Management's Discussion & Analysis
(Expressed in Canadian Dollars)

people CORPORATION

Experience the Benefits of People

As at and for the three and six months ended February 28, 2018

PEOPLE CORPORATION

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This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of April 19, 2018 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of People Corporation ("the Company"), including the notes thereto, as at and for the year ended August 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the unaudited interim condensed consolidated financial statements as at and for the three and six months ended February 28, 2018 (the "February 28, 2018 Interim Consolidated Financial Statements"), unless otherwise specified. Annual references are to the Company's fiscal year which ends August 31. The financial data discussed in this MD&A, including financial data relating to comparative periods in the prior year, has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts contained within this MD&A are in Canadian dollars unless otherwise specified. Amounts set forth in this MD&A are stated in thousands of dollars except for per share, issued and outstanding share data, and unless otherwise noted. Certain totals, subtotals and percentages may not reconcile due to rounding.

ADDITIONAL INFORMATION

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.peoplecorporation.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Use of words such as "may", "will", "expect", "believe", "intends", "likely", or other words of similar effect may indicate a "forward-looking" statement. These statements are not guarantees of future performance and are subject to numerous risk factors, including those described in the Company's publicly filed documents (available on SEDAR at www.sedar.com) and in this MD&A under the heading "Risk Factors". Those risk factors include the ability to maintain profitability and manage growth, reliance on information systems and technology, reputation risk, dependence on key clients, reliance on key professionals and general economic conditions. Many of these risk factors can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statement made by the Company or on its behalf. Given these risk factors, investors should not place undue reliance on forward-looking statements as a prediction of actual results. All forward-looking statements in this MD&A are qualified by these cautionary statements. These statements are made as of the date of this MD&A and, except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, the Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of the Company, its financial or operating results or its securities.

Readers are cautioned that the following terms used herein and other similar terms do not have standardized meanings as prescribed by IFRS and may not be comparable to similar measures presented by other companies. In this MD&A: "**Standardized EBITDA**" means net income before finance expense, income tax expense, depreciation and amortization; "**REI**" means retained economic interest, which represents the earnings attributable to vendors and/or principals of acquired companies based on prescribed formulas; "**Adjusted EBITDA before REI**" means Standardized EBITDA before acquisition, integration and reorganization costs, share-based compensation expense, compensation-based REI and equity-based REI; "**Adjusted EBITDA**" means Standardized EBITDA net of REI before acquisition, integration and reorganization costs and share based compensation expense; "**Operating Income before Corporate Costs**" means Adjusted EBITDA before corporate costs; and "**Corporate Costs**" and "**Operating Working Capital**", have the meanings hereinafter set out. Further, readers are cautioned that Standardized EBITDA, Adjusted EBITDA before REI, Adjusted EBITDA and Operating Income before Corporate Costs should not replace net income or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of the Company's performance. See the "Non-IFRS Financial Measures" section for further commentary.

PEOPLE CORPORATION

Management's Discussion & Analysis
As at and for the three and six months ended February 28, 2018

TABLE OF CONTENTS

The Company is primarily involved in the delivery of employee group benefit consulting, third-party benefits administration services, group retirement consulting and human resource consulting to help companies recruit, retain and reward employees. With a growing national footprint, the Company is bringing together leading consultants in the industry to offer innovative and customized product solutions to clients. The Company is listed on the TSX Venture Exchange ("**TSX-V**") under the symbol "PEO".

FINANCIAL HIGHLIGHTS

The Company's financial results for the three and six months ended February 28, 2018 fully reflect the effect of last year's acquisition of Sirius Benefit Plans Inc. ("**Sirius**") and Skipwith & Associates Insurance Agency Inc. ("**Skipwith**") and organic growth initiatives. The effect of the acquisition of the assets, liabilities and business operations of Assurance Dalbec Ltée ("**Dalbec**") and Rockwater Benefits Company Ltd. ("**Rockwater**") are reflected in the current period.

	for the three months ended		for the six months ended	
	Feb 28, 2018	**Feb 28, 2017**	**Feb 28, 2018**	**Feb 28, 2017**
Revenue	$ 32,514.5	$ 25,602.5	$ 60,984.6	$ 48,947.2
Adjusted EBITDA	$ 7,029.4	$ 5,225.2	$ 12,425.1	$ 8,960.6
Adjusted EBITDA per share (Basic)	$ 0.128	$ 0.103	$ 0.234	$ 0.180
Net Income (Loss)	$ 610.1	$ 1,638.8	$ 1,073.8	$ 1,363.2
Net income per share (Basic)	$ 0.011	$ 0.032	$ 0.020	$ 0.027
Net income per share (Diluted)	$ 0.011	$ 0.032	$ 0.020	$ 0.027

For the three months ended February 28, 2018, the Company experienced revenue growth of $6,912.0 (27.0%). Organic growth of $2,851.0 (11.1%) was recognized primarily from gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors. The Company recognized acquired growth of $4,061.0 (15.9%) resulting from the acquired operations of Sirius, Skipwith, Dalbec, and Rockwater.

Quarterly organic growth rates can vary due to timing of certain revenue streams and the effect of acquisitions and as such, the Company believes annual organic growth is a better reflection of the Company's organic growth rate.

Adjusted EBITDA for the three months ended February 28, 2018 was $7,029.4, representing an increase of $1,804.2 (34.5%), as compared to the same period in fiscal 2017. Growth in Adjusted EBITDA for the three month period was primarily driven by contribution from acquired operations and the increase in second quarter revenue, partially offset by increases in variable compensation expenses tied directly to the higher revenue, expanded leadership to accommodate integration and future growth, and the continued investment in recently-hired benefit consultants and related support costs incurred to drive organic growth.

For the three months ended February 28, 2018, the Company reported a decrease in Net Income of $1,028.7 (168.6%) resulting from increased acquisition, integration and reorganization costs, acquisition-related finance expenses and amortization of intangible assets, and income tax expense. The impact of these expense increases was offset by growth in EBITDA related to acquired operations and organic growth.

For the six months ended February 28, 2018, the Company experienced revenue growth of $12,037.4 (24.6%). The Company recognized growth of $6,359.2 (13.0%) resulting from acquired operations. Organic growth of $5,678.2 (11.6%) was primarily due to factors similar to those affecting the three month period.

Adjusted EBITDA for the six months ended February 28, 2018 was $12,425.1, representing an increase of $3,464.5 (38.7%), as compared to the same period in fiscal 2017 resulting from organic growth and acquired operations.

For the six months ended February 28, 2018, the Company reported a decrease in Net Income of $289.4 primarily resulting from factors similar to those affecting the three month period.

BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third-party benefits administration services (including claims processing, disability management and administration services), group retirement services (including consulting and advisory services), and human resource consulting services to help companies recruit, retain and reward employees. The Company achieves this through approximately 715 professionals and support staff with 37 offices (includes 15 satellite offices) located in eight provinces. The Company earns revenues from a diverse base of clients in various industries. The Company maintains a corporate strategic plan, a financial plan and an ongoing annual planning process that enables the continued growth and execution of its vision. The Company's priority is the continued profitable expansion of existing operations through a focus on organic growth and the acquisition of synergistic companies with a view to maximize value for its stakeholders: i) shareholders, ii) clients, iii) acquisition partners, and iv) employees. The Company has financial and management resources in place to execute these priorities.

The Company is organized in order to emphasize integration of all of its practice areas, which are as follows:

The Company has offices across Canada; each led by experts and backed by strong executive management and capital resources. The Company's diverse team of experienced consultants have industry-specific expertise and can provide businesses with insight to customize an innovative suite of services specific to their business requirements.

While the Company continues to go-to-market with the various brands acquired through acquisition, the Company is organized in such a way so as to leverage the capabilities of the entire organization. People Corporation can help businesses attract the right talent for the job and provide the right incentives to motivate employees to excel, enabling client businesses to prosper.

People Corporation helps businesses:

Attract	The Company's employee benefit, group retirement and human resource practices are led by experts who understand a client's business and can help a client attract the best people for their industry, helping position them as top employers.

Reward	Proprietary solutions offered by the Company's employee group benefit consulting, third party benefits administration, group retirement consulting, group retirement advisory services, claims processing, disability management and administration services ensures that a client's staff has access to health, wellness, dental, and retirement plans that make financial sense for their families, as well as for the client's business.
Retain	The Company can help make a client's organization a place where the best people will want to build their careers while also ensuring cost containment for the client's benefit, HR and group retirement plans.

Whether a client needs a simple benefits package or a comprehensive solution, the Company's experts can customize a program for its client's unique needs.

Expertise	The Company's consultants are recognized industry leaders who can create value for a client's organization. Through the experience of working with hundreds of clients, the Company's consultants have developed broad, as well as specialized, product, insurance and industry expertise.
Custom Solutions	The Company's broad range of innovative and proprietary group benefit solutions, group retirement and disability solutions can be tailored to suit organizations of any size, in any sector. This is achieved through the Company's partner relationships, its ability to leverage its various systems and platforms and through the expertise of its consultants and staff.
Industry Leading Pricing	As a national provider, the Company's buying power allows it to offer clients the best products on the best terms.
Independent Guidance	The Company's expert advice is unbiased and independent. The Company works with all major insurers to provide clients with the best customized solution for its clients' businesses and people.
National Servicing	With offices across the country, the Company can provide national clients with service at a local level.

Below is a summary of the Company's various operating areas:

Consulting Solutions

Within the Consulting Solutions division, the Company focuses on providing a unique employee benefit, group retirement and human resource solution that is customized to individual client needs. The consulting advice primarily includes plan review and plan design, plan recommendations, alternative funding methods, plan set up, employee communications, wellness programs and plan marketing.

The Company's consultants are divided into teams that focus independently of each other on corporate benefits, public sector benefits, association benefits, student benefits and alternative funding methods including self-insurance. While each team goes to market independently, the Company has an advisor group that brings the skills of the different teams together and therefore, the Company is able to proactively approach client assignments in a manner that brings the expertise from various consultants together where necessary.

The Company assumes no underwriting risk as the insurance policies are underwritten by the insurance carrier.

Benefit Solutions

The Company's Benefit Solutions division has several third-party administration ("**TPA**") and third-party payor ("**TPP**") service and administration platforms allowing it to provide group benefit, group retirement and consulting advice that is highly customized towards the client's needs. TPA and TPP administer group benefit and group retirement plans on behalf of clients and insurance carrier partners. These administration platforms allow the Company to develop specialized, unique and customized benefit solutions for its clients through a plug-and-play approach of using multiple insurance carrier partners on a single benefits plan design. TPA services include employee data management, billing services, consolidated billing services where a client has multiple insurance carriers associated with its plan, customized reporting, customized plan design services, underwriting services, communication services and technology solutions. In addition, through its various partners, the TPA platforms also provide claims adjudication services and claims management.

The Company serves as an independent data administrator on behalf of the Company's clients, who are generally an employer and/or plan sponsor – this allows the benefit consultant to work with the client to select from various insurance carriers and funding options that are best suited to the benefit categories within the employee benefits program. The client benefits from the availability of multiple carriers and funding alternatives on one consolidated billing and reporting platform.

Human Resource Solutions

The Company's Human Resource Solutions division works with clients to diagnose, design and deliver customized human resource solutions. The human resources consulting team delivers a broad range of services, including: human resource consulting, compensation services, assessment services, recruiting, career transition services and talent management.

Shared Services

Through its Shared Services division, the Company works with its subsidiaries and divisions by providing subject matter experts and proprietary products, services and solutions to attract and retain clients and provide additional revenue opportunities. The Shared Services departments have been created to ensure that the Company's subsidiaries and divisions have access to an internal shared service not normally available to mid-size employee benefit firms, thereby ensuring clients are receiving the best possible consulting advice. This results in the Company's subsidiaries and divisions having a unique value proposition and thereby providing them with a competitive edge.

BUSINESS ENVIRONMENT AND STRATEGY

As at April 19, 2018, the Company's business environment and strategy remain unchanged from those described in the Company's 2017 annual MD&A.

OVERVIEW OF OPERATING PERFORMANCE

As a result of a focus on executing its strategic plan, the Company continues to be successful in building upon and growing operational capabilities by investing in employee skills and expertise and the tools that they need to provide responsive solutions to address the Company's clients' business challenges. The Company continued its positive momentum and strong performance during the period.

Notable Milestones

- Completed acquisition of Dalbec, a leading Québec-based TPA and TPP service provider which complements the Company's existing operations in Québec and expands its small group product offering;
- Completed acquisition of Rockwater, an established group benefits advisory practice based in Ontario;
- Continued to invest in leadership, sales and technical roles, including:
    - Key leadership appointments include: Senior Vice President, Enterprise - Benefit Solutions, Vice President Sales and Client Management - Consulting Solutions Group, Vice President, Finance - Benefit Solutions;
    - Expansion of underwriting and product development capabilities; and
    - Investments in recruiting and productivity of Benefit Consultants in order to expand organic revenue generating capabilities;
- Continued to invest in client-focused products and solutions, including:
    - Launched a new multi-employer administration platform, a new member portal to clients and a new flexible enrolment tool;
    - Continued to invest in the expansion of the third party broker channel with wholesalers now covering all major markets;
    - Launched the small group solution acquired through Sirius to the internal direct channel; and
    - Expanded the wellness offering for post-secondary student organizations with the launch of on-line and video counselling.
- Enhanced the Company's capital position through completion of a bought deal private placement of common shares offering for gross proceeds of $25.3 million and expanded the Company's credit facility with its senior lender to $82.8 million, with an opportunity further increase it by $15.0 million for an overall credit capacity of $97.8 million; and
- Completed a significant real estate project related to a new Winnipeg-based corporate head office facility to accommodate the Company's rapid growth through the integration of three previously separate locations into one state of the art facility for staff and clients.

Growth Through Acquisitions

The Company continues to pursue growth opportunities both organically, increasing its existing business by gaining new clients, increasing product and service penetration with existing clients, as well as through transactions in which the Company acquires new operating entities or subsidiaries. Over the past few years, the Company has enhanced its corporate development capabilities to execute transactions, through significant investments in people, technology and other organizational resources, and has developed techniques, processes and other intellectual capital, all with the objective of creating a compelling value proposition for new entities to join People Corporation.

Given the Company's strong financial position, Management believes it is well positioned to continue to make investments for growth.

The Company will consider acquisitions ranging in size and structure, but all share the characteristic of having a strong underlying strategic rationale, which may include enhancing the Company’s position in existing markets or providing entry into new markets, expanding the Company’s administrative and technological capabilities, providing new supplier relationships and enhancing the breadth and depth of the Company’s product and service offering. At the same time, the Company also takes into consideration the financial characteristics of the underlying business of the acquisition target and the structural components and financial terms of the transactions so that the transaction will result in attractive financial returns to the Company.

With a flexible transaction model to address the objectives of vendors, and an operating model to support the ongoing success and growth of the underlying businesses, the Company continues to attract partners who want to join the People Corporation group of companies. In the past three fiscal years, six transactions have been completed, and there continues to be significant momentum in this component of the Company’s overall growth strategy.

On December 1, 2017, the Company acquired the assets and business operations of Dalbec, an established TPA and TPP which provides group benefit consulting, administrative solutions and claims management services to small-to mid-size corporations and unions in the Québec region.

On February 1, 2018, the Company acquired specific assets, liabilities and business operations of Rockwater, an established group retirement and group benefits insurance advisory practice based in Ontario.

OUTLOOK

In order to position itself for growth in this environment, the Company invests significantly in people, technology and other organizational resources, and has developed techniques, processes and other intellectual capital to provide a compelling value proposition to its clients. Driven by these investments, the Company continues to pursue growth opportunities both organically, increasing its existing business by gaining new clients and increased penetration of products and services within its existing client base, hiring of new benefit consultants, as well as through acquisitions in which new operating entities or subsidiaries become part of the Company. Given the positive underlying industry trends and characteristics, the ongoing development of the Company’s operating and transaction models, and the overall value proposition the Company provides to stakeholder groups that include its clients, consultants, suppliers and employees, Management currently expects to continue to generate growth in the foreseeable future.

NON-IFRS FINANCIAL MEASURES

The Company reports non-IFRS financial measures, including Standardized EBITDA, REI, Adjusted EBITDA, Adjusted EBITDA before REI, Operating Income before Corporate Costs, and Operating Working Capital as key measures used by Management to evaluate performance of the business, to compensate employees and to facilitate a comparison of quarterly and annual results of ongoing operations. Adjusted EBITDA is also a concept utilized in measuring compliance with debt covenants. The Adjusted EBITDA measure is commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance, ability to incur and service debt, and as a valuation metric. While used to assist in evaluating the operating performance and debt servicing ability of the Company, readers are cautioned that Adjusted EBITDA as reported by the Company may not be comparable in all instances to Adjusted EBITDA as reported by other companies.

The CPA's Canadian Performance Reporting Board defined EBITDA to foster comparability of the measure between entities Standardized EBITDA. Standardized EBITDA represents an indication of an entity's capacity to generate income from operations before taking into account Management's financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological age and Management's estimate of their useful life. Accordingly, Standardized EBITDA comprises revenue less operating costs before interest expense, capital asset depreciation, intangible asset amortization and impairment charges, and income taxes. Adjusted EBITDA is calculated to exclude items of an unusual or one-time nature that do not reflect normal or ongoing operations of the Company and should not be included in assessment of the Company's ability to service or incur debt. Adjusted EBITDA excludes acquisition, integration and reorganization costs, REI, and share-based compensation. Acquisition, integration and reorganization costs, which do not relate to the current operating performance of the business but are typically costs incurred to expand operations or improve productivity and efficiency, are comprised of professional fees and other non-recurring incremental costs incurred to secure and complete specific acquisitions; non-operating expenses associated with integrating acquired operations into the Company's business model subsequent to completion of an acquisition; and non-recurring expenses including severance costs, recruiting fees and direct costs associated with reorganization operations to position the Company for building additional scale and to enhance operating performance.

OVERVIEW OF FINANCIAL PERFORMANCE

Adjusted EBITDA

The following is a reconciliation of the Company's Net Income to Standardized EBITDA and Adjusted EBITDA:

	for the three months ended		for the six months ended	
	Feb 28, 2018	**Feb 28, 2017**	**Feb 28, 2018**	**Feb 28, 2017**
Net income	**$ 610.1**	**$ 1,638.8**	**$ 1,073.8**	**$ 1,363.2**
Add:				
Depreciation and amortization	2,330.6	1,959.2	4,537.1	3,881.7
Finance expenses, net	2,213.6	607.2	3,842.4	2,455.8
Income taxes, net	1,359.1	1,120.4	2,260.8	1,474.6
Standardized EBITDA	**6,513.4**	**5,325.6**	**11,714.1**	**9,175.3**
Add:				
Acquisition, integration and reorganization costs	1,384.8	502.2	2,273.4	762.5
Compensation-based REI	583.2	496.9	1,086.4	876.2
Share-based compensation	283.9	183.5	513.5	430.1
Adjusted EBITDA before REI	**8,765.3**	**6,508.2**	**15,587.4**	**11,244.1**
Deduct:				
Compensation-based REI	(583.2)	(496.9)	(1,086.4)	(876.2)
Equity-based REI	(1,152.7)	(786.1)	(2,075.9)	(1,407.3)
Adjusted EBITDA	**$ 7,029.4**	**$ 5,225.2**	**$12,425.1**	**$ 8,960.6**
Adjusted EBITDA before REI as a % of Revenue	27.0 %	25.4 %	25.6 %	23.0 %
Adjusted EBITDA as a % of Revenue	21.6 %	20.4 %	20.4 %	18.3 %

Adjusted EBITDA before REI for the three months ended February 28, 2018 was $8,765.3, an increase of $2,257.1, (34.7%) from $6,508.2 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $6,912.0 representing increased contribution to run-rates from acquisitions as well as organic growth resulting from the addition of new clients and natural inflationary factors;
- Increased personnel and compensation expenses, excluding compensation-based REI, of $4,435.7, primarily attributable to the increased employee count resulting from acquired operations, increases in variable compensation expenses tied directly to the higher revenue and expanded staff complement to accommodate future growth; and
- A net increase in all other operating costs of $219.2, inclusive of general and administrative expenses, occupancy, and administration fees.

For the three months ended February 28, 2018, Adjusted EBITDA before REI as a % of Revenue was 27.0%, which has increased from 25.4% reported for the same period in the prior year. The increase in the Adjusted EBITDA before REI as a % of Revenue is due to Adjusted EBITDA contributions of acquired operations, increased organic revenue growth, natural inflationary factors and the increased ability to leverage the Company's value proposition to existing customers.

Adjusted EBITDA for the three months ended February 28, 2018 was $7,029.4, an increase of $1,804.2, (34.5%) from $5,225.2 reported for the same period in the prior year. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, net of the vendors' interest in Coughlin, BPA, H+P and Bencom of $1,735.9, which increased by $452.9 (35.2%) as compared to the same period in the prior year.

For the six months ended February 28, 2018, Adjusted EBITDA before REI as a percentage of Revenue was 25.6%, which has increased from the 23.0% reported for the same period in the prior year was primarily due to factors similar to those affecting the three month period.

For the six months ended February 28, 2018, Adjusted EBITDA as a percentage of Revenue was 20.4%, which has increased from the 18.3% reported for the same period in the prior year. Adjusted EBITDA was $12,425.1, an increase of $3,464.5, or 38.7% from $8,960.6. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, net of the vendors interest in Coughlin, BPA, H+P and Bencom of $3,162.3 which increased by $878.8 (38.5%) as compared to the same period in the prior year.

Operating Income Before Corporate Costs

The following is a reconciliation of the Company's Adjusted EBITDA to Operating Income before Corporate Costs:

	for the three months ended		for the six months ended	
	Feb 28, 2018	**Feb 28, 2017**	**Feb 28, 2018**	**Feb 28, 2017**
Adjusted EBITDA	**$ 7,029.4**	**$ 5,225.2**	**$12,425.1**	**$ 8,960.6**
Add:				
Corporate costs	1,711.8	1,229.6	2,942.0	2,347.5
Operating income before corporate costs	**$ 8,741.2**	**$ 6,454.8**	**$15,367.1**	**$11,308.1**

Corporate costs, which represent expenses incurred to support executive management of the Company, such as remuneration, public company compliance costs, certain insurance premiums and corporate development activities, were $1,711.8 for the three months ended February 28, 2018 versus $1,229.6 for the same period in the prior year. The increase of $482.2 (39.2%) is primarily due to an increase in acquisition-related compensation program expenses incurred during the period.

Operating income before corporate costs for the three months ended February 28, 2018 was $8,741.2 versus $6,454.8 for the same period in the prior year. The increase of $2,286.4 (35.4%) is due to primarily organic growth in Adjusted EBITDA and contributions from acquired operations.

Corporate Costs for the six months ended February 28, 2018 were $2,942.0 versus $2,347.5 incurred in the prior comparative period. The increase of $594.5 (25.3%) is primarily due to an increase in acquisition-related compensation program expenses and increased expenses related to professional fees pertaining to certain corporate strategic initiatives which are non-recurring in nature.

Operating income before corporate costs for the six months ended February 28, 2018 was $15,367.1 versus $11,308.1 for the same period in the prior year. The increase of $4,059.0 (35.9%) is due to organic growth in Adjusted EBITDA and contributions from acquired operations.

Revenue

Revenue from the Consulting Solutions division is primarily comprised of commissions from insurance carriers. In addition, the Company provides group retirement plan advisory services from which it earns commissions paid by the carrier who administers and invests the funds. The Company is a reseller of benefit products and services and therefore assumes no underwriting risk as the insurance policy is underwritten by the insurance carrier.

Revenue from the Benefit Solutions division is primarily from fees earned for third party administration services. In addition, the Company earns fees from group retirement consulting and administration, and individual financial services including insurance and wealth management.

Revenue from the Shared Services division is primarily earned through commissions which are paid by the insurance carriers and fees earned from group retirement assets under administration which are paid by the carrier who administers and invests the funds.

Revenue from the Human Resource Solutions division is primarily earned from hourly or fixed fees for consulting services and as a percentage of compensation for recruiting services.

The calculation of ‘organic growth’ includes: i) year-over-year increases or decreases in revenue from operating units the Company has owned longer than one year; and ii) increases or decreases in revenue recognized from operating units the Company has owned for less than one year above or below baseline acquired revenue. The calculation of ‘acquired revenue’ includes a baseline representing estimated revenue of the acquired operations at the time of acquisition.

Revenue is as follows:

	for the three months ended				for the six months ended			
	Feb 28, 2018	**Feb 28, 2017**	**$ Variance**	**% Variance**	**Feb 28, 2018**	**Feb 28, 2017**	**$ Variance**	**% Variance**
	$ 32,514.5	$ 25,602.5	$ 6,912.0	27.0 %	$ 60,984.6	$ 48,947.2	$ 12,037.4	24.6 %

For the three months ended February 28, 2018, the Company experienced revenue growth of $6,912.0 (27.0%). Organic growth of $2,851.0 (11.1%) was recognized primarily from gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors. The Company recognized acquired growth of $4,061.0 (15.9%) resulting from the acquired operations of Sirius, Skipwith, Dalbec and Rockwater.

For the six months ended February 28, 2018, the Company experienced revenue growth of $12,037.4 (24.6%). The Company recognized growth of $6,359.2 (13.0%) resulting from acquired operations. Organic growth of $5,678.2 (11.6%) was primarily due to the factors similar to those affecting the three month period.

Personnel and Compensation Expenses

The largest operating expense of the Company is compensation and related costs which includes salaries, bonuses and commissions, compensation-based REI, stock-based compensation, group benefits, and payroll taxes.

Personnel and compensation expenses are as follows:

	for the three months ended				for the six months ended			
	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance
	$ 19,436.3	$ 15,000.5	$ 4,435.8	29.6 %	$ 36,771.6	$ 29,130.4	$ 7,641.2	26.2 %

The Company believes that investment in its employees and associate consultant networks are key to ensuring successful execution of its strategic plans.

For the three months ended February 28, 2018, personnel and compensation costs represent 59.8% of revenues (February 28, 2017 - 58.6%). The increase in personnel and compensation for the three months ended February 28, 2018 of $4,435.8 is attributable to the increased employee count resulting from the acquisitions of Sirius, Skipwith, Dalbec, and Rockwater, as well as expanded staff complement to accommodate integration and future growth. Personnel and compensation costs also include compensation-based REI, which has increased by $86.3 (17.4%) over the comparative period due to increases in profitability of the underlying businesses.

For the six months ended February 28, 2018, personnel and compensation costs represent 60.3% of revenues (February 28, 2017 - 59.5%). The increase in salaries, bonuses and commissions for the six months ended February 28, 2018 of $7,641.2 was primarily due to factors similar to those affecting the three month period. Compensation-based REI increased by $210.2 (24%).

General and Administrative Expenses

General and administrative expenses include expenses relating to acquisition, integration and reorganization, travel, office supplies, telephone and internet, computer costs, professional fees, advertising, business development and other costs supporting operations.

General and administrative expenses are as follows:

	for the three months ended				for the six months ended			
	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance
	$ 4,003.9	$ 2,985.7	$ 1,018.2	34.1 %	$ 7,635.8	$ 6,130.0	$ 1,505.8	24.6 %

General and administrative expenses have increased by $1,018.2 (34.1%) for the three months ended February 28, 2018 primarily due to the following:
- An increase of $266.6 resulting from a higher general and administrative run-rates from the acquisition of Sirius, Skipwith, Dalbec and Rockwater;
- An increase in professional fees of $374.4 relating to incremental audit and tax compliance costs, recruiting expenses and corporate strategic initiatives;
- An increase in acquisition, integration and reorganization costs of $67.7 for the current period due to certain one-time professional fees incurred compared to the comparative period relating to recruitment expenses associated with investments in leadership integration roles; and
- A net increase of $309.5 in all other general and administrative expenses, including office supplies, business development, and travel.

For the six months ended February 28, 2018, general and administrative expenses have increased by $1,505.8 (24.6%) primarily due to the following:
- A net increase of $528.1 resulting from a higher general and administrative run-rates from the acquisition of Sirius, Skipwith, Dalbec and Rockwater in the first and second quarter of fiscal 2018;
- An increase in certain non-recurring professional fees of $720.5 relating to audit and tax compliance costs, recruiting expenses relating to investment in leadership positions, non-recoverable commodity tax expenses, and corporate strategic planning initiatives.
- An increase in acquisition, integration and restructuring costs of $60.7 is due to an increase in Corporate Development activities related to acquisitions in the current year, as well as an increase in personnel and compensation costs associated with managing the integration of additional businesses.
- A net decrease of $196.5 in all other general and administrative expenses, including office supplies, business development, travel, and bad debt expense.

Depreciation and Amortization Expense

Depreciation is recognized over the estimated useful lives of each part of an item of property and equipment in a manner which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Definite life intangible assets are amortized from the date of acquisition or, for internally developed assets, from the time the asset is available for use. Amortization is recognized either on a declining balance or on a straight-line basis over the estimated useful life of the asset.

Depreciation and amortization expense is as follows:

	for the three months ended				for the six months ended			
	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance
	$ 2,330.6	$ 1,959.2	$ 371.4	19.0 %	$ 4,537.1	$ 3,881.7	$ 655.4	16.9 %

Depreciation and amortization expense increased by $371.4 (19.0%) for the three months ended February 28, 2018 primarily due to the acceleration of amortization in anticipation of the relocation and increased leasehold improvements pertaining to the Company's new head office.

Amortization expense on customer relationships, customer contracts and computer software increased by $311.9 primarily resulting from additions of customer relationships from acquired operations and the addition of internally developed software.

Depreciation expense on property and equipment increased by $59.5 primarily due to the increased leasehold improvements and the acceleration of depreciation related to the Company's new head office.

For the six months ended February 28, 2018, depreciation and amortization expense increased by $655.4 (16.9%) primarily due to significant additions to intangible assets as a result of acquisitions. Additions to internally developed software and customer contracts during the year have also contributed to an increase in amortization expense as compared to the prior year.

Occupancy Costs

Occupancy costs are as follows:

	for the three months ended				for the six months ended			
	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance
	$ 1,414.7	$ 1,342.7	$ 72.0	5.4 %	$ 2,747.8	$ 2,660.2	$ 87.6	3.3 %

Occupancy costs increased by $72.0 for the three months ended February 28, 2018, which is primarily due to incremental lease costs associated with the acquisition of Sirius Benefits, Skipwith, Assurances Dalbec and Rockwater during the third quarter of fiscal 2017 and first and second quarter of fiscal 2018.

The increase in occupancy costs of $87.6 (3.3%) for the six months ended February 28, 2018 is primarily due to factors similar to those affecting the three month period.

Administration Fees

Administration fees represent amounts paid by the company to third party claims adjudicators for services provided on behalf of the Company to certain of its clients on its TPA platform.

Administration fees are as follows:

	for the three months ended				for the six months ended			
	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance
	$ 982.6	$ 841.0	$ 141.6	16.8 %	$ 1,890.5	$ 1,660.1	$ 230.4	13.9 %

Administration fees increased by $141.6 (16.8%) for the three months ended February 28, 2018 due to an increase in claims processing fees. The increase in claims processing fees is volume driven and is a direct result from the increase in TPA revenue.

The increase in administration fees of $230.4 (13.9%) for the six months ended February 28, 2018 is primarily due to factors similar to those affecting the three month period.

Finance Expenses

Finance expenses, net of interest income, are as follows:

	for the three months ended				for the six months ended			
	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance
	$ 2,213.6	$ 607.2	$ 1,606.4	264.6 %	$ 3,842.4	$ 2,455.8	$ 1,386.6	56.5 %

Finance expenses increased by $1,606.4 (264.6%) for the three months ended February 28, 2018. The change is primarily due to an increase in accretion on vendor take-back loans and long-term liabilities and finance costs on long-term debt and other finance costs of $762.7 which is due to the increased debt to acquire Sirius, Skipwith, Dalbec and Rockwater; offset by a decrease of $843.7 in the estimated fair value due to changes in assumptions.

Finance expenses increase by $1,386.6 (56.5%)for the six months ended February 28, 2018, which is primarily due to factors similar to those affecting the three month period.

Public Company Costs

Public Company costs are as follows:

	for the three months ended				for the six months ended			
	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance	Feb 28, 2018	Feb 28, 2017	$ Variance	% Variance
	$ 163.5	$ 107.0	$ 56.5	52.8 %	$ 224.7	$ 191.1	$ 33.6	17.6 %

Public company costs have increased by $56.5 (264.6%) for the three months ended February 28, 2018. The increase is due to the allocation of certain insurance costs within the quarter.

Public company costs have increased by $33.6 (17.6%) for the six months ended February 28, 2018. The increase is primarily due to factors similar to those affecting the three month period.

SELECTED QUARTERLY INFORMATION

The selected financial information provided below is derived from the Company's unaudited quarterly financial statements for each of the last eight quarters:

	Q2 - 2018	Q1 - 2018	Q4 - 2017	Q3 - 2017	Q2 - 2017	Q1 - 2017	Q4 - 2016	Q3 - 2016
Revenue	$ 32,514.5	$ 28,470.1	$ 28,927.0	$ 27,965.8	$ 25,602.5	$ 23,344.7	$ 24,902.6	$ 20,248.1
Operating & corporate expenses	(26,637.8)	(24,001.4)	(24,016.9)	(21,763.4)	(19,591.2)	(18,987.8)	(20,052.7)	(16,073.8)
Adjusted EBITDA	7,029.4	5,393.8	5,718.4	5,430.0	5,225.2	3,735.7	3,796.2	3,461.4
Finance expenses	(2,213.6)	(1,628.4)	(1,792.5)	(730.7)	(607.2)	(1,848.6)	(1,561.0)	(1,334.3)
Depreciation and amortization	(2,330.6)	(2,206.8)	(2,625.8)	(1,943.7)	(1,959.2)	(1,922.6)	(2,009.0)	(1,686.3)
Share-based compensation	(283.9)	(229.6)	(174.5)	(183.8)	(183.5)	(246.7)	(63.2)	(152.6)
Equity-based REI	(1,152.7)	(925.1)	(808.3)	(772.4)	(786.1)	(621.2)	(1,053.6)	(713.1)
Income tax expense, net	(1,359.1)	(901.8)	(875.0)	(446.0)	(1,120.4)	(354.2)	(1,201.7)	303.0
Acquisition, integration and reorganization costs	(1,384.8)	(888.6)	(817.7)	(1,024.8)	(502.2)	(260.3)	(291.9)	(1,072.6)
Net income	610.1	463.7	242.1	1,873.4	1,638.8	(275.5)	(277.0)	231.7
Total assets	194,755.6	189,690.8	169,952.6	171,180.5	144,533.3	143,990.0	149,206.9	146,358.7
Total loans and borrowings	38,998.7	35,892.6	36,526.7	37,376.9	21,922.3	21,934.0	40,477.2	42,015.7
Total other liabilities	61,208.9	60,221.5	65,055.0	66,161.8	57,094.8	58,426.0	64,044.9	59,518.8
Shareholders' equity	94,548.1	93,576.8	68,371.0	67,641.7	65,516.2	63,630.1	44,684.9	44,824.2
Adjusted EBITDA per share	0.128	0.105	0.112	0.107	0.103	0.083	0.084	0.077
Earnings per share (basic)	0.011	0.009	0.005	0.037	0.032	(0.006)	(0.006)	0.005
Earnings per share (diluted)	0.011	0.009	0.005	0.036	0.032	(0.006)	(0.006)	0.005

LIQUIDITY AND CAPITAL RESOURCES

Liquidity ensures the Company has sufficient financial resources available at all times to meet its obligations. This involves effectively managing assets and liabilities while maintaining an optimal capital structure. The Company manages liquidity by ensuring it has adequate cash and access to credit to meet its obligations in the most cost-effective manner possible. Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating and capital expenditure requirements.

The Company also continues to actively investigate acquisition and other growth opportunities. The Company expects to finance future acquisitions from a combination of available cash, unutilized credit available on existing credit facilities, vendor financing, expanded credit facilities, issuance of equity as part of the consideration and equity proceeds from treasury issuance.

Contractual Obligations

The following table summarizes, as at February 28, 2018, the Company's contractual obligations for the periods specified.

	Payments due by period				
	Total	**Less than 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**Thereafter**
Accounts payable and accrued liabilities	$ 14,659.8	$ 12,935.2	$ 743.9	$ 150.1	$ 830.6
Contractual obligations	22,835.7	4,474.4	7,354.3	5,290.2	5,716.8
Obligations under finance leases	22.4	11.5	10.9	-	-
Vendor-take-back loans	6,819.7	1,357.6	3,558.3	1,903.8	-
Term credit facilities	28,389.3	3,282.6	12,215.5	12,891.2	-
Acquisition credit facility	2,000.0	-	2,000.0	-	-
	$ 74,726.9	$ 22,061.3	$ 25,882.9	$ 20,235.3	$ 6,547.4

Management believes that operations will generate sufficient cash flows to fund ongoing operations and finance its seasonal working capital needs.

Cash Flows

The following table summarizes the Company's cash flows for the three and six months ended February 28, 2018:

For the three months ended	**Feb 28, 2018**	**Feb 28, 2017**	**$ Variance**	**% Variance**
Net income for the period	$ 610.1	$ 1,638.8	$ (1,028.7)	(62.8)%
Add non-cash items, net	4,862.7	2,322.9	2,539.8	109.3 %
Changes in non-cash working capital	(4,168.0)	(851.4)	(3,316.6)	(389.5)%
Net cash from operating activities	1,304.8	3,110.2	(1,805.4)	(58.0)%
Net cash used by investing activities	(16,689.1)	(886.8)	(15,802.3)	(1,781.9)%
Net cash used by financing activities	(4,345.0)	(2,253.2)	(2,091.8)	(92.8)%
Net decrease in cash	**$ (19,729.3)**	**$ (29.8)**	**$ (19,699.5)**	**(66,105.7)%**

Cash generated from operating activities for the three months ended February 28, 2018 decreased $1,805.4 as compared to the same period in the prior year. Changes in working capital accounts reflect the inclusion of the Sirius, Skipwith, Dalbec and Rockwater acquired operations. Significant influences of cash inflows and outflows related to operating activities for the quarter include:

- Cash generated from increased Adjusted EBITDA, including compensation-based REI, was $2,170.9 higher than was generated in the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow.

- Cash used to fund acquisitions, integration and reorganization costs increased $882.6 due to costs for expanded activity to secure and complete specific acquisitions and associated with integrating acquired operations.
- Finance expenses used $441.6 more cash and income tax expense used $242.3 more cash than as compared to the prior year.
- Cash used to fund changes in working capital accounts increased by $2,564.2 due to fluctuations in natural working capital cycles and the settlement of acquisition related working capital.

Cash used by investing activities for the three months ended February 28, 2018, increased $15,802.3. As compared to prior year, in which no cash was used to fund acquisitions, $13,084.6 was used to fund the acquisition of Dalbec and Rockwater. In addition, cash used to fund acquisition of tangible and intangible assets increased $2,717.7, as compared to the prior year.

Cash used by financing activities for the three months ended February 28, 2018 increased $2,091.8 as compared to the same period in the prior year, which is primarily due to the $12,425.9 net repayment of the Acquisition Revolver offset by proceeds of $9,500.0 against the delayed draw term loan.

For the six months ended	**Feb 28, 2018**	**Feb 28, 2017**	**$ Variance**	**% Variance**
Net income for the period	$ 1,073.8	$ 1,363.2	$ (289.4)	(21.2)%
Add non-cash items, net	7,842.1	5,388.9	2,453.2	45.5 %
Changes in non-cash working capital	(4,873.5)	(6,633.2)	1,759.7	26.5 %
Net cash from operating activities	4,042.5	119.0	3,923.5	3,297.1 %
Net cash from (used by) investing activities	(20,887.7)	(1,987.7)	(18,900.0)	(950.8)%
Net cash from (used by) financing activities	17,867.1	(2,063.0)	19,930.1	966.1 %
Net increase in cash	**$ 1,021.9**	**$ (3,931.7)**	**$ 4,953.6**	**(126.0)%**

Cash from operating activities for the six months ended February 28, 2018 increased $3,923.5 as compared to the prior year. Changes in working capital accounts reflect the inclusion of Sirius, Skipwith, Dalbec and Rockwater operations. Significant influences of cash inflows and outflows related to operating activities for the year-to-date period versus the same period in the prior year and include:

- Cash generated from increased Adjusted EBITDA, including compensation-based REI, was $4,133.2 higher than was generated in the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow.
- Cash used to fund acquisitions, integration and reorganization costs decreased $1,510.9 due to costs for expanded activity to secure and complete specific acquisitions and associated with integrating acquired operations.
- Finance expenses used $495.9 more cash and income tax expense used $3,027.5 more cash than as compared to the prior year.

- Cash used to fund changes in working capital accounts decreased by $1,725.7 due to fluctuations in natural working capital cycles and the settlement of acquisition related working capital.

Cash used by investing activities for the six months ended February 28, 2018 increased by $18,900.0 as compared to the prior year. The change is primarily due to $13,084.6 less cash used to fund current year acquisitions. Cash used to acquire property, plant and equipment has increased by $6,398.0 as compared to the prior year and cash used to acquire intangible assets decreased $582.6.

Cash generated by financing activities for the six months ended February 28, 2018 increased by $19,930.1 as compared to the same period in the prior year. The changes is primarily due to a $14,578.9 decrease in cash used for repayments of loans and borrowings, net of new proceeds. In addition, the Company generated $4,926.8 of cash from private placement of share as compared to the same period in the prior year, offset by a decrease of $575.6 related to other financing activities.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide opportunities for growth to shareholders and benefits for other stakeholders and to maintain financial flexibility in, or to take advantage of, organic growth and new acquisition opportunities as they arise.

The Company includes cash, bank financing, vendor-take-back debt and shareholders' equity in the definition of capital. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares, issue new debt, renegotiate vendor-take-back debt or issue new debt to replace existing debt with different characteristics. The Company has the opportunity to use its Operating Revolver during the year to finance cash flows related to seasonal changes in non-cash working capital items. The Company did not make use of its operating line of credit during the first six months of the year.

Working Capital

The Company's working capital (defined as current assets less current liabilities) as at February 28, 2018 is set forth in the table below. The Company defines "Operating Working Capital" as current assets less current liabilities excluding deferred revenue.

Deferred revenue represents payments received in advance for services which have not yet been performed. Deferred revenues are recognized into income as services are rendered, in accordance with the revenue recognition policies described in the Company's financial statements. Deferred revenue is a non-cash liability and therefore Management believes that adding back the deferred revenue provides a more accurate reflection of the liquidity and working capital position of the Company.

The table below reconciles the differences in the calculation of working capital and Operating Working Capital.

	Feb 28, 2018	Aug 31, 2017
Current assets	$ 32,870.7	$ 31,387.8
Less:		
Current liabilities	20,450.2	22,544.8
Working capital	12,420.5	8,843.0
Add back:		
Deferred revenue	4,349.2	3,997.9
Operating Working Capital	**$ 16,769.7**	**$ 12,840.9**

Operating Working Capital has increased by $3,928.8 to $16,769.7 as compared to $12,840.9 at at August 31, 2017. The change in Operating Working Capital is due to an increase in current assets of $1,482.9, primarily the result of an increase in cash balances generated from increased Adjusted EBITDA, as well as a decrease in current liabilities excluding deferred revenue of $2,094.6 due to the settlement of acquisition-related working capital amounts.

The Company maintains a revolving operating line of credit of $5,000.0 to facilitate management of short-term working capital requirements. As at February 28, 2018, the Company had not utilized this facility.

Credit Facilities

The Company amended its existing credit agreement with a syndicate of Canadian banks effective December 4, 2017, which resulted in the following authorized limits:

1. the $5,000 revolving credit facility to fund operating cash flow needs remained the same ("**Operating Revolver**");
2. the term acquisition credit facility to fund future acquisitions increased to $48,800 ("**Acquisition Revolver**");
3. the term credit facility installment loan was increased to $19,500 ("**Term Loan**");
4. the delayed draw term credit facility to fund leasehold improvements at the Company's head office of $9,500.0 ("**Real Estate Loan**").

The credit agreement continues to provide for an option (the "**Accordion Feature**"), subject to the satisfaction of certain terms and conditions, to increase the acquisition credit facility by up to $15,000.0 of additional capacity. The exercise of the option would result in the size of the term acquisition credit facility being increased to a maximum of $82.800.0 and overall credit capacity being increased to a maximum of $97,800.0.

The facility matures on October 31, 2019. The Term Loan requires quarterly principal repayments of $792.9 until November 30, 2018 and $951.5 per quarter thereafter, with the balance due at maturity. The Operating Revolver and Acquisition Revolver do not have scheduled principal repayments prior to maturity.

The loans bear interest at a floating rate based on banker's acceptances plus a credit margin tied to the Company's quarterly leverage ratio. The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to both financial and non-financial covenants, including maximum total leverage and senior leverage ratios and minimum fixed charge coverage ratios.

At February 28, 2018, the Company had a balance of $18,889.3 outstanding on the Term Loan, $9,500. outstanding on the Real Estate Loan, $2,000.0 outstanding on the Acquisition Revolver and was compliant with all financial covenants. At February 28, 2018, the Company had unutilized and available credit of $51,800.0, including $5,000.0 on the Operating Revolver and $46,800.0 to fund acquisitions on the Acquisition Revolver.

Share Capital

The Company has authorized share capital of an unlimited number of common voting shares. The Company's outstanding securities are comprised of:

	February 28, 2018	**August 31, 2017**
Common shares issued and outstanding	54,998,785	51,001,140
Stock options outstanding	1,147,618	1,298,480
Restricted Stock Units outstanding	442,303	325,156
Deferred Stock Units outstanding	50,582	41,478

On November 22, 2017, the Company closed a bought deal private placement financing (the "Offering") with a syndicate led by Cormark Securities Inc. (collectively, the "Underwriters"). Pursuant to the Offering, the Company issued 3,776,600 common shares (the "Shares") of the Company at a purchase price of $6.70 per Share, including 492,600 Shares issued pursuant to the full exercise of the Underwriters' over-allotment option, for gross proceeds to the Company of $25,303,220. The Underwriters received a cash commission equal to 5.0% of the gross proceeds raised in the Offering. The net proceeds of the Offering were used to fund the previously announced acquisition of the assets and business operations of Dalbec, with the balance to be used to repay indebtedness and fund growth initiatives.

The remainder of the change in share capital can be attributed to grants during the six months ended February 28, 2018, under the Company's LTIP program.

Contingencies

In the ordinary course of operating the Company's business it may from time to time be subject to various claims or possible claims. Although Management currently believes there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are inherently uncertain and Management's view of these matters may change in the future.

RISK FACTORS

The Company operates in a well-established and highly competitive industry and its results of operations, business prospects and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of management of the Company. The risk and uncertainties remain substantially unchanged from those disclosed in the Company's 2017 annual and fourth quarter MD&A.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are defined as those that are both very important to the portrayal of the Company's financial condition and results, and require Management's most difficult, subjective or complex judgments. In preparing the Company's financial statements in accordance with IFRS, Management is required to make certain estimates, judgments and assumptions that it believes are reasonable based upon available information, historical information and/or forecasts. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting periods. Actual results could differ from these estimates. The accounting policies which Management believes are the most critical to aid in fully understanding and evaluating the Company's reported financial results include those relating to revenue recognition, business acquisitions and accounting for the resulting customer relationships and contracts, goodwill, contingent acquisition consideration and non-controlling interest put obligations, as well as income taxes.

The critical accounting estimates are substantially unchanged from those identified in the Company's 2017 annual and fourth quarter MD&A.

SEASONALITY

As the Company continues to grow through acquisitions, the revenue trends from quarter to quarter may change depending on the relative significance of acquisitions in a fiscal year and the seasonal variances of the client renewals of those particular acquisitions. As a result of such acquired growth and organic growth, the revenue and Adjusted EBITDA trends from quarter to quarter within a fiscal year may continue to vary, however the annual revenue trends will increasingly be more representative of the Company's annual revenue run rate as the Company achieves increasing scale.

OFF-BALANCE SHEET ARRANGEMENTS

Other than as outlined below, the Company does not have any off-balance sheet arrangements.

The Company sponsors certain individual pension plans ("IPP") which were assumed as a result of and established prior to the date of certain acquisitions. While the IPPs are ongoing, the Company's obligation to make contributions towards any funding deficiency required by pension legislation is indemnified by the beneficiaries of the respective IPPs. Conversely, any funding surpluses are payable to the beneficiaries of the respective IPPs. As a result, the Company has no net exposure to unfunded or overfunded IPPs.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of basic financial instruments which are typically used in operations, including cash, restricted cash, trade and other receivables, trade payables, accrued and other liabilities. Additional financial instruments include long-term debt, contingent acquisition consideration, non-controlling interest put options and other non-current assets.