Smart Employee Benefits Inc.

Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended May 31, 2019

Management’s Responsibility

To the Shareholders of Smart Employee Benefits Inc.:

Management is responsible for the preparation and presentation of the accompanying unaudited interim consolidated financial statements (“FS”), including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the corresponding Management Discussion and Analysis (“MD&A”) is consistent with the FS. 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 FS, 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.

The Board of Directors is composed primarily of Directors who are neither Management or employees of the Company. The Board is responsible for overseeing Management in the performance of its financial reporting responsibilities, and for approving the FS and MD&A. 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, the independent firm of Chartered Professional Accountants which have been appointed as auditors of the Company’s Annual Consolidated Financial Statements, has neither reviewed or audited these FS.

July 30, 2019

“*John McKimm*”	“*Robert Prentice*”
Chief Executive Officer	Chief Financial Officer

Smart Employee Benefits Inc.
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Smart Employee Benefits Inc.
Interim Consolidated Statements of Financial Position (Unaudited)
As at May 31, 2019 and November 30, 2018

	Notes	May 31, 2019	Nov 30, 2018
Cash		$ 1,002,230	$ 750,191
Trade receivables	**20**	16,252,930	16,086,172
Inventories		197,928	199,174
Prepaids and deposits		743,257	1,284,737
		18,196,345	18,320,274
Assets held for sale	**28, 29**	11,297,938	10,622,667
Total Current Assets		**29,494,283**	**28,942,941**
Long-term prepaids and deposits		462,556	573,748
Notes receivable	**8, 22**	2,470,651	2,291,271
Equipment	**9**	717,722	824,380
Software	**10**	1,098,301	1,648,936
Customer relationships	**11**	1,227,000	1,705,681
Trade names	**12**	1,485,000	2,006,000
Goodwill	**5**	8,118,400	8,118,400
Total Assets		**$ 45,073,913**	**$ 46,111,357**
Operating loan	**13**	$ 9,749,420	$ 11,567,575
Current portion of term bank loans	**13**	7,250,000	7,937,500
Accounts payable and other current liabilities	**24**	23,822,856	19,216,080
Contract liabilities	**14, 20**	651,600	649,088
Notes payable	**17, 22**	4,963,395	3,504,760
Equipment leases		62,757	67,108
Royalty advance	**27**	2,080,000	2,080,000
Current portion of contingent consideration	**26**	161,836	148,909
Current portion of convertible debt	**16**	1,639,894	1,561,971
Preferred shares	**15**	350,000	350,000
		50,731,758	47,082,991
Liabilities directly associated with assets held for sale	**28, 29**	6,256,232	5,921,434
Total Current Liabilities		**56,987,990**	**53,004,425**
Equipment leases		-	29,204
Contingent consideration	**26**	791,292	804,219
Convertible debt	**16**	475,000	517,000
Notes payable	**17**	-	1,296,104
Deferred income taxes		121,760	16,245
Total Long-term Liabilities		**1,388,052**	**2,662,772**
Share capital	**18**	33,884,121	33,071,172
Share issue costs	**18**	(1,681,019)	(1,660,894)
Contributed surplus		10,242,155	9,295,570
Warrants	**18**	467,321	1,101,290
Options	**18**	838,797	850,255
Accumulated deficit		(56,773,004)	(51,960,846)
		(13,021,629)	**(9,303,453)**
Non-controlling interests	**6**	(280,500)	(252,387)
Total Shareholders' Deficiency		**(13,302,129)**	**(9,555,840)**
Total Liabilities and Shareholders' Deficiency		**$ 45,073,913**	**$ 46,111,357**

Going Concern (Note 2), **Commitments** (Note 23), **Subsequent Events** (Note 29), **Assets Held for Sale** (Note 28)

Approved on behalf of the Board:

"Stephen Peacock"
Director

"John McKimm"
Director

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Smart Employee Benefits Inc.

Interim Consolidated Statements of Changes in Shareholders' Deficiency (Unaudited)

For the three and six months ended May 31, 2019 and 2018

	Share Capital		Warrants		Options		Contributed Surplus	Share Issue Costs	Accumulated Deficit	Total Shareholders' (Deficiency) Equity	Non-controlling Interests
	Number	$	Number	$	Number	$	$	$	$	$	$
Balances November 30, 2018	**161,198,149**	**$ 33,071,172**	**7,714,059**	**$1,101,290**	**13,115,000**	**$ 850,255**	**$ 9,295,570**	**$ (1,660,894)**	**$ (51,960,846)**	**$ (9,303,453)**	**$ (252,387)**
Expiration and cancellation of warrants	-	-	(1,182,000)	(308,721)	-	-	308,721	-	-	-	-
Equity settled share-based compensation	-	-	-	-	-	76,158	-	-	-	76,158	-
Expiration and cancellation of options	-	-	-	-	(200,000)	(26,300)	26,300	-	-	-	-
Exercise of option	1,300	299	-	-	(1,300)	-	-	-	-	299	-
Issuance of equity	4,150,000	730,400	4,150,000	161,850	-	-	-	(20,125)	-	872,125	
Net loss and comprehensive loss for the quarter	-	-	-	-	-	-	-	-	(2,508,735)	(2,508,735)	-
Net income for the quarter attributed to non-controlling interest	-	-	-	-	-	-	-	-	(155,922)	(155,922)	155,922
Balances February 28, 2019	**165,349,449**	**$ 33,801,871**	**10,682,059**	**$ 954,419**	**12,913,700**	**$ 900,113**	**$ 9,630,591**	**$ (1,681,019)**	**$ (54,625,503)**	**$ (11,019,528)**	**$ (96,465)**
Expiration and cancellation of warrants	-	-	(5,120,809)	(435,527)	-	-	435,527	-	-	-	-
Exercise of warrants	411,250	82,250	(411,250)	(51,571)	-	-	51,571	-	-	82,250	-
Equity settled share-based compensation	-	-	-	-	500,000	63,150	-	-	-	63,150	-
Expiration and cancellation of options	-	-	-	-	(1,390,000)	(124,466)	124,466	-	-	-	-
Net loss and comprehensive loss for the quarter	-	-	-	-	-	-	-	-	(2,331,536)	(2,331,536)	-
Net loss for the quarter attributed to non-controlling interest	-	-	-	-	-	-	-	-	184,035	184,035	(184,035)
Balances May 31, 2019	**165,760,699**	**$ 33,884,121**	**5,150,000**	**$ 467,321**	**12,023,700**	**$ 838,797**	**$10,242,155**	**$ (1,681,019)**	**$ (56,773,004)**	**$ (13,021,629)**	**$ (280,500)**

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Smart Employee Benefits Inc.

Interim Consolidated Statements of Changes in Shareholders' Deficiency (Unaudited)

For the three and six months ended May 31, 2019 and 2018

	Share Capital		Warrants		Options		Contributed Surplus	Share Issue Costs	Accumulated Deficit	Total Shareholders' Equity	Non-controlling Interests
	Number	$	Number	$	Number	$	$	$	$	$	$
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)**
Expiration and cancellation of warrants	-	-	(550,000)	(61,030)	-	-	61,030	-	-	-	-
Equity settled share-based compensation	-	-	-	-	-	99,652	-	-	-	99,652	-
Expiration of options	-	-	-	-	(900,000)	(236,970)	236,970	-	-	-	-
Net loss and comprehensive loss for the quarter	-	-	-	-	-	-	-	-	(1,550,427)	(1,550,427)	-
Net income for the quarter attributed to non-controlling interest	-	-	-	-	-	-	-	-	(50,560)	(50,560)	50,560
Balances February 28, 2018	**160,953,149**	**$33,007,364**	**39,474,099**	**$3,005,453**	**7,490,000**	**$481,574**	**$7,229,277**	**$(1,660,894)**	**$(39,984,048)**	**$ 2,078,726**	**$ (41,041)**
Expiration and cancellation of warrants	-	-	(9,061,925)	(528,533)	-	-	528,533	-	-	-	-
Exercise of Warrants	105,000	21,000	(105,000)	(5,596)	-	-	5,596	-	-	21,000	-
Equity settled share-based compensation	-	-	-	-	6,875,000	425,270	-	-	-	425,270	-
Expiration of options	-	-	-	-	(950,000)	(68,235)	68,235	-	-	-	-
Issurance of convertible debt	-	-	-	-	-	-	74,502	-	-	74,502	-
Net loss and comprehensive loss for the quarter	-	-	-	-	-	-	-	-	(2,292,067)	(2,292,067)	-
Net income for the quarter attributed to non-controlling interest	-	-	-	-	-	-	-	-	(348,159)	(348,159)	348,159
Balances May 31, 2018	**161,058,149**	**$33,028,364**	**30,307,174**	**$2,471,324**	**13,415,000**	**$838,609**	**$7,906,143**	**$(1,660,894)**	**$(42,624,274)**	**$ (40,728)**	**$ 307,118**

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Smart Employee Benefits Inc.

Interim Consolidated Statements of Net Loss and Comprehensive Loss (Unaudited)

For the three and six months ended May 31, 2019 and 2018

	Notes	Mar 1, 2019 to May 31, 2019	Mar 1, 2018 to May 31, 2018 Restated (note 28)	Dec 1, 2018 to May 31, 2019	Dec 1, 2017 to May 31, 2018 Restated (note 28)
Revenue	**7**	**$ 17,675,479**	**$ 20,019,481**	**$ 34,181,809**	**$ 40,529,191**
Cost of revenues					
Compensation		11,909,957	13,715,838	22,594,822	27,929,775
Other costs of revenues		314,080	346,025	618,864	669,997
		12,224,037	14,061,863	23,213,686	28,599,772
Gross margin		**5,451,442**	**5,957,618**	**10,968,123**	**11,929,419**
Expenses					
Salaries and other compensation costs	**22**	4,427,102	3,868,546	8,913,192	8,034,809
Office and general		1,235,608	1,269,466	3,055,136	2,857,636
Professional fees		315,073	553,123	452,185	753,171
Amortization of intangible assets	**10, 11, 12**	1,053,395	695,416	1,650,967	1,430,871
Depreciation of equipment	**9**	66,608	61,769	124,267	122,560
Share-based compensation	**18**	63,151	425,270	139,309	524,922
		7,160,937	6,873,590	14,335,056	13,723,969
Loss before the following:		**(1,709,495)**	**(915,972)**	**(3,366,933)**	**(1,794,550)**
Transition and decommissioning costs	**5**	-	161,750	-	161,750
Transaction costs		50,000	-	56,437	-
Interest and financing costs		599,124	868,590	1,121,493	1,402,853
Interest accretion	**16**	9,363	10,116	18,522	51,092
Net loss before income tax recovery		(2,367,982)	(1,956,428)	(4,563,385)	(3,410,245)
Income tax expense	**19**	(556)	22,706	-	24,470
Net loss from continuing operations		**(2,367,426)**	**(1,979,134)**	**(4,563,385)**	**(3,434,715)**
Net (loss) income of assets held for sale, net of tax	**28**	**35,890**	**(312,934)**	**(276,886)**	**(407,780)**
Net loss and comprehensive loss		**$ (2,331,536)**	**$ (2,292,068)**	**$ (4,840,271)**	**$ (3,842,495)**
Attributed to non-controlling interests		$ (184,035)	$ 348,159	$ (28,113)	$ 398,719
Attributed to common shareholders		**(2,147,501)**	**(2,640,227)**	**(4,812,158)**	**(4,241,214)**
Net loss and comprehensive loss		**$ (2,331,536)**	**$ (2,292,068)**	**$ (4,840,271)**	**$ (3,842,495)**
Weighted average number of shares	**18**	**165,605,338**	**160,996,519**	**164,555,142**	**160,977,380**
Net loss per common share					
- basic and diluted		**$ (0.01)**	**$ (0.02)**	**$ (0.03)**	**$ (0.03)**
Net loss per share - Continuing operations		**$ (0.01)**	**$ (0.01)**	**$ (0.03)**	**$ (0.02)**

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Smart Employee Benefits Inc.

Interim Consolidated Statements of Cash Flows (Unaudited)

For the three and six months ended May 31, 2019 and 2018

	Notes	Mar 1, 2019 to May 31, 2019	Mar 1, 2018 to May 31, 2018	Dec 1, 2018 to May 31, 2019	Dec 1, 2017 to May 31, 2018
Net loss and comprehensive loss for the period		**$ (2,331,536)**	**$ (2,292,068)**	**$ (4,840,271)**	**$ (3,842,495)**
Items not affecting cash:					
Amortization of intangible assets	**10, 11, 12**	1,053,395	1,041,916	1,650,967	2,123,871
Depreciation of equipment	**9**	66,608	68,219	124,267	135,459
Interest accretion	**14**	9,363	10,116	18,522	51,092
Share-based compensation		63,150	425,270	139,308	524,922
		(1,139,020)	**(746,547)**	**(2,907,207)**	**(1,007,151)**
Non-cash working capital	**24**	(232,352)	1,052,449	5,860,180	(652,516)
Cash flows from (used in) operating activities		**(1,371,372)**	**305,902**	**2,952,973**	**(1,659,667)**
Cash flows used in investing activities					
Acquisition of benefit administration business		-	(200,000)	-	(200,000)
Advances to notes receivable	**8, 22**	(19,131)	(281,883)	(227,676)	(378,246)
Purchase of software and development	**10**	-	(236,223)	(105,425)	(236,223)
Purchase of equipment	**9**	(9,542)	(172,105)	(23,905)	(204,569)
Cash flows used in investing activities		**(28,673)**	**(890,211)**	**(357,006)**	**(1,019,038)**
Cash flows from (used in) financing activities					
Draw (repayment) of operating loan	**13**	3,165,011	(248)	(1,818,154)	(11,743)
Repayment of term bank loans	**13**	(343,750)	(593,750)	(687,500)	(937,500)
Proceeds from equity financings, net	**18**	-	-	872,125	-
Proceeds from preferred shares financing	**15**	-	-	-	3,000,000
Exercise of warrants	**18**	82,250	-	82,250	-
Exercise of options	**18**	-	21,000	299	21,000
Repayment of equipment leases		(16,777)	(16,777)	(33,554)	(26,680)
Repayment of notes payable	**17**	(44,901)	(190,797)	(89,794)	(281,405)
Proceed of convertible debt		-	650,000		650,000
Repayment of convertible debt	**16**	(21,000)	(1,497,367)	(53,805)	(1,514,442)
Cash flows from (used in) financing activities		**2,820,833**	**(1,627,939)**	**(1,728,133)**	**899,230**
Net increase (decrease) in cash		1,420,788	(2,212,248)	867,834	(1,779,475)
Cash, beginning of period		832,964	3,168,165	1,385,917	2,735,391
Cash, end of period		**$ 2,253,752**	**$ 955,917**	**$ 2,253,751**	**$ 955,916**
Cash		1,002,230	394,451	1,002,230	394,451
Cash included in assets held for sale	**28**	1,251,521	561,465	1,251,521	561,465
Total cash		**$ 2,253,751**	**$ 955,916**	**$ 2,253,751**	**$ 955,916**

Supplemental Cash Information (Note 24)*, **Assets Held for Sale** (Note 28)*

The accompanying notes are an integral part of the consolidated financial statements.
The Company has elected to present a consolidated statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 28.

1. Nature of Operations

Smart Employee Benefits Inc. (the "Company" or "SEB") is a technology company providing business process automation and outsourcing software, solutions and services to a national and global client base. SEB has a specialized growth focus in cloud enabled SaaS processing solutions for managing employer and government sponsored health benefit plans.

These consolidated financial statements are the unaudited interim consolidated financial statements of SEB and its active subsidiaries as listed by operating segment below:

Company	SEB Ownership
Technology Division	
Inforica Inc. ("Inforica")	50%
Logitek Technology Ltd. ("Logitek")	100%
Maplesoft Group Inc. ("Maplesoft")	100%
SOMOS Consulting Group Ltd. ("SOMOS")	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 Admin")	100%
SEB Analytics Inc. ("SEB Analytics")	50%
SEB Benefits and HR Consulting Inc. ("SEBCON")	50%
Corporate Division	
Smart Employee Solutions Inc. ("SES")	100%
SES Benefits Canada Corporation ("SES Ben")	100%
Assets held for sale	
Paradigm Consulting Group Inc. ("Paradigm")	100%

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 295 The West Mall, 6th Floor, Toronto, Ontario, M9C 4Z4.

These unaudited interim consolidated financial statements were authorized for issuance by the Board of Directors on July 30, 2019.

2. Going Concern

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.

As of May 31, 2019, the Company had a working capital deficiency of $27,493,707 (November 30, 2018 - $24,061,484), and an accumulated deficit of $56,773,004 (November 30, 2018 - $51,960,846). For the six months ended May 31, 2019, the Company incurred a net loss of $4,840,271 (net loss of $3,842,495 for the six months ended May 31, 2018). 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 and debt financing. On February 28, 2018, the Company issued preferred shares of Paradigm for gross proceeds of $3,000,000 (Note 15) and on July 26, 2018, the Company issued a note payable for gross proceeds of $2,000,000. The Company also signed a letter of intent to sell Paradigm, the cash proceeds from the sale will be used to partially repay debt of approximately $7,250,000 and reduce revolving credit facilities (Note 28 and Note 29). On January 9, 2019, the Company completed an equity issuance for gross proceeds of $892,250 and engaged Scotia Capital Inc. to evaluate and negotiate investment alternatives including debt or equity financing from potential strategic partners. 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"), including IAS 34, Interim Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended November 30, 2018. The accounting policies are consistent with those of the previous financial year, except for the adoption of IFRS 15 – Revenue from Contracts with Customers and IFRS 9 - Financial Instruments.

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.

3. Significant Accounting Policies (continued)

Principles of Consolidation

These 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.

Use of Estimates and Judgments

The consolidated financial statements preparation 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 and royalty accrual, legal provisions, stage of completion, valuation of share-based payments, assets held for sale, credit loss assessment and going concern.

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 net loss and 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 these consolidated financial statements. During the year ended November 30, 2018, the Company recorded a write-down of goodwill and intangibles of $3,249,945. As of May 31, 2019, the Company has assessed no further impairment nor have any indicators of further impairment been identified.

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 and royalty advance 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 consolidated financial statements.

3. Significant Accounting Policies (continued)

e) 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.

f) The Company measures the stage of completion based on the costs incurred to date compared to the total estimated costs of the project. The total estimated costs require professional judgment and changes to these estimates may affect revenue, contract assets and contract liabilities.

g) The Company uses Black-Scholes formula to measure the fair values at grant date of the equity-settled share-based payment. Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The input used to calculate the expected volatility changed from daily stock price to weekly stock price to better reflect the movement of stock price and expected future volatility in Q4, 2018. The Company also estimates the expected forfeiture rates which may vary from management's estimate.

h) Assets held for sale and discontinued operations –The classification of assets as "Held for Sale" and "Discontinued Operations" involves managements judgment and assessment of the following:

- Completion of the transaction will result in the loss of control;
- The sale is expected to be completed within one year;
- The component represents a major line of business; and
- Determination of impairment, if any.

i) Assessment of expected credit losses on trade receivables and notes receivable under IFRS 9.

j) Preparation of the consolidated financial statement on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

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.

3. Significant Accounting Policies (continued)

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 IFRS 9 Financial instruments, 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)

Assets Held for Sale and Discontinued Operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which represents a separate major line of business or geographic area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or investment property which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and equipment are no longer amortized or depreciated.

Non-controlling Interest

The Company recognizes any non-controlling interest on an acquisition either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. Non-controlling interest is proportionately adjusted each reporting period based on the earnings of the individual companies which have a non-controlling interest.

Equipment

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

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

3. Significant Accounting Policies (continued)

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 subsidiary 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.

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 4 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.

3. Significant Accounting Policies (continued)

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.

Impairment of 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 estimate 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.

3. Significant Accounting Policies (continued)

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.

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 these 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.

Warrants

Warrants that have been issued in combination with common shares are evaluated under IAS 32 - financial Instruments: Presentation. Equity classification applies to instruments where a fixed amount of cash (or liability) denominated in the issuer's functional currency is exchanged for a fixed number of shares.

Warrants that are classified as equity are valued under the Black Scholes Model. If the warrant is exercised the value of the warrants is included in share capital. If a warrant expires, the value of the warrants is included in contributed surplus.

Warrants that are issued in combination with a debt agreement, such as a line of credit are valued under the Black Scholes model. The warrants are classified as a reduction of the associated debt and are amortized on a straight-line basis over the life of the debt agreement.

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.

3. Significant Accounting Policies (continued)

Financial Instruments

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 replaces IAS 39 Financial Instruments: Recognition and Measurement. The Company has elected not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements.

The adoption of IFRS 9 resulted in changes in accounting policies which are described below.

Classification

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 approach for the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements. The new model also results in a single impairment model being applied to all financial instruments.

Financial Assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVTPL”).

Financial assets at amortized cost

The Company’s financial assets at amortized cost includes trade receivables and notes receivable. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated as fair value through profit or loss

For our financial assets designated as FVTPL, we measure the change in fair value attributable to changes in credit risk as the difference between the total change in the fair value of the instrument during the period and the change in fair value calculated using the appropriate risk-free yield curves.

Fair value through other comprehensive loss

Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive loss. Income arising in the form of interest, dividends, or similar, is recognized through profit and loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on original recognition.

Summary of IFRS 9 Adoption Impact

The following table summarizes the classifications and carrying amounts of the Company's financial instruments as previously established under IAS 39 as at November 30, 2017, and the new IFRS 9 classifications and carrying amounts established as at December 1, 2017.

	IFRS 9		IAS 39	
	Classification	Measurement	Classification	Measurement
Financial Assets				
Cash	Amortized cost	Amortized cost	FVTPL	Fair value
Trade receivables	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Contract assets	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Notes receivable	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Financial Liabilities				
Operating loan	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Term bank loans	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Notes payable	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Equipment leases	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Preferred shares	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Preferred shares - derivative	FVTPL	Fair value	n/a	n/a
Royalty advance	FVTPL	Fair value	FVTPL	Fair value
Contingent consideration	FVTPL	Fair value	FVTPL	Fair value
Convertible debt	Amortized cost	Amortized cost	Other liabilities	Amortized cost

Impairment of Financial Assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes expected credit losses for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

For financial assets carried at amortized cost (loans receivable or promissory notes), the Company recognizes loss allowances for expected credit losses (ECLs) on such financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses. The Company applies a three-stage approach to measure ECLs. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans receivable if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on loans receivable that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The Company considers a significant increase in credit risk to have occurred if contractual payments are more than 30 days past due and considers the loans receivable to be in default if they are 90 days past due. A significant increase in credit risk or default may have also occurred if there are other qualitative factors (including forward looking information) to consider; such as borrower specific information (i.e. change in credit assessment). Such factors include consideration relating to whether the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

Significant increases in credit risk are assessed based on changes in probability of default of a financial asset subsequent to initial recognition. The Company uses past due information to determine whether credit risk has increased significantly since initial recognition. Financial assets are considered to have experienced a significant increase in credit risk and are reclassified to Stage 2 if a contractual payment is more than 30 days past due as at the reporting date.

The Company defines default as the earlier of when a contractual loan payment is more than 90 days past due or when a loan becomes insolvent as a result of customer bankruptcy. Loans that have experienced a default event are considered to be credit-impaired and are reclassified as Stage 3 loans.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3. Significant Accounting Policies (continued)

Financial Instruments – IAS 39 accounting policy applied prior to December 1, 2017

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 15 - Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized as follows:

1. Identify the contract with a customer,
2. Identify the performance obligations in the contract,
3. Determine the transaction price, which is the total consideration provided by the customer,
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values, and
5. Recognize revenue when the relevant criteria are met for each performance obligation.

New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. It applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The standard also provides guidance related to the treatment of contract acquisition costs and fulfillment costs.

3. Significant Accounting Policies (continued)

The Company has adopted IFRS 15 and the related Clarifications to IFRS 15 in its consolidated financial statements for the annual period beginning on December 1, 2017. This guidance was applied using a modified retrospective ('cumulative catch-up') approach.

The Company accounting policy under IFRS 15 is as follows:

Technology Division

i) Consulting and professional services revenue includes project management consulting, training, information technology staffing and software development. For consulting and professional service contracts billed on a fixed fee basis, revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method based either on the achievement of contractually defined milestones or based on labor hours. For consulting and professional services revenue contracts not filled on a fix fee basis are recognized as those services are provided based on labour hours at specified rates in the contracts.

ii) Information technology management ("IT management") includes hosting, supply chain transactions, energy information management and software licensing. The related revenue is recognized over the period services are provided and all deliverables and performance obligations are fulfilled.

Benefits Division

i) Benefits administration: The Company's hosted software-as-a-service ("SaaS") application, which allows customers to use hosted software over the contract period without taking possession of the software, is provided on a subscription basis, and is recognized ratably over the contract period based on the number of users, commencing on the date an executed contract exists and the customer has the right-to-use and access the platform.

ii) Nutritionals revenue is recognized from the sale of nutritional goods and supplements. Nutritionals revenue is recognized at a point in time when control of the goods is transferred to the customer, generally upon shipment of products.

4. Future Accounting Standard Changes

In January 2016, the IASB issued IFRS 16, Leases, to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease agreement. The standard supersedes IAS 17, Leases, and other leases related interpretations, eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. The standard will be effective on December 1, 2019 for the Company.

The standard permits two possible transition methods for its application: i) retrospectively to each prior reporting period presented or ii) retrospectively with the cumulative effect of initially applying the standard recognized on the date of the initial application (modified retrospective method). The Company plans to adopt IFRS 16 using the modified retrospective method. When the Company is the lessee, it is expected that the application of IFRS 16 will result in on-balance sheet recognition of most of its lease agreements that are currently considered operating leases, which are primarily for the rental of premises. The standard requires a lessee to recognize a “right of use” asset and a corresponding lease liability for substantially all leases, with the exception of leases with terms less than 12 months and leases of low value assets. The Company also expects a decrease of its office and general expense and an increase of its finance costs, amortization and depreciation resulting from the change in the recognition, measurement and presentation of rental expenses.

The Company is still assessing the effect of this new standard and intends to adopt IFRS 16 on its effective date.

5. Cash Generating Units and Goodwill

For the purpose of the annual impairment test, performed as at November 30th, 2018 the Company applied the value in use method in completing it analysis. The value in use is calculated using a five year discounted cash flow model, with terminal value. The Company created a range of outcomes in determining the recoverable amount. The key assumptions used to calculate the value in use are those regarding discount rates, growth rates (revenue) and expected changes in margins. The values of these assumptions reflect past experience. Cash flow projections have been discounted using rate of return derived from the Company's after-tax weighted average cost of capital considering specific risk relating to each CGU. The cash flow forecasts were extrapolated beyond a five-year period using an estimated long-term growth rate of 1.8% (2017 – 1.9%).

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

Benefits CGU

The Benefits CGU includes Adeeva, Meschino, SEBCON, SEB Admin, SEB Analytics, SEBCON and SES Ben. As a result of this analysis, the Company concluded that the recoverable amount of the CGU was less than the carrying amount as at November 30, 2018. The Company recorded a write down of goodwill of $901,444 (2017 - $nil). The Company recorded a write-down of contract assets of $1,354,396, software of $255,501, intellectual property of $5,500, customer relationships of $8,500, and trade names of $15,000 as they were determined not to be recoverable.

The key assumptions used in the model are as follows;

- After-tax weighted average cost of capital of 15.8% (2017 – 15.6%)
- Pre-tax discount rate of 21.5% (2017 – 21.2%)
- Revenue growth 6.2% to 7.1% (2017 - 3.6% to 9.4%)

Logitek/Inforica CGU

As a result of this analysis, the Company concluded that the recoverable amount of the CGU was less than the carrying amount as at November 30, 2018. The Company recorded a write-down of goodwill of $538,000 (2017 - $nil).

The key assumptions used in the model are as follows;

- After-tax weighted average cost of capital of 17.2% (2017 – 18.1%)
- Pre-tax discount rate of 23.4% (2017 – 24.6%)
- Revenue growth 3% (2017 - 2.5% to 34.6%)

SOMOS/Maplesoft CGU

As a result of this analysis, the Company concluded that the recoverable amount of the CGU was less than the carrying amount as at November 30, 2018. The Company recorded a write-down of goodwill of $1,447,000 (2017 - $nil).

The key assumptions used in the model are as follows;

- After-tax weighted average cost of capital of 12.8% (2017 – 13.3%)
- Pre-tax discount rate of 17.4% (2017 – 18.1%)
- Revenue growth 3.0% to 5.0% (2017 - 3.0% to 8.0%)

5. Cash Generating Units and Goodwill (continued)

Stroma CGU

As a result of this analysis, the Company concluded that the recoverable amount of the CGU was less than the carrying amount as at November 30, 2018. The Company recorded a write-down of goodwill of $79,000 (2017 - $nil).

The key assumptions used in the model are as follows;

- After-tax weighted average cost of capital of 16.4% (2017 – 15.0%)
- Pre-tax discount rate of 22.3% (2017 – 20.4%)
- Revenue growth 3% (2017 - 5.0%)

Paradigm CGU

As at September 18, 2018, Paradigm was classified as assets held for sale (Note 28). Immediately prior to the classification as held for sale, an impairment test was completed. As a result of this analysis, the Company concluded the recoverable amount of the CGU was greater than it's carrying amount and no impairment loss has been recognized.

The key assumptions used in the model are as follows;

- After-tax weighted average cost of capital of 22.1% (2017 – 22.0%)
- Pre-tax discount rate of 30.3% (2017 – 30.1%)
- Revenue growth 3% (2017 - 3.0% to 5.0%)

As at November 30, 2018, the fair value less cost to sale of the assets held for sale and liabilities directly associated with assets held for sale was greater than the carrying amount. No write-down has been recognized.

Goodwill

The carrying amounts of goodwill by CGU were as follows:

	May 31, 2019	Nov 30, 2018
Logitek/Inforica	$ 950,820	$ 950,820
SOMOS/Maplesoft	6,879,595	6,879,595
Stroma	287,985	287,985
Goodwill from continuing operations	8,118,400	8,118,400
Assets held for sale (1)	4,697,380	4,697,380
	$ 12,815,780	**$ 12,815,780**

(1) Assets held for sale consist of $4,697,380 in goodwill related to the Paradigm CGU (see Note 28)

During the year ended November 30, 2018, the Company recorded a goodwill write-down of $2,965,444, as the estimated discounted cash flows, based on current contracted revenues, was less than the carry value of the CGUs tested. There is no additional write-down for the six months ended May 31, 2019.

6. Non-Controlling Interest

The Company has subsidiaries under its control which are less than 100% owned. Net income is recorded fully with an offset to non-controlling interest.

Continuity of non-controlling interests as follows:

	Investment	Net income (loss)	Total
Balance, November 30, 2018	**(256,534)**	**4,147**	**(252,387)**
Net income attributed to non-controlling interests	-	155,922	155,922
Balance, February 28, 2019	**(256,534)**	**160,069**	**(96,465)**
Net loss attributed to non-controlling interests	-	(184,035)	(184,035)
Balance, May 31, 2019	**$ (256,534)**	**$ (23,966)**	**$ (280,500)**

7. Revenue from Contracts with Customers

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Mar 1, 2019 to May 31, 2019	Mar 1, 2018 to May 31, 2018	Dec 1, 2018 to May 31, 2019	Dec 1, 2017 to May 31, 2018
Professional Services	$ 12,599,307	$ 12,507,667	$ 23,553,365	$ 25,953,495
IT Management	2,044,940	4,152,007	4,591,390	7,929,369
Benefits Administration	2,765,619	3,063,630	5,539,335	6,109,499
Nutritionals	265,613	296,177	497,719	536,828
Revenue from continuing operations	**$ 17,675,479**	**$ 20,019,481**	**$ 34,181,809**	**$ 40,529,191**

8. Notes Receivable

Notes receivable consists of loans to the former shareholders of Maplesoft and a third party. These former shareholders continue in their roles as executives of Maplesoft. This portion of the loans are secured by the SEB common shares and the contingent consideration for the acquisition of Maplesoft Group Inc. (Note 26). These notes receivable are due on March 31, 2021 and classified as non-current assets. During the six months ended May 31, 2019, the Company provided a further advance of $227,676 and recorded a provision of $190,035 (November 30, 2018 - $2,105,549). As at May 31, 2019, there is a balance owing of $112,078 ($112,078 at November 30, 2018) from a Director of the Company reclassified from account receivable to Notes receivable.

	Nov 30, 2018	Cash advance	Interest accrual	Receivable provision	Reclassification	May 31, 2019
Advance to Maplesoft Shareholders	$ 4,396,821	$ 216,426	$ 29,660	$ -		$ 4,642,907
Provision	(2,105,549)	-	-	(190,035)	-	(2,295,584)
Advance to a Director	-	-	-	-	112,078	112,078
Advance to third party	-	11,250	-	-	-	11,250
Notes receivable	**$ 2,291,272**	**$ 227,676**	**$ 29,660**	**$ (190,035)**	**$ 112,078**	**$ 2,470,651**
Short-Term notes receivable	-					-
Long-Term notes receivable	2,291,271					2,470,651
	$ 2,291,271					**$ 2,470,651**

9. Equipment

	Cost			Accumulated Depreciation			Net Balance	
	Nov 30, 2018	Additions	May 31, 2019	Nov 30, 2018	Expense (Disposal)	May 31, 2019	May 31, 2019	Nov 30, 2018
Furniture and office equipment	$ 622,608	$ -	$ 622,608	$ 360,067	$ 32,231	$ 392,297	$ 230,311	$ 262,541
Computer hardware	1,443,476	17,610	1,461,085	944,221	78,449	1,022,670	438,415	499,255
Leaseholds	159,335	-	159,335	96,751	13,587	110,339	48,996	62,584
Total	**$ 2,225,419**	**$ 17,610**	**$ 2,243,029**	**$ 1,401,039**	**$ 124,267**	**$ 1,525,306**	**$ 717,722**	**$ 824,380**
Assets held for sale	**$ 387,053**	**$ 6,295**	**$ 393,348**	**$ 308,093**	**$ (0)**	**$ 308,093**	**$ 85,255**	**$ 78,960**

10. Software

	Cost				Accumulated Amortization				Net Balance	
	Nov 30, 2018	Additions	Adjustment	May 31, 2019	Nov 30, 2018	Expense	Adjustment	May 31, 2019	May 31, 2019	Nov 30, 2018
Smart Employee Solutions (1)	$ 500,000	$ -	$ -	$ 500,000	$ 383,333	$ 25,000	$ -	$ 408,333	$ 91,667	$ 116,667
SES Benefits (2)	644,350	-	-	644,350	252,940	32,219	-	285,159	359,192	391,410
Logitek (3)	875,277	-	-	875,277	503,485	46,451	-	549,936	325,342	371,792
Maplesoft	31,493	-	-	31,493	30,697	179	-	30,876	617	796
SEB Admin (4)	1,079,145	100,651	(566,223)	613,573	310,874	110,429	(129,214)	292,089	321,484	768,271
Total of continuing operations	**$ 3,130,265**	**$ 100,651**	**$ (566,223)**	**$ 2,664,693**	**$ 1,481,329**	**$ 214,277**	**$ (129,214)**	**$ 1,566,392**	**$ 1,098,301**	**$ 1,648,936**
Assets held for sale	**$ -**	**$ 4,775**	**$ -**	**$ 4,775**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,775**	**$ -**

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 additional health benefit processing revenues. It is being amortized over 10 years on a straight-line basis.

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

4) SEB Admin acquired group benefit administration software as part of the acquisition of the mid-market processing business, with an assigned value of $330,000, which was being amortized over 5 years. It is fully written down in Q2, 2019. In addition, SEB Admin acquired other software, including a telephone system for the administration of this business. The amount is being amortized over 4 years. SEB Admin also had an internally developed software that was being amortized over 5 years. It had been fully written down in Q2, 2019. The addition of $89,954 internally developed software in 2019 is being amortized equally over four quarters.

11. Customer Relationships

Customer relationships acquired by the Company have finite useful lives. They 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.

Residual values are reviewed at each reporting date and adjusted if appropriate.

	Cost		Accumulated Amortization			Net Balance	
	Nov 30, 2018	May 31, 2019	Nov 30, 2018	Expense	May 31, 2019	May 31, 2019	Nov 30, 2018
Maplesoft	$ 4,090,000	$ 4,090,000	$ 2,454,000	$ 409,000	$ 2,863,000	$ 1,227,000	$ 1,636,000
Somos	493,306	493,306	489,625	3,681	493,306	-	3,681
Stroma	660,000	660,000	594,000	66,000	660,000	-	66,000
Total	**$ 5,243,306**	**$ 5,243,306**	**$ 3,537,625**	**$ 478,681**	**$ 4,016,306**	**$ 1,227,000**	**$ 1,705,681**
Assets held for sale	**$ 5,650,000**	**$ 5,650,000**	**$ 4,237,500**	**$ -**	**$ 4,237,500**	**$ 1,412,500**	**$ 1,412,500**

12. 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 trade names 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, 2018	**May 31, 2019**	**Nov 30, 2018**	**Expense**	**May 31, 2019**	**May 31, 2019**	**Nov 30, 2018**
Maplesoft	$ 4,950,000	$ 4,950,000	$ 2,970,000	$ 495,000	$ 3,465,000	$ 1,485,000	$ 1,980,000
Stroma	260,000	260,000	234,000	26,000	260,000	-	26,000
Total	**$ 5,210,000**	**$ 5,210,000**	**$ 3,204,000**	**$ 521,000**	**$ 3,725,000**	**$ 1,485,000**	**$ 2,006,000**
Assets held for sale	**$ 1,280,000**	**$ 1,280,000**	**$ 960,000**	**$ -**	**$ 960,000**	**$ 320,000**	**$ 320,000**

13. Bank Indebtedness

Technology Division Bank Facilities

On April 20, 2017, the Technology Division of the Company obtained credit facilities ("Facilities") from the Bank of Montreal ("the Bank") to consolidate the Paradigm and Maplesoft facilities and to repay short-term debt and convertible debt (the "Loan Agreements").

The Facilities obtained were:

1) An operating demand facility of up to $12,000,000, the amount available determined by the trade receivables of the borrowers. The interest rate is the bank's prime rate plus 1.5% (May 31, 2019 – 5.45%), 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% (May 31, 2019 – 5.95%), 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 of up to 25% of the free cash flow of the Technology Division. The loan may be repaid at any time without penalty;

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 Facilities are secured by guarantees of the Company and the material subsidiaries of the Company. The Facilities contain positive, negative and financial covenants, and include other usual and customary terms and conditions.

13. Bank Indebtedness (continued)

During the fourth quarter of fiscal 2018 and the six months period ending May 31, 2019, the Company did not meet two of its financial covenants with respect to ratios of debt to Adjusted EBITDA.

On March 4, 2019, the Company and the Bank executed a Loan Amendment, Modification and Undertaking Agreement ("Amending Agreement") whereby the terms of the Loan Agreements were revised. Under the terms of the Amending Agreement the Company acknowledged not meeting a financial covenant and distributing funds within the Company's subsidiaries contrary to the Loan Agreement provisions. Under the terms of the Amending Agreement the Bank agreed to modify the Loan Agreements such that these actions did not constitute enforceable defaults within the terms of the Loan Agreements.

On April 2, 2019, the Company and the Bank executed an Amendment to the Amending Agreement whereby the Company agreed to deposit in escrow between $2 million and $5 million of new capital by April 15, 2019 and the date for completing the repayment of the Facilities through new credit facilities was set for April 30, 2019. As of May 31, 2019, neither the deposit due April 15, 2019 nor the Facility repayment due April 30, 2019 had been completed. Subsequent to the quarter, the Company deposited $4,250,000 of the proceeds of Asset Divestment against the facilities (see Note 29).

The Primary borrower is Paradigm. During fiscal 2018, the Company announced its intent to sell Paradigm. As a result, the assets, liabilities and results are displayed as "Assets held for sale" (Note 28).

Operating Loan	**May 31, 2019**	**Nov 30, 2018**
BMO bank facility	**$ 9,749,420**	**$ 11,567,575**

			May 31, 2019	**Nov 30, 2018**
Term Loans	**'A'**	**'B'**	**Total**	**Total**
Current portion	$ 2,250,000	$ 5,000,000	$ 7,250,000	$ 7,937,500
Non-current portion	-	-	-	-
Total	**$ 2,250,000**	**$ 5,000,000**	**$ 7,250,000**	**$ 7,937,500**

During the six months ended May 31, 2019, the Company repaid $687,500 of the Term Loans.

14. Contract Liabilities

Contract liabilities are comprised of annual licence fees for software and prepayments. Amounts are recognized as revenue in accordance with the Company's revenue recognition policy.

15. Preferred Shares

Maturity Date	Conversion Price		Nov 30, 2018	Accretion expense	Change in fair value	Balance May 31, 2019	Nov 30, 2018
(1) 2-Dec-18	N/A	Face value	350,000	-	-	350,000	350,000
Total preferred shares			**$ 350,000**	**$ -**	**$ -**	**$ 350,000**	**$ 350,000**
(2) 31-May-23	$ 0.50	Carrying value	2,597,785	-	-	2,597,785	2,597,785
		Derivative liability	401,216	-	-	401,216	401,216
Liabilities directly associated with assets held for sale			**$ 2,999,001**	**$ -**	**$ -**	**$ 2,999,001**	**$ 2,999,001**

1) On December 2, 2013, the Company acquired 50% of Inforica. Inforica had previously issued $350,000 of preferred shares. The preferred shares are not entitled to any dividends, do not have voting rights and all or a portion of the preferred shares may be redeemed at the original issue price. The preferred shares are retractable by the holder after the fifth anniversary of December 2, 2018 and may be settled in cash upon written notice. Due to the retraction provision by the holder, the preferred shares have been classified as a financial liability on the consolidated financial statements.

   Subsequent to the quarter, on June 1, 2019, the $350,000 of preference shares were redeemed for $100,000 in cash, and a $250,000 note. The note bears an interest rate of 8% and is repayable in equal monthly instalments of principal and interest of $14,785 (see Note 29).

2) On February 28, 2018, the Company's wholly owned subsidiary, Paradigm, closed a private placement with a major Canadian Investment Fund ("Investor") to issue 3,000,000 preferred shares ("Preferred Shares") at a price of $1.00 each, pursuant to which it received $3,000,000 in gross proceeds. The Company incurred $112,061 in debt issue costs.

   Initial allocation of the Paradigm preferred share issuance:

	Note	2018
Face value of preferred shares		$ 3,000,000
Less: Issue costs		(112,061)
Less: Bonus return	26	(130,148)
Less: Derivative liability		(295,112)
Preferred shares- carrying value		$ 2,462,679

   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 shares were cancelled subsequent to the quarter end as part of the Paradigm divestiture (see Note 29).

15. Preferred Shares (continued)

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 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. The conversion feature is valued as a derivative liability at fair value through profit and loss.

In certain circumstances, the Preferred Shares may be redeemed by Paradigm 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 within 90 days after Maturity, the Preferred Shares (including accrued but unpaid dividends and Bonus Return) will convert into a demand secured debenture ("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 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 with an interest rate of 18% per annum.

The Investor is entitled to have one individual appointed to the Board of Directors of Paradigm.

As at May 31, 2019, the Company had accrued $240,000 in dividends payable which is recorded in liabilities directly associated with assets held for sale (note 28). For the six months ended May 31, 2019, the Company paid nil dividends. The accrued dividends had been fully paid within Q3, 2019.

16. Convertible Debt

	Maturity Date	Conversion Price	Nov 30, 2018	Addition	Repayments	May 31, 2019	Equity Component of Notes	Liability at Fair Value	Accreted Interest	May 31, 2019	Nov 30, 2018
(1)	Dec 31, 2016	$ 0.30	1,000,000	-	-	1,000,000	-	1,000,000	-	1,000,000	1,000,000
(2)	Dec 31, 2016	$ 0.30	190,000	-	-	190,000	-	190,000	-	190,000	190,000
(3)	Mar 18, 2019	$ 0.75	11,805	-	(11,805)	-	-	-	-	-	11,805
(4)	April 25, 2020	$ 0.50	601,000	-	(42,000)	559,000	(74,502)	484,498	40,709	525,207	548,684
(5)	Interest Accrued		328,482	71,205	-	399,687	-	399,687	-	399,687	328,482
Totals			**$2,131,287**	**$ 71,205**	**$ (53,805)**	**$2,148,687**	**$ (74,502)**	**$2,074,185**	**$ 40,709**	**$2,114,894**	**$2,078,971**
Current portion of convertible debt										$1,639,894	$1,561,971
Long term portion of convertible debt										475,000	517,000
										$2,114,894	**$2,078,971**

1) On May 14, 2013, the Company completed a private placement offering of $1,025,000 of units ("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. Effective January 1, 2017, notes are due on demand. During the six months ended May 31, 2019, $nil of the notes were repaid (2018 $nil).

2) On September 6, 2013, the Company completed a private placement offering of $250,000 units ("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. Effective January 1, 2017, notes are due on demand. During the six months ended May 31, 2019, $nil of the notes was repaid (2018 $nil).

3) 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 have been made in accordance the schedule until Q1, 2019, at which period the balance had been repaid.

16. Convertible Debt (continued)

4) On April 26, 2018, the Company signed a new debenture agreement to replace convertible debt. The Company issued a $650,000 promissory note with a term of two years. The note pays 5.0% annualized interest on a monthly basis in arrears with a monthly payment of $7,000 of principal and is convertible into the common shares of the company at $0.50 per share until maturity.

   In arriving at a fair value of the liability component of the convertible debt, the Company used a discount rate of 18% to determine the discounted present value of the debt due at maturity. The equity component of $74,502, arising from the difference between the coupon and effective interest rate, has been recorded in contributed surplus. The difference between the face value and fair value of the convertible debt is being recorded in net loss and comprehensive loss as accreted interest using the effective interest rate method.

5) As at May 31, 2019, the Company has accrued interest of $399,687 on the convertible debt.

17. Notes Payable

		May 31, 2019	Nov 30, 2018
(1)	Advance from Chairman of the Board	$ 1,000,000	$ 1,000,000
(2)	Loan assumed on Maplesoft acquisition, maturing December 24, 2019 interest rate of 11% per annum	1,270,567	1,296,104
(3)	Loan from Investors	2,000,000	2,000,000
	Other	-	5,100
	Accrued interest	692,828	499,660
	Notes payable	**$ 4,963,395**	**$ 4,800,864**
	Short-term notes payable	$ 4,963,395	$ 3,504,760
	Long-term notes payable	-	1,296,104
		$ 4,963,395	**$ 4,800,864**

1) The advance from the Chairman of the Board is due on demand and bears interest at 12% per annum. As at May 31, 2019, the Company has accrued interest of $692,828.

2) The Company made repayments of $89,794 for the six months ended May 31, 2019. Of this, $25,516 was applied against principal.

3) On July 26, 2018, SEB Administrative Services Inc. ("SEB Admin") closed a financing arrangement whereby SEB Admin borrowed $2 million dollars from a consortium of individuals. The initial term was for a period of 6 months, with an option to renew for a further 6 months. The interest rate is 1% per month plus a discount to the loan principal of $100,000. The loan was renewed after 6 months and a further discount of $100,000 was paid. Security for the loan is provided by the assets of SEB Admin, subject to any existing security held on the operating line and term bank loans.

18. Share Capital

(a) Authorized
Unlimited number of common shares

(b) Common shares issued and outstanding

	Number of shares		Amount $
Balance, November 30, 2018	**161,198,149**	**$**	**33,071,172**
Exercise of options on December 4, 2018	1,300		299
Private placement on January 9, 2019	4,150,000		892,250
Warrants issued with shares	-		(161,850)
Balance, February 28, 2019	**165,349,449**	**$**	**33,801,871**
Exercise of warrants on April 1, 2019	411,250		82,250
Balance, May 31, 2019	**165,760,699**	**$**	**33,884,121**

(c) Share purchase warrants

			Number of Warrants Outstanding				
	Exercise		Feb 28, 2019	Expired	Exercised	May 31, 2019	
Note	Price	Expiry	Outstanding			Outstanding	Exercisable
	$ 0.20	Apr 3 2019	350,000	-	(350,000)	-	-
	$ 0.20	Apr 6 2019	61,250	-	(61,250)	-	-
	$ 0.30	Apr 20 2019	342,700	(342,700)	-	-	-
	$ 0.30	May 30 2019	4,778,109	(4,778,109)	-	-	-
1	$ 0.50	Dec 1 2020	1,000,000	-	-	1,000,000	750,000
2	$ 0.30	Jan 9 2021	4,150,000	-	-	4,150,000	4,150,000
			10,682,059	**(5,120,809)**	**(411,250)**	**5,150,000**	**4,900,000**
Weighted avg exercise price			**$ 0.31**	**$ (0.30)**	**$ 0.20**	**$ 0.34**	**$ 0.33**

1) 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 60 months, vest one-eighth every six months, and are exercisable at $0.50.

2) On January 9, 2019, the Company closed an equity unit financing at $0.215 per unit, of 4,150,000 units for gross proceeds of $892,250. The equity units were made up of 4,150,000 shares and 4,150,000 share purchase warrants, exercisable at $0.30 per share for 24 months from date of issue. The warrants were valued at $161,850 using the residual pricing model.

18. 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 May 31, 2019 is 16,576,070.

	Exercise		Feb 28, 2019			May 31, 2019	
Note	Price	Expiry	Outstanding	Issued	Expired	Outstanding	Exercisable
	$ 0.30	Mar 24, 2019	400,000	-	(400,000)	-	-
	$ 0.30	Mar 24, 2019	290,000	-	(290,000)	-	-
	$ 0.30	Apr 26, 2019	100,000	-	(100,000)	-	-
	$ 0.20	May 3, 2019	100,000	-	(100,000)	-	-
	$ 0.30	May 3, 2019	300,000	-	(300,000)	-	-
	$ 0.30	May 31, 2019	100,000	-	(100,000)	-	-
	$ 0.30	May 31, 2019	100,000	-	(100,000)	-	-
1	$ 0.25	Aug 3, 2019	500,000	-	-	500,000	500,000
2	$ 0.25	May 1, 2020	-	500,000	-	500,000	500,000
3	$ 0.30	May 3, 2020	500,000	-	-	500,000	500,000
4	$ 0.30	Aug 3, 2020	600,000	-	-	600,000	600,000
5	$ 0.20	Aug 3, 2020	700,000	-	-	700,000	700,000
6	$ 0.24	Nov 2, 2020	500,000	-	-	500,000	500,000
7	$ 0.24	Nov 2, 2020	400,000	-	-	400,000	300,000
8	$ 0.23	Mar 3, 2021	500,000	-	-	500,000	300,000
9	$ 0.23	Mar 3, 2021	6,373,700	-	-	6,373,700	3,823,700
10	$ 0.30	Oct 26, 2021	750,000	-	-	750,000	750,000
11	$ 0.22	Nov 2, 2021	700,000	-	-	700,000	280,000
			12,913,700	**500,000**	**(1,390,000)**	**12,023,700**	**8,753,700**
Weighted avg exercise price			**$ 0.25**	**$ 0.25**	**$ (0.29)**	**$ 0.24**	**$ 0.25**

18. Share Capital (continued)

1) 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.

2) On May 1, 2019 the Company granted 500,000 options to a consultant. The options have a 12-month term, vest 100% immediately and are exercisable at $0.25 per share

3) 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.

4) 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.

5) 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.

6) 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.

7) 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. 100,000 options out of the total were cancelled in 2018 due to employees leaving.

8) On March 3, 2018, the Company granted 500,000 options to a consultant. The options have a 36-month term, vest 20% on issue and 20% every six months and are exercisable at $0.23 per share.

9) On March 3, 2018, the Company granted 6,375,000 options to various employees and consultants. The options have a 36-month term, vest 20% on issue and 20% every six months and are exercisable at $0.23 per share. A total of 1,300 options were exercised in Q1 2019.

10) On October 26, 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.

11) On November 2, 2018, the Company granted 700,000 options to the independent directors. The options have a 36-month term, vest 20% on issue and 20% every six months and are exercisable at $0.22 per share.

18. Share Capital (continued)

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

	For Options Issued in:			
	Fiscal 2019 Q2		Fiscal 2018	
	From	**To**	**From**	**To**
Expected option life	1 year	1 year	2 years	3 years
Risk-free interest rate	1.52%	1.52%	1.85%	2.36%
Forfeiture rate	NIL	NIL	NIL	NIL
Volatility factor of expected price of the Company's shares	48.88%	48.88%	44.40%	44.40%

(e) Loss per Share

The weighted average number of common shares outstanding for the quarter ending May 31, 2019 was 165,605,338 (160,996,519 for the quarter ended May 31, 2018). The dilutive effect of options and warrants outstanding was not included as it would serve to reduce the loss per share reported.

19. Taxes

Estimated income tax recovery is $nil for six months ended May 31, 2019, compared to estimated income tax expense of $24,470 for the six months ended May 31, 2018 for continuing operations.

20. Financial Instruments and Risks

Fair Value Measurement of Financial Instruments

The carrying value of cash, trade receivables, contract assets, operating loans, accounts payable and accrued liabilities, equipment leases, term bank loans, royalty advance, notes payable and preferred shares are considered representative of their respective fair values due to the short-term period to maturity. The carrying value of 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.

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.

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.

Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	May 31, 2019	*November 30, 2018*
Trade receivables	$ 16,252,930	$ 16,086,172
Contract liability	651,600	649,088

The contract assets primarily relate to the Company's effort and cost to set-up and on-board customers to the Company's platform. During the year ended November 30, 2018, there was impairment of contract assets of $1,316,396 (Note 5).

The contract liabilities primarily related to the advance consideration received from customers for annual license fees for software and prepayments, for which revenue is recognized over time or at a later point. This will be recognized as revenue when the Company completes the performance obligations, which is expected to occur over the next year.

20. Financial Instruments and Risks (continued)

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. The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, trade receivables and notes receivables. The maximum exposure of credit risk is generally represented by the carrying amount of these items reported on the consolidated statement of financial position. The Company has trade receivables derived from clients engaged in various industries including governmental agencies, finance, telecommunications, manufacturing and utilities that are not concentrated in any specific industry area. These specific industries may be affected by economic factors that may impact trade receivables. 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. However, management does not believe that the Company is subject to any significant credit risk in view of the Company's large and diversified client base. Overall, management does not believe that any single industry or geographic region represents a significant credit risk to the Company.

The Company establishes an allowance for expected credit losses that corresponds to the specific credit risk of its customers and economic circumstances. As at May 31, 2019, the allowance for expected credit losses was $1,099,604 (November 30, 2018 - $1,100,231). The quantitative information below on trade receivables excludes amounts classified as amortized cost.

The following table sets forth details of the age of trade receivables:

	May 31, 2019	Nov 30, 2018	Expected credit loss range
Current	10,567,799	$ 12,623,624	0.06% - 1.92%
Aged 31-60 days	3,296,765	1,250,737	0.06% - 1.92%
Aged 61-90 days	786,044	732,232	0.99% - 2.33%
Aged more than 90 days	2,701,926	2,579,810	3.70% - 20.00%
	17,352,534	17,186,403	
Expected credit loss provision	1,099,604	1,100,231	
Trade receivables	**$ 16,252,930**	**$ 16,086,172**	

The impact of the movement of the expected credit loss provision is shown below:

Balance at November 30, 2018 under IFRS 9	**$ 1,100,231**
Bad debt expense	300
Balance at February 28, 2019 under IFRS 9	**$ 1,100,531**
Bad debt recovery	(927)
Balance at May 31, 2019 under IFRS 9	**$ 1,099,604**

20. Financial Instruments and Risks (continued)

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 $119,994 (November 30, 2018 - $145,051).

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.

The following table details the Company's anticipated repayment schedule for its financial liabilities as at May 31, 2019:

	Notes Payable	Convertible Debt (1)	Equipment Leases	Term Bank Loans (2)	Royalty Advance (3)	Total
	(Note 17)	**(Note 16)**	**(Note 20)**	**(Note 13)**	**(Note 27)**	
Fiscal 2019	3,692,828	1,631,687	33,554	7,250,000	1,626,667	14,234,736
Fiscal 2020	1,270,566	517,000	29,203	-	160,000	1,976,769
Fiscal 2021	-	-	-	-	160,000	160,000
Fiscal 2022	-	-	-	-	133,333	133,333
	$ 4,963,395	**$ 2,148,687**	**$ 62,757**	**$ 7,250,000**	**$ 2,080,000**	**$ 16,504,838**

(1) Face value of convertible debentures.
(2) Face value of term bank loan. Payments could change according to balance of free cash flow of 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.

20. Financial Instruments and Risks (continued)

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.

21. 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.

22. Related Party Transactions and Balances

Key Management Compensation

Key management personnel 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 during the period December 1, 2018 to May 31, 2019 for $183,000 and $120,000, respectively ($183,000 and $120,000 for the six months ended May 31, 2018). On March 3, 2018, the Company granted 1,750,000 stock options to the management to buy common stocks. The options have a 36-month term, vest 20% on issue and 20% every six months and are exercisable at $0.20 per share. The options have a fair value on issuance of $128,450, which will be recorded in stock-based compensation over the vesting period.

Notes Receivable

Included in notes receivable is a balance of $2,459,401 advance to Maplesoft shareholders and a director (see Note 8).

Notes Payable

Included in notes payable is a $1,000,000 loan from Chairman of the Board. The note is due on demand and bears interest at 12% per annum (Note 17). For the quarter ended May 31, 2019, the Company recorded $30,247 in interest expense (Q2 2018 - $89,807).

22. Related Party Transactions and Balances (continued)

Director Fees

Director fees for the Company were $119,750 for the six months ended May 31, 2019 ($114,750 for the six months ended May 31, 2018). As at May 31, 2019, the amount remaining unpaid was $825,455 (November 30, 2018 - $695,705).

Director stock-based compensation expense was $6,121 for the six months ended May 31, 2019 ($117,455 for the six months ended May 31, 2018).

23. Commitments and Contingencies

Premise Lease

In addition to the debt repayment discussed in Note 20, as at May 31, 2019, the Company had the following premise lease commitments:

	Premise leases	Assets held for sale Premise leases	Total
Fiscal 2019	$ 464,218	$ 164,973	$ 629,191
Fiscal 2020	2,399,769	337,932	2,737,701
Fiscal 2021	2,411,913	337,932	2,749,845
Fiscal 2022	2,324,340	337,932	2,662,272
Fiscal 2023 and beyond	14,520,271	591,381	15,111,652
Total	**$ 22,120,510**	**$ 1,770,150**	**$ 23,890,661**

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% of 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 May 31, 2019, no amounts have been paid. The initial license payment is recorded as software and being amortized over 10 years (Note 10).

Legal Proceedings

In the ordinary course of operating, the Company may from time to time be subject to various claims or possible claims. Management believes 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.

24. Account Payable, Other Liabilities and Non-Cash Working Capital

The break down of Accounts payable and other liabilities for continuing operations is as follows:

	May 31, 2019	Nov 30, 2018
Accounts payable and accrued liabilities	$ 13,649,270	$ 16,349,531
Net clients liabilities to be settled	9,657,723	1,837,707
Government remittances and current taxes payable	515,863	1,028,842
Total	**$ 23,822,856**	**$ 19,216,080**

Changes in non-cash working capital are as follows:

	Mar 1, 2019 to May 31, 2019	Mar 1, 2018 to May 31, 2018	Dec 1, 2018 to May 31, 2019	Dec 1, 2017 to May 31, 2018
Trade receivables	$ (948,768)	$ 2,043,747	$ (166,758)	$ 2,184,004
Inventories	(1,551)	(15,587)	1,246	7,753
Prepaids and deposits	481,613	208,303	652,672	163,847
Accounts payable and accrued liabilities	(54,780)	(972,485)	(2,042,044)	(2,691,469)
Net clients liabilities to be settled	568,289	-	7,820,016	167,852
Government remittances and current taxes payable	(167,273)	64,057	(512,979)	(208,917)
Contract liabilities	(109,882)	(275,586)	2,511	(275,586)
Deferred tax change	-	-	105,515	-
Total	**$ (232,352)**	**$ 1,052,449**	**$ 5,860,180**	**$ (652,516)**

25. 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. 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.

25. Segment Disclosures (continued)

As at May 31, 2019

	Benefits	Technology	Corporate	Eliminations	Held by continuing operations	Held for sale	Total
Current Assets	$ 6,922,108	$ 21,921,903	$ 66,622	$ (10,714,288)	$ 18,196,345	$ 4,778,028	$ 22,974,373
Total Assets	$ 7,715,646	$ 36,026,605	$ 748,013	$ (10,714,288)	$ 33,775,975	$ 11,297,938	$ 45,073,913
							-
Current Liabilities	$ 16,011,270	$ 36,610,234	$ 8,824,542	$ (10,714,288)	$ 50,731,758	$ 2,819,764	$ 53,551,522
Total Liabilities	$ 16,011,270	$ 36,610,234	$ 10,212,594	$ (10,714,288)	$ 52,119,810	$ 6,256,232	$ 58,376,042

As at November 30, 2018

	Benefits	Technology	Corporate	Eliminations	Held by continuing operations	Held for sale	Total
Current Assets	$ 5,034,383	$ 19,542,873	$ 260,954	$ (6,517,936)	$ 18,320,274	$ 4,113,827	$ 22,434,101
Total Assets	$ 6,429,609	$ 34,600,800	$ 976,217	$ (6,517,936)	$ 35,488,690	$ 10,662,667	$ 46,151,357
							-
Current Liabilities	$ 9,852,503	$ 34,522,796	$ 9,225,628	$ (6,517,936)	$ 47,082,991	$ 2,922,433	$ 50,005,424
Total Liabilities	$ 9,852,503	$ 34,446,485	$ 11,964,711	$ (6,517,936)	$ 49,745,763	$ 5,921,434	$ 55,667,197

Certain items previously reported have been reclassified to conform to the current period's reporting format.

25. Segment Disclosures (continued)

For three months ended May 31, 2019	Benefits	Technology	Corporate	Eliminations	Continuing operation	Discontinued operation	Total
Revenue	**$ 3,031,232**	**$ 15,243,459**	**$ -**	**$ (599,213)**	**$ 17,675,479**	**$ 6,293,095**	**$ 23,968,574**
Cost of revenues							
Compensation	23,710	12,399,523	-	(513,276)	11,909,957	4,808,448	16,718,405
Other costs of revenues	101,002	213,078	-	-	314,080	-	314,080
	124,712	12,612,601	-	(513,276)	12,224,037	4,808,448	17,032,485
Gross margin	**2,906,520**	**2,630,858**	**-**	**(85,937)**	**5,451,442**	**1,484,647**	**6,936,089**
Expenses							
Salaries and other compensation costs	2,767,935	1,311,916	433,188	(85,937)	4,427,102	446,386	4,873,488
Office and general	829,801	449,735	(43,928)	-	1,235,608	342,170	1,577,778
Professional fees	103,333	36,999	174,741	-	315,072	61,339	376,411
Amortization of intangible assets	482,975	89,811	480,609	-	1,053,395	-	1,053,395
Depreciation of equipment	26,642	39,139	828	-	66,608	-	66,608
Share-based compensation	-	-	63,151	-	63,151	-	63,151
	4,210,685	1,927,600	1,108,588	(85,937)	7,160,937	849,895	8,010,832
Income(loss) before the following:	**(1,304,165)**	**703,258**	**(1,108,588)**	**0**	**(1,709,495)**	**634,752**	**(1,074,744)**
Transaction costs	-	-	50,000	-	50,000	285,539	335,539
Interest and financing costs	134,490	280,836	183,799	-	599,125	253,323	852,448
Interest accretion	-	9,363	-	-	9,363	-	9,363
Income tax expense	-	(556)	-	-	(556)	60,000	59,444
Net income (loss)	**$ (1,438,655)**	**$ 413,615**	**$ (1,342,387)**	**$ 0**	**$ (2,367,426)**	**$ 35,890**	**$ (2,331,536)**

For three months ended May 31, 2018	Benefits	Technology	Corporate	Eliminations	Continuing operation	Discontinued operation	Total
Revenue	**$ 3,366,955**	**$ 18,834,557**	**$ -**	**$ (2,182,030)**	**$ 20,019,481**	**$ 5,754,243**	**$ 25,773,724**
Cost of revenues							
Compensation	44,626	14,331,605	-	(660,392)	13,715,838	4,528,417	18,244,255
Other costs of revenues	127,597	944,060	-	(725,632)	346,025	-	346,025
	172,223	15,275,665	-	(1,386,025)	14,061,863	4,528,417	18,590,280
Gross margin	**3,194,732**	**3,558,892**	**-**	**(796,005)**	**5,957,618**	**1,225,826**	**7,183,444**
Expenses							
Salaries and other compensation costs	2,448,680	1,401,872	114,000	(96,005)	3,868,546	344,866	4,213,412
Office and general	868,403	523,025	(121,960)	-	1,269,468	367,869	1,637,337
Professional fees	104,472	117,758	330,893	-	553,123	2,621	555,744
Amortization of intangible assets	73,246	252,741	369,429	-	695,416	346,500	1,041,916
Depreciation of equipment	14,574	45,551	1,645	-	61,769	6,449	68,218
Share-based compensation	-	-	425,270	-	425,270	-	425,270
	3,509,374	2,340,947	1,119,276	(96,005)	6,873,592	1,068,305	7,941,897
Income(loss) before the following:	**(314,643)**	**1,217,946**	**(1,119,276)**	**(700,000)**	**(915,973)**	**157,521**	**(758,452)**
Transition and decommission costs	161,750	-	-	-	161,750	-	161,750
Transaction costs	-	-	-	-	-	7,132	7,132
Interest and financing costs	(69,896)	680,434	258,052	-	868,590	171,188	1,039,778
Interest accretion	-	-	10,116	-	10,116	-	10,116
Income tax expense	-	22,706	-	-	22,706	292,135	314,841
Net income (loss)	**$ (406,497)**	**$ 514,806**	**$ (1,387,443)**	**$ (700,000)**	**$ (1,979,134)**	**$ (312,934)**	**$ (2,292,068)**

Certain items previously reported have been reclassified to conform to the current period's reporting format.

25. Segment Disclosures (continued)

For six months ended May 31, 2019

	Benefits	Technology	Corporate	Eliminations	Continuing operation	Discontinued operation	Total
Revenue	**$ 6,037,054**	**$ 29,310,893**	**$ -**	**$ (1,166,138)**	**$ 34,181,809**	**$ 11,897,333**	**$ 46,079,142**
Cost of revenues							
Compensation	44,143	23,535,992	-	(985,314)	22,594,822	9,305,596	31,900,418
Other costs of revenues	233,092	385,773	-	-	618,864	-	618,864
	277,234	23,921,765	-	(985,314)	23,213,686	9,305,596	32,519,282
Gross margin	**5,759,819**	**5,389,127**	**-**	**(180,824)**	**10,968,123**	**2,591,737**	**13,559,860**
Expenses							
Salaries and other compensation costs	5,650,777	2,583,061	860,178	(180,824)	8,913,192	936,596	9,849,788
Office and general	1,817,323	1,137,784	100,030	-	3,055,137	758,753	3,813,890
Professional fees	119,266	106,401	226,518	-	452,185	205,939	658,124
Amortization of intangible assets	547,438	142,308	961,220	-	1,650,967	-	1,650,967
Depreciation of equipment	53,217	69,397	1,653	-	124,267	-	124,267
Share-based compensation	-	-	139,309	-	139,309	-	139,309
	8,188,022	4,038,951	2,288,907	(180,824)	14,335,056	1,901,288	16,236,344
Income(loss) before the following:	**(2,428,202)**	**1,350,176**	**(2,288,907)**	**-**	**(3,366,933)**	**690,449**	**(2,676,484)**
Transaction costs	-	-	56,437	-	56,437	377,180	433,617
Interest and financing costs	144,114	475,042	502,337	-	1,121,493	470,155	1,591,648
Interest accretion	-	18,522	-	-	18,522	-	18,522
Income tax expense	-	-	-	-	-	120,000	120,000
Net income (loss)	**$ (2,572,317)**	**$ 856,612**	**$ (2,847,681)**	**$ -**	**$ (4,563,385)**	**$ (276,886)**	**$ (4,840,271)**

For six months ended May 31, 2018

	Benefits	Technology	Corporate	Eliminations	Continuing operation	Discontinued operation	Total
Revenue	**$ 6,670,268**	**$ 36,884,539**	**$ -**	**$ (3,025,616)**	**$ 40,529,191**	**$ 10,754,965**	**$ 51,284,156**
Cost of revenues							
Compensation	85,726	29,054,569	-	(1,210,520)	27,929,775	8,518,185	36,447,960
Other costs of revenues	231,476	1,359,733	-	(921,211)	669,997	-	669,997
	317,202	30,414,302	-	(2,131,731)	28,599,772	8,518,185	37,117,957
Gross margin	**6,353,067**	**6,470,237**	**-**	**(893,885)**	**11,929,419**	**2,236,780**	**14,166,199**
Expenses							
Salaries and other compensation costs	4,754,099	2,911,685	562,910	(193,885)	8,034,809	684,203	8,719,012
Office and general	1,847,229	954,072	56,336	-	2,857,636	714,904	3,572,540
Professional fees	116,301	180,977	455,893	-	753,171	21,512	774,683
Amortization of intangible assets	113,491	259,849	1,057,530	-	1,430,871	693,000	2,123,871
Depreciation of equipment	29,259	89,972	3,330	-	122,561	12,898	135,459
Share-based compensation	-	-	524,922	-	524,922	-	524,922
	6,860,379	4,396,555	2,660,921	(193,885)	13,723,970	2,126,517	15,850,488
Income(loss) before the following:	**(507,312)**	**2,073,682**	**(2,660,921)**	**(700,000)**	**(1,794,551)**	**110,263**	**(1,684,288)**
Transition and decommission costs	161,750	-	-	-	161,750	-	161,750
Transaction costs	-	-	-	-	-	7,132	7,132
Interest and financing costs	16,984	964,632	421,236	-	1,402,853	218,776	1,621,629
Interest accretion	-	-	51,092	-	51,092	-	51,092
Income tax expense	-	24,470	-	-	24,470	292,135	316,605
Net income (loss)	**$ (686,047)**	**$ 1,084,580**	**$ (3,133,249)**	**$ (700,000)**	**$ (3,434,715)**	**$ (407,780)**	**$ (3,842,495)**

Certain items previously reported have been reclassified to conform to the current period's reporting format.

26. Contingent Consideration Payable

		Current	Long term	May 31, 2019	Nov 30, 2018
(1)	Adeeva acquisition	$ 161,836	$ 333,492	$ 495,328	$ 495,328
(2)	Maplesoft acquisition	-	457,800	457,800	457,800
		$ 161,836	**$ 791,292**	**$ 953,128**	**$ 953,128**
	Current portion of contingent consideration payable			161,836	148,909
	Long-term portion of contingent consideration payable			791,292	804,219
				$ 953,128	**$ 953,128**
	Assets held for sale:				
(3)	Paradigm preferred shares			130,148	130,148
				$ 130,148	**$ 130,148**

1) 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. As of May 31, 2019, $129,599 has been accrued (November 30, 2018 - $116,672). No amounts have been paid as of May 31, 2019. Based on the expected discounted cash flows, the fair value of the remaining contingent liability is estimated to be $495,328 (November 30, 2018 - $495,328).

2) 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 period. Based on the expected discounted cash flows, the fair value of the contingent liability is estimated to be $457,800 (November 30, 2018 - $457,800).

3) As part of February 28, 2018, private placement transaction, Paradigm agreed to pay to an investor a quarterly 8% cumulative dividend and a bonus, payable at the maturity date of May 31, 2023. The bonus is based on the increase in value of Paradigm over the term of the preferred shares. Based on the expected discounted cash flows, the fair value of the remaining contingent liability is estimated to be $130,148 (note 28). Subsequent to the quarter, the preferred shares were cancelled (see Note 29).

27. 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, 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. $240,000 towards the royalty payment has been paid for the six months ended May 31, 2019 (November 30, 2018- $408,951).

In addition, the Company agreed to pay a minimum bonus fee of $400,000. Since the Royalty Advance was not repaid in full prior to the First Anniversary, an automatic increase of 20% is applicable to both the Royalty Rate and the bonus. Based on a discounted probability analysis, the Company has included $480,000 in its accrued liabilities for the bonus fee.

28. Assets Held for Sale

Description

On December 31, 2014, the Company acquired 100% of the shares of Paradigm Consulting Group Inc. and 100% of the partnership units of PCGI Consulting Services Partnership. The two entities, were subsequently amalgamated into one company, named Paradigm Consulting Group Inc. ("Paradigm").

On September 18, 2018, the Company signed a Letter of Intent with Golden Opportunities Fund Inc. ("Golden"), managed by Westcap Mgt. Ltd., to sell 100% of Paradigm. The acquirer was anticipated to be Golden in conjunction with Paradigm's senior management and the purchase price will be shared between the two. The purchase price included a cash amount, cancellation of the $3.0 million Paradigm preferred shares (owned by Golden), and a working capital adjustment. Closing was targeted for November 30, 2018, subject to final due diligence and regulatory and Board approval. The cash proceeds from the sale were anticipated to be used to partially repay debt of approximately $8.0 million and reduce revolving credit facilities.

Subsequently, the Letter of Intent was amended such that the net business assets of Paradigm ("Assets") were to be sold to a Limited Partnership of which the combination of Golden and Paradigm senior management would own 75% and the Company would own 25%. The transaction closed on July 3, 2019 (see Note 29). The price for the Assets is $10,000,000 with an adjustment for any working capital greater than or less than $1,500,000 determined on closing plus adjustments for pre-close earnings.

At September 18, 2018, the operations of Paradigm were classified as "Assets held for Sale" or "Discontinued Operations" by the Company, and the equipment and intangible assets ceased to be depreciated and amortized. The business of Paradigm was previously presented as part of the Technology segment. With Paradigm being classified as Assets held for sale, Paradigm is now separated from the Technology segment in the segment note to the consolidated financial statements and separated into assets held for sale and liabilities directly associated with assets held for sale on the consolidated statement of financial position. The operations of Paradigm have been removed from continuing operations and presented as discontinued operations in the consolidated statement of net loss and comprehensive loss for the current and prior period.

The Company considered the subsidiary to meet the criteria to be classified as assets held for sale during Q4, 2018 for the following reasons:

- Paradigm is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at an advanced stage

28. Assets Held for Sale (continued)

Presentation and Restatement of prior periods

The Company has reclassified the assets, liabilities and results of Paradigm in the comparative periods. The operations of Paradigm have been removed from continuing operations and are presented as discontinued operations in the consolidated statement of net loss and comprehensive loss for the current and prior period. The consolidated statement of cash flows includes the discontinued operations. Cash flow information directly related to the discontinued operations is disclosed in this note.

Assets and liabilities of disposal group held for sale

At May 31, 2019, the disposal group was stated at the lower of carrying value and fair value less costs to sell. Goodwill is primarily related to growth expectations, assembled workforce and expected cost synergies. See results of impairment testing in Note 5.

All trade receivables are in the normal course of operations and recorded at fair value.

The major classes of assets and liabilities of Paradigm classified as held for sale, as follows:

	Notes	*May 31, 2019*	*Nov 30, 2018*
Cash		$ 1,251,521	$ 635,726
Trade receivables		3,417,696	3,427,169
Prepaids and deposits		69,205	50,932
WIP		39,606	-
Equipment	**9**	85,255	78,960
Software	**10**	4,775	-
Customer relationships	**11**	1,412,500	1,412,500
Trade names	**12**	320,000	320,000
Goodwill	**5**	4,697,380	4,697,380
Assets held for sale		**$ 11,297,938**	**$ 10,622,667**
Accounts payable and accrued liabilities		$ 2,689,616	$ 2,527,932
Contingent consideration payable	**26**	130,148	130,148
Income taxes payable, government remittances and deferred taxes		437,467	264,353
Preferred shares	**15**	2,999,001	2,999,001
Liabilities directly associated with assets held for sale		**$ 6,256,232**	**$ 5,921,434**
Net Assets directly associated with assets held for sale		**$ 5,041,706**	**$ 4,701,233**

28. Assets Held for Sale (continued)

Financial performance and cash flow information

	Notes	Mar 1, 2019 to May 31, 2019	Mar 1, 2018 to May 31, 2018	Dec 1, 2018 to May 31, 2019	Dec 1, 2017 to May 31, 2018
Revenue		**$ 6,293,095**	**$ 5,754,243**	**$ 11,897,333**	**$ 10,754,965**
Cost of revenues					
Compensation		4,808,448	4,528,417	9,305,596	8,518,185
Gross margin		**1,484,647**	**1,225,826**	**2,591,737**	**2,236,780**
Expenses					
Salaries and other compensation costs		446,386	344,866	936,596	684,203
Office and general		342,170	367,869	758,753	714,904
Professional fees		61,339	2,621	205,939	21,512
Amortization of intangible assets	**10, 11, 12**	-	346,500	-	693,000
Depreciation of equipment	**9**	-	6,449	-	12,898
		849,895	1,068,305	1,901,288	2,126,517
Income (loss) before the following:		**634,752**	**157,521**	**690,449**	**110,263**
Transaction costs		285,539	7,132	377,180	7,132
Interest and financing costs		253,323	171,188	470,155	218,776
Net income (loss) before income tax		95,890	(20,799)	(156,886)	(115,645)
Income tax expense		60,000	292,135	120,000	292,135
Net income (loss) and comprehensive income (loss)		**$ 35,890**	**$ (312,934)**	**$ (276,886)**	**$ (407,780)**
Net income (loss) per common share					
- basic and diluted		**$ 0.000**	**$ (0.002)**	**$ (0.002)**	**$ (0.003)**

Included in the above is a corporate management fee and interest allocation of $387,840 for six months ended May 31, 2019 and $216,976 for the six months ended May 31, 2018. The net impact of the change has been eliminated on the consolidated results.

28. Assets Held for Sale (continued)

The net cash flows incurred by Paradigm are, as follows:

	Notes	Mar 1, 2019 to May 31, 2019	Mar 1, 2018 to May 31, 2018	Dec 1, 2018 to May 31, 2019	Dec 1, 2017 to May 31, 2018
Net income (loss) and comprehensive income (loss) for the period		**$ 35,890**	**$ (312,934)**	**$ (276,886)**	**$ (407,780)**
Items not affecting cash:					
Amortization of intangible assets	**10, 11, 12**	-	346,500	-	693,000
Depreciation of equipment	**9**	-	6,449	-	12,898
		35,890	**40,015**	**(276,886)**	**298,118**
Non-cash working capital		299,026	809,295	286,397	(286,045)
Cash flows from operating activities		**334,916**	**849,310**	**9,511**	**12,073**
Cash flows used in investing activities					
Purchase of software	**10**	-	-	(4,775)	-
Purchase of fixed assets	**9**	(1,208)	-	(6,295)	-
Cash flows used in investing activities		**(1,208)**	**-**	**(11,070)**	**-**
Cash flows from (used in) financing activities					
Proceeds from preferred shares financing	**15**	-	-	-	3,000,000
Intercompany financing		525,695	(270,894)	617,356	(3,287,435)
Cash flows from (used in) financing activities		**525,695**	**(270,894)**	**617,356**	**(287,435)**
Net decrease in cash		859,403	578,417	615,796	(275,361)
Cash, beginning of period		392,119	(16,951)	635,726	836,827
Cash, end of period		**$ 1,251,522**	**$ 561,466**	**$ 1,251,522**	**$ 561,466**

29. Subsequent Events

Inforica's Preferred shares

Subsequent to the quarter, on June 1, 2019, the $350,000 of preference shares were redeemed for $100,000 in cash, and a $250,000 note. The note bears an interest rate of 8% and is repayable in equal monthly instalments of principal and interest of $14,785.

Sale of Paradigm

On July 3, 2019 SEB completed the sale of the assets of the business of Paradigm Consulting Group Inc. to Paradigm Consulting Group LP, a limited partnership owned by Golden Opportunities Fund (58.6%), members of management of Paradigm (16.4%) and SEB (25%). The effective date for the transaction was June 30, 2019. The purchase price included a cash amount of approximately $4.5M, cancellation of $3.0M of Paradigm preferred shares owned by Golden, which were convertible into SEB common shares, and an adjustment for working capital and pre-close earnings. In exchange for Golden relinquishing the convertibility and earnings bonus features of the preferred shares, the Company issued to Golden 1,000,000 warrants to acquire 1,000,000 SEB common shares at an exercise price of $0.30 per share with a term of four years from the date of closing. The warrants are subject to a four-month hold period expiring on November 4, 2019. The proceeds were used to reduce debt.