



# SYMBILITY

**Symbility Solutions Inc.**

Interim Condensed Consolidated Financial Statements  
(Unaudited)

**Quarter ended September 30, 2017**

**Symbility Solutions Inc.**  
Interim Consolidated Statements of Financial Position  
(Unaudited - In thousands of Canadian dollars)

	<u>Note</u>	As at	
		September 30, 2017	December 31, 2016
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	6,447	7,976
Accounts receivable	5	8,586	6,488
Prepaid expenses		1,552	1,217
Tax credits receivable		522	745
		<u>17,107</u>	<u>16,426</u>
<b>Long-term assets</b>			
Prepaid expenses		58	33
Security deposits		89	114
Property and equipment		560	626
Intangible assets		8,751	10,059
Goodwill		10,763	10,763
		<u>37,328</u>	<u>38,021</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	5	1,924	2,288
Accrued liabilities	5	4,009	4,025
Provisions		701	845
Deferred revenue		2,483	1,836
		<u>9,117</u>	<u>8,994</u>
<b>Long-term liabilities</b>			
Accrued liabilities and other		7	14
Customer deposits		382	382
		<u>9,506</u>	<u>9,390</u>
<b>Shareholders' equity</b>		<u>27,822</u>	<u>28,631</u>
		<u>37,328</u>	<u>38,021</u>

See accompanying notes

## Symbility Solutions Inc.

### Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited - in thousands of Canadian dollars, except per share data)

	Note	Three-month period ended		Nine-month period ended	
		September 30,		September 30,	
		2017	2016	2017	2016
<b>Revenue</b>					
Software and other	5	8,439	6,924	23,669	21,002
Professional services	5	2,835	1,769	6,736	4,267
<b>Total revenue</b>		<b>11,274</b>	<b>8,693</b>	<b>30,405</b>	<b>25,269</b>
<b>Cost of sales</b>					
Software and other		2,004	2,009	5,317	5,268
Professional services	4(d)	1,361	1,071	4,181	2,689
<b>Total cost of sales</b>		<b>3,365</b>	<b>3,080</b>	<b>9,498</b>	<b>7,957</b>
<b>Gross profit</b>		<b>7,909</b>	<b>5,613</b>	<b>20,907</b>	<b>17,312</b>
<b>Expenses</b>					
Sales and marketing	4(d)	3,330	3,132	10,656	10,277
General and administration	4(d)	2,455	2,361	7,056	6,385
Research and development	4(d)	1,022	884	3,341	2,676
Depreciation, amortization, and foreign exchange	8	141	(239)	385	722
Transaction	9	386	-	914	-
		<b>7,334</b>	<b>6,138</b>	<b>22,352</b>	<b>20,060</b>
<b>Income (loss) before finance income, net and income tax expense</b>		<b>575</b>	<b>(525)</b>	<b>(1,445)</b>	<b>(2,748)</b>
Finance income, net		(3)	(6)	(12)	(16)
Income tax expense (recovery)		(2)	11	20	37
<b>Net income (loss) and comprehensive income (loss) for the period</b>		<b>580</b>	<b>(530)</b>	<b>(1,453)</b>	<b>(2,769)</b>
<b>Basic income (loss) and comprehensive (income) loss per common share</b>		<b>0.00</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Diluted income (loss) and comprehensive income (loss) per common share</b>		<b>0.00</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>					
<b>Basic</b>		<b>239,473,840</b>	<b>238,674,675</b>	<b>239,130,208</b>	<b>237,950,831</b>
<b>Diluted</b>		<b>247,870,944</b>	<b>238,674,675</b>	<b>239,130,208</b>	<b>237,950,831</b>

See accompanying notes

**Symbility Solutions Inc.**

## Interim Consolidated Statements of Changes in Shareholders' Equity

*(Unaudited - In thousands of Canadian dollars)*

	Note	Common shares	Warrants	Contributed surplus	Deficit	Total shareholders' equity
<b>At December 31, 2015</b>		58,078	94	13,920	(40,942)	31,150
Share options exercised		65	-	(30)	-	35
Restricted shares released		320	-	(320)	-	-
Stock-based compensation	4(d)	-	-	695	-	695
Net loss for the period		-	-	-	(2,769)	(2,769)
<b>At September 30, 2016</b>		58,463	94	14,265	(43,711)	29,111
<b>At December 31, 2016</b>		58,584	94	14,261	(44,308)	28,631
Share options exercised	4(a, c)	70	-	(32)	-	38
Restricted shares released	4(a, b)	160	-	(160)	-	-
Stock-based compensation	4(d)	-	-	606	-	606
Net loss for the period		-	-	-	(1,453)	(1,453)
<b>At September 30, 2017</b>		<b>58,814</b>	<b>94</b>	<b>14,675</b>	<b>(45,761)</b>	<b>27,822</b>

*See accompanying notes*

**Symbility Solutions Inc.**  
Interim Consolidated Statements of Cash Flows  
(Unaudited - In thousands of Canadian dollars)

	Note	Three-month period ended		Nine-month period ended	
		September 30,		September 30,	
		2017	2016	2017	2016
<b>Operating activities</b>					
Net income (loss) for the period		580	(530)	(1,453)	(2,769)
Items not affecting cash					
Stock-based compensation	4(d)	193	118	606	695
Depreciation and amortization	8	454	672	1,559	2,050
		<u>1,227</u>	<u>260</u>	<u>712</u>	<u>(24)</u>
Changes in non-cash working capital items					
Accounts receivable		(2,055)	(1,802)	(2,139)	(1,748)
Prepaid expenses		(346)	(358)	(361)	(79)
Tax credits receivable		42	373	223	223
Security deposits		23	-	23	-
Accounts payable		719	2	(353)	394
Accrued liabilities		308	1,506	(2)	1,548
Provisions		41	7	(150)	27
Deferred revenue		(178)	394	676	342
Customer deposits		(15)	15	-	36
		<u>(1,461)</u>	<u>137</u>	<u>(2,083)</u>	<u>743</u>
<b>Cash provided by (used in) operating activities</b>					
		<u>(234)</u>	<u>397</u>	<u>(1,371)</u>	<u>719</u>
<b>Investing activities</b>					
Purchase of property and equipment		(82)	(70)	(177)	(270)
Purchase of intangible assets		-	-	(16)	(46)
Business combination		-	-	-	(400)
<b>Cash used in investing activities</b>					
		<u>(82)</u>	<u>(70)</u>	<u>(193)</u>	<u>(716)</u>
<b>Financing activities</b>					
Proceeds from exercise of share options		-	-	38	35
Long-term finance lease payments		(1)	(1)	(9)	(3)
<b>Cash provided by (used in) financing activities</b>					
		<u>(1)</u>	<u>(1)</u>	<u>29</u>	<u>32</u>
Effect of exchange rate changes on cash and cash equivalents					
		<u>(4)</u>	<u>(378)</u>	<u>6</u>	<u>(85)</u>
<b>Net decrease in cash and cash equivalents</b>					
		<u>(321)</u>	<u>(52)</u>	<u>(1,529)</u>	<u>(50)</u>
Cash and cash equivalents, beginning of period					
		<u>6,768</u>	<u>6,555</u>	<u>7,976</u>	<u>6,553</u>
<b>Cash and cash equivalents, end of period</b>					
		<u>6,447</u>	<u>6,503</u>	<u>6,447</u>	<u>6,503</u>

Supplementary cash flow information 7

See accompanying notes

## **Symbility Solutions Inc.**

### **Notes to Interim Condensed Consolidated Financial Statements**

*(Unaudited - In thousands of Canadian dollars unless otherwise stated)*

*September 30, 2017*

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#### **1) Nature of operations and corporate information**

Symbility Solutions Inc. (the "Corporation") develops and markets software designed to improve effectiveness and reduce costs of administration of claims in both the employee benefits and property and casualty insurance markets. The Corporation was incorporated under the Alberta *Business Corporations Act* on July 15, 1999 and commenced operations on January 1, 2000. The Corporation is a publicly traded company domiciled in Canada with common shares listed on the TSX Venture Exchange under the stock symbol "SY".

The Corporation's registered office is located at 3400 First Canadian Centre, 350 - 7th Avenue SW, Calgary, Alberta, T2P 3N9. The Corporation has executive and operating offices in Toronto, Ontario, and operating offices in Montreal, Québec; Hendersonville, Tennessee; Stuttgart, Baden-Württemberg, Germany; and Fareham, Hampshire, England.

The Corporation has five wholly owned subsidiaries: Symbility Health Inc. which is incorporated in the Province of Alberta, Canada; Symbility Solutions Corp. which is incorporated in the State of Delaware, United States; Symbility Solutions GmbH which is incorporated in the State of Bavaria, Germany; Symbility Solutions Limited which is incorporated in England and Wales; and BNOTIONS Inc. which is incorporated in the Province of Ontario, Canada.

As at September 30, 2017, CoreLogic, Inc. and its affiliates (collectively "CoreLogic") own 67,739,821 common shares representing approximately 28% of the outstanding shares of the Corporation. Marshall & Swift/Boeckh ("MSB") is a wholly owned subsidiary of CoreLogic, and a related party as a result of a common significant shareholder (See note 3).

#### **2) Significant accounting policies**

##### **(a) Statement of compliance**

These interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2017 of the Corporation were prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB").

The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended December 31, 2016, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. Accordingly, these interim condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2017 should be read together with the annual consolidated financial statements for the year ended December 31, 2016.

The timely preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the interim condensed consolidated financial statements.

## **Symbility Solutions Inc.**

### **Notes to Interim Condensed Consolidated Financial Statements**

*(Unaudited - In thousands of Canadian dollars unless otherwise stated)*

*September 30, 2017*

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These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors (the "Board") of the Corporation on November 29, 2017.

#### **(b) New standards, interpretations and amendments adopted by the Corporation**

The following new accounting standard, which was applied or adopted during the three-month and nine-month periods ended September 30, 2017, had no material impact on the unaudited interim condensed consolidated financial statements.

##### ***Disclosure Initiative Amendments to IAS 7: Statement of Cash Flows ("IAS 7")***

In 2016, the IASB issued amendments to IAS 7. The amendments are intended to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Corporation is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual audited consolidated financial statements for the year ended December 31, 2017.

#### **(c) Changes in accounting policies not yet adopted**

The following accounting pronouncements issued by the IASB were not effective as at September 30, 2017. Management is currently evaluating the potential impact the adoption of these accounting pronouncements will have on the Corporation's consolidated financial statements:

##### ***Amendments to IFRS 2: Share-based Payment ("IFRS 2")***

In 2016, the IASB issued the final amendments to IFRS 2 in relation to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas: the effects of vesting conditions on the measurement of cash-settled share-based payments; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The amendments are to be applied prospectively. However, retrospective application is permitted if elected for all three amendments and other criteria are met.

##### ***IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9")***

In July 2014, the IASB issued the final amendments to IFRS 9, which provides guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting. The classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in the financial statements and, in particular, how they are measured on an ongoing basis. The amended IFRS 9 introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, the amended IFRS 9 includes a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Corporation is in the process of evaluating the impact of these amendments on the Corporation's consolidated financial statements.

## **Symbility Solutions Inc.**

### **Notes to Interim Condensed Consolidated Financial Statements**

*(Unaudited - In thousands of Canadian dollars unless otherwise stated)*

*September 30, 2017*

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#### ***IFRS 15: Revenue from Contracts with Customers ("IFRS 15")***

In May 2014, the IASB issued IFRS 15, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the new standard is that an entity recognizes revenue to represent the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also provides a model for the recognition and measurement of gains or losses from sale of non-financial assets. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The standard permits the use of either full or modified retrospective application. This new accounting guidance will also result in enhanced disclosures about revenue. The Corporation is evaluating the effect that IFRS 15 will have on its consolidated financial statements, and related disclosures, as well as the transition method to apply the new standard.

#### ***IFRS 16: Leases ("IFRS 16")***

In 2016, the IASB issued IFRS 16 replacing IAS 17, *Leases* and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15 has been adopted. The Corporation is in the process of evaluating the impact that IFRS 16 may have on the Corporation's consolidated financial statements.

#### ***IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration ("IFRIC 22")***

In 2016, the IASB issued IFRIC 22, which provides requirements about which exchange rate to use when recognizing revenue in circumstances where an entity has received advance consideration in a foreign currency. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. On initial application, entities have the option to apply either retrospectively or prospectively.

### **3) Related party transactions**

A summary of the significant related party transactions is provided below:

For the three-month and nine-month periods ended September 30, 2017, the Corporation expensed \$688 and \$1,952, respectively (September 30, 2016 - \$556 and \$1,774) for services under the services agreement, the database license agreement and for products resold by the Corporation under a reseller agreement with MSB. As at September 30, 2017, the Corporation owed \$493 (December 31, 2016 - \$349) to MSB.

For the three-month and nine-month periods ended September 30, 2017, the Corporation earned \$250 and \$699, respectively (September 30, 2016 - \$125 and \$332) for software and services provided to CoreLogic. As at September 30, 2017, the Corporation had receivables of \$33 (December 31, 2016 - \$18) due from CoreLogic for software provided.



## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

September 30, 2017

#### Compensation of key management personnel

Key management personnel includes the Chief Executive Officer, Chief Financial Officer, President of Symbility Health, Chief Executive Officer of BNOTIONS, Chief Technology Officer, Chief Marketing Officer, Vice Presidents, and Directors. The compensation paid or payable to key management personnel is shown in the following table:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Short-term remuneration and benefits	919	740	2,596	2,438
Share-based payments	120	44	334	325
<b>Total</b>	<b>1,039</b>	<b>784</b>	<b>2,930</b>	<b>2,763</b>

Stock options held by key management personnel under the stock option plan to purchase ordinary shares have the following expiry dates and exercise prices:

Year of issuance	Year of expiry	Range of exercise price	September 30, 2017	December 31, 2016
		\$	Number outstanding	Number outstanding
2010	2020	0.20	35,000	35,000
2011	2021	0.22 - 0.26	572,600	572,600
2012	2022	0.34 - 0.46	2,370,000	2,370,000
2013	2023	0.45 - 0.50	4,352,500	4,352,500
2014	2024	0.31 - 0.38	743,185	743,185
2015	2025	0.27 - 0.35	1,859,600	1,859,600
2016	2026	0.26 - 0.33	1,027,920	1,027,920
2017	2027	0.51	2,209,250	-
<b>Total</b>			<b>13,170,055</b>	<b>10,960,805</b>

On September 30, 2017, there were 131,500 restricted shares (December 31, 2016 - 263,000) outstanding under the Canadian Restricted Share Plan to an officer of the Corporation.

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

September 30, 2017

#### 4) Shareholders' equity

##### (a) Issued capital

###### Authorized

Unlimited common shares, no par value

Unlimited preferred shares, no par value

###### Issued (excluding Restricted Shares described below)

	Common shares	
	#	\$
<b>Share Capital Balance - December 31, 2016</b>	238,873,008	58,584
Share options exercised	100,832	70
Restricted Shares released	500,000	160
<b>Share Capital Balance - September 30, 2017</b>	<b>239,473,840</b>	<b>58,814</b>

As at September 30, 2017, there were 500,000 (December 31, 2016 - 1,000,000) Restricted Shares outstanding in addition to the above.

##### (b) Restricted Share Plans

On June 10, 2015, the shareholders approved the 2015 Canadian Restricted Share Plan (the "2015 Canadian RS Plan") and the 2015 United States Restricted Share Plan (the "2015 United States RS Plan") (collectively, the "2015 RSA Plans"). Awards granted pursuant to the 2015 RSA Plans shall not exceed 2,000,000 common shares.

As at September 30, 2017, there were 500,000 (December 31, 2016 - 1,000,000) RSA outstanding and the weighted average remaining contractual life for restricted shares under the 2015 RSA Plans outstanding is 0.74 years (December 31, 2016 - 1.48 years).

For the three-month and nine-month periods ended September 30, 2017, the stock-based compensation expenses were \$12 and \$87, respectively (September 30, 2016 - \$31 and \$257), and is included in the total stock-based compensation (see note d).

The following table summarizes activity related to the 2015 RSA Plans for the nine-month period ended September 30, 2017 and for the twelve-month period ended December 31, 2016:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	<u>Restricted Shares</u>	<u>Restricted Shares</u>
	<u>outstanding</u>	<u>outstanding</u>
	<u>#</u>	<u>#</u>
Balance - beginning of period	1,000,000	2,000,000
Released	(500,000)	(1,000,000)
Balance - end of period	<b>500,000</b>	<b>1,000,000</b>

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

September 30, 2017

#### (c) Stock option plan

The Corporation has a stock option plan (the "Stock Option Plan"), which provides that the Board of Directors may grant from time to time, at its discretion, stock options to purchase common shares of the Corporation to directors, senior officers, employees, and consultants.

There were no options granted during the three-month period ended September 30, 2017 (September 30, 2016 - 200,000).

The Corporation used the Black-Scholes option valuation model to estimate the fair value of the options granted based on the following weighted average assumptions for the three-month period ended September 30, 2016 and nine-month periods ended September 30, 2017 and September 30, 2016:

	Three-month period ended September 30		Nine-month period ended September 30	
	2017	2016	2017	2016
Risk-free interest rate	n/a	0.86%	<b>1.37%</b>	1.02%
Expected life	n/a	6.0 years	<b>6.0 years</b>	6.0 years
Volatility	n/a	72%	<b>66%</b>	76%
Expected dividends	n/a	Nil	<b>Nil</b>	Nil
Weighted average				
Share price	n/a	\$0.39	<b>\$0.51</b>	\$0.31
Exercise price	n/a	\$0.39	<b>\$0.51</b>	\$0.33
Fair value	n/a	\$0.25	<b>\$0.30</b>	\$0.20

The following table summarizes activity related to stock options for the nine-month period ended September 30, 2017 and for the twelve-month period ended December 31, 2016:

	September 30, 2017		December 31, 2016	
	Stock options outstanding #	Weighted average exercise price \$	Stock options outstanding #	Weighted average exercise price \$
Balance – Beginning of period	<b>17,326,688</b>	<b>0.40</b>	19,382,295	0.40
Granted	<b>3,096,250</b>	<b>0.51</b>	1,869,360	0.34
Exercised	<b>(100,832)</b>	<b>0.38</b>	(331,666)	0.32
Forfeited	<b>(74,584)</b>	<b>0.45</b>	(974,748)	0.34
Expired	<b>(286,667)</b>	<b>0.41</b>	(2,618,553)	0.39
Balance – End of period	<b>19,960,855</b>	<b>0.42</b>	17,326,688	0.40
Exercisable – End of period	<b>13,872,816</b>	<b>0.41</b>	12,199,053	0.42

The weighted average remaining contractual life for the stock options outstanding as at September 30, 2017 is 6.65 years (December 31, 2016 – 6.88 years). The weighted average share price of options exercised during the nine-month period ended September 30, 2017 was \$0.54 (September 30, 2016 - \$0.36).

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

September 30, 2017

#### (d) Stock-based compensation

The total stock-based compensation expense for the Stock Option Plan and the 2015 Restricted Share Plans for the three-month and nine-month periods ended September 30, 2017 was \$193 and \$606, respectively (September 30, 2016 – \$118 and \$695) with a corresponding credit to contributed surplus.

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Cost of sales	23	36	112	228
Sales and marketing	86	36	268	324
General and administration	57	38	155	100
Research and development	27	8	71	43
<b>Total</b>	<b>193</b>	<b>118</b>	<b>606</b>	<b>695</b>

#### (e) Warrants

On June 26, 2015, the Corporation issued 1,000,000 warrants to seller of BNOTIONS as part of the acquisition. Each warrant is exercisable to purchase one common share at \$0.40 per warrant for a period of three years from the closing date. On June 26, 2015, the fair value of warrants was \$94. As at September 30, 2017, there were 1,000,000 warrants (December 31, 2016 - 1,000,000 warrants) outstanding. The weighted average remaining contractual life for the warrants outstanding as at September 30, 2017 is 0.74 years (December 31, 2016 - 1.48 years).

## 5) Financial instruments and risk management

### *Market risk and foreign currency risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Corporation's income or the value of its financial instruments.

The Corporation's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products and services to customers invoiced in foreign currencies and the purchase of services invoiced in foreign currencies.

The Corporation's significant accounts receivable and accounts payable by foreign currency as at September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
<b>Accounts receivable</b>		
U.K. pound sterling	16%	17%
U.S. dollars	28%	15%
<b>Accounts payable and accrued liabilities</b>		
U.S. dollars	23%	18%

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

September 30, 2017

The Corporation's significant revenue and expense by foreign currency for the three-month and nine-month periods ended September 30, 2017 and September 30, 2016 are as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
<b>Revenue</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
U.K. pound sterling	14%	15%	15%	18%
U.S. dollars	42%	39%	39%	39%
<b>Expenses</b>				
U.S. dollars	15%	21%	19%	21%

#### *Credit risk*

There was no customer who accounted for more than 10% of the Corporation's total accounts receivable as at September 30, 2017 and December 31, 2016.

The following table sets out details of the aging of accounts receivable that are outstanding and related allowance for doubtful accounts:

	September 30, 2017	December 31, 2016
Current	7,069	5,218
31 - 60 days	1,386	1,198
61 - 90 days	156	71
Over 91 days	47	37
Less: allowance for doubtful accounts	(72)	(36)
<b>Total accounts receivable, net</b>	<b>8,586</b>	<b>6,488</b>

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the interim condensed consolidated statements of income (loss) and comprehensive income (loss) within other operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the interim condensed consolidated statements of income (loss) and comprehensive income (loss).

#### *Liquidity risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Corporation's objective in managing liquidity risk is to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The Corporation achieves this by maintaining sufficient cash and cash equivalents, managing cash from operations and through the raising of equity financing. As at September 30, 2017, the Corporation was holding cash and cash equivalents of \$6,447 (December 31, 2016 - \$7,976).

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

September 30, 2017

#### 6) Segmented information

The Corporation has three reportable segments that offer different products and services: Symbility Property, Symbility Health, and Symbility Strategic Services.

- Symbility Property (property and casualty software) provides powerful, accurate and easy-to-use claims processing and estimating software for property and casualty insurers.
- Symbility Health (group insurance software) provides an advanced and practical software solution to a network of employee benefits brokers and third party administrator partners in the adjudication of health and dental claims.
- Symbility Strategic Services (mobile application software development) designs and develops leading technologies in the area of mobile, the Internet of Things, Machine-to-machine, and wearables to different industries.

Corporate expenses have been excluded from the operating segments to provide comparability between the segments. Corporate expenses include general and administration expense related to the overall company, including the Chief Executive Officer, Chief Financial Officer, board expenses, investor relations, public company costs, transaction expenses and related expenses.

During the three-month and nine-month periods ended September 30, 2017 and September 30, 2016, no customer accounted for more than 10% of the Corporation's revenue.

In the following tables, the Corporation discloses segment results, which are reconciled to the consolidated results reported in accordance with IFRS.

	<b>Three-month period ended September 30, 2017</b>				
	<b>Symbility Health</b>	<b>Symbility Property</b>	<b>Symbility Strategic Services</b>	<b>Corporate and Other</b>	<b>Total</b>
Revenue					
Software and other	1,466	6,973	-	-	8,439
Professional services	-	-	2,835	-	2,835
Total revenue	1,466	6,973	2,835	-	11,274
Cost of sales					
Software and other	701	1,303	-	-	2,004
Professional services	-	-	1,361	-	1,361
Total cost of sales	701	1,303	1,361	-	3,365
	765	5,670	1,474	-	7,909
Expenses	747	4,355	868	1,364	7,334
Segment income (loss) before finance income, net and income tax expense	18	1,315	606	(1,364)	575
Finance income, net	-	-	-	(3)	(3)
Income tax expense (recovery)	-	(2)	-	-	(2)
Segment net income (loss)	18	1,317	606	(1,361)	580

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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September 30, 2017

	<b>Nine-month period ended September 30, 2017</b>				
	<b>Symbility Health</b>	<b>Symbility Property</b>	<b>Symbility Strategic Services</b>	<b>Corporate and Other</b>	<b>Total</b>
Revenue					
Software and other	4,654	19,015	-	-	23,669
Professional services	-	-	6,736	-	6,736
Total revenue	4,654	19,015	6,736	-	30,405
Cost of sales					
Software and other	2,097	3,220	-	-	5,317
Professional services	-	-	4,181	-	4,181
Total cost of sales	2,097	3,220	4,181	-	9,498
	2,557	15,795	2,555	-	20,907
Expenses	2,549	14,115	2,631	3,057	22,352
Segment income (loss) before finance income, net and income tax expense	8	1,680	(76)	(3,057)	(1,445)
Finance income, net	-	-	-	(12)	(12)
Income tax expense (recovery)	-	21	(1)	-	20
Segment net income (loss)	8	1,659	(75)	(3,045)	(1,453)
<b>As at September 30, 2017</b>					
Operating assets	2,459	22,508	5,914	-	30,881
Assets not allocated to segments					
Cash and cash equivalents	-	-	-	6,447	6,447
Total operating assets	2,459	22,508	5,914	6,447	37,328
Carrying value of intangible assets	37	8,384	330	-	8,751
Carrying value of goodwill	-	7,890	2,873	-	10,763
Total liabilities	1,698	7,182	626	-	9,506
Additions to property and equipment, intangible assets, and goodwill	2	119	72	-	193

## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

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September 30, 2017

	Three-month period ended September 30, 2016				Total
	Symbility Health	Symbility Property	Symbility Strategic Services	Corporate and Other	
Revenue					
Software and other	1,510	5,414	-	-	6,924
Professional services	-	-	1,769	-	1,769
Total revenue	1,510	5,414	1,769	-	8,693
Cost of sales					
Software and other	656	1,353	-	-	2,009
Professional services	-	-	1,071	-	1,071
Total cost of sales	656	1,353	1,071	-	3,080
	854	4,061	698	-	5,613
Expenses	795	3,812	979	552	6,138
Segment income (loss) before finance income, net and income tax expense	59	249	(281)	(552)	(525)
Finance income, net	-	-	-	(6)	(6)
Income tax expense	-	11	-	-	11
Segment net income (loss)	59	238	(281)	(546)	(530)

	Nine-month period ended September 30, 2016				Total
	Symbility Health	Symbility Property	Symbility Strategic Services	Corporate and Other	
Revenue					
Software and other	4,648	16,354	-	-	21,002
Professional services	-	-	4,267	-	4,267
Total revenue	4,648	16,354	4,267	-	25,269
Cost of sales					
Software and other	2,036	3,232	-	-	5,268
Professional services	-	-	2,689	-	2,689
Total cost of sales	2,036	3,232	2,689	-	7,957
	2,612	13,122	1,578	-	17,312
Expenses	2,233	13,727	2,271	1,829	20,060
Segment income (loss) before finance income, net and income tax expense	379	(605)	(693)	(1,829)	(2,748)
Finance income, net	-	-	-	(16)	(16)
Income tax expense	-	36	1	-	37
Segment net income (loss)	379	(641)	(694)	(1,813)	(2,769)



## Symbility Solutions Inc.

### Notes to Interim Condensed Consolidated Financial Statements

(Unaudited - In thousands of Canadian dollars unless otherwise stated)

September 30, 2017

	Symbility Health	Symbility Property	Symbility Strategic Services	Corporate and Other	Total
<b>As at December 31, 2016</b>					
Operating assets	2,674	22,523	4,848	-	30,045
Assets not allocated to segments					
Cash and cash equivalents	-	-	-	7,976	7,976
Total operating assets	2,674	22,523	4,848	7,976	38,021
Carrying value of intangible assets	42	9,687	330	-	10,059
Carrying value of goodwill	-	7,890	2,873	-	10,763
Total liabilities	2,479	5,669	1,242	-	9,390
Additions to property and equipment, intangible assets and goodwill	14	215	191	-	420

### Geographic Information

Revenue is generated from external customers in Canada, the United States, and other countries outside of North America. The Corporation's revenue by geographic area for the three-month and nine-month periods ended September 30, 2017 and September 30, 2016 and non-current assets by geographic area as at September 30, 2017 and December 31, 2016 are as follows:

	Revenue for three- month period ended		Revenue for nine-month period ended		Non-current assets as at	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	December 31, 2016
<b>Canada</b>	<b>4,403</b>	3,578	<b>12,074</b>	9,799	<b>7,941</b>	8,770
<b>United States</b>	<b>4,726</b>	3,359	<b>11,949</b>	9,760	<b>6,830</b>	6,965
<b>International</b>	<b>2,145</b>	1,756	<b>6,382</b>	5,710	<b>5,450</b>	5,860
<b>Total</b>	<b>11,274</b>	8,693	<b>30,405</b>	25,269	<b>20,221</b>	21,595

### 7) Supplementary cash flow information

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Interest paid	1	1	1	1
Interest received	4	5	14	14
Income taxes paid	7	-	25	7

**Symbility Solutions Inc.****Notes to Interim Condensed Consolidated Financial Statements***(Unaudited - In thousands of Canadian dollars unless otherwise stated)**September 30, 2017*

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**8) Depreciation, amortization, and foreign exchange**

	<b>Three-month period ended</b>		<b>Nine-month period ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Depreciation and amortization	<b>110</b>	148	<b>363</b>	476
Foreign exchange (gain) loss, net	<b>31</b>	(387)	<b>22</b>	246
<b>Total</b>	<b>141</b>	(239)	<b>385</b>	722

In addition to the depreciation and amortization expenses above, the amortization expense of database and technology licenses for the three-month and nine-month periods ended September 30, 2017 were \$220 and \$660, respectively (September 30, 2016 - \$220 and \$660) and are included in the cost of sales, and amortization expenses of customer relationships and backlog for the three-month and nine-month periods ended September 30, 2017 were \$123 and \$535, respectively (September 30, 2016 - \$292 and \$914) and are included in the sales and marketing expenses.

**9) Transaction expenses**

For the three-month and nine-month periods ended September 30, 2017, the Corporation incurred transaction expenses of \$386 and \$914, respectively (September 30, 2016 - \$nil and \$nil) for incremental professional expenses, advisers and corporate costs related to potential transactions. Transaction expenses are included in the Corporate segment.

**10) Comparative interim condensed consolidated financial statements**

The comparative interim condensed consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2017 interim condensed consolidated financial statements.