 1,243,378 |
| Leaseholds | - | 162,348 | - | (3,013) | 159,335 |
| **Total** | **$ 1,560,482** | **$ 368,615** | **$ 90,131** | **$ (14,344)** | **$ 2,004,884** |
| | | | **Expense** | **(Disposal/ Adjustment)** | |
| **Accumulated depreciation** | | | | | |
| Furniture and office equipment | $ 192,380 | $ - | $ 110,123 | $ - | $ 302,503 |
| Computer hardware | 753,183 | - | 126,653 | - | 879,836 |
| Leaseholds | - | - | 24,061 | - | 24,061 |
| **Total** | **$ 945,563** | **$ -** | **$ 260,838** | **$ -** | **$ 1,206,400** |
| **Net balance** | | | | | |
| Furniture and office equipment | $ 180,542 | $ 193,321 | $ (62,864) | $ (11,331) | $ 299,668 |
| Computer hardware | 434,377 | 12,946 | (83,781) | - | 363,542 |
| Leaseholds | - | 162,348 | (24,061) | (3,013) | 135,274 |
| **Total** | **$ 614,919** | **$ 368,615** | **$ (170,706)** | **$ (14,344)** | **$ 798,484** |

## 7. Software and Intellectual Property

### (a) Software

| | Cost | | | | Accumulated Amortization | | | Net |
|---|---|---|---|---|---|---|---|---|
| | Nov 30, 2016 | Acquisition | Additions /(Disposal) | Nov 30, 2017 | Nov 30, 2016 | Expense | Nov 30, 2017 | Nov 30, 2017 |
| Smart Employee Solutions (1) | $ 500,000 | $ - | $ - | $ 500,000 | $ 270,833 | $ 62,500 | $ 333,333 | $ 166,667 |
| SES Benefits (2) | 648,293 | - | (3,943) | 644,350 | 123,871 | 64,633 | 188,504 | 455,846 |
| Logitek (3) | 798,210 | - | 77,067 | 875,277 | 305,979 | 98,034 | 404,013 | 471,264 |
| Inforica (4) | 240,000 | - | - | 240,000 | 96,000 | 100,000 | 196,000 | 44,000 |
| Adeeva (5) | 110,000 | - | - | 110,000 | 39,417 | 43,083 | 82,500 | 27,500 |
| Meschino (6) | 327,511 | - | - | 327,511 | 12,006 | 32,752 | 44,758 | 282,753 |
| Paradigm | 119,475 | - | 329 | 119,805 | 119,475 | 165 | 119,640 | 165 |
| Maplesoft | 31,493 | - | - | 31,493 | 28,865 | 1,182 | 30,047 | 1,446 |
| SEB Adm (7) | - | 330,000 | 512,922 | 842,922 | - | 97,431 | 97,431 | 745,491 |
| **Total** | **$2,774,982** | **$ 330,000** | **$ 586,376** | **$ 3,691,357** | **$ 996,446** | **$ 499,780** | **$ 1,496,225** | **$2,195,131** |

| | Cost | | | | Accumulated Amortization | | | | Net |
|---|---|---|---|---|---|---|---|---|---|
| | Nov 30, 2015 | Acquisition | Additions /(Disposal) | Nov 30, 2016 | Nov 30, 2015 | Additions /(unwind) | Expense | Nov 30, 2016 | Nov 30, 2016 |
| Smart Employee Solutions (1) | $ 500,000 | $ - | $ - | $ 500,000 | $ 220,833 | $ - | $ 50,000 | $ 270,833 | $ 229,167 |
| SES Benefits (2) | 635,337 | - | 12,956 | 648,293 | 59,435 | - | 64,436 | 123,871 | 524,422 |
| Logitek (3) | 798,210 | - | - | 798,210 | 226,159 | - | 79,820 | 305,979 | 492,231 |
| Inforica (4) | 240,000 | - | - | 240,000 | 72,000 | - | 24,000 | 96,000 | 144,000 |
| Adeeva (5) | 110,000 | - | - | 110,000 | 28,417 | - | 11,000 | 39,417 | 70,583 |
| Meschino (6) | 246,979 | - | 80,532 | 327,511 | - | - | 12,006 | 12,006 | 315,505 |
| Paradigm | 2,790 | - | 116,685 | 119,475 | 745 | - | 118,730 | 119,475 | - |
| Maplesoft | - | 31,493 | - | 31,493 | - | - | 28,865 | 28,865 | 2,627 |
| **Held by continuing operation** | **$ 2,533,316** | **$ 31,493** | **$ 210,173** | **$ 2,774,982** | **$ 607,589** | **$ -** | **$ 388,857** | **$ 996,446** | **$ 1,778,535** |
| **Held by discontinued operation Banyan (8)** | **$ 697,096** | **$ (697,096)** | **$ -** | **$ -** | **$ 64,000** | **$ (64,000)** | **$ -** | **$ -** | **$ -** |

1) A software license which performs the adjudication of health benefit claims ("Adjudication Software"). The license provides (a) a perpetual, irrevocable, transferable and exclusive right to use the Adjudication Software in Canada; and (b) a perpetual, irrevocable, transferable and non-exclusive right to use the Adjudication Software outside Canada. It is being amortized over 10 years on a straight-line basis.

2) The Company developed an administrative platform linked to the Adjudication Software to generate further health benefit processing revenues. It is being amortized over 10 years on a straight-line basis.

3) Logitek developed a number of proprietary pieces of software, particularly in the management of retail supply-chain. It is being amortized over 10 years on a straight-line basis.

4) Inforica has developed proprietary software, particularly in the field of energy management. It is being amortized over 5 years on a straight-line basis.

5) Adeeva technology consists of product formulations. It is being amortized over 5 years on a straight-line basis.

## 7. Software and Intellectual Property (Continued)

6) Meschino has developed a wellness information technology platform. It is being amortized over 10 years on a straight-line basis.

7) SEB Administrative Services Inc. ("SEB Admin") acquired group benefit administration software as part of the acquisition of mid-market processing business (Note 5), with an assigned value of $200,000, which is being amortized over 5 years. In addition, SEB Admin acquired other software, including that for a telephone system for the administration of this business. The amount is being amortized over 4 years.

8) Banyan was unwound on July 26, 2016.

### (b) Intellectual Property

Intellectual property acquired with Adeeva includes video and written content related to health issues. It is being amortized over 5 years on a straight-line basis as reflected in the table below:

| | Cost | | | Accumulated Amortization | | | Net |
|---|---|---|---|---|---|---|---|
| | Nov 30, 2016 | Additions | Nov 30, 2017 | Nov 30, 2016 | Expense | Nov 30, 2017 | Nov 30, 2017 |
| **Adeeva** | $ 110,000 | $ - | $ 110,000 | $ 29,792 | $ 52,708 | $ 82,500 | $ 27,500 |
| **Total** | **$ 110,000** | **$ -** | **$ 110,000** | **$ 29,792** | **$ 52,708** | **$ 82,500** | **$ 27,500** |

| | Cost | | | Accumulated Amortization | | | Net |
|---|---|---|---|---|---|---|---|
| | Nov 30, 2015 | Additions | Nov 30, 2016 | Nov 30, 2015 | Expense | Nov 30, 2016 | Nov 30, 2016 |
| **Adeeva** | $ 110,000 | $ - | $ 110,000 | $ 33,916 | $ (4,124) | $ 29,792 | $ 80,208 |
| **Total** | **$ 110,000** | **$ -** | **$ 110,000** | **$ 33,916** | **$ (4,124)** | **$ 29,792** | **$ 80,208** |

## 8. Customer Relationships

Customer relationships acquired by the Company have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The Company amortizes the customer relationships over their estimated useful lives of 5 years on a straight-line basis.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

| | Cost | | | Accumulated Amortization | | | Net Balance |
|---|---|---|---|---|---|---|---|
| | Nov 30, 2016 | Acquisition/ Disposal | Nov 30, 2017 | Nov 30, 2016 | Expense | Nov 30, 2017 | Nov 30, 2017 |
| Logitek | $ 482,355 | $ - | $ 482,355 | $ 383,143 | $ 91,172 | $ 474,315 | $ 8,040 |
| SOMOS | 430,209 | - | 430,209 | 361,040 | 54,830 | 415,870 | 14,339 |
| Inforica | 500,000 | - | 500,000 | 300,000 | 108,333 | 408,333 | 91,667 |
| Antian | 63,097 | - | 63,097 | 34,179 | 12,619 | 46,798 | 16,299 |
| Adeeva | 170,000 | - | 170,000 | 94,917 | 32,583 | 127,500 | 42,500 |
| Stroma | 660,000 | - | 660,000 | 341,000 | 121,000 | 462,000 | 198,000 |
| Paradigm | 5,650,000 | - | 5,650,000 | 2,260,000 | 1,130,000 | 3,390,000 | 2,260,000 |
| Maplesoft | 4,090,000 | - | 4,090,000 | 818,000 | 818,000 | 1,636,000 | 2,454,000 |
| **Total** | **$12,045,661** | **$ -** | **$ 12,045,661** | **$4,592,279** | **$ 2,368,537** | **$6,960,816** | **$5,084,845** |

| | Cost | | | Accumulated Amortization | | | Net Balance |
|---|---|---|---|---|---|---|---|
| | Nov 30, 2015 | Acquisition/ Disposal | Nov 30, 2016 | Nov 30, 2015 | Expense (Disposal) | Nov 30, 2016 | Nov 30, 2016 |
| Logitek | $ 482,355 | $ - | $ 482,355 | $ 286,671 | $ 96,472 | $ 383,143 | $ 99,212 |
| SOMOS | 430,209 | - | 430,209 | 275,000 | 86,040 | 361,040 | 69,169 |
| Inforica | 500,000 | - | 500,000 | 200,000 | 100,000 | 300,000 | 200,000 |
| Antian | 63,097 | - | 63,097 | 21,559 | 12,620 | 34,179 | 28,918 |
| Adeeva | 170,000 | - | 170,000 | 60,917 | 34,000 | 94,917 | 75,083 |
| Stroma | 660,000 | - | 660,000 | 209,000 | 132,000 | 341,000 | 319,000 |
| Paradigm | 5,650,000 | - | 5,650,000 | 1,130,000 | 1,130,000 | 2,260,000 | 3,390,000 |
| Maplesoft (2) | - | 4,090,000 | 4,090,000 | - | 818,000 | 818,000 | 3,272,000 |
| **Held by continuing operation** | **$ 7,955,661** | **$ 4,090,000** | **$12,045,661** | **$ 2,183,147** | **$ 2,409,132** | **$ 4,592,279** | **$ 7,453,382** |
| **Held by discontinued operation Banyan (3)** | **$ 1,020,000** | **$(1,020,000)** | **$ -** | **$ 204,000** | **$ (204,000)** | **$ -** | **$ -** |

1) During the year ended November 30, 2017, the Company acquired AON's mid-market Health Benefits Administration Business in Canada (Note 5).

2) During the year ended November 30, 2016, the Company acquired Maplesoft (Note 5).

3) During the year ended November 30, 2016, the Company unwound the Banyan acquisition (Note 5).

## 9. Trade Names

Trade names acquired by the Company which have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The Company amortizes the customer relationships over their estimated useful lives of 5 years on a straight-line basis.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

| | Cost | | | Accumulated Amortization | | | Net Balance |
|---|---|---|---|---|---|---|---|
| | Nov 30, 2016 | Acquisition/ Disposal | Nov 30, 2017 | Nov 30, 2016 | Expense | Nov 30, 2017 | Nov 30, 2017 |
| Logitek | $ 283,500 | $ - | $ 283,500 | $ 217,350 | $ 61,425 | $ 278,775 | $ 4,725 |
| SOMOS | 388,000 | - | 388,000 | 291,000 | 84,067 | 375,067 | 12,933 |
| Inforica | 270,000 | - | 270,000 | 162,000 | 58,500 | 220,500 | 49,500 |
| Adeeva | 300,000 | - | 300,000 | 167,500 | 57,500 | 225,000 | 75,000 |
| Stroma | 260,000 | - | 260,000 | 134,331 | 47,669 | 182,000 | 78,000 |
| Paradigm | 1,280,000 | - | 1,280,000 | 512,000 | 256,000 | 768,000 | 512,000 |
| Maplesoft | 4,950,000 | - | 4,950,000 | 990,000 | 990,000 | 1,980,000 | 2,970,000 |
| **Total** | **$ 7,731,500** | **$ -** | **$ 7,731,500** | **$2,474,181** | **$1,555,161** | **$4,029,342** | **$3,702,158** |

| | Cost | | | Accumulated Amortization | | | Net Balance |
|---|---|---|---|---|---|---|---|
| | Nov 30, 2015 | Acquisition/ Disposal | Nov 30, 2016 | Nov 30, 2015 | Expense (Disposal) | Nov 30, 2016 | Nov 30, 2016 |
| Logitek | $ 283,500 | $ - | $ 283,500 | $ 160,650 | $ 56,700 | $ 217,350 | $ 66,150 |
| SOMOS | 388,000 | - | 388,000 | 213,400 | 77,600 | 291,000 | 97,000 |
| Inforica | 270,000 | - | 270,000 | 108,000 | 54,000 | 162,000 | 108,000 |
| Adeeva | 300,000 | - | 300,000 | 107,500 | 60,000 | 167,500 | 132,500 |
| Stroma | 260,000 | - | 260,000 | 82,331 | 52,000 | 134,331 | 125,669 |
| Paradigm | 1,280,000 | - | 1,280,000 | 256,000 | 256,000 | 512,000 | 768,000 |
| Maplesoft (2) | - | 4,950,000 | 4,950,000 | - | 990,000 | 990,000 | 3,960,000 |
| **Held by continuing operation** | **$ 2,781,500** | **$ 4,950,000** | **$ 7,731,500** | **$ 927,881** | **$ 1,546,300** | **$ 2,474,181** | **$5,257,319** |
| **Held by discontinued operation Banyan (1)** | **$ 540,000** | **$ (540,000)** | **$ -** | **$ 108,000** | **$ (108,000)** | **$ -** | **$ -** |

1) During the year ended November 30, 2016, the Company unwound the Banyan acquisition (Note 5).
2) During the year ended November 30, 2016, the Company acquired Maplesoft (Note 5).

## 10. Bank Indebtedness

On April 20, 2017, the Company consolidated its two bank operating facilities into one facility obtained from a major Canadian Bank and obtained term financing from the same bank to repay existing short-term debt and convertible notes.

### Facilities in Place Prior to April 20, 2017

**Paradigm Facility**
On March 10, 2015, credit facilities were obtained by Paradigm Consulting Group Inc. ("Paradigm") with a major Canadian bank.

The facilities consisted of:

i. a $4,200,000 term loan acquisition facility which bore interest at the bank's prime rate plus 1.75%, payable monthly in arrears. The loan principal was repayable over a 48-month term in equal monthly instalments of $87,500 plus an annual payment equal to 50% of annual free cash flows.

ii. a $3,000,000 operating demand facility, bearing interest at the bank's prime rate plus 0.75% to 1.75%.

Paradigm's credit facilities were secured by a first charge over all the assets of Paradigm, contained positive, and negative financial covenants, and included other usual and customary terms and conditions. The Company and Paradigm provided guarantees pursuant to the credit facilities.

**Maplesoft Facility**
On July 8, 2016, Maplesoft expanded an existing credit facility with a major international asset-based lender in the amount of up to $12,500,000 (the "Maplesoft Facility"). The borrowers under the Maplesoft Facility were Maplesoft Group Inc., Somos Consulting Group Ltd, APS - Antian Professional Services Inc. and Logitek Technology Ltd.

The facility had a two-year term and bore interest at the greater of 0.5% or the one-month U.S. Dollar London Interbank Offered Rate, plus 6.5% per annum. The amount available under the facility was based on the billed and un-billed accounts receivable of the borrowers. The Maplesoft Facility was secured by a first charge over all the assets of certain subsidiaries of the Company, contained positive, negative and financial covenants, and included other usual and customary terms and conditions. SEB provided a guarantee under the facility.

### Facilities in Place After April 20, 2017

**Technology Division Facilities**
On April 20, 2017, the Technology Division of the Company obtained from a major Canadian bank, new credit facilities to consolidate the Paradigm and Maplesoft Facilities and to repay short term debt and convertible debt.

The facilities obtained were:

1) An operating demand facility of up to $12,000,000, the amount available determined by the accounts receivable of the borrowers. The interest rate is the bank's prime rate plus 1.5% (November 30, 2017 – 4.95%), payable monthly in arrears;

2) A $5,500,000 term loan facility (Term Loan "A"), which bears interest at the bank's prime rate plus 2% (November 30, 2017 – 5.45%), payable monthly in arrears. The principal is being repaid over a 4-year term by equal monthly payments of $114,583, and an annual payment equal to 25% of the free cash flow of the Technology Division. The loan may be repaid at any time without penalty;

## 10. Bank Indebtedness (continued)

3) A $5,000,000 subordinated 5-year term loan facility (Term Loan “B”). The facility bears interest at 12% per annum (10% of which is calculated and payable monthly and 2% of which is calculated and compounded monthly and is payable on maturity or early repayment). The principal is due on maturity; it may be repaid any time after 24 months without penalty in minimum amounts of $500,000; and

4) A $75,000 credit card facility.

These new facilities are secured by a first charge over all the assets of the Company and the material subsidiaries of the Company, contain positive, negative and financial covenants, and include other usual and customary terms and conditions. The Company and the material subsidiaries of the Company have provided guarantees in support of these new credit facilities. At November 30, 2017, the Company is in compliance with all covenants, terms and conditions.

Transaction costs of $182,135 associated with this debt and debt extinguishment costs flowed through the profit and loss in the year they were incurred.

| Operating Loans | Nov 30, 2017 | Nov 30, 2016 |
|---|---|---|
| Paradigm facility | $ - | $ 2,804,102 |
| Maplesoft facility | - | 8,350,038 |
| New facility | 11,800,559 | - |
| **Total** | **$ 11,800,559** | **$ 11,154,140** |

| Term Loans | 'A' | 'B' | Nov 30, 2017 Total | Nov 30, 2016 |
|---|---|---|---|---|
| Current portion | $ 1,875,000 | $ - | $ 1,875,000 | $ 1,050,000 |
| Non-current portion | 2,937,500 | 5,000,000 | 7,937,500 | 1,226,000 |
| **Total** | **$ 4,812,500** | **$ 5,000,000** | **$ 9,812,500** | **$ 2,276,000** |

## 11. Deferred Revenue

Deferred Revenue is a combination of annual licence fee payments for software and advance payments from clients for training courses. Amounts are recognized as revenue in accordance with the Company’s revenue recognition policy.

## 12. Equipment Leases

Commitments pertaining to finance and operating leases are disclosed in Note 20.

## 13. Convertible Debt

| | | | Liability | | | | | | | Accreted Interest | | | | Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Face Value of Notes | | | Equity Component of Notes | | | | | | | | | |
| Note | Maturity Date | Conversion Price | Nov 30, 2016 | Repayments | Nov 30, 2017 | Nov 30, 2016 | Adjustments | Nov 30, 2017 | Liability at Fair Value | Nov 30, 2016 | Adjustments | Accretion | Nov 30, 2017 | Nov 30, 2017 | Nov 30, 2016 |
| (1) | Dec 31, 2016 | $ 0.30 | $ 970,000 | $ (970,000) | $ - | $ (635,946) | $ 635,946 | $ - | $ - | $ 635,946 | $ (635,946) | $ - | $ - | $ - | $ 970,000 |
| (2) | Dec 31, 2016 | $ 0.30 | 1,000,000 | - | 1,000,000 | (307,136) | - | (307,136) | 692,864 | 307,136 | - | - | 307,136 | 1,000,000 | 1,000,000 |
| (3) | Dec 31, 2016 | $ 0.30 | 190,000 | - | 190,000 | (57,946) | - | (57,946) | 132,054 | 57,946 | - | - | 57,946 | 190,000 | 190,000 |
| (4) | Jun 6, 2017 | $ 0.70 | 83,334 | - | 83,334 | (80,801) | 55,287 | (25,514) | 57,820 | 61,962 | (55,287) | 18,839 | 25,514 | 83,334 | 64,493 |
| (5) | Dec 30, 2017 | $ 0.50 | 1,106,390 | (368,428) | 737,962 | (382,286) | 127,292 | (254,994) | 482,968 | 224,140 | (127,292) | 153,257 | 250,105 | 733,073 | 948,244 |
| (6) | Feb 6, 2018 | $ 0.75 | 651,858 | - | 651,858 | (303,437) | - | (303,437) | 348,421 | 208,686 | - | 58,664 | 267,350 | 615,771 | 557,107 |
| (7) | Mar 18, 2019 | $ 0.75 | 151,916 | (67,081) | 84,835 | (96,230) | 63,538 | (32,692) | 52,143 | 79,199 | (63,538) | - | 15,661 | 67,804 | 134,886 |
| Totals | | | $ 4,153,498 | $ (1,405,509) | $2,747,989 | $ (1,863,782) | $ 882,063 | $ (981,719) | $1,766,270 | $1,575,015 | $ (882,063) | $ 230,760 | $ 923,712 | $2,689,982 | $3,864,730 |
| Current portion of convertible debt | | | | | | | | | | | | | | $2,673,023 | $2,224,492 |
| Long term portion of convertible debt | | | | | | | | | | | | | | 16,959 | 1,640,238 |
| | | | | | | | | | | | | | | $2,689,982 | $3,864,730 |

## 13. Convertible Debt (continued)

1) On February 14, 2014, the Company closed a financing of $2,000,000 of secured promissory notes with a term of two years, paying 8% interest. The notes were convertible into common shares of the Company at $0.50 per share during the first year, and $0.60 during the second year. The Company paid legal fees of $42,591 and finder's fees of $205,600 and 320,000 finder's warrants, exercisable at $0.50 per share for a period of three years.

   During fiscal 2015, $50,000 of the notes were converted. In Q1, 2016 the maturity date was extended to August 12, 2016 and the interest rate was amended to 10%. In Q3, 2016 the Company further extended the maturity date to December 31, 2016. As part of the second extension, the interest rate was increased to 12%, the conversion price was amended to $0.30 per share and the noteholders agreed to waive security against the Company's shares of Banyan Work Health Solutions Inc. and BITS Licensing Inc. During Fiscal 2016, $10,000 of the notes were converted and $970,000 was repaid. During Fiscal 2017, a further $853,334 was directly repaid, while $116,666 was held in trust by a major financial institution as part of the new bank debt financing described in Note 10.

2) On May 14, 2013, the Company completed a private placement offering of $1,025,000 of units (the "Units"). Each Unit consisted of a $1.00 convertible secured promissory note with a term of three years, paying 9.75% interest convertible into the common shares of the Company at $0.50 per share during the first year, $0.60 during the second year, and $0.75 per share during the third year and one common share purchase warrant exercisable at $0.50 for a period of one year. The Company paid legal fees of $27,630 and finder's fee of $60,000. The notes were subscribed to by two Directors of the Company.

   In Q3, 2016 the Company extended the maturity date to December 31, 2016. As part of the extension, the interest rate was increased to 12%, the conversion price was amended to $0.30 per share and the noteholders agreed to waive security against the Company's shares of Banyan Work Health Solutions Inc. and BITS Licensing Inc. During Fiscal 2016, $25,000 of the notes were repaid. Effective January 1, 2017, notes are due on demand.

3) On September 6, 2013, the Company completed a private placement offering of $250,000 units (the "Units"). Each Unit consisted of a $1.00 convertible secured promissory note maturing on May 13, 2016, paying 9.75% interest convertible into the common shares of the Company at $0.50 per share until May 13, 2014, $0.60 per share until May 13, 2015, and $0.75 per share until May 13, 2016 and one common share purchase warrant exercisable at $0.50 until May 13, 2014. The Company paid legal fees of $8,540.

   In Q3, 2016 the Company extended the maturity date to December 31, 2016. As part of the extension, the interest rate was increased to 12%, the conversion price was amended to $0.30 per share and the noteholders agreed to waive security against the Company's shares of Banyan Work Health Solutions Inc. and BITS Licensing Inc. During Fiscal 2016, $60,000 of the notes were repaid. Effective January 1, 2017, notes are due on demand.

4) On June 6, 2014, the Company closed the acquisition of Stroma Service Consulting Inc. Part of the purchase price was $250,000 in promissory notes, payable in equal annual installments over three years. The notes pay 3.0% interest and are convertible into the common shares of the Company at $0.50 per share during the first year, $0.60 during the second year, and $0.70 per share during the third year. The annual payments of $83,333 were made in both fiscal 2015 and 2016. Effective January 1, 2017, notes are due on demand. Subsequent to the year end, the remaining balance was repaid.

## 13. Convertible Debt (continued)

5) On December 31, 2014, the Company closed the acquisition of Paradigm Consulting Group Inc. and PCGI Consulting Services Partnership. Part of the purchase price was $1,106,390 in promissory notes, with one third of the outstanding principal payable at the end of year two and the balance payable at the end of year three. The notes pay 3.0% interest and are convertible into the common shares of the Company at $0.50 per share until maturity. On December 31, 2016, the Company repaid $368,428. Subsequent to the year end, the remaining balance was repaid.

6) On February 6, 2013, the Company closed the acquisition of Logitek Technology Ltd. As part of the transaction and in order to retire $651,858 of debt owing by Logitek, the Company issued $651,858 in promissory notes with a term of five years. The notes pay 3.0% interest and are convertible into the common shares of the Company at $0.45 per share during the first year, $0.55 during the second year, $0.65 per share during the third year, $0.70 during the fourth year, and $0.75 per share during the fifth year.

7) On March 1, 2014, the Company closed the acquisition of APS - Antian Professional Services Inc. Part of the purchase price was $324,482 in promissory notes with blended quarterly payments of $17,547 over a term of five years. The notes pay 3.0% interest and are convertible into the common shares of the Company at $0.75 per share until maturity. Repayments of $172,566 in principal have been made in accordance the schedule until the end of fiscal 2016. An additional $67,081 has been repaid in fiscal 2017.

## 14. Notes Payable

| | | Nov 30, 2017 | Nov 30, 2016 |
|---|---|---|---|
| (1) | Advance from Chairman of the Board | $ 1,000,000 | $ 1,500,000 |
| (2) | Advance from Executives | 49,261 | 501,560 |
| (3) | Loans assumed on Maplesoft acquisition, matured fiscal year 2017, interest rates of 10% to 12% per annum | - | 6,873,720 |
| (4) | Loan assumed on Maplesoft acquisition, maturing December 24, 2019 interest rate of 11% per annum | 1,371,510 | 1,826,510 |
| (5) | Notes payable to AON Hewitt Inc | 300,000 | - |
| | Loan from Investors | 36,572 | - |
| | Accrued interest | 690,684 | 346,493 |
| | **Notes payable** | **$ 3,448,027** | **$ 11,048,283** |
| | **Short-term notes payable** | 2,076,517 | 9,215,997 |
| | **Long-term notes payable** | 1,371,510 | 1,832,286 |
| | | **$ 3,448,027** | **$ 11,048,283** |

1) The advance from the Chairman of the Board is due on demand and bears interest at 12% per annum. During Q2, 2017, the Company repaid $500,000 against principal. As at November 30, 2017, the Company has accrued interest of $606,514.

2) A portion of the advance was applied towards Tranche 2 of the $5 million unit offering which closed in December 2016 (see Note 15).

3) During the year, the loans assumed in the acquisition of Maplesoft along with accrued interest were fully repaid.

4) During the year, the Company repaid $455,000 of this loan and accrued $84,170 interest.

5) On March 31, 2017 SEB acquired the mid-market health benefits administration business in Canada of AON Hewitt Inc. ("AON"). As part of transaction price, $200,000 is due 12 months from the closing and $100,000 is due 18 months from closing.

## 15. Share Capital

### (a) Authorized

Unlimited number of common shares

### (b) Common shares issued and outstanding

| Notes | | Number of shares | | Amount $ |
|---|---|---|---|---|
| | **Balance November 30, 2015** | **95,392,483** | **$** | **21,935,275** |
| (1) | Private placement closed on December 7, 2015 | 4,000,000 | | 1,600,000 |
| | Warrants issued with shares | - | | (228,702) |
| | | 4,000,000 | | 1,371,298 |
| (2) | Private placement closed on November 2, 2016 | 8,264,425 | | 1,652,885 |
| | Warrants issued with shares | - | | (440,494) |
| | | 8,264,425 | | 1,212,391 |
| (3) | Acquisition of Maplesoft Group Inc. | 4,000,000 | | 1,280,000 |
| (4) | Conversion of notes | 16,666 | | 10,000 |
| (5) | Unwinding of Banyan acquisition | (2,000,000) | | (871,370) |
| | **Balance November 30, 2016** | **109,673,574** | **$** | **24,937,594** |
| (6) | Private placement closed on February 3, 2017 | 16,762,115 | | 3,352,423 |
| | Warrants issued with shares | - | | (860,449) |
| | | 16,762,115 | | 2,491,974 |
| (7) | Private placement closed on May 31, 2017 | 4,775,000 | | 955,000 |
| | Warrants issued with shares | - | | (307,890) |
| | | 4,775,000 | | 647,110 |
| (8) | Private placement closed on June 27, 2017 | 5,745,000 | | 919,200 |
| | Shares issued to private placement finder | 231,000 | | 38,220 |
| | | 5,976,000 | | 957,420 |
| (9) | Private placement closed on August 16, 2017 | 1,500,625 | | 240,100 |
| | Shares issued to private placement finder | 91,000 | | 16,380 |
| | | 1,591,625 | | 256,480 |
| (10) | Private placement closed on October 11, 2017 | 12,500,000 | | 2,000,000 |
| | Shares issued to private placement finder | 411,250 | | 106,925 |
| | | 12,911,250 | | 2,106,925 |
| (11) | Private placement closed on November 30, 2017 | 8,970,952 | | 1,883,900 |
| | Warrants issued with shares | - | | (341,345) |
| | Shares issued to private placement finder | 292,633 | | 67,306 |
| | | 9,263,585 | | 1,609,861 |
| | **Balance November 30, 2017** | **160,953,149** | **$** | **33,007,364** |

## 15. Share Capital (continued)

1) On December 7, 2015, SEB closed a private placement for gross proceeds of $1,600,000 which was made up of 4,000,000 units; each unit consisting of one common share and one share purchase warrant. The common share purchase warrants were exercisable until December 4, 2017 at $0.75 per share and vested on December 31, 2016. The warrants were valued at $228,702. The Company issued 297,500 finder warrants valued at $59,827 and incurred share issue costs of $42,570.

2) On November 2, 2016, the Company closed Tranche 1 of an equity unit private placement financing of gross proceeds of $1,652,885 which was made up of 8,264,425 units; each unit consisting of one common share and one share purchase warrant. The common share purchase warrants are exercisable for a period of 18 months at $0.30 per share. The warrants were valued at $440,494. The Company issued 227,500 finder warrants valued at $12,126 and incurred share issue costs of $85,550.

3) On December 1, 2015, SEB acquired Maplesoft Consulting Group Inc. As part of the purchase consideration, SEB issued 4,000,000 common shares valued at $1,280,000 and 1,000,000 common shares of warrants valued at $297,800.

4) On March 24, 2016, $10,000 of short term note was converted to 16,666 common shares.

5) On November 4, 2014, the Company acquired 50% of Banyan Work Health Solutions Inc. and BITS Licensing Inc. As part of the purchase price, the Company issued 2,000,000 shares valued at $1,000,000. On July 26, 2016, the acquisition of Banyan Work Health Solutions Inc. was unwound. Per the terms of the Unwinding, 2,000,000 SEB shares valued at $871,370 and 555,000 common shares of warrants valued at $177,333 were returned.

6) On February 3, 2017, the Company closed the 2nd and 3rd tranches of a 3-tranche equity unit financing at $0.20 per unit, totaling 16,762,115 units for gross proceeds of $3,352,423. Each unit consisted of one common share and one share purchase warrant, exercisable at $0.30 per share for 18 months from date of issue. The warrants were valued at $860,449. The Company issued 367,500 warrants to finders, valued at $17,012 and incurred share issue costs of $70,050.

7) On May 31, 2017, the Company closed an equity unit financing in 4 tranches at $0.20 per unit, totaling 4,775,000 units for gross proceeds of $955,000. Each unit consisted of one common share and one share purchase warrant, exercisable at $0.30 per share for 18 months from date of issue. The warrants were valued at $307,890. The Company issued 21,000 warrants to finders, valued at $1,409 and incurred share issue costs of $4,200.

8) On June 27, 2017, the Company closed a common share financing in 3 tranches at $0.16 per share, totaling 5,745,000 shares for gross proceeds of $919,200. The Company issued to finders 231,000 shares valued at $38,220 and 231,000 warrants valued at $23,089. The warrants were exercisable at $0.30 per share for 18 months from date of issue.

9) On August 16, 2017, the Company closed a common share financing at $0.16 per share, of 1,500,625 shares for gross proceeds of $240,100. The Company issued to finders 91,000 shares valued at $16,380 and 91,000 warrants valued at $4,894. The warrants were exercisable at $0.30 per share for 18 months from date of issue.

## 15. Share Capital (continued)

10) On October 11, 2017, the Company closed a common share financing at $0.16 per share, of 12,500,000 shares for gross proceeds of $2,000,000. The Company issued to finders 411,250 shares valued at $106,925 and 411,250 warrants valued at $51,571 and incurred share issue costs of $274,127. The warrants were exercisable at $0.30 per share for 18 months from date of issue.

11) On November 30, 2017, the Company closed an equity unit financing at $0.21 per share, of 8,970,952 units for gross proceeds of $1,883,900. The equity units were made up of 8,970,952 shares and 4,485,476 share purchase warrants, exercisable at $0.30 per share for 18 months from date of issue. The warrants were valued at $341,345. The Company issued to finders 292,633 shares valued at $67,306 and 292,633 warrants valued at $22,269. The warrants were exercisable at $0.30 per share for 18 months from date of issue.

## 15. Share Capital (continued)

### (c) Share purchase warrants

| | | | Number of Warrants Outstanding | | | | |
|---|---|---|---|---|---|---|---|
| | | | Nov 30, 2016 | | Expired / | Nov 30, 2017 | |
| Notes | Exercise Price | Expiry | Outstanding | Issued | Cancelled | Outstanding | Exercisable |
| | $ 0.50 | Feb 12, 2017 | 320,000 | - | (320,000) | - | - |
| | $ 0.75 | Feb 27, 2017 | 2,651,500 | - | (2,651,500) | - | - |
| | $ 0.40 | Apr 29, 2017 | 600,000 | - | (600,000) | - | - |
| | $ 0.40 | May 7, 2017 | 297,500 | - | (297,500) | - | - |
| | $ 0.75 | Oct 29, 2017 | 2,000,000 | - | (2,000,000) | - | - |
| | $ 0.75 | Oct 29, 2017 | 3,050,000 | - | (3,050,000) | - | - |
| | $ 0.75 | Oct 29, 2017 | 6,000,000 | - | (6,000,000) | - | - |
| | $ 0.75 | Nov 6, 2017 | 950,000 | - | (950,000) | - | - |
| | $ 0.75 | Dec 7, 2017 | 4,000,000 | - | (4,000,000) | - | - |
| 1 | $ 0.50 | Jan 25, 2018 | 500,000 | - | - | 500,000 | 500,000 |
| 2 | $ 0.50 | Feb 11, 2018 | 50,000 | - | - | 50,000 | 50,000 |
| 3 | $ 0.75 | Mar 1, 2018 | 675,000 | - | - | 675,000 | 675,000 |
| 4 | $ 0.30 | May 2, 2018 | 8,264,425 | - | - | 8,264,425 | 8,264,425 |
| 4 | $ 0.30 | May 2, 2018 | 227,500 | - | - | 227,500 | 227,500 |
| 5 | $ 0.70 | Jun 6, 2018 | 100,000 | - | - | 100,000 | 100,000 |
| 4 | $ 0.30 | Jun 23, 2018 | - | 7,757,800 | - | 7,757,800 | 7,757,800 |
| 4 | $ 0.30 | Jun 23, 2018 | - | 350,000 | - | 350,000 | 350,000 |
| 4 | $ 0.30 | Aug 3, 2018 | - | 9,004,315 | - | 9,004,315 | 9,004,315 |
| 4 | $ 0.30 | Aug 3, 2018 | - | 17,500 | (17,500) | - | - |
| 6 | $ 0.30 | Sep 23, 2018 | - | 1,125,000 | - | 1,125,000 | 1,125,000 |
| 6 | $ 0.30 | Sep 30, 2018 | - | 2,500,000 | - | 2,500,000 | 2,500,000 |
| 6 | $ 0.30 | Oct 28, 2018 | - | 900,000 | - | 900,000 | 900,000 |
| 6 | $ 0.30 | Oct 28, 2018 | - | 21,000 | - | 21,000 | 21,000 |
| 7 | $ 0.50 | Nov 4, 2018 | 445,000 | - | - | 445,000 | 445,000 |
| 6 | $ 0.30 | Nov 30, 2018 | - | 250,000 | - | 250,000 | 250,000 |
| 8 | $ 0.20 | Dec 1, 2018 | - | 140,000 | - | 140,000 | 140,000 |
| 8 | $ 0.20 | Dec 6, 2018 | - | 70,000 | - | 70,000 | 70,000 |
| 8 | $ 0.20 | Dec 27, 2018 | - | 21,000 | - | 21,000 | 21,000 |
| 8 | $ 0.20 | Jan 31, 2019 | - | 91,000 | - | 91,000 | 91,000 |
| 9 | $ 0.50 | Feb 27, 2019 | 1,000,000 | - | - | 1,000,000 | 833,333 |
| 10 | $ 0.20 | Apr 3, 2019 | - | 350,000 | - | 350,000 | 350,000 |
| 10 | $ 0.20 | Apr 6, 2019 | - | 61,250 | - | 61,250 | 61,250 |
| 11 | $ 0.30 | Apr 20, 2019 | - | 342,700 | - | 342,700 | 342,700 |
| 12 | $ 0.30 | May 30, 2019 | - | 4,778,109 | - | 4,778,109 | 4,778,109 |
| 13 | $ 0.50 | Dec 1, 2020 | 1,000,000 | - | - | 1,000,000 | 375,000 |
| | | | **32,130,925** | **27,779,674** | **(19,886,500)** | **40,024,099** | **39,232,432** |
| **Weighted avg exercise price** | | | **$ 0.60** | **$ 0.30** | **$ 0.73** | **$ 0.32** | **$ 0.32** |

## 15. Share Capital (continued)

1) On January 25, 2016, as part of the financing to acquire Paradigm, SEB issued 500,000 finders' warrants. The warrants have a term of 24 months and are exercisable at $0.50 per share.

2) On February 11, 2015, as part of the financing to acquire 50% of SEB Benefits and HR Consulting Inc., SEB issued 50,000 share purchase warrants. The warrants have a term of 36 months, vested 25% every six months, and are exercisable at $0.50 per share.

3) On March 1, 2013, as part of the financing to acquire SOMOS Consulting Group Ltd., SEB issued 1,000,000 share purchase warrants. The warrants have a term of 60 months and an escalating exercise price every 12 month of $0.45, $0.55, $0.65, $0.70 and $0.75 during the term. During Fiscal 2014, 325,000 unit of warrants are excised at $0.45.

4) On November 2, 2016, December 23, 2016 and February 3, 2017, the Company closed Equity Unit financings totaling 25,026,540 units valued at $5,005,308. The Equity Units were issued at $0.20 per unit and consisted of one common share and one common share purchase warrant exercisable for a period of 18 months at $0.30 per share As part of the financing, SEB also issued 595,000 units finders' warrants valued at $29,138 exercisable at $0.30 per share for a period of 18 months; of these 17,500 units valued at $982 were cancelled later in the year.

5) On June 6, 2014, as part of the transaction to acquire Stroma Service Consulting Inc., SEB issued 1,000,000 share purchase warrants to Stroma's employees. The warrants have a term of 48 months and an escalating exercise price every 12 month of $0.50, $0.55, $0.60 and $0.70 during the term. During Fiscal 2015, 900,000 unit of warrants are excised at $0.50.

6) On March 23, 2017, March 30, 2017, April 28, 2017 and May 31, 2017, the Company closed Equity Unit financings totaling 4,775,000 units valued at $955,000. The Equity Units were issued at $0.20 per unit and consisted of one common share and one common share purchase warrant exercisable for a period of 18 months at $0.30 per share. As part of the financing, SEB also issued 21,000 finders' warrants valued at $1,409 exercisable at $0.30 per share for a period of 18 months.

7) On November 4, 2014, as part of the transaction to acquire 50% of Banyan Work Health Solutions Inc. and BITS Licensing Inc., SEB issued 1,000,000 share purchase warrants to Banyan's employees. The warrants have a term of 48 months, vest one third at the end of each year and are exercisable at $0.50. During year ended November 30, 2016, the Banyan transaction was unwound and 555,000 of the share purchase warrants were cancelled. The remaining 445,000 units of the warrants remain with Banyan's employees.

8) On June 1, 2017, June 6, 2017, June 27, 2017 and July 31, 2017 the Company closed Common Share financings for a total of 7,245,625 units valued at $1,159,300, whereby each common share was issued at a price of $0.16. In addition, 322,000 common shares and 322,000 common share purchase warrants, exercisable at $0.20 for a period of 18 months from date of issue, were issued as payment to finders.

9) On December 31, 2014, as part of the transaction to acquire Paradigm Consulting Group Inc. and PCGI Consulting Services Partnership, SEB issued 1,000,000 share purchase warrants to Paradigm's employees. The warrants have a term of 48 months, vest one sixth every six months and are exercisable at $0.50.

## 15. Share Capital (continued)

10) On October 3, 2017, October 6, 2017, and October 11, 2017 the Company closed Common Share financings for a total of 1,2500,000 units valued at $2,000,000, whereby each common share was issued at a price of $0.16. In addition, 411,250 common shares valued at $106,925 were issued as payment to finders. As well, finders were issued 411,250 common share purchase warrants valued at $51,571 exercisable at $0.20 for a period of 18 months from date of issue.

11) On April 20, 2017, the Company acquired from its subsidiary Maplesoft Consulting Inc. a loan payable to a third party in the amount of $1,371,510. As part of the transaction, the Company issued 342,700 share purchase warrants valued at $25,565 to the debt-holder. The warrants have a term of 24 months and are exercisable at $0.30 each.

12) On November 30, 2017, the Company closed an equity unit financing at $0.21 per share, of 8,970,952 units for gross proceeds of $1,883,900. The equity units were made up of 8,970,952 shares and 4,485,476 share purchase warrants, exercisable at $0.30 per share for 18 months from date of issue. The warrants were valued at $341,345. The Company issued to finders 292,633 shares and 292,633 warrants valued at $67,306. The warrants were exercisable at $0.30 per share for 18 months from date of issue.

13) On December 1, 2015, as part of the transaction to acquire Maplesoft Group Inc., SEB issued 1,000,000 share purchase warrants to Maplesoft's employees. The warrants have a term of 48 months, vest one-eighth every six months, and are exercisable at $0.50.

Share purchase warrants are valued using the Black-Scholes option pricing model. The assumptions used in valuing the warrants are as follows:

| | Fiscal 2017 | | Fiscal 2016 | |
|---|---|---|---|---|
| | **From** | **To** | **From** | **To** |
| Expected warrant life | 1.5 years | 2 years | 1.5 years | 5.0 years |
| Risk-free interest rate | 1.02% | 1.02% | 0.98% | 0.98% |
| Forfeiture rate | NIL | NIL | NIL | NIL |
| Volatility factor of expected price of the Company's shares | 92.78% | 102.31% | 100% | 100% |

## 15. Share Capital (continued)

### (d) Share purchase options

The SEB stock option plan (the "Plan") is administered by the Board of Directors of the Company which establishes the exercise prices, vesting conditions and expiry date of the options. The number of common shares reserved for issuance under the Plan at November 30, 2017 is 16,095,315. At November 30, 2017, the Company had 8,390,000 options issued and outstanding.

| Notes | Exercise Price | Expiry | Nov 30, 2016 Outstanding | Issued | Expired / Cancelled | Nov 30, 2017 Outstanding | Exercisable |
|---|---|---|---|---|---|---|---|
| | $ 0.50 | Feb 7, 2017 | 300,000 | - | (300,000) | - | - |
| | $ 0.58 | Mar 31, 2017 | 130,000 | - | (130,000) | - | - |
| | $ 0.58 | Mar 31, 2017 | 100,000 | - | (100,000) | - | - |
| | $ 0.42 | Jul 24, 2017 | 250,000 | - | (250,000) | - | - |
| | $ 0.50 | Sep 5, 2017 | 200,000 | - | (200,000) | - | - |
| | $ 0.50 | Oct 23, 2017 | 500,000 | - | (500,000) | - | - |
| | $ 0.50 | Oct 24, 2017 | 1,400,000 | - | (1,400,000) | - | - |
| | $ 0.50 | Oct 24, 2017 | 600,000 | - | (600,000) | - | - |
| | $ 0.30 | Oct 24, 2017 | - | 1,000,000 | (1,000,000) | - | - |
| 1 | $ 0.60 | Jan 20, 2018 | 900,000 | - | - | 900,000 | 900,000 |
| 2 | $ 0.50 | Mar 24, 2018 | 350,000 | - | (50,000) | 300,000 | 300,000 |
| 3 | $ 0.30 | May 31, 2018 | 850,000 | - | (200,000) | 650,000 | 650,000 |
| 4 | $ 0.30 | Jul 28, 2018 | 500,000 | - | (400,000) | 100,000 | 100,000 |
| 5 | $ 0.30 | Jul 28, 2018 | 300,000 | - | - | 300,000 | 300,000 |
| 6 | $ 0.40 | Jan 18, 2019 | 200,000 | - | - | 200,000 | 200,000 |
| 7 | $ 0.30 | Mar 24, 2019 | 400,000 | - | - | 400,000 | 320,000 |
| 8 | $ 0.30 | Mar 24, 2019 | 290,000 | - | - | 290,000 | 232,000 |
| 9 | $ 0.30 | Apr 26, 2019 | 100,000 | - | - | 100,000 | 80,000 |
| 10 | $ 0.20 | May 3, 2019 | - | 100,000 | - | 100,000 | 25,000 |
| 11 | $ 0.30 | May 3, 2019 | - | 300,000 | - | 300,000 | 75,000 |
| 12 | $ 0.30 | May 3, 2019 | - | 100,000 | - | 100,000 | 25,000 |
| 13 | $ 0.30 | May 31, 2019 | 100,000 | - | - | 100,000 | 75,000 |
| 14 | $ 0.25 | Aug 3, 2019 | - | 500,000 | - | 500,000 | 125,000 |
| 15 | $ 0.30 | May 3, 2020 | - | 500,000 | - | 500,000 | 250,000 |
| 16 | $ 0.30 | Aug 3, 2020 | - | 600,000 | - | 600,000 | 150,000 |
| 17 | $ 0.30 | Aug 3, 2020 | - | 500,000 | - | 500,000 | - |
| 18 | $ 0.20 | Aug 3, 2020 | - | 700,000 | - | 700,000 | 175,000 |
| 19 | $ 0.24 | Nov 2, 2020 | - | 500,000 | - | 500,000 | 125,000 |
| 20 | $ 0.24 | Nov 2, 2020 | - | 500,000 | - | 500,000 | - |
| 21 | $ 0.30 | May 31, 2021 | 150,000 | - | (150,000) | - | - |
| 22 | $ 0.30 | Jul 28, 2021 | 750,000 | - | - | 750,000 | 375,000 |
| | | | **8,370,000** | **5,300,000** | **(5,280,000)** | **8,390,000** | **4,482,000** |
| **Weighted avg exercise price** | | | **$ 0.43** | **$ 0.27** | **$ 0.43** | **$ 0.32** | **$ 0.37** |

## 15. Share Capital (continued)

1) On January 20, 2015, the Company granted 900,000 options to employees. The options have a 36-month term, vest immediately and are exercisable at $0.50 to June 11, 2015; $0.55 to June 11, 2016; $0.60 to June 11, 2017; and $0.70 to January 20, 2018.

2) On March 24, 2016, the Company granted 350,000 options to Advisory Board members. The options have a 24-month term, vest 50% every six months and are exercisable at $0.50 per share. During the year 50,000 options were cancelled.

3) On May 31, 2016, the Company granted 850,000 options to consultants. The options have a 24-month term, vest 350,000 immediately, 250,000 in six months, 200,000 in 12 months, and 50,000 in 18 months, and are exercisable at $0.30 per share. During the year 200,000 options were cancelled.

4) On July 28, 2016, the Company granted 500,000 options to a consultant. The options have a 24-month term, vest 100,000 immediately and 400,000 conditionally and are exercisable at $0.30 per share. During the year the 400,000 conditional options were cancelled.

5) On July 28, 2016, the Company granted 300,000 options to a consultant. The options have a 24-month term, vest immediately and are exercisable at $0.30 per share.

6) On January 18, 2016, the Company granted 200,000 options to a consultant. The options have a 36-month term, vest 50,000 every three months and are exercisable at $0.40 per share.

7) On March 24, 2016, the Company granted 400,000 options to employees. The options have a 36-month term, vest 20% immediately and 20% every six months and are exercisable at $0.30 per share.

8) On March 24, 2016, the Company granted 290,000 options to employees. The options have a 36-month term, vest 20% immediately and 20% every six months and are exercisable at $0.30 per share.

9) On April 26, 2016, the Company granted 100,000 options to an employee. The options have a 36-month term, vest 20% immediately and 20% every six months and are exercisable at $0.30 per share.

10) On May 3, 2017, the Company granted 100,000 options to a consultant. The options have a 24-month term, vest 25% every six months and are exercisable at $0.20 per share.

11) On May 3, 2017, the Company granted 300,000 options to a consultant. The options have a 24-month term, vest 25% every six months and are exercisable at $0.30 per share.

12) On May 3, 2017, the Company granted 100,000 options to a consultant. The options have a 24-month term, vest 25% every six months and are exercisable at $0.30 per share.

13) On May 31, 2016, the Company granted 100,000 options to an employee. The options have a 36-month term, vest 25% every six months and are exercisable at $0.30 per share.

## 15. Share Capital (continued)

14) On August 3, 2017 the Company granted 500,000 options to a consultant. The options have a 24-month term, vest 25% immediately and every six months and are exercisable at $0.25 per share.

15) On May 3, 2017, the Company granted 500,000 options to a consultant. The options have a 36-month term, vest 25% immediately and 25% every six months and are exercisable at $0.30 per share.

16) On August 3, 2017, the Company granted 600,000 options to various employees and consultants. The options have a 36-month term, vest 25% immediately, 25% every six months and are exercisable at $0.30 per share.

17) On August 3, 2017, the Company granted 500,000 options to various employees and consultants. The options have a 36-month term, vest 25% every six months and are exercisable at $0.30 per share.

18) On August 3, 2017, the Company granted 700,000 options to the Independent Directors. The options have a 36-month term, vest 25% immediately and every six months and are exercisable at $0.20 per share. On August 3, 2017 200,000 options were issued to new directors under the same terms.

19) On November 2, 2017, the Company granted 500,000 options to a consultant. The options have a 36-month term, vest 25% immediately and 25% every six months and are exercisable at $0.24 per share.

20) On November 2, 2017, the Company granted 500,000 options to various employees. The options have a 36-month term, vest 25% every six months and are exercisable at $0.24 per share.

21) On May 31, 2016, the Company granted 150,000 options to an employee. The options have a 60-month term, vest 25,000 every six months and are exercisable at $0.30 per share. During the year the options were cancelled.

22) On July 28, 2016, the Company granted 750,000 options to an employee. The options have a 60-month term, vest 125,000 in three months and 125,000 every six months thereafter and are exercisable at $0.30 per share.

Share purchase options are valued using the Black-Scholes option pricing model. The assumptions used in valuing the options are as follows:

| | Fiscal 2017 | | Fiscal 2016 | |
|---|---|---|---|---|
| | **From** | **To** | **From** | **To** |
| Expected option life | 0.5 years | 3.0 years | 1.5 years | 5.0 years |
| Risk-free interest rate | 1.02% | 1.02% | 0.98% | 0.98% |
| Forfeiture rate | NIL | NIL | NIL | NIL |
| Volatility factor of expected price of the Company's shares | 86.88% | 92.52% | 100% | 100% |
| Fair value of options granted | | $505,420 | | $356,436 |
| Fair value of options expensed as Share-based compensation | | $320,321 | | $270,890 |

## 15. Share Capital (continued)

### (e) Loss per Share

The weighted average number of common shares outstanding for the year ending November 30, 2017 was 132,640,054 (103,287,242 for the year ending November 30, 2016). The dilutive effect of options and warrants outstanding was not included as it would serve to reduce the loss per share reported.

## 16. Taxes

### (a) Government Remittances and Current Taxes Payable

The details of this line item are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Government remittances and current taxes payable: | | | | |
| Income taxes payable | $ | 624,563 | $ | 603,936 |
| Payroll deductions and remittances | | 69,918 | | 177,730 |
| Sales taxes | | 687,714 | | 290,005 |
| | **$** | **1,382,195** | **$** | **1,071,671** |

### (b) Income Tax

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% for the years ended November 30, 2017 (2016 - 26.5%) to the effective tax rate is as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| **Net loss before income taxes** | $ | **8,736,845** | $ | **8,230,203** |
| Expected income tax recovery | $ | (2,312,710) | $ | (2,181,000) |
| Tax rate changes and other adjustments | | (442,310) | | 196,310 |
| Non-deductible expenses | | 324,950 | | 163,580 |
| Share issue costs recorded to equity | | (477,000) | | (85,890) |
| Change in tax benefits not recognized | | 2,671,705 | | 1,669,150 |
| **Income tax recovery** | **$** | **(235,365)** | **$** | **(237,850)** |
| The Company's income tax recovery is allocated as follows: | | | | |
| Current tax expense | $ | 373,970 | $ | 805,328 |
| Deferred tax recovery | | (609,335) | | (1,043,178) |
| **Income tax recovery** | **$** | **(235,365)** | **$** | **(237,850)** |

## 16. Taxes (continued)

### (c) Deferred Tax

The following table summarizes the components of deferred tax:

| | 2017 | 2016 |
|---|---|---|
| **Deferred Tax Assets** | | |
| Intangible assets | $ 170,000 | $ 105,220 |
| Contingent consideration | - | 102,313 |
| Share issuance costs | 44,880 | 67,330 |
| Non-capital losses carried forward | 624,956 | 701,814 |
| Charitable donations carryforward | - | 527 |
| | **839,836** | **977,204** |
| **Deferred Tax Liabilities** | | |
| Equipment | (52,680) | (57,403) |
| Intangible assets | (7,290) | (21,160) |
| Capital lease obligation | - | (20,420) |
| Trade names | (961,710) | (1,397,030) |
| Software | (795,090) | (187,310) |
| Customer relationships | (996,340) | (1,992,100) |
| Contingent consideration | (115,610) | - |
| **Net deferred tax liabilities** | **$ (2,088,884)** | **$ (2,698,219)** |

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

| | 2017 | 2016 |
|---|---|---|
| **Movement in net deferred tax liabilities:** | | |
| Balance at the beginning of the year | $ (2,698,219) | $ (1,794,298) |
| Recognized in profit/loss | 609,335 | 1,043,179 |
| Recognized in equity | - | 3,945 |
| Goodwill | - | (1,951,045) |
| **Balance at the end of the year** | **$ (2,088,884)** | **$ (2,698,219)** |

## 16. Taxes (continued)

### (d) Unrecognized Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | 2017 | 2016 |
|---|---|---|
| Equipment | $ - | $ 32,380 |
| Intangible assets | 85,920 | 325,830 |
| Trade name | - | 293,700 |
| Royalty liabilities | - | 71,010 |
| Share issuance costs | 2,256,580 | 616,560 |
| Non-capital losses carried forward | 30,874,655 | 21,838,980 |
| Capital losses carried forward | 648,210 | 648,210 |
| SR&ED Pool from T661 | 978,440 | 978,437 |
| Charitable donations carryforward | 600 | 7,550 |
| **Balance at the end of the year** | **$ 34,844,405** | **$ 24,812,657** |

### (e) Loss carry forwards

The Canadian non-capital loss carry forwards expire as noted in the table below. The U.S. net operating loss carry forwards expire between 2029 and 2037. Share issue and financing costs will be fully amortized in 2021.

The Company's Canadian non-capital income tax losses expire as follows:

| Year | Amount |
|---|---|
| 2030 | $ 382,060 |
| 2031 | 1,476,300 |
| 2032 | 2,956,760 |
| 2033 | 3,497,400 |
| 2034 | 6,000,340 |
| 2035 | 5,896,990 |
| 2036 | 4,965,090 |
| 2037 | 8,059,490 |
| | **$33,234,430** |

## 17. Financial Instruments

### Fair Values

The carrying value of cash and cash equivalents, accounts receivable, short-term notes receivable, operating loans, accounts payable and accrued liabilities, equipment leases, royalty advance and notes payable are considered representative of their respective fair values due to the short-term period to maturity. The carrying value of long-term debt approximates its fair value as the interest rates are consistent with current rates offered to the Company for debt with similar terms. The carrying value of other non-current assets approximates its fair value as the interest rates are consistent with the current rates offered by the Company for loans with similar terms.

### Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. For financial assets, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal industry credit risk. To mitigate this risk the Company reviews the creditworthiness of material new customers, monitors customer payment performance and, where appropriate, reviews the financial condition of existing customers.

The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers and economic circumstances. As at November 30, 2017, the allowance for doubtful accounts was $470,291 (2016 $383,589). The accounts that were outstanding greater than 90 days amounted to $1,174,989 (2016 $565,838).

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A portion of the bank facilities bears interest at floating rates and as such is subject to interest rate cash flow risk resulting from market fluctuations in interest rates. A 1% appreciation (depreciation) in the interest rate would result in a change in interest expense of approximately of $166,131 (2016 - $283,482).

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations such as accounts payable out of cash. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing. The Company has disclosed in Note 2 to these consolidated financial statements the existence of circumstances which cast significant doubt on its ability to continue as a going concern.

## 17. Financial Instruments (continued)

The following table details the Company's contractual maturities for its financial liabilities as at November 30, 2017:

| | Notes payable | Convertible debt (1) | Equipment leases | Term Bank loans (2) | Royalty Advance(3) | Total |
|---|---|---|---|---|---|---|
| | (Note 14) | (Note 13) | (Note 12) | (Note 10) | (Note 24) | |
| Fiscal 2018 | $ 2,076,517 | $ 2,663,154 | $ 67,107 | $ 1,875,000 | $ 1,600,000 | $ 8,281,778 |
| Fiscal 2019 | - | 84,835 | 67,107 | 1,375,000 | 200,000 | 1,726,942 |
| Fiscal 2020 | 1,371,510 | - | 22,332 | 1,375,000 | 200,000 | 2,968,842 |
| Fiscal 2021 | - | - | - | 187,500 | - | 187,500 |
| Fiscal 2022 | - | - | - | 5,000,000 | - | 5,000,000 |
| | **$ 3,448,027** | **$ 2,747,989** | **$ 156,546** | **$ 9,812,500** | **$ 2,000,000** | **$ 18,165,062** |

(1) Face value of convertible debentures.
(2) Face value of term bank loan. Payments could change according to balance of free cash flow the year.
(3) Face value of royalty and bonus fee.

The borrowings of the Company under the debt facility and certain notes are secured by its lenders by a general security agreement ("GSA") over substantially all the assets of the Company. Should the Company not meet its covenants or obligations under these borrowing agreements when due, there is the risk that its lenders may realize on its security and liquidate the assets of the Company.

The future capital requirements of the Company will depend on many factors, including the number and size of acquisitions consummated, rate of growth of its client base, the costs of expanding into new markets, the growth of the market for healthcare services and the costs of administration. In order to meet such capital requirements, the Company may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If adequate funds are not available, the Company may have to reduce substantially or otherwise eliminate certain expenditures. There can be no assurance that the Company will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

## 18. Capital Management

The Company's capital consists of share capital, share issue costs, contributed surplus, options and warrants. The Company's capital management objectives are to safeguard its ability to continue as a going concern (see Note 2) and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares.

## 19. Related Party Transactions and Balances

### Key Management Compensation

Two shareholders of the Company, one acting in the capacity of President, Chief Executive Officer and Chief Information Officer and the other acting in a capacity of Chief Financial Officer, Chief Operating Officer and Corporate Secretary were compensated for $366,000 and $240,000 in Fiscal year 2017 (2016 - $231,750 and $230,000).

### Notes Receivable

The notes receivable consists of loans to the former shareholders of Maplesoft made prior to the acquisition. These individuals continue in their roles as executives of Maplesoft. These loans are secured by the SEB shares and the performance incentive payments which form part of the consideration for the acquisition of Maplesoft Group Inc. as discussed in Note 5.

### Notes Payable

Included in notes payable is a $49,261 loan from an Executive. The note was due on demand and bears interest at 10% per annum (Note 14).

On December 19, 2014, the Company received an advance of $1,500,000 from a Director of the Company in the form of a short-term note (Note 14). In Q2, 2017 $500,000 of the note was repaid. The Company has recorded interest of $606,514 in notes payable. The note is due on demand and bears interest at 12% per annum.

### Director Fees

Director fees for the Company were accrued in the amount of $198,080 for the year ended November 30, 2017 (2016 - $205,375). As at November 30, 2017, the amount remaining unpaid was $471,455 (2016 - $273,375).

Director/Officer stock-based compensation expense was $142,594 for the year ended November 30, 2017 (2016 - $123,281).

## 20. Commitments and Contingencies

In addition to the debt repayment discussed in Note 17, as at November 30, 2017, the Company had the following premise lease and equipment lease commitments:

| | Premise leases | Equipment leases | Total |
|---|---|---|---|
| Fiscal 2018 | $ 1,975,196 | $ 67,107 | $ 2,042,303 |
| Fiscal 2019 | 1,198,668 | 67,108 | 1,265,776 |
| Fiscal 2020 | 744,165 | 22,330 | 766,495 |
| Fiscal 2021 | 756,308 | - | 756,308 |
| Fiscal 2022 and beyond | 1,964,944 | - | 1,964,944 |
| **Total** | **$ 6,639,281** | **$ 156,546** | **$ 6,795,827** |

## 20. Commitments and Contingencies (continued)

### Software Licencing Agreement

On July 1, 2011, the Company entered into a license agreement ("License") with Bevertec, CST Inc. ("Bevertec") a shareholder of the Company, to acquire from Bevertec the license of a software platform which provides the adjudication of health benefit claims ("Adjudication Software"). The License provides (a) a perpetual, irrevocable, transferable and exclusive right to use the Adjudication Software in Canada; and (b) a perpetual, irrevocable, transferable and non-exclusive right to use the Adjudication Software outside Canada.

The terms of the Licence included an initial payment of $500,000 and a royalty payment calculated as follows: up to $0.5 million based on 1% of the first $50 million of sales revenue; up to $2 million based on 2% the next $100 million in sales revenue; and up to $5 million based on 3% of the next $167 million of sales revenue. As of November 30, 2017, no amounts have been paid. The initial license payment is recorded as software and being amortized over 10 years (Note 7).

### Legal Proceedings

In the ordinary course of operating the Company's business it may from time to time be subject to various claims or possible claims. Management's view that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

## 21. Supplemental Cash Information

Changes in non-cash working capital are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Accounts receivable | $ | (5,772,916) | $ | (1,501,565) |
| Inventory | | 11,983 | | (167,101) |
| Prepaids and deposits | | (862,817) | | 140,143 |
| Accounts payable and accrued liabilities | | 4,823,057 | | 2,165,574 |
| Deferred revenue | | 319,076 | | (137,330) |
| Government remittances and current taxes payable | | (63,446) | | (853,272) |
| **Total** | **$** | **(1,545,063)** | **$** | **(353,551)** |

Cash amounts paid during the year include:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| **Cash paid during the year for:** | | | | |
| Interest paid | $ | 3,091,814 | $ | 2,193,833 |
| Income taxes | | 611,023 | | 667,995 |
| | | | | |
| **Non-cash transactions during the year:** | | | | |
| Common shares issued in private placement and business combination | $ | 228,831 | $ | 1,280,000 |
| Warrants issued in private placement and business combination | | 120,194 | | 297,800 |
| Fair value of debt converted into common shares | | - | | 10,000 |

## 22. Segment Disclosures

The Company organizes its reporting structure into three reportable segments. The reportable segments have been adjusted for significant business acquisitions and different revenue streams. For management purposes, the Company is organized into divisions based on the products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment.

The Company has three reportable segments as follows:

- The Benefits Division provides software solutions, services and products focused on managing group benefit and wellness plans for corporate and government clients.

- The Technology Division provides solutions in the areas of supply chain management, integration and energy, as well as resource provisioning and training. It also supports the Benefits Division's technical infrastructure.

- The Corporate Office does not represent an operating segment and is included for informational purposes only. Corporate office expenses consist of public company costs, office and administrative costs, as well as salaries, share-based compensation and other expenses pertaining to corporate activities.

## 22. Segment Disclosures (continued)

| As at November 30, 2017 | Benefits | Technology | Corporate | Total |
|---|---|---|---|---|
| **Statement of Financial Position** | | | | |
| Current assets | $ 5,547,868 | $ 19,135,666 | $ 2,665,056 | $ 27,348,590 |
| Long term note receivable | - | 3,786,762 | - | 3,786,762 |
| Long term deposits | 25,000 | 65,784 | 93,412 | 184,196 |
| Equipment | 232,166 | 774,805 | 9,090 | 1,016,062 |
| Software | 1,678,257 | 516,875 | - | 2,195,131 |
| Customer relationships | 42,500 | 5,042,345 | - | 5,084,845 |
| Trade names | 75,000 | 3,627,158 | - | 3,702,158 |
| Intellectual property | 27,500 | - | - | 27,500 |
| Goodwill | 901,444 | 14,879,780 | - | 15,781,224 |
| **Total assets** | **$ 8,529,735** | **$ 47,829,176** | **$ 2,767,558** | **$ 59,126,468** |
| Current liabilities | 7,413,174 | 25,552,739 | 9,500,596 | 42,466,509 |
| **Total liabilities** | **$ 7,413,174** | **$ 34,579,597** | **$ 13,645,237** | **$ 55,638,008** |

| For the year ended November 30, 2017 | Benefits | Technology | Corporate | Total |
|---|---|---|---|---|
| **Statement of Comprehensive Loss** | | | | |
| Revenues | $ 9,271,446 | $ 97,011,392 | $ - | $ 106,282,838 |
| Cost of revenues | (710,848) | (78,621,261) | - | (79,332,109) |
| Operating costs | (10,864,795) | (12,228,053) | (1,559,986) | (24,652,834) |
| **Operating income (loss)** | **(2,304,197)** | **6,162,078** | **(1,559,986)** | **2,297,895** |
| | | | | |
| Transition costs | 1,990,354 | - | - | 1,990,354 |
| Interest and financing fees | 518,400 | 2,844,851 | 951,183 | 4,314,434 |
| Transaction costs | 610,881 | 345,858 | 579,144 | 1,535,883 |
| Share-based compensation | - | - | 320,321 | 320,321 |
| Amortization and depreciation | 469,064 | 4,273,065 | 3,364 | 4,745,493 |
| Change in fair value of contingent liabilit | - | (2,102,505) | - | (2,102,505) |
| Accretion of interest | - | - | 230,760 | 230,760 |
| Income tax | - | (235,365) | - | (235,365) |
| **Net comprehensive loss** | **$ (5,892,896)** | **$ 1,036,174** | **$ (3,644,758)** | **$ (8,501,480)** |

*Operating costs in the above table include salary and compensation costs, office and general expenses and professional fees.*

## 22. Segment Disclosures (continued)

| As at November 30, 2016 | Benefits | Technology | Corporate | Total |
|---|---|---|---|---|
| **Statement of Financial Position** | | | | |
| Current assets | $ 270,706 | $ 19,966,710 | $ 782,686 | $ 21,020,103 |
| Long term note receivable | - | 2,806,067 | - | 2,806,067 |
| Long term deposits | - | - | 93,412 | 93,412 |
| Equipment | 20,345 | 768,744 | 9,395 | 798,484 |
| Software | 1,283,677 | 494,858 | - | 1,778,535 |
| Customer relationships | 75,083 | 7,378,299 | - | 7,453,382 |
| Trade names | 132,500 | 5,124,819 | - | 5,257,319 |
| Intellectual property | 80,208 | - | - | 80,208 |
| Goodwill | 733,544 | 14,879,780 | - | 15,613,324 |
| **Total assets** | **$ 2,596,064** | **$ 51,419,278** | **$ 885,494** | **$ 54,900,834** |
| Current liabilities | 1,370,056 | 32,734,127 | 6,751,613 | 40,855,795 |
| **Total liabilities** | **$ 1,370,056** | **$ 38,475,700** | **$ 12,413,271** | **$ 52,259,026** |

| For the year ended November 30, 2016 | Benefits | Technology | Corporate | Total |
|---|---|---|---|---|
| **Statements of Comprehensive Loss** | | | | |
| Revenues | $ 1,420,036 | $ 95,807,740 | $ - | $ 97,227,776 |
| Cost of revenues | (673,701) | (77,645,376) | - | (78,319,077) |
| Operating costs | (2,887,752) | (11,240,866) | (2,699,951) | (16,828,570) |
| **Operating income (loss)** | **(2,141,417)** | **6,921,498** | **(2,699,951)** | **2,080,129** |
| | | | | |
| Interest | 11,940 | 2,075,668 | 640,309 | 2,727,917 |
| Acquisition and financing costs | 168,179 | 1,668,558 | - | 1,836,737 |
| Share-based compensation | - | - | 270,890 | 270,890 |
| Amortization and Depreciation | 299,167 | 4,301,836 | - | 4,601,003 |
| Accretion of interest | - | - | 397,733 | 397,733 |
| Change in fair value of contingent liability | (18,390) | 494,442 | - | 476,052 |
| Income tax | - | (237,850) | - | (237,850) |
| **Loss for the period** | **$ (2,602,313)** | **$ (1,381,156)** | **$ (4,008,882)** | **$ (7,992,353)** |

*Operating costs in the above table include salary and compensation costs, office and general expenses and professional fees.*

## 23. Contingent Consideration Payable

| | | Nov 30, 2016 | Change in valuation | Nov 30, 2017 | Current | Long term |
|---|---|---|---|---|---|---|
| (1) | Inforica acquisition | $ 68,224 | $ 16,804 | $ 85,028 | $ 85,028 | $ - |
| (2) | Adeeva acquisition | 721,094 | (164,278) | 556,816 | 31,267 | 525,549 |
| (3) | Paradigm acquisition | 1,842,407 | (1,701,599) | 140,808 | 140,808 | - |
| (4) | Maplesoft acquisition | 1,045,090 | (253,432) | 791,658 | - | 791,658 |
| | | **$ 3,676,815** | **$ (2,102,505)** | **$ 1,574,310** | **$ 257,103** | **$ 1,317,207** |

| | Nov 30, 2016 | Change in valuation | Nov 30, 2017 |
|---|---|---|---|
| Current portion of contingent consideration payable | 27,475 | 229,628 | 257,103 |
| Long-term portion of contingent consideration payable | 3,649,340 | (2,332,133) | 1,317,207 |
| | **$ 3,676,815** | **$ (2,102,505)** | **$ 1,574,310** |

1) As part of the consideration for the Inforica acquisition the Company is obligated to pay to the preferred shareholders of Inforica a royalty of 3.68% of energy revenue to a maximum aggregate payment of $350,000. The Company paid $81,501 in fiscal year 2017 (2016 – $191,512).

2) As part of the consideration for the Adeeva acquisition the Company is obligated to pay to the former debtholders of Adeeva a royalty of 1% of Adeeva sales and 3% of Adeeva gross margins to a maximum aggregate payment of $1,000,000. In addition to the above, $120,184 has been accrued as of November 30, 2017 (2016 - $96,687). No amounts have been paid as of November 30, 2017.

3) As part of the consideration for the Paradigm acquisition the Company is obligated to pay up to $1,774,179 at the end of year three following closing, subject to meeting cumulative earnings before interest, income taxes, depreciation and amortization ("EBITDA") of $8,870,898 and $591,393 to be paid at the end of year four following closing, subject to meeting a cumulative EBITDA of $11,827,864. At the end of year three, Paradigm had yet to reach its EBITDA target, hence the discounted value of the payment due within the next 12 months has been reduced to $140,808.

4) As part of the consideration for the Maplesoft acquisition the Company agreed to pay to the former shareholders of Maplesoft at the end of five years an amount equal to 15% of the increase in the enterprise value of Maplesoft over that time period. Based on the Fiscal 2017 year-end valuation report provided by an independent valuator, the discounted value of the liability is estimated to be $791,658.

An estimate of the ranges of outcomes for the contingent consideration payable is as follows:

| | Minimum | Maximum |
|---|---|---|
| Inforica acquisition | $ - | $ 85,028 |
| Adeeva acquisition | - | 879,816 |
| Paradigm acquisition | - | 565,000 |
| Maplesoft acquisition | - | 1,500,000 |
| | $ - | **$ 3,029,844** |

## 24. Royalty Advance

On August 28, 2017, the Company entered into an unsecured Royalty Purchase Agreement. As consideration for the payment of a Royalty Advance in the amount of $1,600,000 to the Company by the Purchasers, the Company agreed to pay a royalty payment in the first-year equal to 0.3571% of consolidated revenues of the Company (the "Royalty Rate") during each calendar month, payable in arrears and pro-rated for any partial month. The royalty payments cease at the end of the first year if an amount equal or greater than the Royalty Advance has been repaid. By November 30, 2017, $71,050 towards the royalty payment had been paid. The Agreement included a pre-payment option in increments of 25%.

In addition, the Company will pay a minimum bonus fee of $400,000. If the Royalty Advance is repaid in full on prior the First Anniversary, then fifty percent of the bonus fee is payable throughout the second year (one twelfth each month), and fifty percent of the bonus fee is payable in the third year (one twelfth each month). Based on a discounted probability analysis, the Company has included $477,696 in its accrued liabilities.

If the Royalty Advance is not repaid in full on or prior to the First Anniversary, the then applicable Royalty Rate and the bonus shall each automatically increase by 20% for each 12-month period that the Royalty Advance is outstanding following the First Anniversary.

## 25. Reclassification

The following amounts in the comparative consolidated financial statements have been reclassified to conform to the current presentation:

1) Compensation costs of $1,698,452 included in the cost of revenues have been reclassified to the salaries and other compensation expense line. These amounts reflect administrative costs which are more appropriately grouped with operating expenses.

## 26. Subsequent Events

**Preferred Share Private Placement**

On February 28, 2018 the Company closed a private placement with a major Canadian Investment Fund ("Investor"), pursuant to which the Company received $3,000,000 in gross proceeds. The Company's wholly-owned indirect subsidiary, Paradigm Consulting Group Inc. ("Paradigm"), issued 3,000,000 preferred shares ("Preferred Shares") with at a price of $1.00 each.

The Preferred Shares are entitled to a quarterly 8% cumulative dividend and a bonus equal to 20% of the gain in enterprise value of Paradigm ("Bonus Return"), payable at the maturity date of May 31, 2023 ("Maturity"). The Bonus Return is cancelled, on a pro rata basis, for all Preferred Shares converted into common shares of SEB ("Common Shares") per the conversion terms noted below.

Each Preferred Share (at its issue price) is exchangeable into one Common Share of the Company at $0.45 per Common Share until November 30, 2019 and at $0.50 per Common Share at any time after November 30, 2019 until November 30, 2022. Up to $60,000 of accrued but unpaid dividends may be converted into Common Shares subject to TSX Venture Exchange Approval at the time of such conversion.

The exchange price of the Preferred Shares will be adjusted if SEB issues equity below the exchange price in effect at such time and such dilution exceeds 10% of SEB's current basic share capital of 160,953,149 Common Shares, on the basis of a narrow-based weighted average cost, provided that the adjusted exchange price shall not be less than $0.25 per Common Share.

In certain circumstances, the Preferred Shares may be redeemed in increments of not less than $300,000 if the trading price of SEB's Common Shares closes at higher than $1.00 per Common Share for 30 consecutive days on TSX Venture Exchange.

If the Preferred Shares have not been redeemed by the Company within 90 days after Maturity, the Preferred Shares (including accrued but unpaid dividends and Bonus Return) will convert into a demand secured debenture of the Company ("Debenture") with an interest rate of 15% per annum. In certain circumstances prior to Maturity (including failure to pay dividends for two consecutive quarters, failure to pay the Bonus Return, failure to issue the Common Shares on exchange or a material uncured default by the Company under any agreement for the borrowing of money), the face value of the Preferred Shares (including accrued but unpaid dividends and Bonus Return) will convert into the Debenture except with an interest rate of 18% per annum.

The Investor will be entitled to have one individual appointed to the board of directors of Paradigm.

Proceeds of the Private Placement were used to reduce debt and for working capital purposes.