



SYMBILITY

Symbility Solutions Inc.

Interim Condensed Consolidated Financial Statements
(Unaudited)

Quarter ended March 31, 2017

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

| | <u>Note</u> | As at | |
|-------------------------------|-------------|---------------------------|------------------------------|
| | | March 31, 2017 | December 31, 2016 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 7,942 | 7,976 |
| Accounts receivable | 5 | 8,067 | 6,488 |
| Prepaid expenses | | 1,211 | 1,217 |
| Tax credits receivable | | 482 | 745 |
| | | 17,702 | 16,426 |
| Long-term assets | | | |
| Prepaid expenses | | 78 | 33 |
| Security deposits | | 114 | 114 |
| Property and equipment | | 605 | 626 |
| Intangible assets | | 9,532 | 10,059 |
| Goodwill | | 10,763 | 10,763 |
| | | 38,794 | 38,021 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 5 | 1,478 | 2,288 |
| Accrued liabilities | 5 | 5,090 | 4,025 |
| Provisions | | 870 | 845 |
| Deferred revenue | | 3,290 | 1,836 |
| | | 10,728 | 8,994 |
| Long-term liabilities | | | |
| Accrued liabilities and other | | 13 | 14 |
| Customer deposits | | 382 | 382 |
| | | 11,123 | 9,390 |
| Shareholders' equity | | | |
| | | 27,671 | 28,631 |
| | | 38,794 | 38,021 |

See accompanying notes

Symbility Solutions Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss

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

| | Note | Three-month period ended | |
|---|-------------|---------------------------------|-------------|
| | | March 31, | |
| | | 2017 | 2016 |
| Revenue | | | |
| Software and other | 5 | 7,249 | 6,859 |
| Professional services | 5 | 2,086 | 1,052 |
| Total revenue | | 9,335 | 7,911 |
| Cost of sales | | | |
| Software and other | | 1,616 | 1,515 |
| Professional services | 4(d) | 1,366 | 761 |
| Total cost of sales | | 2,982 | 2,276 |
| Gross profit | | 6,353 | 5,635 |
| Expenses | | | |
| Sales and marketing | 4(d) | 3,775 | 3,578 |
| General and administration | 4(d) | 2,448 | 2,006 |
| Research and development | 4(d) | 1,133 | 905 |
| Depreciation, amortization, and foreign exchange | 8 | 120 | 666 |
| | | 7,476 | 7,155 |
| Loss before finance income, net and income tax expense | | (1,123) | (1,520) |
| Finance income, net | | (4) | (6) |
| Income tax expense | | 15 | 7 |
| Net loss and comprehensive loss for the period | | (1,134) | (1,521) |
| Basic and diluted loss and comprehensive loss per common share | | (0.00) | (0.01) |
| Weighted average number of common shares outstanding | | | |
| Basic and diluted | | 238,921,896 | 237,541,342 |

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, 2015 | | 58,078 | 94 | 13,920 | (40,942) | 31,150 |
| Stock-based compensation | 4(d) | - | - | 273 | - | 273 |
| Net loss for the period | | - | - | - | (1,521) | (1,521) |
| At March 31, 2016 | | 58,078 | 94 | 14,193 | (42,463) | 29,902 |
| At December 31, 2016 | | 58,584 | 94 | 14,261 | (44,308) | 28,631 |
| Share options exercised | | 42 | - | (20) | - | 22 |
| Stock-based compensation | 4(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 |

See accompanying notes

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

| | <u>Note</u> | Three-month period ended | |
|--|-------------|--------------------------|---------------------|
| | | March 31, | |
| | | 2017 | 2016 |
| Operating activities | | | |
| Net loss for the period | | (1,134) | (1,521) |
| Items not affecting cash | | | |
| Stock-based compensation | 4(d) | 152 | 273 |
| Depreciation and amortization | 8 | 608 | 694 |
| | | <u>(374)</u> | <u>(554)</u> |
| Changes in non-cash working capital items | | | |
| Accounts receivable | | (1,561) | (1,190) |
| Prepaid expenses | | (39) | 83 |
| Tax credits receivable | | 263 | (68) |
| Accounts payable | | (805) | 262 |
| Accrued liabilities | | 1,062 | 653 |
| Provisions | | 20 | 12 |
| Deferred revenue | | 1,462 | 796 |
| Cash provided by (used in) operating activities | | <u>28</u> | <u>(6)</u> |
| Investing activities | | | |
| Purchase of property and equipment | | (62) | (85) |
| Purchase of intangible assets | | - | (49) |
| Business combination | | - | (300) |
| Cash used in investing activities | | <u>(62)</u> | <u>(434)</u> |
| Financing activities | | | |
| Proceeds from exercise of share options | | 22 | - |
| Long-term finance lease payments | | (4) | - |
| Cash provided by financing activities | | <u>18</u> | <u>-</u> |
| Effect of exchange rate changes on cash and cash equivalents | | <u>(18)</u> | <u>267</u> |
| Net decrease in cash and cash equivalents | | (34) | (173) |
| Cash and cash equivalents, beginning of period | | <u>7,976</u> | <u>6,553</u> |
| Cash and cash equivalents, end of period | | <u>7,942</u> | <u>6,380</u> |

Supplementary cash flow information

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See accompanying notes

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2017

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. Symbility Health Inc. has a wholly owned subsidiary, Automated Benefits Ltd., incorporated in the Province of Alberta, Canada.

As at March 31, 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"), and CoreLogic Asia are wholly owned subsidiaries of CoreLogic, and are related parties 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 period ended March 31, 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 audited 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 period ended March 31, 2017 should be read together with the annual audited 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.

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, 2017.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2017

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

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

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Notes to Interim Condensed Consolidated Financial Statements

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March 31, 2017

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 period ended March 31, 2017, the Corporation expensed \$583 (March 31, 2016 - \$506) 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, 2017, the Corporation owed \$428 (December 31, 2016 - \$349) to MSB.

For the three-month period ended March 31, 2017, the Corporation earned \$222 (March 31, 2016 - \$95) for software provided to CoreLogic. As at March 31, 2017, the Corporation had receivables of \$18 (December 31, 2016 - \$18) due from CoreLogic for software provided.

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March 31, 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 | |
|--------------------------------------|--------------------------|--------------|
| | March 31, | |
| | 2017 | 2016 |
| Short-term remuneration and benefits | 788 | 870 |
| Stock-based payments | 73 | 140 |
| Total | 861 | 1,010 |

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, 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 |
| Total | | | 10,960,805 | 10,960,805 |

On March 31, 2017, there were 263,000 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

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March 31, 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 | |
|--|----------------------|---------------|
| | # | \$ |
| Share Capital Balance - December 31, 2016 | 238,873,008 | 58,584 |
| Share options exercised | 66,666 | 42 |
| Share Capital Balance - March 31, 2017 | 238,939,674 | 58,626 |

As at March 31, 2017, there were 1,000,000 (December 31, 2016 - 1,000,000) Restricted Shares outstanding in addition to the above share capital.

(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, 2017, there were 1,000,000 (December 31, 2016 - 1,000,000) RSA outstanding and the weighted average remaining contractual life for the RSA outstanding is 1.24 years (December 31, 2016 - 1.48 years).

The stock-based compensation expense for the 2015 RSA Plans for the three-month period ended March 31, 2017 was \$29 (March 31, 2016 - \$105), 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.

Symbility Solutions Inc.

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

March 31, 2017

There were no options granted during the three-month period ended March 31, 2017 (March 31, 2016 - 300,000).

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 March 31, 2016:

| | <u>Three-month period ended March 31, 2016</u> |
|-------------------------|--|
| Risk-free interest rate | 1.14% |
| Expected life | 6.0 years |
| Volatility | 79% |
| Expected dividends | Nil |
| Weighted average | |
| Share price | \$0.26 |
| Exercise price | \$0.26 |
| Fair value | \$0.18 |

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

| | <u>March 31, 2017</u> | | <u>December 31, 2016</u> | |
|-------------------------------|-----------------------------------|---|-----------------------------------|---|
| | Stock options outstanding # | Weighted average exercise price \$ | Stock options outstanding # | Weighted average exercise price \$ |
| Balance – beginning of period | 17,326,688 | 0.40 | 19,382,295 | 0.40 |
| Granted | - | - | 1,869,360 | 0.34 |
| Exercised | (66,666) | 0.34 | (331,666) | 0.32 |
| Forfeited | (4,584) | 0.38 | (974,748) | 0.34 |
| Expired | (36,667) | 0.31 | (2,618,553) | 0.39 |
| Balance – end of period | <u>17,218,771</u> | <u>0.40</u> | <u>17,326,688</u> | <u>0.40</u> |
| Exercisable – end of period | <u>12,589,462</u> | <u>0.42</u> | <u>12,199,053</u> | <u>0.42</u> |

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 6.63 years (December 31, 2016 – 6.88 years). The weighted average share price of options exercised during the three-month period ended March 31, 2017 was \$0.54. There were no options exercised during the three-month period ended March 31, 2016.

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2017

(d) Stock-based compensation

The total stock-based compensation expense for the Stock Option Plan and the 2015 RSA Plans for the three-month periods ended March 31, 2017 and March 31, 2016 are as follow:

| | Three-month period ended | |
|----------------------------|--------------------------|------------|
| | March 31, | |
| | 2017 | 2016 |
| Cost of sales | 33 | 92 |
| Sales and marketing | 67 | 141 |
| General and administration | 36 | 22 |
| Research and development | 16 | 18 |
| Total | 152 | 273 |

(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, 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 March 31, 2017 is 1.24 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 accounts receivable and accounts payable by foreign currency as at March 31, 2017 and December 31, 2016 are as follows:

| | March 31, 2017 | December 31, 2016 |
|---|----------------|-------------------|
| Accounts receivable | | |
| U.K. pound sterling | 17% | 17% |
| U.S. dollars | 30% | 15% |
| Accounts payable and accrued liabilities | | |
| U.S. dollars | 20% | 18% |

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2017

The Corporation's revenue and expenses by foreign currency for the three-month periods ended March 31, 2017 and 2016 are as follows:

| | For the three-month period ended | |
|---------------------|----------------------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Revenue | | |
| U.K. pound sterling | 15% | 21% |
| U.S. dollars | 36% | 38% |
| Expenses | | |
| U.S. dollars | 23% | 29% |

Credit risk

As at March 31, 2017, the largest amounts due from one customer accounted for 13% of the Corporation's total accounts receivable. There was no customer accounted for more than 10% of the Corporation's total accounts receivable as at December 31, 2016.

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

| | March 31, 2017 | December 31, 2016 |
|---------------------------------------|----------------|-------------------|
| Current | 5,653 | 5,218 |
| 31 - 60 days | 2,300 | 1,198 |
| 61 - 90 days | 145 | 71 |
| Over 91 days | 6 | 37 |
| Less: allowance for doubtful accounts | (37) | (36) |
| Total accounts receivable, net | 8,067 | 6,488 |

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, 2017, the Corporation was holding cash and cash equivalents of \$7,942 (December 31, 2016 - \$7,976).

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March 31, 2017

6) Segmented information

The Corporation has three reportable segments which 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) 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 and related expenses.

Revenue is generated from external customers in Canada, the United States, and other countries outside of North America.

During the three-month period ended March 31, 2017 and March 31, 2016, no customer accounted for more than 10% of the Corporation's revenue.

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

March 31, 2017

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, 2017 | | | | |
|---|--|-------------------------------|---|--------------------------------|--------------|
| | Symbility Health | Symbility Property | Symbility Strategic Services | Corporate and Other | Total |
| Revenue | | | | | |
| Software and other | 1,597 | 5,652 | - | - | 7,249 |
| Professional services | - | - | 2,086 | - | 2,086 |
| Total revenue | 1,597 | 5,652 | 2,086 | - | 9,335 |
| Cost of sales | | | | | |
| Software and other | 660 | 956 | - | - | 1,616 |
| Professional services | - | - | 1,366 | - | 1,366 |
| Total cost of sales | 660 | 956 | 1,366 | - | 2,982 |
| | 937 | 4,696 | 720 | - | 6,353 |
| Expenses | 941 | 5,065 | 864 | 606 | 7,476 |
| Segment loss before finance income, net and income tax expense | (4) | (369) | (144) | (606) | (1,123) |
| Finance income, net | - | - | - | (4) | (4) |
| Income tax expense | - | 15 | - | - | 15 |
| Segment net loss | (4) | (384) | (144) | (602) | (1,134) |
| As at March 31, 2017 | | | | | |
| Operating assets | 2,517 | 23,563 | 4,772 | - | 30,852 |
| Assets not allocated to segments | | | | | |
| Cash and cash equivalents | - | - | - | 7,942 | 7,942 |
| Total operating assets | 2,517 | 23,563 | 4,772 | 7,942 | 38,794 |
| Carrying value of intangible assets | 40 | 9,162 | 330 | - | 9,532 |
| Carrying value of goodwill | - | 7,890 | 2,873 | - | 10,763 |
| Total liabilities | 1,921 | 8,227 | 975 | - | 11,123 |
| Additions to property and equipment, intangible assets and goodwill | - | 19 | 43 | - | 62 |

Symbility Solutions Inc.
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited - In thousands of Canadian dollars, unless otherwise stated)
March 31, 2017

| | Three-month period ended March 31, 2016 | | | | |
|---|--|-------------------------------|---|--------------------------------|--------------|
| | Symbility Health | Symbility Property | Symbility Strategic Services | Corporate and Other | Total |
| Revenue | | | | | |
| Software and other | 1,562 | 5,297 | - | - | 6,859 |
| Professional services | - | - | 1,052 | - | 1,052 |
| Total revenue | 1,562 | 5,297 | 1,052 | - | 7,911 |
| Cost of sales | | | | | |
| Software and other | 696 | 819 | - | - | 1,515 |
| Professional services | - | - | 761 | - | 761 |
| Total cost of sales | 696 | 819 | 761 | - | 2,276 |
| | 866 | 4,478 | 291 | - | 5,635 |
| Expenses | 724 | 5,120 | 609 | 702 | 7,155 |
| Segment loss before finance income, net and income tax expense | 142 | (642) | (318) | (702) | (1,520) |
| Finance income, net | - | - | - | (6) | (6) |
| Income tax expense | - | 7 | - | - | 7 |
| Segment net loss | 142 | (649) | (318) | (696) | (1,521) |
| As at December 31, 2016 | | | | | |
| 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 |

Symbility Solutions Inc.

Notes to Interim Condensed Consolidated Financial Statements

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

March 31, 2017

Geographic Information

The Corporation's revenue by geographic area for the three-month period ended March 31, 2017 and 2016 and non-current assets as at March 31, 2017 and December 31, 2016 are as follows:

| | Revenue for the three-month period ended | | Non-current assets as at | |
|---------------|--|----------------|--------------------------|-------------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | December 31, 2016 |
| Canada | 3,932 | 2,867 | 8,522 | 8,770 |
| United States | 3,403 | 2,977 | 6,841 | 6,965 |
| International | 2,000 | 2,067 | 5,729 | 5,860 |
| Total | 9,335 | 7,911 | 21,092 | 21,595 |

7) Supplementary cash flow information

| | Three-month period ended March 31, | |
|-------------------|------------------------------------|------|
| | 2017 | 2016 |
| Interest paid | - | - |
| Interest received | 3 | 4 |
| Income taxes paid | 23 | 1 |

8) Depreciation, amortization, and foreign exchange

| | Three-month period ended March 31, | |
|-----------------------------------|------------------------------------|------------|
| | 2017 | 2016 |
| Depreciation and amortization | 128 | 165 |
| Foreign exchange (gain) loss, net | (8) | 501 |
| Total | 120 | 666 |

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, 2017 was \$220 (March 31, 2016 - \$220) is included in the cost of sales, and amortization expenses of customer relationships and backlog for the three-month period ended \$260 (March 31, 2016 - \$309) is included in the sales and marketing expenses.

9) 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.