



SYMBILITY

Symbility Solutions Inc.

Interim Condensed Consolidated Financial Statements
(Unaudited)

Quarter ended March 31, 2018

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

	<u>Note</u>	As at	
		March 31, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents	6	10,942	8,238
Accounts receivable	6	5,145	7,651
Prepaid expenses		1,517	1,614
Tax credits receivable		447	665
		<u>18,051</u>	<u>18,168</u>
Assets held for sale including cash	3	2,306	-
		<u>20,357</u>	<u>18,168</u>
Long-term assets			
Prepaid expenses		44	54
Security deposits		115	115
Property and equipment		455	502
Intangible assets		7,945	8,369
Goodwill		10,763	10,763
		<u>39,679</u>	<u>37,971</u>
Liabilities			
Current liabilities			
Accounts payable	6	696	1,786
Accrued liabilities	6	3,643	4,079
Provisions		174	220
Deferred revenue		3,772	2,121
		<u>8,285</u>	<u>8,206</u>
Liabilities directly associated with the assets held for sale	3	1,659	-
		<u>9,944</u>	<u>8,206</u>
Long-term liabilities			
Accrued liabilities and other		6	7
Customer deposits		-	382
		<u>9,950</u>	<u>8,595</u>
Shareholders' equity			
		<u>29,729</u>	<u>29,376</u>
		<u>39,679</u>	<u>37,971</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)

	<u>Note</u>	<u>Three-month period ended</u>	
		<u>March 31,</u>	
		<u>2018</u>	<u>2017</u>
Continuing operations			
Revenue			
Software and other	6	5,699	5,652
Professional services	6	2,853	2,086
Total revenue		<u>8,552</u>	<u>7,738</u>
Cost of sales			
Software and other		780	956
Professional services	5(d)	1,341	1,366
Total cost of sales		<u>2,121</u>	<u>2,322</u>
Gross profit		<u>6,431</u>	<u>5,416</u>
Expenses			
Sales and marketing	5(d)	3,244	3,496
General and administration	5(d)	2,285	2,233
Research and development	5(d)	794	689
Depreciation, amortization, and foreign exchange	9	(108)	117
Transaction	10	125	-
		<u>6,340</u>	<u>6,535</u>
Income (Loss) before finance income, net and income tax expense		<u>91</u>	<u>(1,119)</u>
Finance income, net		(17)	(4)
Income (Loss) before income tax expense		<u>108</u>	<u>(1,115)</u>
Income tax expense		8	15
Net income (loss) and comprehensive income (loss) for the period from continuing operations		<u>100</u>	<u>(1,130)</u>
Discontinued operations			
Net income (loss) for the period from discontinued operations	3	75	(4)
Net income (loss) and comprehensive income (loss) for the period		<u>175</u>	<u>(1,134)</u>
Basic and diluted income and comprehensive income per common share		<u>0.00</u>	<u>(0.00)</u>
Basic and diluted income and comprehensive income per common share from continuing operations		<u>0.00</u>	<u>(0.00)</u>
Weighted average number of common shares outstanding			
Basic		239,473,840	238,921,896
Diluted		247,469,229	238,921,896

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
At December 31, 2016		58,584	94	14,261	(44,308)	28,631
Share options exercised		42	-	(20)	-	22
Stock-based compensation	5(d)	-	-	152	-	152
Net loss for the period		-	-	-	(1,134)	(1,134)
At March 31, 2017		58,626	94	14,393	(45,442)	27,671
At December 31, 2017		58,814	94	14,872	(44,404)	29,376
Stock-based compensation	5(d)	-	-	178	-	178
Net income for the period		-	-	-	175	175
At March 31, 2018		58,814	94	15,050	(44,229)	29,729

See accompanying notes

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

	Note	Three-month period ended	
		March 31,	
		2018	2017
Operating activities			
Net income (loss) for the period from continuing operations		100	(1,130)
Net income (loss) for the period from discontinued operations		75	(4)
Net income (loss) for the period		175	(1,134)
Items not affecting cash from continuing operations			
Stock-based compensation	5(d)	159	146
Depreciation and amortization	9	454	604
Items not affecting cash from discontinued operations			
Stock-based compensation	5(d)	19	6
Depreciation and amortization		2	4
		809	(374)
Changes in non-cash working capital items from continuing operations			
Accounts receivable		748	(1,561)
Prepaid expenses		45	(39)
Tax credits receivable		218	263
Accounts payable		(608)	(805)
Accrued liabilities		70	1,062
Provisions		(43)	20
Deferred revenue		1,741	1,462
		2,171	402
Changes in non-cash working capital items from discontinued operations			
Assets held for sale	3	140	-
Liabilities directly associated with the assets held for sale	3	102	-
		242	-
Cash provided by operating activities		3,222	28
Investing activities			
Purchase of property and equipment from continuing operations		(38)	(62)
Purchase of property and equipment from discontinued operations		(2)	-
Purchase of intangible assets		(1)	-
Cash used in investing activities		(41)	(62)
Financing activities			
Proceeds from exercise of share options		-	22
Long-term finance lease payments		-	(4)
Cash provided by financing activities		-	18
Effect of exchange rate changes on cash and cash equivalents		(95)	(18)
Net increase (decrease) in cash and cash equivalents		3,086	(34)
Cash and cash equivalents, beginning of period		8,238	7,976
Cash and cash equivalents, end of period		11,324	7,942

Supplementary cash flow information
See accompanying notes

8

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

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 Business Corporations Act (Alberta) 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 (See note 3).

As at March 31, 2018, 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"), and CoreLogic Asia are wholly owned subsidiaries of CoreLogic, and are related parties as a result of a common significant shareholder (See note 4).

2) Significant accounting policies

(a) Statement of compliance

These interim condensed consolidated financial statements for the three-month period ended March 31, 2018 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").

Other than the application of *IFRS 5 Non-current assets held for sale and discontinued operations* and the adoption of *IFRS 9 Financial Instruments* and *IFRS 15 Revenue from Contracts with Customers* effective as of January 1, 2018, 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 audited consolidated financial statements for the year ended December 31, 2017, 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 period ended March 31, 2018 should be read together with the annual audited consolidated financial statements for the year ended December 31, 2017.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

IFRS 5 Non-current assets held for sale and discontinued operations ("IFRS 5")

The Corporation classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in note 3.

All notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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.

These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors (the "Board") of the Corporation on May 17, 2018.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

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

The following new accounting standards applied or adopted during the three-month period ended March 31, 2018.

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. The adoption of this amendment had no material impact on the Corporation's unaudited interim condensed consolidated financial statements.

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

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact to the Corporation's financial statements upon adoption of IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(i) Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below. A financial asset is classified as the following measurement categories: amortized cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Corporation's financial assets which consist primarily of cash and cash equivalents measured at FVTPL, and trade and other receivables are classified at amortized cost. The Corporation's financial liabilities which consist primarily of accounts payable, accrued liabilities, and provisions are classified at amortized cost.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

(ii) Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Corporation's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables.

The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Corporation's financial assets on the transition date given the receivables are substantially all current and the minimal historical level of customer default.

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

On January 1, 2018 the Corporation adopted the new standard IFRS 15 to all contracts using the modified retrospective approach. The pattern and timing of revenue recognition under the new standard is consistent with prior practice. There have been no adjustments recognized upon adoption of IFRS 15.

The Corporation has two segments: Symbility Property, which provides Software as a Service ("SaaS") technology to the property and casualty insurance industry; and Symbility Strategic Services, which provides professional services to a broad range of industries.

The details of the new significant accounting policies in relation to the Corporation's various services are set out below. Under IFRS 15, revenue is recognized when a customer obtains control of the services. Determining the timing of the transfer of control, at a point in time or over time, requires judgment.

On standard SaaS agreements, revenues are recognized over the term of the arrangement. The proceeds are considered to relate to the right to services provided over the term of the arrangement.

On standard sale of third party services, information or reports, revenues are recognized when customers obtain control, that is when transfer of title and risks and rewards of ownership have passed and when obligation to pay is considered certain.

On fixed price professional services agreements, revenues are recognized over time typically on a percentage-of-completion basis, which consists of recognizing revenue for a performance obligation on a given contract proportionately with its percentage of completion at any given time. The percentage of completion is determined by dividing the cumulative hours incurred as at the balance sheet date by the sum of incurred and anticipated hours for completing a contract. On time and material professional services agreements, revenues are recognized as hours are performed.

The incremental costs of obtaining a contract with the customer is recognized as an asset if the company expects to recover these costs. Incremental costs are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. The Corporation includes the incremental costs (commissions) of obtaining a contract in prepaid expense and expenses it over the term of the contract. The Corporation does not incur any other material incremental costs to obtain a contract.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

The cumulative effect of changes to anticipated revenues for completing a contract are recognized in the period in which the revisions are identified. In the event that the anticipated costs exceed the anticipated revenues on a contract, such loss is recognized in its entirety in the period it becomes known.

Deferred revenue (i.e. contract liabilities) represent amounts received from customers in excess of revenue recognized on uncompleted contracts.

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. This Interpretation does not have any impact on the Corporation's condensed consolidated financial statements.

(c) Changes in accounting policies not yet adopted

The following accounting pronouncements issued by the IASB were not effective as of March 31, 2018.

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.

3) Discontinued operations

As at March 31, 2018, the Corporation had discontinued operations, the Symbility Health segment. On April 25, 2018, Symbility Health Inc. was amalgamated into the Corporation. The results of the Symbility Health segment for the three-month period ended March 31, 2018 and March 31, 2017 are as follow:

	Three-month period ended	
	March 31,	
	2018	2017
Revenue	1,432	1,597
Cost of sales	677	660
Gross profit	755	937
Expenses	680	941
Net income (loss) for the period from discontinued operations	75	(4)

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

The major classes of assets and liabilities of Symbility Health segment classified as held for sale as at March 31, 2018 are as follows:

	<u>As at</u> <u>March 31, 2018</u>
Assets	
Cash and cash equivalents	382
Accounts receivable	1,800
Prepaid expenses	77
Property and equipment	11
Intangible assets	36
Assets held for sale including cash	<u>2,306</u>
Liabilities	
Accounts payable	491
Accrued liabilities	702
Provisions	4
Deferred revenue	80
Customer deposits	382
Liabilities directly associated with the assets held for sale	<u>1,659</u>

The net cash flows provided by Symbility Health segment for the three-month period ended March 31, 2018 are as follows:

	<u>Three-month period ended</u> <u>March 31, 2018</u>
Operating	338
Investing	(2)
Net increase (decrease) in cash and cash equivalents	<u>336</u>

Income (loss) per share (in Canadian dollars):

	<u>Three-month period ended</u> <u>March 31,</u>	
	<u>2018</u>	<u>2017</u>
Basic and diluted net income (loss) and comprehensive income (loss) per common share from discontinued operations	<u>0.00</u>	<u>(0.00)</u>

4) Related party transactions

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

For the three-month period ended March 31, 2018, the Corporation expensed \$249 (March 31, 2017 - \$583) 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 March 31, 2018, the Corporation owed \$103 (December 31, 2017 - \$180) to MSB.

For the three-month period ended March 31, 2018, the Corporation earned \$366 (March 31, 2017 - \$222) for software and services provided to CoreLogic. As at March 31, 2018, the Corporation had receivables of \$18 (December 31, 2017 - \$14) 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)

March 31, 2018

Compensation of key management personnel

Key management personnel includes the Chief Executive Officer, Chief Financial Officer, Divisional Executives, Functional Executives, and Directors. The compensation paid or payable to key management personnel is shown in the following table:

	Three-month period ended	
	March 31,	
	2018	2017
Short-term remuneration and benefits	693	741
Stock-based payments	102	70
Total	795	811

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	March 31, 2018	December 31, 2017
		\$	Number outstanding	Number outstanding
2010	2020	0.20	35,000	35,000
2011	2021	0.22 - 0.26	472,600	572,600
2012	2022	0.34 - 0.46	2,270,000	2,370,000
2013	2023	0.45 - 0.50	3,702,500	4,267,500
2014	2024	0.31 - 0.38	743,185	743,185
2015	2025	0.27 - 0.35	1,684,600	1,684,600
2016	2026	0.26 - 0.33	1,002,920	1,002,920
2017	2027	0.51	1,871,850	1,921,850
Total			11,782,655	12,597,655

On March 31, 2018, there were 131,500 Restricted Shares (December 31, 2017 - 131,500) outstanding under the Canadian Restricted Share Plan to an officer of the Corporation.

5) 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	
	#	\$
Share Capital Balance - December 31, 2017	239,473,840	58,814
Share Capital Balance - March 31, 2018	239,473,840	58,814

As at March 31, 2018, there were 500,000 (December 31, 2017 - 500,000) Restricted Shares outstanding in addition to the above share capital.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

(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 March 31, 2018, there were 500,000 (December 31, 2017 - 500,000) RSA outstanding and the weighted average remaining contractual life for the RSA outstanding is 0.24 years (December 31, 2017 - 0.48 years).

The stock-based compensation expense for the 2015 RSA Plans for the three-month period ended March 31, 2018 was \$12 (March 31, 2017 - \$29), and is included in the total stock-based compensation (see note d).

(c) Stock Option Plan

The Corporation has a Stock Option Plan (the "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 March 31, 2018 and March 31, 2017.

The following table summarizes activity related to stock options for the three-month period ended March 31, 2018 and the twelve-month period ended December 31, 2017:

	<u>March 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Stock options outstanding</u>	<u>Weighted average exercise price</u>	<u>Stock options outstanding</u>	<u>Weighted average exercise price</u>
	<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>
Balance – beginning of period	19,864,189	0.42	17,326,688	0.40
Granted	-	-	3,096,250	0.51
Exercised	-	-	(100,832)	0.38
Forfeited	(10,000)	0.33	(171,250)	0.47
Expired	(108,334)	0.34	(286,667)	0.41
Balance – end of period	<u>19,745,855</u>	<u>0.42</u>	<u>19,864,189</u>	<u>0.42</u>
Exercisable – end of period	<u>14,131,155</u>	<u>0.41</u>	<u>14,139,488</u>	<u>0.41</u>

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 6.15 years (December 31, 2017 – 6.40 years). There were no options exercised during the three-month period ended March 31, 2018.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

(d) Stock-based compensation

The total stock-based compensation expense for the Stock Option Plan and the Restricted Share Plans for the three-month period ended March 31, 2018 was \$178 (March 31, 2017 – \$152), with a corresponding credit to contributed surplus.

	Three-month period ended March 31,	
	2018	2017
Cost of sales	22	33
Sales and marketing	65	63
General and administration	53	36
Research and development	19	14
	159	146
Discontinued operations	19	6
Total	178	152

(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 March 31, 2018, there were 1,000,000 warrants (December 31, 2017 - 1,000,000 warrants) outstanding. The weighted average remaining contractual life for the warrants outstanding as at March 31, 2018 is 0.24 years (December 31, 2017 - 0.48 years). There were no warrants issued during the three-month period ended March 31, 2018.

6) 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 accounts receivable and accounts payable by foreign currency as at March 31, 2018 and December 31, 2017 are as follows:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Accounts receivable		
U.K. pound sterling	29%	32%
U.S. dollars	31%	14%
Accounts payable and accrued liabilities		
U.K. pound sterling	13%	12%
U.S. dollars	21%	20%

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

The Corporation's revenue and expenses by foreign currency for the three-month periods ended March 31, 2018 and 2017 are as follows:

	For the three-month period ended	
	March 31, 2018	March 31, 2017
Revenue		
U.K. pound sterling	17%	18%
U.S. dollars	40%	44%
Expenses		
U.K. pound sterling	14%	9%
U.S. dollars	25%	27%

Credit risk

As at March 31, 2018, the largest amounts due from one customer accounted for 14% of the Corporation's total accounts receivable (December 31, 2017 - one customer - 14%). Subsequent to March 31, 2018, this customer has paid the full account balance.

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

	March 31, 2018	December 31, 2017
Current	3,764	4,805
31 - 60 days	1,227	2,068
61 - 90 days	218	886
Over 91 days	185	141
Less: allowance for doubtful accounts	(249)	(249)
Total accounts receivable, net	5,145	7,651

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 loss and comprehensive 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 loss and comprehensive 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 March 31, 2018, the Corporation was holding cash and cash equivalents of \$11,324 (December 31, 2017 - \$8,238).

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

7) Segmented information

The Corporation has two reportable segments, which offer different products and services: Symbility Property 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 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 expenses 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.

Revenue is generated from external customers in Canada, the United States, and other countries outside of North America. All inter-segment revenue and expenses have been eliminated.

During the three-month period ended March 31, 2018 and March 31, 2017, no customer accounted for more than 10% of the Corporation's revenue.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

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

	Three-month period ended March 31, 2018			
	Symbility Property	Symbility Strategic Services	Corporate and Other	Total
Revenue				
Software and other	5,699	-	-	5,699
Professional services	-	2,853	-	2,853
Total revenue	5,699	2,853	-	8,552
Cost of sales				
Software and other	780	-	-	780
Professional services	-	1,341	-	1,341
Total cost of sales	780	1,341	-	2,121
	4,919	1,512	-	6,431
Expenses	4,310	1,253	777	6,340
Segment income (loss) before finance income, net and income tax expense	609	259	(777)	91
Finance income, net	-	-	(17)	(17)
Income tax expense	8	-	-	8
Segment net income (loss)	601	259	(760)	100
As at March 31, 2018				
Operating assets from continuing operations	20,884	5,547	-	26,431
Operating assets from discontinued operations			2,306	2,306
Assets not allocated to segments				
Cash and cash equivalents	-	-	10,942	10,942
Total operating assets	20,884	5,547	13,248	39,679
Carrying value of intangible assets	7,615	330	-	7,945
Carrying value of goodwill	7,890	2,873	-	10,763
Total liabilities from continuing operations	7,590	701	-	8,291
Total liabilities from discontinued operations	-	-	1,659	1,659
Total liabilities	7,590	701	1,659	9,950
Additions to property and equipment, intangible assets and goodwill from continuing operations	23	16	-	39
Additions to property and equipment, intangible assets and goodwill from discontinued operations	-	-	2	2
Total additions to property and equipment, intangible assets and goodwill	23	16	2	41

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

	Three-month period ended March 31, 2017			
	Symbility Property	Symbility Strategic Services	Corporate and Other	Total
Revenue				
Software and other	5,652	-	-	5,652
Professional services	-	2,086	-	2,086
Total revenue	5,652	2,086	-	7,738
Cost of sales				
Software and other	956	-	-	956
Professional services	-	1,366	-	1,366
Total cost of sales	956	1,366	-	2,322
	4,696	720	-	5,416
Expenses	5,065	864	606	6,535
Segment loss before finance income, net and income tax expense	(369)	(144)	(606)	(1,119)
Finance income, net	-	-	(4)	(4)
Income tax expense	15	-	-	15
Segment net loss	(384)	(144)	(602)	(1,130)
As at December 31, 2017				
Operating assets	21,709	5,959	2,065	29,733
Assets not allocated to segments				
Cash and cash equivalents	-	-	8,238	8,238
Total operating assets	21,709	5,959	10,303	37,971
Carrying value of intangible assets	8,003	330	36	8,369
Carrying value of goodwill	7,890	2,873	-	10,763
Total liabilities	6,126	911	1,558	8,595
Additions to property and equipment, intangible assets and goodwill	134	79	5	218

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

Geographic Information

The Corporation's revenue by geographic area for the three-month period ended March 31, 2018 and 2017 and non-current assets as at March 31, 2018 and December 31, 2017 are as follows:

	Revenue for the three-month period ended		Non-current assets as at	
	March 31, 2018	March 31, 2017	March 31, 2018	December 31, 2017
Canada	2,778	2,335	7,325	7,661
United States	3,427	3,403	6,826	6,827
International	2,347	2,000	5,171	5,315
Total	8,552	7,738	19,322	19,803

8) Supplementary cash flow information

	Three-month period ended March 31,	
	2018	2017
Interest paid	7	-
Interest received	10	3
Income taxes paid (recovered)	(3)	23

9) Depreciation, amortization, and foreign exchange

	Three-month period ended March 31,	
	2018	2017
Depreciation and amortization	102	125
Foreign exchange gain, net	(210)	(8)
Total	(108)	117

In addition to the depreciation and amortization expenses above, the amortization expense of database and technology licenses for the three-month period ended March 31, 2018 was \$220 (March 31, 2017 - \$220) is included in the cost of sales, and amortization expenses of customer relationships and backlog for the three-month period ended March 31, 2018 was \$132 (March 31, 2017 - \$260) is included in the sales and marketing expenses.

10) Transaction expenses

For the three-month period ended March 31, 2018, the Corporation incurred transaction expenses of \$125 (March 31, 2017 - \$nil) for incremental professional expenses, advisers and corporate costs related to potential transactions. Transaction expenses are included in the Corporate segment.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2018

11) 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 2018 interim condensed consolidated financial statements.

12) Subsequent events

Effective May 7, 2018, the Corporation completed the divestiture of its Health segment ("Symbility Health") to TELUS Health Solutions Inc. Symbility Health provided 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 in Canada.

The transaction is valued at approximately \$16,500, subject to working capital adjustments and an escrow of \$4,225 to be released at various times over 36 months. The Corporation expects a material accounting gain and that the taxable gain on this transaction will be covered by existing tax loss carryforwards.

The results of Symbility Health, as well as the assets and liabilities included in the transaction, are included in the Corporation's results of operations as a single line for discontinued operations as of January 1, 2018 (with retrospective application) and financial position as at March 31, 2018 as assets and liabilities held for sale.

The Corporation has also entered into a Transition Services Agreement ("TSA") for up to two years to provide support as services such as accounting, hosting and information technology services during the transition to the acquirer at cost. The Corporation expects this period to be less.