Smart Employee Benefits Inc.

Unaudited Interim Consolidated Financial Statements

February 29, 2020

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 has been appointed as auditors of the Company's Annual Consolidated Financial Statements, has neither reviewed nor audited these FS.

June 15, 2020

"*John McKimm*"	"*Tim Beaulieu*"
Chief Executive Officer	Chief Financial Officer

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Smart Employee Benefits Inc.
Unaudited Interim Consolidated Statements of Financial Position
As at February 29, 2020 and November 30, 2019

	Notes	Feb 29, 2020	Nov 30, 2019
Cash		$ 373,502	$ 521,067
Trade receivables	**19**	15,747,456	15,833,510
Inventories		202,796	37,344
Prepaids and deposits		946,700	936,094
Government remittances		266,083	69,080
Current taxes receivable		-	412,801
Short-term notes receivable	**7, 21**	620	620
Investment in Paradigm LP	**14**	304,000	304,000
Total Current Assets		**17,841,157**	**18,114,516**
Long-term contract assets	**13, 19**	712,457	655,745
Long-term prepaids and deposits		318,078	474,784
Notes receivable	**7, 21**	2,414,600	2,414,600
Equipment	**8**	616,641	622,725
Software	**9**	843,700	906,780
Right of use asset	**10**	7,316,333	-
Customer relationships	**11**	613,500	818,000
Trade names	**12**	742,500	990,000
Goodwill	**4**	8,118,400	8,118,400
Investment in Paradigm LP	**14**	2,215,501	2,215,501
Total Assets		**$ 41,752,867**	**$ 35,331,051**
Operating loan	**15**	$ 6,218,449	$ 6,955,266
Current portion of term bank loans	**15**	5,000,000	5,000,000
Accounts payable and other current liabilities	**23**	26,733,115	25,778,852
Contract liabilities	**19**	672,372	797,785
Notes payable	**17, 21**	5,016,340	5,043,068
Equipment leases		29,661	46,438
Current taxes payable	**23**	124,385	-
Royalty advance	**27**	2,080,000	2,080,000
Current portion of contingent consideration	**26**	28,530	23,450
Current portion of convertible debt	**16, 21**	2,175,606	2,151,744
Current portion of lease payable	**10**	619,893	-
Total Current Liabilities		**48,698,351**	**47,876,603**
Equipment leases		44,525	48,833
Contingent consideration	**26**	888,504	893,584
Lease payable	**10**	6,655,258	-
Deferred income taxes		78,806	78,806
Total Long-term Liabilities		**7,667,093**	**1,021,223**
Share capital	**18**	33,935,692	33,935,692
Share issue costs		(1,681,019)	(1,681,019)
Contributed surplus		10,315,584	10,315,584
Warrants	**18**	526,321	526,321
Options	**18**	776,952	761,376
Accumulated deficit		(57,863,191)	(57,043,348)
		(13,989,661)	**(13,185,394)**
Non-controlling interests	**5**	(622,916)	(381,381)
Total Shareholders' Deficiency		**(14,612,577)**	**(13,566,775)**
Total Liabilities and Shareholders' Deficiency		**$ 41,752,867**	**$ 35,331,051**

Going concern (Note 2), **Commitments and contingencies** (Note 22), **Assets held for sale** (Note 28), **Subsequent events** (Note 29)

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.

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

For the three months ended February 29, 2020 and twelve months ended November 30, 2019

	Share Capital		Warrants		Options		Contributed Surplus	Share Issue Costs	Accumulated Deficit	Non-controlling Interests	Total Shareholders' Equity (Deficiency)
	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)**	**$ (252,387)**	**$ (9,303,453)**
Expiration and cancellation of warrants	-	-	(6,302,809)	(744,248)	-	-	744,248	-	-	-	-
Exercise of warrants	411,250	133,821	(411,250)	(51,571)	-	-	-	-	-	-	82,250
Equity settled share-based compensation	-	-	-	-	500,000	186,887	-	-	-	-	186,887
Expiration and cancellation of options	-	-	-	-	(2,170,000)	(275,766)	275,766	-	-	-	-
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
Issuance of warrants	-	-	1,000,000	59,000	-	-	-	-	-	-	59,000
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	-	(5,211,496)	-	(5,211,496)
Net loss for the year attributed to non-controlling interest	-	-	-	-	-	-	-	-	128,994	(128,994)	128,994
Balances November 30, 2019	**165,760,699**	**$ 33,935,692**	**6,150,000**	**$ 526,321**	**11,443,700**	**$ 761,376**	**$10,315,584**	**$ (1,681,019)**	**$ (57,043,348)**	**$ (381,381)**	**$ (13,185,394)**
Adjustment on the initial application of IFRS 16 (note 3)	-	-	-	-	-	-	-	-	526,422	-	526,422
Adjusted Balances December 1, 2019	**165,760,699**	**33,935,692**	**6,150,000**	**526,321**	**11,443,700**	**761,376**	**10,315,584**	**(1,681,019)**	**(56,516,926)**	**(381,381)**	**(12,658,972)**
Equity settled share-based compensation	-	-	-	-	-	15,576	-	-	-	-	15,576
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	(1,587,800)	-	(1,587,800)
Net loss for the period attributed to non-controlling interest	-	-	-	-	-	-	-	-	241,535	(241,535)	241,535
Balances November 30, 2019	**165,760,699**	**33,935,692**	**6,150,000**	**526,321**	**11,443,700**	**776,952**	**10,315,584**	**(1,681,019)**	**(57,863,191)**	**(622,916)**	**(13,989,661)**

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

Smart Employee Benefits Inc.

Unaudited Interim Consolidated Statements of Net Loss and Comprehensive Loss

For the three months ended February 29, 2020 and 2019

	Notes	Dec 1, 2019 to Feb 29, 2020	Dec 1, 2018 to Feb 28, 2019
Revenue	**6**	**$ 16,520,977**	**$ 16,506,330**
Cost of revenues			
Compensation		10,838,968	10,684,865
Other costs of revenues		359,661	304,784
		11,198,629	10,989,649
Gross margin		**5,322,348**	**5,516,681**
Expenses			
Salaries and other compensation costs	**21**	3,805,798	4,486,090
Office and general		1,403,433	1,819,528
Professional fees		169,443	137,112
Amortization of intangible assets	**9, 11, 12, 13**	580,118	597,572
Depreciation of equipment	**8**	53,052	57,659
Depreciation of right-of-use assets	**10**	161,077	-
Share-based compensation	**18**	15,576	76,158
		6,188,497	7,174,119
Loss before the following:		**(866,149)**	**(1,657,438)**
Transaction costs		-	6,437
Interest and financing costs		594,348	522,369
Interest accretion	**16**	9,261	9,159
Interest on lease liabilities	**10**	121,970	-
Net loss before income tax (recovery) expense		(1,591,728)	(2,195,403)
Income tax (recovery) expense		(3,928)	556
Net loss from continuing operations		**(1,587,800)**	**(2,195,959)**
Net loss on assets held for sale, net of tax	**28**	-	(312,776)
Net loss and comprehensive loss		**$ (1,587,800)**	**$ (2,508,735)**
Attributed to non-controlling interests		$ (241,535)	$ 155,922
Attributed to common shareholders		(1,346,265)	(2,664,657)
Net loss and comprehensive loss		**$ (1,587,800)**	**$ (2,508,735)**
Weighted average number of shares	**18**	**165,760,699**	**164,934,449**
Net loss per common share			
- basic and diluted		**$ (0.01)**	**$ (0.02)**
Net loss per share - Continuing operations		**$ (0.01)**	**$ (0.01)**

Assets held for sale (Note 28)

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

Smart Employee Benefits Inc.
Unaudited Interim Consolidated Statements of Cash Flows
For the three months ended February 29, 2020 and 2019

	Notes	Dec 1, 2019 to Feb 29, 2020	Dec 1, 2018 to Feb 28, 2019
Net loss and comprehensive loss for the period		**$ (1,587,800)**	**$ (2,508,735)**
Items not affecting cash:			
Amortization of intangible assets	**9, 11, 12, 13**	580,118	597,572
Depreciation of equipment	**8**	53,052	57,659
Depreciation of right-of-use assets	**10**	161,077	-
Interest accretion	**16**	9,261	9,159
Interest on lease liabilities	**10**	121,970	-
Share-based compensation	**18**	15,576	76,158
		(646,746)	**(1,768,187)**
Non-cash working capital	**24**	1,659,199	6,092,532
Cash flows from operating activities		**1,012,453**	**4,324,345**
Cash flows used in investing activities			
Advances to notes receivable	**7, 21**	(10,489)	(208,545)
Purchase of software and software development	**9**	(21,750)	(105,425)
Purchase of equipment	**8**	(47,025)	(14,363)
Cash flows used in investing activities		**(79,264)**	**(328,333)**
Cash flows used in financing activities			
Repayment of operating loan	**15**	(736,816)	(4,983,165)
Repayment of term bank loans	**15**	-	(343,750)
Proceeds from equity financings, net	**18**	-	872,125
Exercise of options	**18**	-	299
Repayment of equipment leases		(67,108)	(16,777)
Repayment of notes payable	**17**	(41,230)	(44,892)
Payment of principal portion of lease liabilities	**10**	(214,601)	-
Repayment of convertible debt	**16**	(21,000)	(32,805)
Cash flows used in financing activities		**(1,080,754)**	**(4,548,965)**
Net decrease in cash		(147,565)	(552,953)
Cash, beginning of period		521,067	1,385,917
Cash, end of period		**$ 373,502**	**$ 832,964**
Cash		373,502	440,845
Cash included in assets held for sale	**28**	-	392,119
Total cash		**$ 373,502**	**$ 832,964**

Supplemental Cash Information (Note 24), **Assets held for sale** (Note 28)

The accompanying notes are an integral part of the unaudited interim 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, software solutions and professional 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 unaudited interim consolidated financial statements are the 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%
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%

Note 1: Through amalgamations completed in July 2019, SOMOS Consulting Group Ltd. ("SOMOS") and Paradigm Consulting Group Inc. ("Paradigm") operate as SEB.

Note 2: Smart Employee Solutions ("SES") and SES Benefits Canada Corp ("SES Ben") have been amalgamated with SEB Administrative Services Inc. ("SEB Adm") on December 1, 2019.

Note 3: Stroma Service Consulting Inc. ("Stroma") has been amalgamated with Logitek Technology Ltd. ("Logitek") on January 1, 2020.

Note 4: Maplesoft Consulting Inc. ("MSC") has been amalgamated with Maplesoft GTA Inc. ("GTA") on December 1, 2019.

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 June 15, 2020.

2. Going Concern

These unaudited interim 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 February 29, 2020, the Company had a working capital deficiency of $30,857,194 (November 30, 2019 -$29,762,087), and an accumulated deficit of $57,863,191 (November 30, 2019 - $57,043,348). For the three months ended February 29, 2020, the Company incurred a net loss of $1,587,800 (February 28, 2019 - net loss of $2,508,735). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern without additional equity or debt financing. The Company will need to replace its current credit facility or obtain an extension on or before July 17, 2020 (note 29) as well as raise additional financing to support operations and continue as a going concern. 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 and on July 26, 2018, the Company issued a note payable for gross proceeds of $2,000,000 (Note 28). 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 (note 29). The Company divested the operating assets of Paradigm on July 3, 2019, the proceeds from the sale were used to partially repay debt and reduce revolving credit facilities (Note 28). However, there is no assurance that the Company will continue to be successful in raising capital in the future.

These unaudited interim 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 unaudited interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the quarter ended February 29, 2020. The accounting policies are consistent with those of the previous financial year, except for the adoption of IFRS 16 – Leases.

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 and all subsidiaries.

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, contingent consideration, the ability to control or extent significant influence over, directly or indirectly, the investee, legal provisions, stage of completion related to revenue recognition, 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, 2019, the Company has assessed that there was no write-down of goodwill and intangibles. As of February 29, 2020, 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) The assessment of fair values of contingent consideration requires the use of estimates and assumptions related to future operating performance and discount rates; differences in these estimates and assumptions could have an impact on the consolidated financial statements.

d) 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.

e) The Company measures the stage of completion of projects 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.

3. Significant Accounting Policies (continued)

f) The Company uses Black-Scholes formula to measure the fair values at grant date of share-based payments. 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.

g) In determining the appropriate basis of accounting for the Company's interests in investees, judgment is applied regarding the degree to which the Company has the ability to control or exert significant influence over, directly or indirectly, the investees' financial and operating activities. The Company has significant influence over Paradigm Consulting Group LP through the shareholder agreement, the Company has one seat on the board of Paradigm Consulting Group LP ("Paradigm LP") and participates in all significant financial and operating decisions and hold more than 20% of voting shares. The Company has therefore determined that it has significant influence over Paradigm LP. Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies.

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

- Completion of the transaction will result in the loss of control;
- The sale was expected to be completed within one year as of November 30, 2018;
- 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 receivables 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 (note 2).

Business Combinations

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

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

3. Significant Accounting Policies (continued)

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.

Equity Method

Investments that are held as part of the Company's investment portfolio are accounted for using equity basis of accounting whereby the investments are initially recorded at cost and subsequently adjusted to recognize the Company's share of earnings or losses of the investee and reduced by dividends received, if any. The carrying values of investments are reviewed for indicators of impairment and written down to the estimated recoverable amount when there is evidence of impairment. Such impairment is recorded in the consolidated statements of loss and comprehensive loss.

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.

3. Significant Accounting Policies (continued)

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 or loss 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.

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.

Contract Assets and Contract Liabilities

Contract assets are recognized when a performance obligation is satisfied (and revenue recognized), but the payment is conditional not only on the passage of time. The other conditions usually relate to the Company's fulfilment of other performance obligations in the contract. Contract assets are different from trade receivables because trade receivables represent an unconditional right to receive payment. A right to receive payment is unconditional if only the passage of time is required before payment is due. The significance of the distinction between contract assets and trade receivables is that the contract assets carry not only the credit risk, but other risks as well. Unconditional right to payment may arise both before and after a customer is billed.

Contract liabilities are recognized when a payment for customer is due (or already received, whichever is earlier) before a related performance obligation is satisfied.

3. Significant Accounting Policies (continued)

The majority of contract assets will be amortized over the life of the contracts which are set to expire between December 2020 to July 2025.

Impairment of contract assets

Contract assets are subject to impairment requirements of IFRS 9. These requirements relate to measurement, presentation and disclosure with respect to impairment. Specifically, entities are required to recognize expected credit losses on their contract assets.

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 Compensation

Share-based compensation for directors, officers, employees and consultants is 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.

3. Significant Accounting Policies (continued)

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.

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 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 receivables. 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 financial assets designated as FVTPL, the change in fair value attributable to changes in credit risk is measured 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.

	Classification	Measurement
Financial Assets		
Cash	Amortized cost	Amortized cost
Trade receivables	Amortized cost	Amortized cost
Notes receivable	Amortized cost	Amortized cost
Financial Liabilities		
Operating loan	Amortized cost	Amortized cost
Term bank loans	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Equipment leases	Amortized cost	Amortized cost
Preferred shares	Amortized cost	Amortized cost
Preferred shares - derivative	FVTPL	Fair value
Royalty advance	Amortized cost	Amortized cost
Contingent consideration	FVTPL	Fair value
Convertible debt	Amortized cost	Amortized cost

Impairment of Financial Assets

The Company assesses at each consolidated 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 (“ECLs”) 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 ECLs at each reporting date from the date of the trade receivable.

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.

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

For financial assets carried at amortized cost (trade receivables or notes receivables), the Company recognizes loss allowances for 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 ECLs by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

ECLs 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 ECLs 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)

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.

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.

3. Significant Accounting Policies (continued)

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.

IFRS 16 - Leases ("IFRS 16")

The Company had adopted IFRS 16 Leases retrospectively from December 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on December 1, 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of December 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on December 1, 2019 was 10.0%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

In applying IFRS 16 for the first time, the Company had used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at December 1, 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at December 1, 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

3. Significant Accounting Policies (continued)

Measurement of lease liabilities

Lease commitments disclosed as at November 30, 2019	**$ 11,488,073**
Operating portion of commitments	(109,605)
Operating lease commitments as at November 30, 2019	**11,378,468**
Discounted using the lessee's incremental borrowing rate of 10% at the date of initial application	7,367,782
Lease liability recognized as at December 1, 2019	$ 7,367,782

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at November 30, 2019.

Adjustments recognized in the balance sheet on December 1, 2019

The change in accounting policy affected the following items in the balance sheet on December 1, 2019:

- right-of-use assets – increase by $7,477,410
- lease liabilities – increase by $7,367,782

The net impact on retained earnings on December 1, 2019 was an increase of $526,422 due to IAS 17 adjustment during Fiscal 2019.

Lessor accounting

The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

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 consolidated statement of loss and comprehensive 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 consolidated statement of net loss and comprehensive loss on a straight-line basis over the lease term.

4. Cash Generating Units and Goodwill

For the purpose of the annual impairment test, performed as at November 30th, 2019 the Company applied the value in use method in completing the 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 a 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 1.6%.

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 and SEB Analytics. As a result of this analysis, the Company concluded that the recoverable amount of the CGU was more than the carrying amount as at February 29, 2020. The Company had determined that there was no indication of goodwill impairment as of February 29, 2020 (2019 - $nil).

The key assumptions used in the model are as follows:

- After-tax weighted average cost of capital of 16.0%
- Pre-tax discount rate of 21.8%
- Revenue growth 2.1% to 10.0%

4. Cash Generating Units and Goodwill (continued)

Logitek/Inforica CGU

As a result of this analysis, the Company concluded that the recoverable amount of the CGU exceeds the carrying amount as at February 29, 2020. The Company had determined that there was no indication of goodwill impairment as of February 29, 2020 (2019 - $nil).

The key assumptions used in the model are as follows:

- After-tax weighted average cost of capital of 17.5%
- Pre-tax discount rate of 23.8%
- Revenue growth (-16.3) % to 2.4%

Maplesoft CGU

As a result of this analysis, the Company concluded that the recoverable amount of the CGU exceeds the carrying amount as at February 29, 2020. The Company had determined that there was no indication of goodwill impairment as of February 29, 2020 (2019 - $nil).

The key assumptions used in the model are as follows:

- After-tax weighted average cost of capital of 12.9%
- Pre-tax discount rate of 17.6%
- Revenue growth 3.0% to 5.0%

Stroma CGU

As a result of this analysis, the Company concluded that the recoverable amount of the CGU was more than the carrying amount as at February 29, 2020. The Company had determined that there was no indication of goodwill impairment as of February 29, 2020 (2019 - $nil).

The key assumptions used in the model are as follows:

- After-tax weighted average cost of capital of 16.4%
- Pre-tax discount rate of 22.3%
- Revenue growth 3.0% to 4.0%

4. Cash Generating Units and Goodwill (continued)

Goodwill

The carrying amounts of goodwill by CGU were as follows:

	Feb 29, 2020	Nov 30, 2019
Logitek/Inforica	$ 950,820	$ 950,820
Maplesoft	6,879,595	6,879,595
Stroma	287,985	287,985
	$ 8,118,400	**$ 8,118,400**

During the year ended November 30, 2019, there was no indication of goodwill impairment, as the estimated discounted cash flows, based on current contracted revenues, was more than the carry value of the CGUs tested. There is no write-down in Q1, 2020.

5. Non-Controlling Interest

The Company has subsidiaries under its control which are less than 100% owned. For controlled subsidiaries, 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 loss attributed to non-controlling interests	-	(128,994)	(128,994)
Balance, November 30, 2019	**$ (256,534)**	**$ (124,847)**	**$ (381,381)**
Net loss attributed to non-controlling interests	-	(241,535)	(241,535)
Balance, February 29, 2020	**$ (256,534)**	**$ (366,382)**	**$ (622,916)**

6. Revenue

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue:

	Dec 1, 2019 to Feb 29, 2020	Dec 1, 2018 to Feb 28, 2019
Professional Services	$ 11,802,970	$10,954,058
IT Management	1,379,172	2,546,450
Benefits Administration	3,136,070	2,773,716
Nutritionals	202,765	232,106
Revenue from continuing operations	**$ 16,520,977**	**$ 16,506,330**

7. Notes Receivables

Notes receivables consists of loans to the former shareholders of Maplesoft, a director and a third party. The former shareholders continue in their roles as executives of Maplesoft and their 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 receivables are due on March 31, 2021 and classified as non-current assets. During the quarter ended February 29, 2020, the Company provided a further advance of $10,489 and recorded a provision of $18,565 in office and general expenses. At November 30, 2019, $112,078 from a Director of the Company was reclassified from accounts receivable to notes receivables.

	Nov 30, 2019	Cash advance	Interest accrual	Receivable provision	Feb 29, 2020
Advance to Maplesoft Shareholders	$ 4,684,692	$ 10,489	$ 8,076	$ -	$ 4,703,257
Provision	(2,393,420)	-	-	(18,565)	(2,411,985)
Advance to a Director	112,078	-	-	-	112,078
Advance to third party	11,250	-	-	-	11,250
Loan to Paradigm LP	620	-	-	-	620
Notes receivables	**$ 2,415,220**	**$ 10,489**	**$ 8,076**	**$ (18,565)**	**$ 2,415,220**
Short-Term notes receivables	620	-	-	-	620
Long-Term notes receivables	2,414,600	10,489	8,076	(18,565)	2,414,600
	$ 2,415,220	**$ 10,489**	**$ 8,076**	**$ (18,565)**	**$ 2,415,220**

8. Equipment

	Cost				Accumulated Depreciation				Net Balance	
	Nov 30, 2019	Additions	Disposal	Feb 29, 2020	Nov 30, 2019	Expense	Disposal	Feb 29, 2020	Feb 29, 2020	Nov 30, 2019
Furniture and office equipment	$ 569,973	$ 21,038	$ (94,001)	$ 497,009	$ 380,224	$ 10,350	$ (94,001)	$ 296,627	$ 200,382	$ 189,749
Computer hardware	1,511,825	19,252	-	1,531,077	1,117,896	38,357	-	1,156,253	374,824	393,929
Leaseholds	159,335	6,735	-	166,070	120,289	4,346	-	124,635	41,435	39,046
Total	**$ 2,241,133**	**$ 47,025**	**$ (94,001)**	**$ 2,194,157**	**$ 1,618,408**	**$ 53,053**	**$ (94,001)**	**$ 1,577,515**	**$ 616,641**	**$ 622,725**

9. Software and Software Development

	Cost			Accumulated Amortization			Net Balance	
	Nov 30, 2019	Additions (disposal)	Feb 29, 2020	Nov 30, 2019	Expense	Feb 29, 2020	Feb 29, 2020	Nov 30, 2019
Smart Employee Solutions (1)	$ 500,000	$ -	$ 500,000	$ 433,333	$ 12,500	$ 445,833	$ 54,167	$ 66,667
SES Benefits (2)	644,350	-	644,350	317,376	16,109	333,485	310,865	326,974
Logitek (3)	894,127	-	894,127	599,889	22,940	622,829	271,298	294,238
Maplesoft	31,493	-	31,493	31,055	50	31,105	388	438
SEB Admin (4)	621,656	21,750	643,406	403,193	33,231	436,424	206,982	218,463
Total of continuing operations	**$ 2,691,626**	**$ 21,750**	**$ 2,713,376**	**$ 1,784,846**	**$ 84,830**	**$ 1,869,676**	**$ 843,700**	**$ 906,780**

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.

9. Software and Software Development (continued)

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, and had capitalized internally developed software. In Q2 2019, both were fully expensed. 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. The addition of $89,954 internally developed software in 2019 is being amortized equally over four quarters. An adjustment was included in Fiscal 2019's amortization of intangible assets, where the net amount of $437,009 was included in amortization expense.

10. Leases

The Company as a lessee

The Company has lease contracts for various office premises and equipment items used in its operations. The various premises leases are for fixed periods ranging from 5 to 10 years but may also have extension options. Equipment leases range from 1 to 4 year terms. Lease terms are negotiated on an individual basis and contain a wide range of different extension, termination options and variable lease payments terms.

Lease contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Until the financial year ended November 30, 2019, all the Company's equipment leases were classified as finance leases and the premises leases were classified as operating leases. From December 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company according to IFRS 16.

The Company also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

10. Leases (continued)

	Carrying amounts of right-of-use assets			Depreciation expense			Net Balance	
	Nov 30, 2019	Addition	Feb 29, 2020	Nov 30, 2019	Expense	Feb 29, 2020	Feb 29, 2020	Nov 30, 2019
Total	$ -	$ 7,477,410	$ 7,477,410	$ -	$ 161,077	$ 161,077	$ 7,316,333	$ -

	Carrying amounts of Lease payable			Movement			Net Balance	
	A	B	A+B		C		A+B-C	
	Nov 30, 2019	Addition	Feb 29, 2020	Accretion of Interest	Amortization	Lease Liability Payments	Feb 29, 2020	Nov 30, 2019
Total	$ -	$ 7,367,782	$ 7,367,782	$ 121,970	$ 92,631	$ (214,601)	$ 7,275,151	$ -
						Current	$ 619,893	
						Long-term	$ 6,655,258	

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, 2019	Additions (Disposal)	Feb 29, 2020	Nov 30, 2019	Expense	Feb 29, 2020	Feb 29, 2020	Nov 30, 2019
Maplesoft	$ 4,090,000	$ -	$ 4,090,000	$ 3,272,000	$ 204,500	$ 3,476,500	$ 613,500	$ 818,000
Total	**$ 4,090,000**	**$ -**	**$ 4,090,000**	**$ 3,272,000**	**$ 204,500**	**$ 3,476,500**	**$ 613,500**	**$ 818,000**

12. Trade Names

Trade names acquired by the Company 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, 2019	Addition	Feb 29, 2020	Nov 30, 2019	Expense	Feb 29, 2020	Feb 29, 2020	Nov 30, 2019
Maplesoft	$ 4,950,000	$ -	$ 4,950,000	$ 3,960,000	$ 247,500	$ 4,207,500	$ 742,500	$ 990,000
Total	**$ 4,950,000**	**$ -**	**$ 4,950,000**	**$ 3,960,000**	**$ 247,500**	**$ 4,207,500**	**$ 742,500**	**$ 990,000**

13. Contract Assets

The contract assets primarily relate to the Company's effort and cost to build customized software development for customers, under the terms of written agreements.

	Cost			Accumulated Amortization			Net Balance	
	Nov 30, 2019	Additions	Feb 29, 2020	Nov 30, 2019	Expense	Feb 29, 2020	Feb 29, 2020	Nov 30, 2019
SEB Admin	$ 755,334	$ 100,000	$ 855,334	$ 99,589	$ 43,288	$ 142,877	$ 712,457	$ 655,745
Total	$ 755,334	$ 100,000	$ 855,334	$ 99,589	$ 43,288	$ 142,877	$ 712,457	$ 655,745

14. Investment in Paradigm LP

As part of the sale of Paradigm on July 3, 2019, SEB held 2,500,000 Class "A" voting, participating units in Paradigm LP (the "Units"). Per the terms of the Paradigm Asset Sale Agreement, Paradigm LP employees can acquire up to 500,000 Class A partnership share units at $1 per share up to 12 months following the transaction, ending on July 2, 2020. This amount is classified as current portion of Investment in Paradigm LP on the consolidated statement of financial position as at February 29, 2020. On November 4, 2019, the former employees of Paradigm exercised the options for $1 per share unit for a total of 196,000 units, reducing SEB's investment in Paradigm LP from 25.00% to 23.04%. For the quarter ended February 29, 2020, the Company had recognized $nil of equity income.

Paradigm LP listed below have share capital consisting solely of ordinary shares, which are held directly by the Company. Saskatchewan is both its province of incorporation and their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

Name	Place of business	% of ownership interest		Nature of relationship	Measurement method	Quoted fair value		Carrying amount	
		Nov 30, 2019	July 3, 2019			Feb 29, 2020	Nov 30, 2019	Feb 29, 2020	Nov 30, 2019
Paradigm Consulting Group LP	Saskatchewan	23.04%	25%	Associate	Equity method	$ 2,519,501	$ 2,519,501	$ 2,519,501	$ 2,519,501
Current portion						$ 304,000	$ 304,000	$ 304,000	$ 304,000
Non-current portion						2,215,501	2,215,501	2,215,501	2,215,501
Total						**$ 2,519,501**	**$ 2,519,501**	**$ 2,519,501**	**$ 2,519,501**

Balance as at July 3, 2019	$2,500,000
Options exercised on November 4, 2019	(196,000)
Investment income for the period ended	215,501
Balance as at November 30, 2019	**2,519,501**
Investment income for the period ended	-
Balance as at February 29, 2020	**$2,519,501**

15. 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% (February 29, 2020 – 3.95%), payable monthly in arrears;

2) A $5,500,000 term loan facility (Term Loan "A"), which bears interest at the Bank's prime rate plus 2% (February 29, 2020 – 4.45%), payable monthly in arrears. The principal is being repaid over a 4-year term by equal monthly payments of $114,583, and an annual payment of up to 25% of the free cash flow of the Technology Division. The loan was repaid during fiscal 2019.;

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.

As of February 29, 2020, the Company did not meet its two financial covenants with respect to ratios of debt to Adjusted EBITDA, as per the terms of its operating credit facility.

The Credit Facility Agreements have been subject to amendments which have included undertakings and alterations whereby the loan agreements were modified such that certain actions did not constitute enforceable defaults. The last Amendment dated May 29, 2020 committed the Company to obtain replacement financing by July 10, 2020 and payment in full by July 17, 2020.

Operating Loan	**Feb 29, 2020**	**Nov 30, 2019**
BMO bank facility	**$ 6,218,449**	**$6,955,266**

		Feb 29, 2020	**Nov 30, 2019**
Term Loans	**'B'**	**Total**	**Total**
Current portion	$ 5,000,000	$ 5,000,000	$ 5,000,000
Non-current portion	-	-	-
Total	**$ 5,000,000**	**$ 5,000,000**	**$ 5,000,000**

16. Convertible Debt

		Face Value of Notes						Accounting Value of Notes		
Maturity Date	Conversion Price	Nov 30, 2019	Addition	Repayments	Feb 29, 2020	Equity Component of Notes	Liability at Fair Value	Accreted Interest	Feb 29, 2020	Nov 30, 2019
(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) April 25, 2020	$ 0.50	517,000	-	(21,000)	496,000	(74,502)	421,498	68,593	490,091	501,829
(4) Interest Accrued		459,915	35,600	-	495,515	-	495,515	-	495,515	459,915
Totals		**$2,166,915**	**$ 35,600**	**$ (21,000)**	**$2,181,515**	**$ (74,502)**	**$2,107,013**	**$68,593**	**$ 2,175,606**	**$ 2,151,744**
Current portion of convertible debt									$ 2,175,606	$ 2,151,744
Long term portion of convertible debt									-	-
									$ 2,175,606	**$ 2,151,744**

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 note was subscribed to by the Company's chairman.

   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. Effective January 1, 2017, the note is due on demand. During the quarter ended February 29, 2020, $nil of the note was repaid (November 30, 2019 - $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. The note was subscribed to by a Director of the Board.

   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. Effective January 1, 2017, notes are due on demand. During the quarter ended February 29, 2020, $nil of the notes was repaid (November 30, 2019 - $nil).

3) 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 income (loss) and comprehensive income (loss) as accreted interest using the effective interest rate method. During the quarter ended February 29, 2020, $21,000 of the notes was repaid (November 30, 2019 - $84,000). There is an additional interest accretion of $9,261 for the quarter ended February 29, 2020.

4) As at February 29, 2020, the Company has accrued interest of $495,515 on the convertible debt.

17. Notes Payable

		Feb 29, 2020	Nov 30, 2019
(1)	Advance from Chairman of the Board	$ 1,000,000	$ 1,000,000
(2)	Loan assumed on Maplesoft acquisition	1,166,781	1,182,199
(3)	Loan from Investors	2,000,000	2,000,000
(4)	Loan from Inforica Investors	128,736	169,966
	Accrued interest	720,822	690,903
	Notes payable	**$ 5,016,340**	**$ 5,043,068**
	Short-term notes payable	$ 5,016,340	$ 5,043,068
	Long-term notes payable	-	-
		$ 5,016,340	**$ 5,043,068**

1) The advance from the Chairman of the Board is due on demand and bears interest at 12% per annum. As at February 29, 2020, the Company has accrued interest of $720,822.

2) The loan assumed on Maplesoft acquisition is due on demand and bears interest at 11% per annum. The Company made repayments of $44,844 for the quarter ended February 29, 2020. Of this, $15,418 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 initial interest rate is 1% per month plus a discount to the loan principal of $100,000. The loan was renewed and extended at 12 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.

4) On June 1, 2019, $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. The Company made repayments of $44,355 for the quarter ended February 29, 2020. Of this, $41,230 was applied against principal.

18. Share Capital

(a) Authorized

Unlimited number of common shares

(b) Common shares issued and outstanding

	Note	Number of shares		Amount $
Balance, November 30, 2018		**161,198,149**	**$**	**33,071,172**
Exercise of options on December 4, 2018	18 (d) 8.	1,300		299
Private placement on January 9, 2019	18 (c) 2.	4,150,000		730,400
Exercise of warrants on April 1, 2019	18 (c) 4.	411,250		133,821
Balance, November 30, 2019		**165,760,699**	**$**	**33,935,692**
Exercise of options		**-**		**-**
Balance, February 29, 2020		**165,760,699**		**33,935,692**

18. Share Capital (continued)

(c) Share purchase warrants

Note	Exercise Price	Expiry	Number of Warrants Outstanding Nov 30, 2019 Outstanding	Issued	Expired	Exercised	Feb 29, 2020 Outstanding	Feb 29, 2020 Exercisable
1	$ 0.50	Dec 1 2020	1,000,000	-	-	-	1,000,000	1,000,000
2	$ 0.30	Jan 9 2021	4,150,000	-	-	-	4,150,000	4,150,000
3	$ 0.30	July 3 2023	1,000,000	-	-	-	1,000,000	1,000,000
			6,150,000	**-**	**-**	**-**	**6,150,000**	**6,150,000**
Weighted avg exercise price			**$ 0.33**	**$ -**	**$ -**	**$ -**	**$ 0.33**	**$ 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 Black-Scholes option pricing model. The assumptions used in valuing warrants are as follows:
   - Expected warrant life: 2
   - Risk-free interest rate: 1.81%
   - Forfeiture rate: Nil
   - Volatility factor of expected of the Company's shares: 48.48%

3) On July 3, 2019, the Company had issued 1,000,000 share purchase warrants to the former holders of the $3,000,000 Paradigm preferred shares in exchange to relinquishing the convertibility and earnings bonus features of the preferred shares. The warrants have a term of 48 months and are exercisable at $0.30 per share. The warrants are subject to a four-month hold period that expired on November 4, 2019. The warrants were valued at $59,000 using the Black-Scholes option pricing model. The assumptions used in valuing warrants are as follows:
   - Expected warrant life: 4
   - Risk-free interest rate: 1.49%
   - Forfeiture rate: Nil
   - Volatility factor of expected of the Company's shares: 51.65%

4) On October 3, 2017, October 6, 2017, and October 11, 2017 the Company closed Common Share financings for a total of 1,250,000 shares for total proceeds of $2,000,000, whereby each common share was issued at a price of $0.16. In addition, 411,250 common shares valued at $106,925 were issued as payment to finders. As well, finders were issued 411,250 common share purchase warrants valued at $51,571 exercisable at $0.20 for a period of 18 months from date of issue. On March 28, 2019 and April 4, 2019, a total of 411,250 shares had been exercised at $0.20 per share.

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 February 29, 2020 is 16,576,070. At February 29, 2020, the Company had 11,443,700 options issued and outstanding.

	Exercise		November 30, 2019				February 29, 2020	
Note	Price	Expiry	Outstanding	Issued	Exercised	Expired	Outstanding	Exercisable
1	$ 0.25	May 1, 2021	500,000	-	-	-	500,000	500,000
2	$ 0.30	May 3, 2020	500,000	-	-	-	500,000	500,000
3	$ 0.30	Aug 3, 2020	600,000	-	-	-	600,000	600,000
4	$ 0.20	Aug 3, 2020	700,000	-	-	-	700,000	700,000
5	$ 0.24	Nov 2, 2020	500,000	-	-	-	500,000	500,000
6	$ 0.24	Nov 2, 2020	400,000	-	-	-	400,000	400,000
7	$ 0.23	Mar 3, 2021	500,000	-	-	-	500,000	400,000
8	$ 0.23	Mar 3, 2021	6,293,700	-	-	-	6,293,700	4,954,700
9	$ 0.30	Oct 26, 2021	750,000	-	-	-	750,000	750,000
10	$ 0.22	Nov 2, 2021	700,000	-	-	-	700,000	420,000
			11,443,700	**-**	**-**	**-**	**11,443,700**	**9,724,700**
Weighted avg exercise price			**$ 0.24**	**$ -**	**$ -**	**$ -**	**$ 0.24**	**$ 0.24**

1) On May 1, 2019 the Company granted 500,000 options to a consultant. The options have a 24-month term, vest 100% immediately and are exercisable at $0.25 per share

2) 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.

3) 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.

4) 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.

5) 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.

6) 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.

7) 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.

18. Share Capital (continued)

8) 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. 11 employees had left the Company in fiscal 2019, resulting in the expiration of a total of 80,000 option units as of November 30, 2019.

9) 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.

10) 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.

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 2020 Q1		**Fiscal 2019**	
	From	**To**	**From**	**To**
Expected option life	N/A	N/A	1 year	1 year
Risk-free interest rate	N/A	N/A	1.61%	1.61%
Forfeiture rate	NIL	NIL	NIL	NIL
Volatility factor of expected price of the Company's shares	N/A	N/A	61.36%	61.36%
Fair value of options granted	\$ -		\$ 27,450	
Fair value of options expensed as Share-based compensation	\$ 15,576		\$186,887	

(e) Loss per Share

The weighted average number of common shares outstanding for the quarter ended February 29, 2020 was 165,760,699 (November 30, 2019 - 165,165,051). The dilutive effect of options and warrants outstanding was not included as it would serve to reduce the loss per share reported.

19. Financial Instruments and Risks

Fair Value Measurement of Financial Instruments

The carrying value of cash, trade receivables, convertible debt, 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.
- The contingent consideration (note 26) are measured at fair value using level 3 inputs.

Contract balances

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

	February 29, 2020	November 30, 2019
Trade receivables	$ 15,747,456	$ 15,833,510
Contract assets	712,457	655,745
Contract liabilities	672,372	797,785

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

The contract assets primarily relate to the Company's effort and cost to build customized software development for customers, under the terms of written agreements. Revenue is recognized on a periodic basis beginning when the customer begins receiving utilization of the software development. Costs associated with the customized software platform are recorded as contract assets and amortized to match the revenue from the development. Capitalized contract assets are classified as current if they are expected to be expensed within 12 months.

19. Financial Instruments and Risks (continued)

The contract liabilities primarily related to the advance consideration received from customers for annual license fees for software or prepayment on service agreements, 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. Contract Liabilities are classified as current.

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 ECLs that corresponds to the specific credit risk of its customers and economic circumstances. As at February 29, 2020, the allowance for ECLs was $1,169,504 (November 30, 2019 - $1,169,204). 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:

	Feb 29, 2020	Nov 30, 2019	Expected credit loss range
Current	$ 10,935,378	$ 11,491,222	0.02% - 0.25%
Aged 31-60 days	1,341,856	954,308	0.04% - 0.39%
Aged 61-90 days	686,030	1,059,134	0.12% - 1.79%
Aged more than 90 days	3,953,696	3,498,050	0.01% - 4.27%
	16,916,960	17,002,714	
Expected credit loss provision	1,169,504	1,169,204	
Trade receivables	**$ 15,747,456**	**$ 15,833,510**	

19. Financial Instruments and Risks (continued)

The impact of the movement of the ECLs provision is shown below:

Balance at November 30, 2018 under IFRS 9	**$ 1,100,231**
Bad debt expense	68,973
Balance at November 30, 2019 under IFRS 9	**1,169,204**
Bad debt expense	300
Balance at February 29, 2020 under IFRS 9	**$ 1,169,504**

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 $62,184 (November 30, 2019 - $69,553).

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 February 29, 2020:

	Notes Payable	Convertible Debt (1)	Equipment Leases	Term Bank Loans (2)	Royalty Advance (3)	Total
	(Note 17)	(Note 16)		(Note 15)	(Note 27)	
Fiscal 2020	5,016,340	2,181,515	29,662	5,000,000	1,786,667	14,014,184
Fiscal 2021	-	-	44,525	-	160,000	204,525
Fiscal 2022	-	-	-	-	133,333	133,333
	$ 5,016,340	**$ 2,181,515**	**$ 74,187**	**$ 5,000,000**	**$ 2,080,000**	**$ 14,352,041**

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

19. 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.

20. 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.

21. 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 was acting in a capacity of Chief Financial Officer, Chief Operating Officer and Corporate Secretary were compensated during the quarter ended February 29, 2020 for $91,500 and $50,000, respectively ($91,500 and $60,000 in Q1 2019). There is no other equity compensation such as stock option or shares issued during Fiscal 2019 and Q1 2020.

Notes Receivables

Included in notes receivables is a balance of $4,703,257 historically advanced to Maplesoft former shareholders and a historic advance of $112,078 to a director (see Note 7).

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 February 29, 2020, the Company recorded $29,919 in interest expense (Q1 2019 - $29,589).

Convertible Debt

Included in convertible debt is $1,190,000 plus accrued interest from two Board Directors (Note 16). For the quarter ended February 29, 2020, the Company recorded $35,600 in interest expense (Q1 2019 - $35,211).

21. Related Party Transactions and Balances (continued)

Director Fees

Director fees for the Company were $40,875 for the quarter ended February 29, 2020 (Q1 2019- $56,875). As at February 29, 2020, the amount remaining unpaid was $1,082,500 (November 30, 2019 - $1,041,625).

Director stock-based compensation expense was $2,534 for the quarter ended February 29, 2020 (Q1 2019 - $12,832).

22. Commitments and Contingencies

Premise Lease

In addition to the debt repayment schedule disclosed in Note 19, as at February 29, 2020, the Company is committed to multiple premise leases from fiscal 2020 to fiscal 2029 as follows:

		Premise leases
Fiscal 2020	$	987,921
Fiscal 2021		1,330,846
Fiscal 2022		1,243,273
Fiscal 2023		1,079,655
Fiscal 2024 and beyond		6,522,149
Total	**$**	**11,163,843**

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 February 29, 2020, no amounts have been paid. The initial license payment is recorded as software and being amortized over 10 years (Note 9).

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.

23. Account Payable and Other Current Liabilities

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

	Feb 29, 2020	Nov 30, 2019
Accounts payable and accrued liabilities	$ 15,071,185	$ 15,004,926
Net clients liabilities to be settled	11,661,930	10,773,926
Government remittances and current taxes payable	124,385	18,452
Current tax receivable related to Paradigm (Note 28)	-	(500,333)
Total	**$ 26,857,500**	**$ 25,296,971**

24. Supplemental Cash Information

Changes in non-cash working capital are as follows:

	Dec 1, 2019 to Feb 29, 2020	Dec 1, 2018 to Feb 28, 2019
Trade receivables	$ 86,054	$ 782,010
Inventories	(165,452)	2,797
Prepaids and deposits	146,100	171,059
Accounts payable and accrued liabilities	687,523	(1,987,264)
Net clients liabilities to be settled	790,205	7,251,727
Government remittances and taxes payable	340,183	(345,706)
Contract assets	(100,000)	-
Contract liabilities	(125,413)	112,394
Deferred tax change	-	105,515
Total	**$ 1,659,199**	**$ 6,092,532**

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.

25. Segment Disclosures (continued)

- 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.

As at February 29, 2020

	Benefits	Technology	Corporate	Eliminations	Total
Current Assets	$ 6,462,295	$ 22,551,278	$ 1,672,982	$ (12,845,397)	$ 17,841,157
Total Assets	$ 7,737,372	$ 36,605,094	$ 10,255,798	$ (12,845,397)	$ 41,752,867
Current Liabilities	$ 18,626,919	$ 32,651,616	$ 10,265,213	$ (12,845,397)	$ 48,698,351
Total Liabilities	$ 18,626,919	$ 33,879,983	$ 16,703,939	$ (12,845,397)	$ 56,365,444

As at November 30, 2019

	Benefits	Technology	Corporate	Eliminations	Total
Current Assets	$ 5,816,037	$ 22,237,165	$ 2,027,293	$ (11,965,980)	$ 18,114,516
Total Assets	$ 7,083,062	$ 35,323,654	$ 4,890,314	$ (11,965,980)	$ 35,331,051
Current Liabilities	$ 17,212,554	$ 31,834,630	$ 10,795,398	$ (11,965,980)	$ 47,876,602
Total Liabilities	$ 17,212,554	$ 31,962,269	$ 11,688,982	$ (11,965,980)	$ 48,897,825

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

25. Segment Disclosures (continued)

For the three months ended February 29, 2020

	Benefits	Technology	Corporate	Eliminations	Continuing operation	Discontinued operation	Total
Revenue	**$ 3,338,835**	**$ 13,603,083**	**$ -**	**$ (420,942)**	**$ 16,520,977**	**$ -**	**$ 16,520,977**
Cost of revenues							
Compensation	22,796	11,237,113	-	(420,942)	10,838,968	-	10,838,968
Other costs of revenues	100,976	258,685	-	-	359,661	-	359,661
	123,773	11,495,798	-	(420,942)	11,198,629	-	11,198,629
Gross margin	**3,215,063**	**2,107,285**	**-**	**-**	**5,322,348**	**-**	**5,322,348**
Expenses							
Salaries and other compensation costs	2,410,565	1,138,985	256,248	-	3,805,798	-	3,805,798
Office and general	769,448	433,312	200,674	-	1,403,433	-	1,403,433
Professional fees	5,031	10,719	153,692	-	169,443	-	169,443
Amortization of intangible assets	76,520	3,034	500,564	-	580,118	-	580,118
Depreciation of equipment	24,679	27,546	827	-	53,052	-	53,052
Depreciation of right-of-use assets	-	58,512	102,565	-	161,077	-	161,077
Share-based compensation	-	-	15,576	-	15,576	-	15,576
	3,286,243	1,672,108	1,230,146	-	6,188,497	-	6,188,497
Income(loss) before the following:	**(71,180)**	**435,177**	**(1,230,146)**	**-**	**(866,149)**	**-**	**(866,149)**
Interest and financing costs	73,340	241,676	279,332	-	594,348	-	594,348
Interest on lease liabilities	-	21,721	100,249		121,970		121,970
Interest accretion	-	-	9,261	-	9,261	-	9,261
Net income (loss)	**$ (144,520)**	**$ 171,780**	**$ (1,618,988)**	**$ -**	**$ (1,591,728)**	**$ -**	**$ (1,591,728)**

For the three months ended February 28, 2019

	Benefits	Technology	Corporate	Eliminations	Continuing operation	Discontinued operation	Total
Revenue	**$ 3,005,821**	**$ 14,067,434**	**$ -**	**$ (566,925)**	**$ 16,506,330**	**$ 5,604,238**	**$ 22,110,568**
Cost of revenues							
Compensation	20,433	11,136,470	-	(472,038)	10,684,865	4,497,148	15,182,013
Other costs of revenues	132,090	172,694	-	-	304,784	-	304,784
	152,522	11,309,164	-	(472,038)	10,989,649	4,497,148	15,486,797
Gross margin	**2,853,299**	**2,758,269**	**-**	**(94,887)**	**5,516,681**	**1,107,090**	**6,623,771**
Expenses							
Salaries and other compensation costs	2,882,842	1,384,146	313,989	(94,887)	4,486,090	490,210	4,976,300
Office and general	987,523	813,049	18,957	-	1,819,527	416,583	2,236,110
Professional fees	15,933	69,402	51,777	-	137,112	144,600	281,712
Amortization of intangible assets	64,463	52,497	480,611	-	597,572	-	597,572
Depreciation of equipment	26,575	30,258	827	-	57,659	-	57,659
Share-based compensation	-	-	76,158	-	76,158	-	76,158
	3,977,336	2,349,351	942,319	(94,887)	7,174,119	1,051,393	8,225,512
Income(loss) before the following:	**(1,124,037)**	**408,918**	**(942,319)**	**-**	**(1,657,438)**	**55,697**	**(1,601,741)**
Transaction costs	-	-	6,437	-	6,437	91,641	98,078
Interest and financing costs	9,625	328,365	184,380	-	522,369	216,832	739,201
Interest accretion	-	-	9,159	-	9,159	-	9,159
Net income (loss)	**$ (1,133,662)**	**$ 80,553**	**$ (1,142,295)**	**$ -**	**$ (2,195,404)**	**$ (252,776)**	**$ (2,448,178)**

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

26. Contingent Consideration

		Current	Long term	Feb 29, 2020	Nov 30, 2019
(1)	Adeeva acquisition	$ 28,530	$ 430,704	$ 459,234	$459,234
(2)	Maplesoft acquisition	-	457,800	457,800	457,800
		$ 28,530	**$ 888,504**	**$ 917,034**	**$ 917,034**
	Current portion of contingent consideration payable			28,530	23,450
	Long-term portion of contingent consideration payable			888,504	893,584
				$ 917,034	**$ 917,034**

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 February 29, 2020, $144,846 has been accrued (November 30, 2019 - $139,766). No amounts have been paid as of February 29, 2020. Based on the expected discounted cash flows, the fair value of the remaining contingent liability is estimated to be $459,234 (November 30, 2019 - $459,234).

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, 2019 - $457,800).

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. $120,000 towards the royalty payment has been paid for the quarter ended February 29, 2020 (November 30, 2019- $480,000).

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. The Company had accrued $480,000 bonus fee for the year ended November 30, 2018 and included in the carrying value of the royalty advance. There is no additional bonus fee as of February 29, 2020.

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 February 28, 2018, the Company's wholly owned subsidiary, Paradigm, closed a private placement with a 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:

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

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 was to 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. 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. 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.

28. Assets Held for Sale (continued)

Sale of Paradigm

On July 2, 2019, SEB amalgamated with Paradigm Consulting Group Inc. 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 divestiture resulted in the Company recording a "Gain on sale of asset" in the amount of $2,047,975.

The effective date for the transaction was June 30, 2019. The purchase price included a cash amount of approximately $4.5 million, cancellation of $3.0 million 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 net proceeds of $4,342,475 were obtained from the sale of Paradigm and were used to reduce debt.

As at November 30, 2019, the Company had accrued and fully paid out $260,000 in dividends relating to the preferred shares, which were expensed in the year and were included in the consolidated statements of net loss and comprehensive loss. The Company had incurred a gain on settlement of debt of $472,364 recorded in discontinued operations through the write-off of derivative liability and contingent liability of the preferred shares

Per the terms of the Paradigm Asset Sale Agreement, Paradigm LP employees can acquire up to 500,000 Class A partnership share units at $1 per share up to 12 months following the transaction. On November 4, 2019, the former employees of Paradigm exercised the options for 196,000 units for $196,000 (Note 14).

Presentation

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 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

As at November 30, 2018, the disposal group was stated at the lower of carrying value and fair value less costs to sell. As at February 29, 2020, the disposal group had been sold.

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

28. Assets Held for Sale (continued)

Financial performance and cash flow information

	Dec 1, 2018 to July 3, 2019
Revenue	**$ 13,817,603**
Cost of revenues	
Compensation	10,978,245
Gross margin	**2,839,358**
Expenses	
Salaries and other compensation costs	1,236,431
Office and general	993,681
Professional fees	349,291
	2,579,403
Income (loss) before the following:	**259,955**
Transaction costs	475,438
Interest and financing costs	634,038
Accretion of interest	402,215
Net loss before extraordinary income	(1,251,736)
Gain on settlement of debt	(472,364)
Net loss before income tax	(779,372)
Income tax recovery	(408,687)
Net loss and comprehensive loss	**$ (370,685)**
Net loss per common share - basic and diluted	**$ (0.002)**

Included in the above is a corporate management fee and interest allocation of $887,840 for seven months ended July 3, 2019. The net impact of the change has been eliminated on the consolidated results.

28. Assets Held for Sale (continued)

	Dec 1, 2018 to July 3, 2019
Net loss and comprehensive loss for the period	**$ (370,684)**
Items not affecting cash:	
Interest accretion	402,215
Gain on settlement of debt	(472,364)
	(440,833)
Non-cash working capital	(1,104,453)
Cash flows used in operating activities	**(1,545,286)**
Cash flows provided by financing activities	
Intercompany financing	909,561
Cash flows provided by financing activities	**909,561**
Net change in cash	(635,725)
Cash, beginning of period	635,726
Cash, end of period	**$ -**

29. Subsequent Events

Bank Indebtedness

The Credit Facility Agreements have been subject to amendments which have included undertakings and alterations whereby the loan agreements were modified such that certain actions did not constitute enforceable defaults. The last Amendment dated May 29, 2020 committed the Company to obtain replacement financing by July 10, 2020 and payment in full of all Outstanding Obligations on or before July 17, 2020.

Strategic financing transaction

To enable the Company to capitalize on market opportunities, it engaged Scotia Capital in March 2019, to find a strategic investment partner. As of the date of these consolidated financial statements, the Company is in the final stages of the process and it is continuing to work on completing the Company's $20,000,000 before fees and costs private placement financing, which is being provided by a large strategic investor.

COVID 19

Since November 30, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.