SMART EMPLOYEE BENEFITS INC

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Management Discussion and Analysis

For the year ended November 30, 2015

Contents

Management Discussion and Analysis of Financial Statements

This Management Discussion and Analysis ("MD&A") of Smart Employee Benefits Inc. (the "Company" or "SEB") covers the annual consolidated financial statements and events during and subsequent to the year ended November 30, 2015 up to the date of this report April 5, 2016. This MD&A should be read in conjunction with the annual audited consolidated financial statements and the accompanying notes for the years ended November 30, 2015 and 2014. All financial information is prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars unless otherwise indicated.

The Company is a reporting issuer in Ontario, Alberta and British Columbia, and is listed on the TSX-V under the symbol "SEB". SEB documents and securities filings can be viewed on the SEDAR website (www.sedar.com) and additional information on the Company can be obtained via the Company's website at www.SEB-inc.com

Forward Looking Statements, Risks and Uncertainties

Certain statements in this MD&A may constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of SEB, or the industry, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Forward-looking statements include, but are not limited to, statements made under the headings "Company Overview" and "Risks and Uncertainties" and other statements concerning the Company's 2016 objectives, strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe", "plan" or other similar terminology. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties.

The risks and uncertainties include: the ability to achieve profitability and manage growth; reliance on and retention of competent staff; competition; performance obligations and client satisfaction; general state of the economy; possible acquisitions; possible future litigation; insurance limits; legislative and regulatory changes; revenue and cash flow volatility; operating risks; protection of intellectual property; valuation mandates; and restrictions on growth. Refer to the detailed discussion of Risk Factors included in this document. Given these risks and others described elsewhere in this document, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A, and, except in compliance with applicable law, SEB assumes no obligations to update or revise them to reflect new events or circumstances. Additionally, SEB undertakes no obligation to comment on analysis, expectations or statements made by third parties in respect of SEB, its financial or operating results, or its securities.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. These measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from Management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Management uses non-IFRS measures such as EBITDA, and Adjusted EBITDA (which are defined under the Definitions section of this report) to provide investors with a supplemental measure of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, and to assess its ability to meet future debt service, capital expenditures, and working capital requirements.

Company Overview

SEB is a technology company which builds, implements and manages fully-integrated data processing solutions. The Company offers game changing technology based solutions across multiple industry sectors including government, health care, financial services, resource/energy and industrial/commercial.

SEB's strategic vision is to become a major force in the processing and administration of health care benefit transactions for privately and publicly funded plans. The Canadian target market has two segments: Employee Group Benefits, in which annual spend is approximately $35.0 billion, and Government Funded Benefits (federal and provincial), where $25.0 billion is spent annually.

Smart Employee Benefits Inc.'s global infrastructure is comprised of a corporate office and two operating divisions: Technology and Benefits. The Technology Division currently serves corporate and government clients across Canada and internationally. It also extends its infrastructure, expertise and services to the Benefits Division which delivers Software as a Service ("SaaS") and Business Process Outsourcing ("BPO") solutions to both corporate and government funded health benefit environments. The Technology Division is a critical competitive advantage in supporting the implementation and operation of SEB's benefits processing solutions. The combination of the two operating divisions allows SEB to provide end-to-end total processing solutions, all managed in one technology environment.

SEB's core benefits technology solutions automate health benefits processing. It ties the administration and processing of all benefit types into one environment and integrates seamlessly with all legacy client systems to allow real-time, self-serve access of data. These modular solutions can either operate as an integrated environment or on a standalone basis.

SEB's solutions and expertise fall into six categories:

1. Health Benefits Administration and Claims Processing – Modular, fully integrated, end- to-end Administration/Adjudication/Payments/Billing/Reporting software platform provided on a SaaS or BPO model. SEB issues its own benefit cards.

2. Health & Wellness Integrated Platform – The platform focus is on education and prevention. Modules include Content Library, Personal Health Assessment, Education Modules, over 80 applications for managing health initiatives, Personalized report card and action initiative, integrated reward platform, integrated organization health assessments, prevention/intervention programs, real time reports, personal health records, etc.

3. Disability Management Platform – The platform automates the management of disability cases. Modules include Benefits & Disability Portal, Absence Management, Audit Workflow, and Case Management. The modules are implemented within a best practices environment.

4. Predictive Analytics and Fraud – Analysis of historical big data using algorithms facilitate the creation of fraud identification rules which are incorporated in real-time adjudication environments and may assist in pricing.

5. Enterprise Service Bus ("ESB") – Business Process Data Management Module for tying legacy data systems to new technology solutions, automating access to historic data.

6. Technology Infrastructure and Expertise – Extensive data management expertise including data centers, PCI certified security, systems integration, business intelligence, software development, CRM, BizTalk, PeopleSoft, BPO, ITIL, Professional Services, Hosting, Project Management, etc. This infrastructure and expertise make everything work as an integrated solution.

Accomplished Milestones

Since inception, SEB has enhanced its proprietary health benefit claims adjudication and administration software and acquired successful companies which support SEB's processing technology and/or provide sales channels through existing vendor relationships, project references and complementary health services. The following is a timeline of accomplished milestones:

- 2011—Purchased the most advanced health claims adjudication technology available, and began enhancing the adjudication component and developing the administration segment.
- 2012—Through a reverse takeover, became listed on the Toronto Venture Exchange enabling access to broader finance.
- 2013—Acquired Logitek Technology Ltd.("Logitek"), Somos Consulting Group Ltd. ("SOMOS"), and 50% of Inforica Inc. ("Inforica"), technology companies which provide the Benefits Division with both the necessary infrastructure, and sales channels.
- 2014—Acquired technology companies APS-Antian Professional Services Inc. ("Antian") and Stroma Service Consulting Inc. ("Stroma") and health companies Adeeva Nutritionals Canada Inc. ("Adeeva"), 75% of Meschino Health and Wellness Corporation ("Meschino") and 50% of Banyan Work Health Solutions Inc. ("Banyan").
- 2015—Acquired 50% of health consulting company SEB Benefits and HR Consulting Inc. ("SEBCON"); through Banyan, acquired 50% of Polon Analytics Inc.; sold the non-core Electronic Data Interchange ("EDI") business of Logitek; acquired technology company Paradigm Consulting Group Inc. ("Paradigm") and signed a Letter of Agreement to acquire Maplesoft Consulting Group Inc. ("Maplesoft") which closed subsequent to fiscal year end.

Future Growth

SEB intends to acquire additional client relationships and vendor status to support a complementary organic growth environment with both employers and government. Targeted acquisitions are expected to bring synergistic opportunities for cross selling, in addition to references necessary for successful responses to Requests for Proposals ("RFPs").

- In the Benefits Division, acquisitions target third party administrators, as well as broker and consultant organizations that provide solutions and services to employers. The objective is to secure the client relationships and transition many of the front and back-office business processes to the SEB technology platform over time.
- In the Technology Division, SEB will consider companies which have established vendor relationships, security clearances and project references that are required to bid on government health contracts, in addition to technology providers with operations and/or products which are strategically supportive of or complementary to Health Benefits processing/operations.

Acquisitions and investments in associate companies are made with the goal of obtaining positive cash flows which are expected to contribute to the operating results of the Company, partially based on restructurings and other initiatives Management has executed. The Company continues to acquire companies which it believes will enhance the earnings capability of the Company. However, there are no assurances that Management will be successful in achieving this goal.

Currently, the Company is engaged in raising debt financing with the intent of using the funds to retire debt assumed as a result of the acquisition of Maplesoft in December, 2015 (see Notes 17 and 24 of the consolidated financial statements), consolidate remaining debt and provide an acquisition facility for future expansion. Management of the Company has to date been successful in raising capital through equity and debt offerings. However, there is no assurance that the Company will continue to be successful in the future.

Company Developments During and Subsequent to fiscal year ended November 30, 2015

Financial Discussion

Select Financial Highlights for the quarters and years ended November 30, 2015 and 2014

	Three months ended November 30			*Fiscal Year ended November 30*		
	2015	*2014*	*Change*	*2015*	*2014*	*Change*
Revenue	**$ 13,844,199**	**$ 4,260,462**	**$ 9,583,737**	**$ 50,347,299**	**$ 20,022,220**	**$ 30,325,079**
Cost of revenues	10,245,072	3,297,053	(6,948,019)	37,713,677	15,743,422	(21,970,255)
Gross Margin	**3,599,127**	**963,409**	**2,635,718**	**12,633,622**	**4,278,798**	**8,354,824**
	26%	23%		25%	21%	
Adjusted EBITDA	**(1,159,957)**	**(2,275,696)**	**1,115,739**	**(536,744)**	**(4,745,452)**	**4,208,708**
Gain on sale of a portion of business	24,837	-	24,837	1,124,837	-	1,124,837
Transaction costs	180,000	-	(180,000)	1,010,127	-	(1,010,127)
Write down of intangibles	551,516	-	(551,516)	551,516	-	(551,516)
EBITDA	**(1,866,636)**	**(2,275,696)**	**409,060**	**(973,550)**	**(4,745,452)**	**3,771,902**
Net Income	**(2,898,661)**	**(3,133,091)**	**234,430**	**(5,753,902)**	**(7,089,198)**	**1,335,296**

Since its inception in 2011, Smart Employee Benefits has pursued an acquisition based strategy which has led to dynamic growth. During 2015, the Company had four transactions acquiring an interest in other companies, the most notable being the acquisition of Paradigm in Western Canada. The consolidation of 11 months of Paradigm's operating results (since its closing on December 31, 2014) has added over $22 million to SEB's revenues. In addition to organic growth of the subsidiaries, 2016 revenues will also reflect twelve months of Maplesoft which was acquired in December, 2015.

The Company noted in a news release dated January 20, 2016 that it expected to have a trailing Proforma revenue of $102.9m. This was based on the assumptions that SEB would report approximately $50m for 2015 without Maplesoft and with Paradigm reporting 11 months. If the extra month for Paradigm was added, and Maplesoft's revenues were consolidated, the total would be approximately $103m, hence the Proforma descriptor applied to the number. Due to a change in accounting for Banyan in fiscal 2016, Banyan's revenues will no longer be consolidated with the financial statements of SEB. SEB will reflect 50% of Banyan's results under the "Equity income from associate investments" line on the Consolidated Statements of Comprehensive Income (Loss), thereby reducing the originally projected amount for revenues.

Gross margin for fiscal 2015 was 25% of revenues, an increase of 4% from the prior year. The margin increase can be attributable to four things:

- The consolidation of Paradigm. Paradigm, a professional services company, uses an employee model unlike SOMOS which utilizes a contractor model. Employee models tend to generate a higher gross margin as long as employees are fully billable and have little downtime;
- The consolidation of Banyan. Banyan currently provides consulting services in Australia which are contributing to higher margins then typically experienced in Banyan's core business of managing disability cases;
- Contract re-pricing with existing clients at Logitek; and
- The impact of streamlining operations.

Adjusted EBITDA, representing on-going operation results, improved by $4,208,708 year over year and $1,115,739 fourth quarter over fourth quarter prior year. This significant increase was a result of acquiring both Paradigm and Banyan, both profitable entities.

The sale of Logitek's EDI business added $1,124,837 to the EBITDA of the Company, which was offset by the one-time transaction costs associated with the Paradigm acquisition and financing and the write-down of intangibles and goodwill in SOMOS.

For the year ending November 30, 2015, the Company recorded a net loss of $5,753,902, an improvement of $1,335,296 over fiscal 2014. In Q4, 2015, Net Loss improved by $234,430 over Q4, 2014.

Quarterly Consolidated Statements of Comprehensive Income (Loss) for the fiscal years ended November 30, 2015 and 2014

	Quarters							
	Sep 1, 2015 to Nov 30, 2015	*June 1, 2015 to August 31, 2015*	*Mar 1, 2015 to May 31, 2015*	*Dec 1, 2014 to Feb 28, 2015*	*Sep 1, 2014 to Nov 30, 2014*	*Jun 1, 2014 to Aug 31, 2014*	*Mar 1, 2014 to May 31, 2014*	*Dec 1, 2013 to Feb 28, 2014*
Revenue	**$ 13,844,199**	**$ 11,878,990**	**$ 13,342,530**	**$ 11,281,580**	**$ 4,260,462**	**$ 5,749,929**	**$ 5,754,539**	**$ 4,257,290**
Cost of revenues								
Compensation	10,035,311	7,369,965	8,838,234	7,342,872	2,228,583	4,290,056	3,826,131	3,356,047
Other	209,761	1,340,516	1,358,423	1,218,595	1,068,470	297,888	615,140	61,107
	10,245,072	8,710,481	10,196,657	8,561,467	3,297,053	4,587,944	4,441,271	3,417,154
Gross Margin	**3,599,127**	**3,168,509**	**3,145,873**	**2,720,113**	**963,409**	**1,161,985**	**1,313,268**	**840,136**
	26%	27%	24%	24%	23%	20%	23%	20%
Salaries and other compensation costs	1,837,343	1,586,263	1,063,830	1,271,697	1,690,343	1,229,655	1,108,346	844,577
Share-based compensation	136,582	5,637	373,603	157,837	593,892	106,071	275,080	-
Professional fees	986,313	421,658	416,731	118,078	242,802	129,160	128,182	175,595
Office and general	1,752,465	1,131,625	1,054,089	810,234	740,260	814,458	509,484	464,537
Change in fair value of contingent liability	46,381	-	-	-	-	-	-	-
Equity income from associate investments	-	-	-	-	(28,192)	-	-	-
Adjusted EBITDA:	**(1,159,957)**	**23,326**	**237,620**	**362,267**	**(2,275,696)**	**(1,117,359)**	**(707,824)**	**(644,573)**
Gain on sale of portion of business	24,837	-	(100,000)	1,200,000	-	-	-	-
Transaction costs	180,000	-	830,127	-	-	-	-	-
Write-down of intangibles	551,516	-	-	-	-	-	-	-
EBITDA:	**(1,866,636)**	**23,326**	**(692,507)**	**1,562,267**	**(2,275,696)**	**(1,117,359)**	**(707,824)**	**(644,573)**
Interest	293,248	295,741	330,458	125,124	126,465	153,532	161,739	105,079
Accretion of interest	180,572	189,504	187,892	194,512	446,382	134,214	122,960	90,431
Provision for (recovery of) income tax	(153,913)	98,000	(71,485)	69,378	(257,930)	-	-	-
Depreciation	53,269	103,732	65,714	35,008	150,807	24,188	28,231	25,228
Amortization	658,849	716,647	724,802	683,300	391,671	249,287	194,378	197,084
Net Income (Loss)	**$ (2,898,661)**	**$ (1,380,298)**	**$ (1,929,888)**	**$ 454,945**	**$ (3,133,091)**	**$ (1,678,580)**	**$ (1,215,132)**	**$ (1,062,395)**
Attributed to non-controlling interest	**$ 97,740**	**$ 34,034**	**$ 170,498**	**$ 52,486**	**$ (286,835)**	**$ 7,093**	**$ (32,115)**	**$ 30,555**
Attributed to common shareholders	**$ (2,996,401)**	**$ (1,414,332)**	**$ (2,100,386)**	**$ 402,459**	**$ (2,846,256)**	**$ (1,685,673)**	**$ (1,183,017)**	**$ (1,092,950)**

Revenue
Revenue for the year ended November 30, 2015 was $50,347,299 compared to prior year's revenue of $20,022,220. The increase of $30,325,079 was primarily attributable to the acquisition of Paradigm ($22,019,327) and the change of control of Banyan which allowed for consolidation ($7,767,605). These additions were complemented by organic growth in the other companies, less the reduction of the revenue previously generated by EDI business which was sold in December, 2014.

On a quarterly basis, revenues increased from Q3 by $1,965,209. The rebound from reduced revenues during the summer months is typical of seasonal fluctuations in the professional service industry where both the revenues from Paradigm and SOMOS are derived. Revenues increased $9,583,737 from the same quarter last year due to the inclusion of Paradigm and Banyan.

Cost of revenues
Compensation
The Compensation portion included in "Cost of revenues" reflects contractor/employee costs in Paradigm, SOMOS, Logitek, Banyan and Inforica. During fiscal 2015, compensation costs increased by $19,885,565 primarily due to the inclusion of Paradigm's compensation ($18,167,459) and Banyan's compensation ($2,338,430).

These costs increased by $7,806,723 from the comparable quarter in the prior year. As with the full fiscal year, the increase reflects the impact of consolidating Paradigm ($5,288,359) and Banyan ($121,702).

Other
"Other" under this classification represents expenses directly incurred to earn the revenue stream. This includes sales commissions and cost of inventory. The increase of $2,084,690 over previous year is consistent with the consolidation of Banyan which incurred $3,413,442 in this category. The increase in "Other" costs as a result of Banyan were partially reduced by the reduction recorded in Logitek as a result of the EDI business sale.

Salaries and other compensation costs
During the year, salaries expense increased by $886,212. In addition to the above noted acquisitions, changes in salary expense were attributable to additional base resources added to meet the growing needs and complexity of the organization, e.g. the addition of an investor relations resource. These costs were offset by the impact of operational streamlining which took place in SOMOS during Q4, 2015.

The Company continues to enhance its Health Care Systems ("HCS"), specifically the claims adjudication software and administration modules. The ongoing development work performed on the adjudication software is performed by SEB employees. The amount of HCS development work expensed in the year was comparable to last year's expense of $668,391.

Share based compensation
Options are a non-cash incentive used by the Company to retain key employees. When issued, the options are assigned a cost using a Black-Scholes calculation. The Company uses a "graded vesting" system to allocate the cost to fiscal periods. Therefore the expense for the period does not rise and fall according to options issued during that period. In fiscal 2015, share based compensation was $673,659, $301,384 less than the previous fiscal year.

Professional fees
During the year, professional fees increased by $1,267,041 (excluding fees paid to professionals categorized as transaction costs). This increase reflects the additional legal costs associated with the increase volume and complexity of acquisitions, as well as the added costs of audit and review to meet the requirements of both the TSX-V and the financing agreements.

Office and general
Office and general costs increased by $2,219,674 over fiscal year 2014. Of this, $1,916,362 was as a result of the newly consolidated entities – Paradigm ($1,170,520) and Banyan ($745,842).

Change in fair value of contingent liability
Contingent consideration liabilities are discounted payables to vendors of acquired companies related to future performance. SEB has recorded contingent consideration liabilities for Adeeva, Inforica, Paradigm and Banyan. A change in the fair value of contingent liabilities of $46,381 was recorded as a result of a change in the discount factor.

Equity income from associate investments
During fiscal 2014, SEB accounted for the Company's share of Banyan earnings using the equity method of accounting. Due to a change in circumstance in fiscal 2015, Banyan was accounted for using the consolidation method. A more detailed discussion of the change in accounting for Banyan can be found in the Operation discussion.

Gain on sale of a portion of business
The EDI business required a substantial capital investment, but was a non-core asset, so in December, 2014, Logitek sold it to Di Central for $2,150,000, and formed a strategic partnership with the buyer. The sale proceeds were offset against a portion of intangibles from the original Logitek acquisition.

Transaction costs
Transaction costs are legal, financing and other professional fees associated with SEB's acquisitions and financings. In fiscal 2015, SEB expensed $1,010,127 of these costs primarily related to the acquisition of Paradigm, and associated acquisition financing.

Write-down of intangibles
As part of the annual audit, the Company engages an external valuator to assess the carrying value of acquired subsidiaries. This value is compared to the carrying value of intangibles for each company. As a result of this assessment at the end of fiscal year 2015, the intangible assets of SOMOS (i.e. goodwill, and customer relationships) were reduced by $551,516.

Interest
The Company incurred $497,756 more in interest charges during fiscal year 2015, than fiscal year 2014. Of this, the largest piece pertains to the acquisition of Paradigm.

Accretion of interest
Interest accretion is associated with convertible debt. While convertible debt increased during the year, accreted interest decreased by $41,507. This can be partly attributed to the conversion of $479,000 of debt during fiscal year 2015.

Depreciation
Depreciation only increased by $29,269 in fiscal 2015, due to the acquisitions of Paradigm and Banyan, neither of which is a capital intensive company.

Amortization
Amortization expense relates to the systematic write off of intangibles which were recorded on the acquisition of entities. In fiscal year 2015, $2,783,598 was expensed as compared to $1,032,420 in the previous fiscal year. The increase is as a result of the amortization of newly acquired intangibles associated with the acquisition of Paradigm and Banyan. Details can be found on notes 6-8 of the annual consolidated financial statements.

Quarterly Consolidated Statements of Financial Position for the fiscal years ended November 30, 2015 and 2014

	Nov 30, 2015	***Aug 31, 2015***	***May 31, 2015***	***Feb 28, 2015***	***Nov 30, 2014***	***Aug 31, 2014***	***May 31, 2014***	***Feb 28, 2014***
Cash and cash equivalents	$ 2,848,363	$ 2,576,672	$ 2,866,208	$ 3,232,971	$ 403,096	$ 180,862	$ 1,737,535	$ 707,687
Accounts receivable	10,682,647	9,032,444	9,755,162	10,721,191	5,092,777	5,373,033	3,820,419	3,405,557
Funds in lawyer's trust account	-	-	-	1,500,000	-	-	-	-
Inventory	80,716	83,998	55,244	65,015	95,825	118,928	108,862	-
Prepaids and deposits	557,967	690,996	936,418	755,140	464,910	705,378	664,472	79,511
Total Current Assets	**14,169,693**	**12,384,110**	**13,613,032**	**16,274,317**	**6,056,608**	**6,378,201**	**6,331,288**	**4,192,755**
Advances to acquisition target	1,125,671	-	-	-	-	-	-	-
Long term deposits	194,148	275,352	275,352	275,352	275,352	158,474	-	-
Associate investments	-	-	-	68,477	3,300,892	-	-	-
Equipment	842,090	859,381	945,548	1,005,373	623,489	837,646	653,356	550,654
Software	2,567,836	2,703,725	3,479,092	3,096,784	1,990,169	2,731,939	2,821,971	2,862,007
Intellectual property	76,083	84,333	87,083	89,833	92,583	250,000	250,000	-
Customer relationships	6,588,514	6,924,393	7,366,698	6,325,670	2,013,808	1,433,659	1,026,964	1,029,017
Trade names	2,285,619	3,142,834	3,351,234	5,598,636	1,235,369	1,225,100	961,000	662,900
Goodwill	8,975,319	11,236,313	7,936,313	6,722,860	3,283,157	1,980,489	1,612,190	1,325,310
Total Assets	**$ 36,824,972**	**$ 37,610,441**	**$ 37,054,352**	**$ 39,457,302**	**$ 18,871,427**	**$ 14,995,508**	**$ 13,656,769**	**$ 10,622,643**
Bank loan	$ 4,425,997	$ 3,761,694	$ 4,853,464	$ 1,391,300	$ 1,482,208	$ 1,555,784	$ 878,193	$ 722,836
Accounts payable and accrued liabilities	7,503,538	5,366,678	5,722,692	6,098,616	4,504,779	2,893,603	2,912,639	2,023,736
Current portion of term bank loan	3,412,500	1,050,000	-	-	-	-	-	-
Deferred revenue	572,564	454,127	443,885	553,654	721,520	933,237	729,671	243,495
Current portion of equipment leases payable	6,562	8,749	11,851	23,205	35,260	77,205	67,152	67,830
Current portion of equipment loans payable	15,625	18,750	21,875	25,843	32,625	38,000	43,375	56,583
Current portion of convertible debt	4,097,198	3,719,884	4,095,333	1,737,388	678,928	-	-	-
Current portion of contingent consideration payable	120,874	90,000	90,000	90,000	93,962	-	-	-
Government remittances and current taxes payable	1,123,297	678,087	889,159	1,023,563	775,091	755,087	765,655	752,660
Short-term notes	1,650,729	2,113,229	2,075,729	9,270,211	7,099	677,769	5,100	135,537
Total Current Liabilities	**22,928,884**	**17,261,198**	**18,203,988**	**20,213,780**	**8,331,472**	**6,930,685**	**5,401,785**	**4,002,677**
Term bank loan	-	2,625,000	2,887,500	-	-	-	-	-
Equipment leases payable	-	-	2,187	4,375	8,998	48,362	14,038	38,273
Contingent consideration payable	2,374,819	2,224,226	2,195,082	3,158,618	1,137,555	248,613	248,613	-
Convertible debt	1,316,920	1,514,700	1,031,200	3,309,132	4,009,624	4,457,270	4,151,397	3,868,038
Deferred income taxes	2,128,530	3,365,027	724,506	836,003	865,027	571,214	571,214	571,214
Preferred shares	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Total Long Term Liabilities	**6,170,269**	**10,078,953**	**7,190,475**	**7,658,128**	**6,371,204**	**5,675,459**	**5,335,262**	**4,827,525**
Share capital	21,935,275	20,005,568	19,870,506	19,997,823	15,093,131	11,085,786	10,454,437	8,538,149
Share issue costs	(835,519)	(612,979)	(612,979)	(612,979)	(612,978)	(504,580)	(504,580)	(504,580)
Contributed surplus	2,168,909	1,308,502	1,308,502	1,308,502	926,216	1,011,348	930,546	779,501
Warrants	3,590,780	3,996,188	3,996,188	3,996,188	3,693,108	3,029,971	2,699,971	2,699,971
Options	1,700,743	1,792,299	1,786,662	1,413,059	1,255,222	692,548	586,477	311,397
Deficit	(21,608,641)	(18,612,240)	(17,047,908)	(15,097,522)	(15,499,981)	(12,653,725)	(10,968,052)	(9,785,035)
Total Shareholders' Equity	**6,951,547**	**7,877,338**	**9,300,971**	**11,005,071**	**4,854,718**	**2,661,348**	**3,198,799**	**2,039,403**
Non-controlling interest in subsidiaries	**774,271**	**2,392,952**	**2,358,918**	**580,323**	**(685,967)**	**(271,984)**	**(279,077)**	**(246,962)**
Total Liabilities and Shareholders' Equity	**$ 36,824,971**	**$ 37,610,441**	**$ 37,054,352**	**$ 39,457,302**	**$ 18,871,427**	**$ 14,995,508**	**$ 13,656,769**	**$ 10,622,643**

Cash and cash equivalents
The increase in cash of $2,445,267 over prior year can be attributed to both the acquisition of Paradigm on December 31, 2014 ($1,721,327) and the consolidation of Banyan's financial position ($971,192). A more detailed discussion of cash flow can be found later in this report.

Accounts receivable
The accounts receivable balance at November 30, 2015 was $10,682,647, an increase of $5,589,870 since November 30, 2014. The inclusion of Paradigm's receivables of $4,181,228 and Banyan's receivables of $804,577 accounts for only a portion of this increase, the remainder is due to organic growth. Due to the nature of SEB's typical client (i.e. government or large corporation), less than 2% of the balance is over 90 days. A provision for uncollectible accounts has been put in place for any amounts in dispute or where collectability is questionable.

Inventory
Adeeva, a nutritional supplements supplier, is the only SEB company which has inventory. During the year, inventory decreased by $15,109 due to an interruption in supply of both nutritional supplements and hyaluronic acid. New supplier arrangements are now in place, and inventory levels are expected to increase.

Prepaids and deposits
During fiscal 2015, prepaids and deposits increased by $93,057. Of this, $72,631 can be attributable to the acquisition of Paradigm and the consolidation of Banyan.

Advances to acquisition target
Subsequent to year end, on December 3, 2015, SEB completed the Maplesoft acquisition. Part of the purchase agreement was an injection of working capital in the amount of $1,500,000 (supported by the common and preferred shares of Maplesoft), and a $2,000,000 advance to Maplesoft shareholders (secured against SEB shares). At November 30, 2015, both a $1,000,000 capital injection and $125,000 shareholder advance had been made.

Long term deposits
The long term deposit reflects the deposit for the corporate premises in Mississauga, Ontario where the Company relocated to in Q3, 2014. In accordance with the tenancy agreement, a portion of the rent payable in Q4, 2015 was deducted from the deposit, hence the reduction of $81,204 from the previous quarter.

Associate investments
The amount of $3,300,892 on November 30, 2014 represents the Company's 50% equity investment in the Banyan Group which had been acquired on November 3, 2014. The amount was broken down between initial consideration of $2,894,200, contingency performance liability of $378,500 and the current year's equity pick up of $28,192. At the beginning of fiscal 2015, SEB was granted the right to nominate an additional Board Director which under IRFS established control of the organization requiring consolidation of the results. In fiscal 2016, SEB no longer has the right to nominate an additional Board Director, and Banyan will be accounted for using the equity method of accounting.

Equipment
Equipment is comprised of the depreciated value of furniture, computer hardware and computer hardware under capital lease. The November 30, 2015 balance increased by $218,601 from November 30, 2014 as a result of the inclusion of equipment of both Paradigm ($131,912) and Banyan ($227,170) offset by the depreciation expense of all the entities.

Intangible assets
Prior to November 30, 2015 the Company acquired control of nine companies (Logitek, SOMOS, Inforica, Antian, Adeeva, Stroma, Banyan, Paradigm and SEBCON). The difference between the purchase price of these companies and the tangible assets has been attributed to intangible assets such as software, intellectual property, customer relationships, trade names and goodwill. A valuator was contracted to allocate the value of intangible assets for Banyan and Paradigm and test for impairment in the value of other organizations. The purchase price allocations have been updated for both companies, and as a result of the impairment testing, SOMOS's customer relationships and goodwill were reduced.

Bank loan
During the second quarter of fiscal 2015, the Company obtained new credit facilities on behalf of Paradigm Consulting Group and replaced the existing credit arrangement of SOMOS, Logitek and Stroma. The balance of $7,838,497 ($1,482,208 at November 30, 2014) partially reflects both the operating lines and the term loan associated with the financing of the acquisition of Paradigm. The Company has calculated that it is in default with regard to the current ratio covenant of the SOMOS facility as at November 30, 2015. As at the date of issue of the MD&A, the Company has not obtained a waiver of the default. The Company has calculated that it may also be in default with regard to the Debt to Equity covenant of the Paradigm facility. As a precaution the Company has re-classified the non-current portion of the Paradigm term loan to the current portion of the term loan.

Accounts payable and accrued liabilities
Accounts payable and accrued liabilities at November 30, 2015 increased over the prior year by $2,998,759. Of this amount, $3,447,647 arises from the consolidation of companies acquired over the past 12 months.

Deferred revenue
Deferred revenue is the amount of licensing fees and consulting service revenue paid in advance of services being rendered. This amount decreased by $148,956 over the prior year due to Logitek's renegotiation of supplier terms which increased the overall revenue stream, but decreased the upfront payment.

Equipment leases and loans
Both equipment leases and loans have decreased over prior year reflecting the impact of monthly repayments. No new equipment leases or loans were entered into.

Convertible debt
The net increase in convertible debt for the year of $725,566 reflects $1,106,390 convertible notes issued on the acquisition of Paradigm, offset by conversions, and repayments.

Government remittances and current taxes payable
The liability for government remittances increased over prior year by $348,206. The increase stems from the tax liability associated with the EDI business sale, offset by scheduled repayments of previously outstanding amounts.

Short-term notes
During fiscal 2015, short term notes increased by $1,643,630, primarily from a note issued to the Chairman of the Board for temporary financing. The note is described in further detail in note 14 of the annual consolidated financial statements.

Contingent consideration payable
Contingent consideration payable is discounted liabilities to vendors of acquired companies related to future performance. SEB has recorded contingent consideration liabilities for Adeeva, Inforica, Paradigm

and Banyan. Total contingent liabilities increased from November 30, 2014 by $1,264,176 primarily as a result of the consideration given to former Paradigm shareholders. A change in the fair value of contingent liabilities of $46,381 was recorded on the Statement of Comprehensive Loss as a result of a change in the discount factor.

Deferred income taxes

Deferred income taxes arises from the timing difference of intangibles amortized for accounting purposes versus for tax. This non-cash long term liability was adjusted in the year to reflect the valuations of both Paradigm and Banyan, and the sale of Logitek's EDI business.

Quarterly Consolidated Statements of Cash flows for the fiscal years ended November 30, 2015 and 2014

	Quarters							
	Sep 1, 2015 to Nov 30, 2015	***Jun 1, 2015 to Aug 31, 2015***	***Mar 1, 2015 to May 31, 2015***	***Dec 1, 2014 to Feb 28, 2015***	***Sep 1, 2014 to Nov 30, 2014***	***Jun 1, 2014 to Aug 31, 2014***	***Mar 1, 2014 to May 31, 2014***	***Dec 1, 2013 to Feb 28, 2014***
Net loss:	**$ (2,898,660)**	**$ (1,380,299)**	**$ (1,929,888)**	**$ 454,945**	**$ (3,127,558)**	**$ (1,685,673)**	**$ (1,183,017)**	**$ (1,092,950)**
Add items not involving cash:								
Income tax recovery	(58,020)	-	-	-	(257,930)	-	-	-
Amortization of intangible assets	658,849	716,647	724,772	683,330	391,672	249,287	194,378	197,084
Depreciation of equipment	53,270	103,731	65,714	35,008	150,807	24,188	28,231	25,228
Accretion of interest	178,958	191,118	187,892	194,512	441,873	138,722	122,960	90,431
Accrued interest	143,630	-	-	-	-	-	-	-
Write-down of intangibles	551,516	-	-	-	-	-	-	-
Gain on sale of business	75,163	-	-	(1,200,000)	-	-	-	-
Share-based compensation	136,582	5,637	373,603	157,837	593,892	106,071	275,080	-
Change in contingent liability	92,626	-	-	-	-	-	-	-
Equity income from associate investments	-	-	-	-	(28,192)	-	-	-
Non-cash working capital	797,279	545,597	327,440	(2,351,069)	1,239,912	(725,191)	233,835	(387,626)
Cash flows from (used in) operating activities	**(268,807)**	**182,431**	**(250,467)**	**(2,025,437)**	**(595,524)**	**(1,892,596)**	**(328,533)**	**(1,167,833)**
Cash flows from investing activities								
Proceeds from sale of business	-	100,000	-	1,750,000	-	-	-	-
Advances to acquisition target	(1,125,671)	-	-	-	-	-	-	-
Purchase of software	(240,326)	(200,391)	(430,014)	(68,782)	(141,702)	-	-	-
Acquisition of Antian	-	-	-	-	(357,701)	-	-	-
Acquisition of Stroma	-	-	-	-	(650,000)	-	-	-
Acquisition of Banyan	-	-	-	-	(1,575,000)	-	-	-
Acquisition of Paradigm	-	-	(7,974,270)	-	-	-	-	-
Net cash on acquisition of Inforica	-	-	-	-	(16,864)	-	-	29,064
Net cash on acquisition of Adeeva	-	-	-	-	-	-	6,209	-
Net cash on acquisition of Antian	-	-	-	-	357,701	-	98,458	-
Net cash on acquisition of Stroma	-	-	-	-	302,453	(650,000)	-	-
Net cash on investment in Banyan	-	-	-	848,559	-	-	-	-
Net cash on acquisition of Paradigm	-	-	-	1,159,848	-	-	-	-
Purchase of equipment	(32,441)	-	(6,014)	(5,626)	58,686	(137,283)	(81,826)	(26,625)
Dividend paid by Banyan	(200,000)	(150,000)	-	-	-	-	-	-
Cash flows from (used in) investing activities	**(1,598,438)**	**(250,391)**	**(8,410,298)**	**3,683,999**	**(2,022,427)**	**(787,283)**	**22,841**	**2,439**
Cash flows from financing activities								
Proceeds from equity financings	2,400,000	-	-	-	3,000,000	-	-	-
Issue costs on equity financings	(120,000)	-	-	-	(55,858)	-	-	-
Proceeds from exercised warrants	-	-	-	1,262,725	150	59,750	1,368,850	254,800
Proceeds from exercised options	67,999	135,063	1,313	56,000	26,375	9,100	22,438	4,725
Advances from shareholders	-	-	-	-	163,923	-	(155,437)	(8,486)
Repayment of equipment loans	(3,125)	(3,125)	(3,968)	(6,782)	(5,375)	(5,375)	(13,208)	(17,125)
Repayment of equipment leases	(2,187)	(5,289)	(13,542)	(16,678)	(81,310)	44,377	(24,913)	(27,101)
Proceeds/repayment of short term notes	(606,130)	37,500	2,068,630	-	(653,153)	672,699	(17,547)	-
Proceeds/repayment of bank revolver	664,303	(41,770)	2,412,164	(90,908)	493,137	330,044	155,357	(343,149)
Proceeds from bank term loan	-	-	4,200,000	-	-	-	-	-
Repayments from bank loan	(262,500)	(262,500)	(262,500)	-		-	-	-
Proceeds from convertible debt	-	-	-	-	235,580	12,611	-	1,751,809
Issue costs on convertible debt	-	-	-	-	(248,192)	-	-	-
Repayment of convertible debt	576	(81,455)	(108,095)	(33,044)	(35,092)	-	-	-
Cash provided by flows from (used in) financing activitie	**2,138,936**	**(221,576)**	**8,294,002**	**1,171,313**	**2,840,185**	**1,123,206**	**1,335,540**	**1,615,473**
Net change in cash for the period	271,690	(289,536)	(366,763)	2,829,875	222,234	(1,556,673)	1,029,848	450,079
Cash, beginning of period	2,576,672	2,866,208	3,232,971	403,096	180,862	1,737,535	707,687	257,608
Cash, end of period	**$ 2,848,362**	**$ 2,576,672**	**$ 2,866,208**	**$ 3,232,971**	**$ 403,096**	**$ 180,862**	**$ 1,737,535**	**$ 707,687**

**Certain of the numbers have been reclassified to be conform with current presentation

Cash flows from operating activities
Cash used in operating activities for the year was $2,362,280, compared to cash used of $3,984,486 in the prior year. Loss for the year improved by $1,335,296 while the add-back of non-cash adjustments increased by $286,910.

Up until this year, the Company has been in the development stage and in the process of developing/acquiring sustainable revenue for generation of cash flow. During this period, it has relied on raising the necessary cash through issues of equity capital, debt which is convertible to equity capital and debt, to fund acquisitions, operations and software development. The Company is targeting operations to be self-sustaining and cash positive.

Cash flows from investing activity
Cash used in fiscal 2015 for investing activity was $6,575,128 compared to $2,784,430 in the previous year. During the year, the Company invested net cash of $6,814,422 for the acquisition of Paradigm, and while no additional cash costs were incurred for the change in control of Banyan, the change in accounting for the company to the consolidation method led to the recording of $848,558 under "Net cash on acquisition of Banyan".

During the first quarter of 2016, the Company completed another material transaction, the purchase of Maplesoft. Advances to Maplesoft and its former shareholders in the amount of $1,125,000 were made in the final quarter of 2015. A more detailed discussion about the Maplesoft investment can be found in under "Uncertainty of Liquidity and Capital Requirements".

Cash flows from financing activity
Cash of $11,382,675 was generated through financing activities in fiscal 2015, representing a $4,468,272 increase from the prior year. During the year, Raymond James Ltd. ("Raymond James") was engaged to lead a syndicate of agents to complete a private placement of convertible debentures of the Company on a "best efforts" basis. The net proceeds of the offering were to be used to fund the Company's proposed acquisition of Maplesoft, however, due to market conditions at the time, the effort was suspended, and the acquisition was funded by alternative means. Subsequent to year end, Raymond James was again engaged to provide finance sourcing alternatives to consolidate debt. Currently, the Company is in receipt of term sheets and working with potential lenders as they undergo their due diligence.

SEB's two primary financing sources are equity and debt financing. Equity financing involves stock issuance, option exercise and warrant exercise. Debt financing includes convertible debt, bank financing (revolving and term), short-term notes, and equipment loans and leases.

Equity financing
In 2014, SEB received proceeds of $3,000,000 for equity financing. During fiscal 2015, a strategic investor subscribed to SEB stock in the amount of $2,400,000. This was the first tranche of a $4,000,000 private placement, the second of which was completed on December 7, 2015. The Second Tranche financing consists of 4,000,000 units (the "Units") at a price of $0.40 per Unit. Each Unit consists of (i) one common share of SEB and (ii) one common share purchase warrant of SEB (the "Warrants"). Each Warrant has a term of 24 months from the date of issuance and vests on December 31, 2016 at an exercise price of $0.75 per share. All securities issued in connection with the financing are subject to a four month hold period from the date of closing.

While the financing was non-brokered, pursuant to SEB's previous engagement of finders, a cash fee of 4.49% of the gross proceeds raised in the private placement was incurred and finder warrants (the "Finder Warrants") equal to 8.975% of the number of Units of SEB (897,500 warrants) were issued. Each Finder

Warrant is exercisable for a period of 18 months from the closing date at an exercise price of $0.40 per share.

SEB received $260,375 from the exercise of options ($62,638 in fiscal 2014), and the proceeds generated from warrant exercises were $1,262,725 ($1,683,550 in prior year).

Convertible Debt

No new convertible debt was issued in fiscal 2015 for cash, unlike 2014 when SEB received proceeds of $2,000,000. During the year, $222,018 convertible debt was repaid compared to $35,092 in the previous fiscal year.

Subsequent to year end, Convertible notes of $1,950,000 which matured in February, 2016 were extended until third quarter 2016 for additional consideration of 1% principal payable on maturity, and a change in interest rate from 8% to 10% on the remaining term.

Bank debt

On March 10, 2015 the Company closed new credit facilities with a major Canadian Schedule I Bank in the amount of up to $8,775,000. The credit facilities were obtained by Paradigm and SOMOS.

The $8,775,000 consists of:

i. A $4,200,000 term loan acquisition facility which was used in connection with the Corporation's acquisition of Paradigm. The acquisition facility bears interest at the Canadian Dollar Prime Rate to Prime Rate plus 1.75%, depending on the amount advanced under the facility, has a term of 3 years and may be repaid at any time without penalty.
ii. Paradigm has also obtained a $3,000,000 operating demand facility, bearing interest at the Prime Rate plus 0.75% to 1.75%, depending on Paradigm's debt to EBITDA ratio, along with a $50,000 corporate credit card.
iii. SOMOS obtained a $1,500,000 operating demand facility bearing interest at the Prime Rate plus 1.875% and a $25,000 corporate credit card. Concurrent with the new SOMOS facility, the Stroma facility was terminated.

Both Paradigm's new credit facilities and the new SOMOS facility are secured by a first charge over all of the assets of certain subsidiaries of the Corporation, contain positive, negative and financial covenants, and include other usual and customary terms and conditions. The Company, Paradigm, SOMOS and certain other subsidiaries have provided guarantees pursuant to the new credit facilities. Fees and warrants associated with the debt coordination were payable to an outside party.

The Company has calculated that it is in default with regard to the current ratio covenant of the SOMOS facility as at November 30, 2015. As at the date of issue of the MD&A, the Company has not obtained a waiver of the default. The Company has calculated that it is in default with regards to the fixed charge coverage ratio and total funded debt covenants of the Paradigm facility. This was due to non-recurring cash payments related to the acquisition, integration and financing for which the Company has not received formal approval from the bank to exclude in its covenant calculations. As a result the Company has re-classified the non-current portion of the Paradigm term loan of $2,362,500 to the current portion of the term loan.

During fiscal 2015, the company received $7,143,789 from the above facilities, of which $787,500 of the term loan was repaid. In the previous year, $635,389 financing was received from bank debt.

Short term notes
The company received short term financing from notes issued to the Board chairman in the amount of $1,500,000. The loan bears a 10% interest rate.

Equipment loans and leases
The Company repaid its equipment loans and leases by $54,696 in fiscal 2015 compared to a $130,030 in the previous year. No new equipment leases or loans have been entered into.

Operations Discussion

The Company is made up of three distinct divisions: Benefits, Technology and Corporate. The Benefits Division offers a suite of products to clients ranging from claims processing to disability management. The Technology Division encompasses professional services, system development, hosting and infrastructure support and the Corporate Division manages the overall strategic direction of the subsidiaries, executes acquisitions, negotiates financings and is accountable to the Board and Shareholders.

Select consolidated segmented highlights for the years ended November 30, 2015 and 2014

	For the year ended November 30, 2015					For the year ended November 30, 2014			
	Benefits	***Technology***	***Corporate***	***Total***		***Benefits***	***Technology***	***Corporate***	***Total***
Revenues	$ 9,419,883	$ 40,927,416	$ -	$ 50,347,299		$ 1,328,292	$ 18,693,928	$ -	$ 20,022,220
Cost of revenues	6,428,209	31,285,468	-	37,713,677		492,580	15,250,842	-	15,743,422
Gross Margin	**2,991,674**	**9,641,948**	**-**	**12,633,622**	-	**835,712**	**3,443,086**	**-**	**4,278,798**
Operating costs	3,421,425	6,412,127	2,616,774	12,450,326		1,700,380	3,757,850	1,672,318	7,130,548
Share-based compensation	-	-	673,659	673,659		-	-	975,043	975,043
Equity in associate investment	-	-	-	-		-	-	(28,192)	(28,192)
Change in fair value of contingency	-	-	46,381	46,381		-	-	-	-
Adjusted EBITDA	**(429,751)**	**3,229,821**	**(3,336,814)**	**(536,744)**		**(864,668)**	**(314,764)**	**(2,619,169)**	**(3,798,601)**
Gain on sale	-	1,124,837	-	1,124,837		-	-	-	-
Transaction costs	-	1,010,127	-	1,010,127		-	-	-	-
Write down of intangibles	-	551,516	-	551,516		-	-	-	-
EBITDA	**(429,751)**	**2,793,015**	**(3,336,814)**	**(973,550)**		**(864,668)**	**(314,764)**	**(2,619,169)**	**(3,798,601)**
Interest	33,046	410,375	601,150	1,044,571		32,413	96,845	417,557	546,815
Accretion of interest	-	249,588	502,892	752,480		-	41,891	752,096	793,987
Income tax (recovery)	50,153	496,112	(604,285)	(58,020)		-	-	(257,930)	(257,930)
Depreciation	60,436	197,287	-	257,723		39,323	189,131	-	228,454
Amortization	429,101	2,145,373	209,124	2,783,598		138,587	893,833	-	1,032,420
Net Income (Loss)	**$ (1,002,487)**	**$ (705,720)**	**$ (4,045,695)**	**$ (5,753,902)**		**$ (1,074,991)**	**$ (1,536,464)**	**$ (4,477,743)**	**$ (7,089,198)**

<u>*Benefits Division*</u>
The Benefits Division includes the following active companies:

- Banyan Work Health Solutions, Banyan Australia and BITS Licensing Inc. (Banyan)
- SEB Analytics Inc.
- SES Benefits Canada Corporation and SEB Administration Services Inc.
- Adeeva Nutritionals Canada Inc.
- Meschino Health and Wellness Corporation
- SES Benefits and HR Consulting Inc.
- BIG Benefits and HR Services Inc.

Benefits Division expansion
The Benefits Division invested in three new entities: SEB Benefits and HR Consulting, BIG Benefits and HR Services Inc. and SEB Analytics Inc. On February 11, 2015 it secured 50% ownership of SEB Benefits and HR Consulting (“SEBCON”). SEBCON provides SEB’s Benefits Division with the industry knowledge and expertise along with references, to help organizations optimize the benefits and

healthcare program management. This expertise and knowledge is a critical ingredient in providing full service and end-to-end benefit solutions for corporate and government clients. In the second quarter, SEB joined forces with the Business Improvement Group ("BIG") to form BIG Benefits and HR Services Inc. BIG Benefits and HR Services Inc. leverages BIG's sales channels to promote the Health and Wellness services offered by SEB, which includes SEB Benefits Administration, SEB HR and Consulting, Disability Management from Banyan Work Health Solutions, and the Wellness Platform offered by Meschino. And in the third quarter, Banyan joined forces with Polon Analytics Inc. to form SEB Analytics Inc. This addition adds predictive modeling and advanced analytics capabilities to SEB's suite of offerings to provide customers with solutions that enable data-driven decisions that optimize pricing and underwriting, disability management and healthcare fraud detection. These companies are still early stage in revenue development.

The Company is actively reviewing acquisitions and joint venture opportunities, together with strategic partnerships, as drivers of the Benefit Division's growth strategy. The growth focus in 2016 is the Benefits Division. Prior to 2016, much of the focus had been on the Technology Division. SEB's competitive advantage is technology, and it was imperative that the Company have a strong, profitable Technology Division to enable SEB to capitalize on growth opportunities in its Benefit Division.

Banyan

Banyan operates as a Disability Management ("DM") Third Party Administrator ("TPA") serving employers and disability insurers. Its offerings include claims management, field rehabilitation services and a full range of specialized assessments/interventions to support its holistic approach to DM. Banyan is also a provider of Disability Benefit Technology solutions. Banyan is now well established across Canada and extends into the United States, Australia & New Zealand.

During the period December 1, 2014 to November 30, 2015, the Company had the ability to elect an extra director which gave SEB control over Banyan. SEB used consolidation accounting during fiscal 2015 to record its interest in Banyan. As of the beginning of Fiscal 2016, SEB does not have the right to elect an extra director and will be reporting the Company's share of Banyan's earnings using the equity accounting method.

In fiscal 2015, Banyan's revenues were $7,767,605, which earned net income of $750,304. SEB's portion of income was 50%. In 2014, SEB included $28,192 in its results for the month of November, 2014.

Technology Division

The Technology Division includes the following active companies:

- Somos Consulting Group Ltd.
- Stroma Service Consulting Inc.
- APS—Antian Professional Services Inc.
- Logitek Technology Ltd.
- Paradigm Consulting Group Inc.
- Inforica Inc., Inforica Technology Solutions, and Inforica Energy Solutions

Technology Division expansion

On December 31, 2014, the Technology Division of SEB acquired all of the issued and outstanding shares of Paradigm Consulting Group Inc. and all of the issued and outstanding units of PCGI Consulting Services Partnership (collectively referred to as "Paradigm"). Paradigm has a 24-year history of providing management and information technology consulting services to healthcare, insurance, financial services, public sector, telecom and energy clients. With over 140 billable consultants, Paradigm is a market leader for delivering management consulting, portfolio/program/project management and

application technology services to an enterprise level client base. Paradigm has a very deep portfolio of IP for its key client verticals which enables accelerated delivery of projects and maintains long term client relationships. In fiscal 2015, SEB included 11 months of Paradigm's revenues ($22,019,327). Adjusted EBITDA for Paradigm was $2,267,903 which includes a change in the contingent liability associated with the purchase price of Paradigm and PCGI of $303,560
.

The Company laid the ground work for further expansion of this Division through the signing of a Letter of Agreement on June 10, 2015 to acquire Maplesoft. As one of the largest established consulting firms operating in the federal government environment, Maplesoft is perceived to be a highly valued asset. Maplesoft management has represented that it has a number of large contract vehicles, a well-established workforce, solid client relations and a positive and sustainable EBITDA. Due diligence has been performed and the transaction was completed subsequent to year-end on December 3, 2015.

After strategic review of its assets, and a re-alignment to focus on the Company's core mission of servicing the Personal Health Sector, SEB divested the EDI business held by Logitek Technology Ltd. On December 14, 2014, Logitek entered into an agreement with DiCentral Corporation ("DiCentral") to jointly service the EDI market. As part of this transaction, DiCentral acquired the existing EDI business for $2,150,000. Logitek's "EDI" business represented approximately 37% of Logitek's total sales.

Divisional restructuring
Operating changes continue to be made to each of the entities to streamline operations, reduce costs, and leverage synergies between the companies. During the first quarter, SOMOS was amalgamated with SOMOS Information Technology and Adelante Management. In the second quarter, the consulting contracts and references of Stroma were transitioned to SOMOS which will manage that business segment on a go-forward. The Stroma Engineering Division was also transitioned to Inforica. It is anticipated that Maplesoft, SOMOS, and Antian will be amalgamated in 2016 and that Paradigm will be amalgamated with Stroma.

<u>Corporate Division</u>
The Corporate Division includes the following active companies:

- Smart Employee Benefits Inc.
- Smart Employee Solutions Inc.

Financial Discussion
During the year, $2,616,774 was expensed in the Corporate Division for salaries, professional services and office and general costs, an increase over 2014 costs which were $1,672,318. This increase reflects the additional legal costs associated with the increase volume and complexity of acquisitions, as well as the added costs of audit and review to meet the requirements of both the TSX-V and the financing agreements.

Investor Relations
During the year, multiple road shows and investor presentations were held. As a result, the Company initiated analyst coverage with a number of prominent investment dealers. SEB also retained market-making services with BBS Securities Inc. which is expected to facilitate the trading of SEB securities on the TSX-V. Subsequent to year end, Bristol Capital Ltd. (Bristol) was engaged to provide investor relations services.

Board of Directors
Subsequent to year end, Keith Harris, a Director of SEB since it was first listed on the TSXV in 2012, resigned. Mr. Harris was originally a Director of the Capital Pool Company with which SEB completed a reverse takeover to become a public company. We thank Mr. Harris for his contribution as a Director.

Risk and Uncertainties

The Company's growth and performance are subject to a number of risks such as consumer demand, client acceptance of the Company's products and services, industry competition, technological obsolescence, obtaining and retaining competent staff and failure to obtain sufficient capital to build the required infrastructure.

Going Concern

The 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. The audited 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.

As at November 30, 2015 and 2014, the Company has a working capital deficiency of $8,759,191 and $2,274,864, and an accumulated deficit of $21,608,641 and $15,499,981, respectively. For the years ended November 30, 2015 and 2014, the Company incurred a net loss and comprehensive loss of $5,753,902 and $7,089,198, respectively, and negative cash flow from operations of $2,362,280 and $3,984,486, respectively. These conditions raise significant doubt about the ability of the Company to continue as a going concern without additional equity or debt financing.

To remain a going concern, the Company will require additional capital to enable it to further develop its software and generate future positive cash flows. It cannot be determined at this time whether these objectives will be realized. Management of the Company has to date been successful in raising capital through equity and debt offerings. However, there is no assurance that the Company will continue to be successful in the future. Currently, the Company is engaged in raising debt financing with the intent of using the funds to retire debt assumed as a result of the acquisition of Maplesoft in December, 2015 (see Notes 17 and 24 of the financial statements), supply working capital and finance future acquisitions.

The Company continues to make investments in entities which it believes will enhance the earnings capability of SEB. Acquisitions and investments in associate companies are made with the goal of obtaining positive cash flows which are expected to contribute to the operating results of the Company, partially based on restructurings and other initiatives Management has executed within the acquisitions. However, there are no assurances that Management will be successful in achieving this goal.

Uncertainty of Liquidity and Capital Requirements
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 calculated that it is in default with regard to the current ratio covenant of the SOMOS facility as at November 30, 2015. As at the date of issue of the MD&A, the Company has not obtained a waiver of the default. The Company has calculated that it may also be in default with regard to the Debt to Equity covenant of the Paradigm facility. As a precaution the Company has re-classified the non-current portion of the Paradigm term loan to the current portion of the term loan.

In December, 2015, the Company closed the acquisition of Maplesoft by assuming a total debt of $14,382,028, which included a revolving facility of $5,900,000. Term Debt repayment is scheduled as follows:

Repayment of Term Debt Assumed with Maplesoft Acquisition ($000s)		
Fiscal 2016	$	4,869
Fiscal 2017		925
Fiscal 2018		60
Fiscal 2019		790
Fiscal 2020		1,838
	$	8,482

In addition, $2,000,000 of convertible debt is maturing on May 13, 2016, and $1,950,000 of convertible debt is maturing on August 12, 2016.

The Company is actively pursuing alternative financing sources to retire the Maplesoft debt and the convertible debt described above.

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 of 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.

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 primarily deals with blue chip and government clients and 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, 2015 the allowance for doubtful accounts was $61,235 (2014 - $92,291) and the accounts that were past due amounted to $596,587 (2014 - $815,861). The Company is not exposed to any significant credit rate risk.

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. The bank loan 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 $78,275. Management believes that the Company is not currently exposed to any significant interest rate risk.

Reliance on Contracts with Key Customers

Revenues attributable to the Company’s businesses are dependent upon certain significant customers. There can be no assurance that the Company’s contracts with its key customers will be renewed or that the Company’s services will continue to be utilized by those key customers. There could be material adverse effects on the businesses of the Company if a key customer does not renew its contracts with the Company, or elects to terminate its contracts with the Company in favour of another service provider. Further, there is no assurance that any new agreement or renewal entered into by the Company with its customers will have terms similar to those contained in current arrangements, and the failure to obtain those terms could have an adverse effect on the Company’s businesses. Through acquisitions the Company has expanded its sales channels which it intends to leverage for a broader suite of services. By expanding the client base, SEB reduces reliance on specific key customers.

Acquisitions and Integration

The Company has and continues to expect to make acquisitions of various sizes that fit particular niches within SEB's overall corporate strategy. There is no assurance that it will be able to acquire businesses on satisfactory terms or at all. These acquisitions will involve the commitment of capital and other resources, and these acquisitions could have a major financial impact in the year of acquisition and beyond. The speed and effectiveness with which SEB integrates these acquired companies into its existing businesses may have a significant short-term impact on the Company’s ability to achieve its growth and profitability targets.

The successful integration and management of acquired businesses involves numerous risks that could adversely affect SEB's growth and profitability, including that:

(a) Management may not be able to manage successfully the acquired operations and the integration may place significant demands on management, thereby diverting its attention from existing operations;

(b) Operational, financial and management systems may be incompatible with or inadequate to integrate into the Company’s systems and management may not be able to utilize acquired systems effectively;

(c) Acquisitions may require substantial financial resources that could otherwise be used in the development of other aspects of the business;

(d) Acquisitions may result in liabilities and contingencies which could be significant to the Company's operations; and

(e) Personnel from SEB’s acquisitions and its existing businesses may not be integrated as efficiently or at the rate foreseen.

The acquisition of companies or assets involves a long cost recovery cycle. The sales processes for the products that these companies offer are often subject to lengthy customer approval processes. Failures by the Company in achieving signed contracts after the investment of significant time and effort in the sales process could have an adverse impact on the Company`s operating results.

To mitigate the above noted risks, the Company performs significant due diligence on acquisition targets, and identifies both risks and opportunities before finalization.

Information Technology Systems

SEB's businesses depend, in part, on the continued and uninterrupted performance of its information technology systems. Sustained system failures or interruptions could disrupt the Company's ability to operate effectively, which in turn could adversely affect its business, results of operations and financial condition.

The Company's computer systems may be vulnerable to damage from a variety of sources, including physical or electronic break-ins, computer viruses and similar disruptive problems. Despite precautions taken, unanticipated problems affecting the information technology systems could cause interruptions for which the Company’s insurance policies may not provide adequate compensation.

SEB’s risk mitigation strategy for its information systems includes the maintenance of secure infrastructure, third party monitoring, and disaster recovery strategies.

Confidentiality of Personal and Health Information

The Company and its subsidiaries' employees have access, in the course of their duties, to personal information of clients of the Company and specifically their medical histories. There can be no assurance that the Company's existing policies, procedures and systems will be sufficient to address the privacy concerns of existing and future clients. If a client's privacy is violated, or if SEB is found to have violated any law or regulation, it could be liable for damages or for criminal fines or penalties.

SEB takes client privacy very seriously and complies with all aspects of the PIPEDA legislation. Employees are trained on privacy, and sign written acknowledgement and non-disclosure agreements. Further data is maintained in restricted areas on a secure infrastructure.

Key Personnel

The Company believes that its future success will depend significantly upon its ability to attract, motivate and retain highly skilled executive management. In addition, the success of each business unit depends on employing or contracting, as the case may be, qualified professionals. Currently, there is a shortage of such qualified personnel in Canada. The Company will compete with other potential employers for employees and it may not be successful in keeping the services of the executives and other employees, including professionals that it requires. The loss of highly skilled executives and professionals or the inability to recruit these individuals in markets that the Company operates in could adversely affect the Company's ability to operate its business efficiently and profitably. To mitigate these risks, the SEB provides a competitive compensation package.

Accounting, Tax and Legal Rules and Laws

Any changes to accounting and/or tax standards and pronouncements introduced by authorized bodies may impact on the Company's financial performance. Additionally, changes to any of the federal and provincial laws, regulations or policies in jurisdictions where the Company operates could materially affect the Company's operations and its financial performance. The Company may also incur significant costs in order to comply with any proposed changes. The Company's failure to comply with laws, regulations or policies may expose the Company to legal or regulatory proceedings which could have a material impact on the Company's financial performance. Through continuous education and training, SEB employees are kept abreast of the changing legal and regulatory environment before changes come into effect, allowing the Company to sufficiently plan for any anticipated impact.

Internal Control over Financial Reporting and Disclosure Controls and Procedures
The Company may face risks if there are deficiencies in its internal control over financial reporting and disclosure controls and procedures. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes. Management is responsible for establishing and maintaining adequate internal controls over financial reporting appropriate to the nature and size of the Company. Management does not expect that Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Any deficiencies, if uncorrected, could result in the Company's financial statements being inaccurate and in future adjustments or restatements of its financial statements, which could adversely affect the price of the shares and SEB's business, financial condition and results of operations.

The Company needs to comply with financial reporting and other requirements as a public company
The Company is subject to reporting and other obligations under applicable Canadian securities laws and TSX-V rules, including National Instrument 52-109. These reporting and other obligations place significant demands on the Company's management, administrative, operational and accounting resources. Moreover, any failure to maintain effective internal controls could cause the Company to fail to meet its reporting obligations or result in material misstatements in its consolidated financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed, which could also cause investors to lose confidence in the Company's reported financial information, which could result in a lower trading price of its securities.

To mitigate these risks, the Company hires seasoned professionals as employees/contractors, and has a strong working relationship with its auditors, which provide annual control assessments and recommendations to the Management and the Audit Committee. The Management and Board, in conjunction with its Audit Committee, are responsible for assessing the progress and sufficiency of internal controls over financial reporting and disclosure controls and procedures and make adjustments as necessary.

Capital Investment
The timing and amount of capital expenditures by the Company will be dependent upon the Company's ability to utilize credit facilities, raise new debt/equity, generate cash from operations, meet working capital requirements and sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Company for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated. Lack of these funds could limit the future growth of the Company and its subsidiaries and their respective cash flows. To mitigate the situation, the Company is actively pursuing alternative financing with the aid of an experienced financing institution.

Ethical Business Conduct
A violation of law, the breach of Company policies or unethical behaviour may impact on the Company's reputation which in turn could negatively affect the Company's financial performance. The Company has

established policies and procedures, including a Code of Business Conduct, to support a culture with high ethical standards.

Volatile Market Price for Securities of the Company

The market price for securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

• actual or anticipated fluctuations in the Company's quarterly results of operations;
• changes in estimates of future results of operations by the Company or securities research analysts;
• changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
• addition or departure of the Company's executive officers and other key personnel;
• release or other transfer restrictions on outstanding securities;
• sales or perceived sales of additional securities;
• significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and,
• news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the securities of the of the Company may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Company's securities by those institutions, which could adversely affect the trading price of the Company's securities. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility continue, the Company's operations and the trading price of the Company's securities may be adversely affected.

To mitigate, the Company has engaged an Investor Relations firm which will assist with communication of the industry, the market and the Company to the investment community.

Future Sales of the Company's Securities by Directors and Executive Officers

Subject to compliance with applicable securities laws, directors and executive officers and their affiliates may sell some or all of their securities in the Company in the future. No prediction can be made as to the effect, if any, such future sales will have on the market price of the Company's securities prevailing from time to time. However, the future sale of a substantial number of securities by the Company's directors and executive officers and their controlled entities, or the perception that such sales could occur, could adversely affect prevailing market prices for the Company's securities.

To mitigate this risk, SEB has put in place policies, procedures and guidelines which prevent trading of securities during certain periods.

Directors and Officers may have a Conflict of Interest

Certain of the directors and officers of the Company may also serve as directors and/or officers of other companies and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company are being made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company.

Non-IFRS Financial Measures Definitions and Reconciliation

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as EBITDA and, Adjusted EBITDA. These non-IFRS measures are not recognized under IFRS and, accordingly, users are cautioned that these measures should not be construed as alternatives to net income determined in accordance with IFRS. As these measures do not have standardized meaning subscribed under IFRS, and may not be comparable to similar measures used by other companies, the following definitions are provided, and a reconciliation table is noted below:

"EBITDA" is defined as earnings before interest, interest accretion, income taxes, depreciation of equipment and amortization of intangibles.

"Adjusted EBITDA" is operating earnings before one-time expenses. It is defined as earnings before gain on sale of a portion of the business, transaction costs, write-down of intangibles, interest, interest accretion, income taxes, depreciation of equipment and amortization of intangible assets. The Company believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Company can use to fund working capital requirements, service interest and principal debt repayments and fund future growth initiatives.

"Transaction costs" is defined as legal and other professional costs associated with the acquisitions.

The below table, reconciles both EBITDA and Adjusted EBITDA to "Net Loss and Comprehensive Loss" as presented in the Consolidated Statements of Comprehensive Loss:

	30-Nov-15	***30-Nov-14***
Net Loss and Comprehensive Loss	**$ (5,753,902)**	**$ (7,089,198)**
Interest	1,044,571	546,815
Accretion of interest	752,480	793,987
Income tax expense (recovery)	(58,020)	(257,930)
Depreciation	257,723	228,454
Amortization	2,783,598	1,032,420
EBITDA:	**(973,550)**	**(4,745,452)**
Gain on sale of a portion of business	1,124,837	-
Transaction costs	1,010,127	-
Write down of intangibles	551,516	-
Adjusted EBITDA:	**(536,744)**	**(4,745,452)**