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

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As at and for the quarter ended November 30, 2019

PEOPLE CORPORATION

Management's Discussion & Analysis
As at and for the quarter ended November 30, 2019

This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of January 17, 2020, 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, 2019, 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 months ended November 30, 2019 (the "November 30, 2019 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 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.

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 or loss 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; ("**Adjusted Net Earnings**") means Net income (loss) before estimated changes in 1) the fair value of non-controlling interest and contingent consideration obligations, 2) acquisition, integration and reorganization costs (net of tax) and 3) equity-based REI, ("**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, Operating Income before Corporate Costs, and Adjusted Net Earnings 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.

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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 months ended November 30, 2019, fully reflect the effect of last year's acquisitions of Benefit Partners Inc. ("**BPI**"), Life Benefit Solutions Inc. ("**Life**"), and ACL Student Benefits Ltd. ("**ACL**"). In addition, the partial effect of the current year acquisitions of Collage Technologies Inc. ("**Collage**") and the Apri Group of Companies ("**Apri**") are reflected in the current period.

	For the three months ended **November 30, 2019** [1]	**November 30, 2018**
Revenue	$ 44,307	$ 36,342
Adjusted EBITDA	$ 10,804	$ 7,426
Adjusted net earnings	$ 1,226	$ 1,120
Net income (loss)	$ (2,750)	$ (1,522)
Net income (loss) per share (basic)	$ (0.04)	$ (0.03)
Adjusted net earnings per share (basic)	$ 0.02	$ 0.02

[1] The Company has adopted IFRS 16, Leases ("IFRS 16") at September 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Please refer to note 3(a) of the Company's condensed consolidated interim financial statements for the three months ended November 30, 2019, for details.

The Company realized revenue growth for the three months ended November 30, 2019, of $7,965 (21.9%). Organic growth of $3,006 (8.3%) was recognized primarily from launching new services, gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors. The Company recognized acquired growth of $4,959 (13.6%) resulting from the acquired operations of Life, BPI, ACL, Collage and Apri.

Adjusted EBITDA for the three months ended November 30, 2019, was $10,804, representing an increase of $3,378 (45.5%), as compared to the same period in fiscal 2019. Excluding the favourable impact of $790 from adopting IFRS 16, Adjusted EBITDA for the three months was $10,014, representing an increase of $2,588 (34.9%), as compared to the same period in fiscal 2019. Growth in Adjusted EBITDA for the three month period was primarily driven by contribution from acquired operations, organic revenue growth in the first quarter, partially offset by higher variable compensation expenses tied directly to the higher revenue and an expanded staff complement to accommodate current growth in operations and the launch of our new disability service. The Company continued its investment in sales and support staff, along with marginal growth within the Corporate support functions which included the Company's new HR department.

The Company reported Net loss for the three months ended November 30, 2019, of $(2,750). Net loss increased by $1,228 as compared to the prior fiscal year due to increased acquisition, integration and reorganization costs and higher depreciation and amortization expense, partially offset by an increase in Adjusted EBITDA of $3,378, as described above, and a reduction in fair value adjustments relating to the non-controlling interest put options.

BUSINESS OVERVIEW

The Company delivers employee group benefits consulting, third-party benefits administration services (including claims processing, disability management and administration services), group retirement services (including consulting and advisory services), health solutions (including disease management and mental health solutions) and human resource consulting services to help companies recruit, retain and reward employees. The Company achieves this through approximately 1,050 professionals and support staff with 40 offices located across Canada where the Company is registered to do business in 10 provinces and 3 territories. 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 the strategy aligned with 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 teams 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. The Company 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.

The Company helps businesses:

Attract	The Company's employee group benefits, 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 benefits 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 group benefits, group retirement and HR solutions.

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 through, but not limited to:

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, health 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, including industry leading pricing within our preferred provider network.
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 marketing and recommendations, alternative funding methods, plan set up, employee communications, and wellness programs.

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 is able to proactively approach client assignments in a manner that brings the expertise from various consultants and advisors 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 administrative 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.

With the acquisition of Collage, the Company offers two primary solutions to small and medium-sized businesses ("SMBs") that form a technology backbone that connects group benefits plan members (employees), group benefits plan sponsors (employers), group benefits consultants and insurance carriers in one integrated end-to-end solution:

1. Benefits HQ - digital enrollment, online marketplace, benefits administration and group benefits advisor practice management platform; and
2. Collage HR - market-proven HR platform for SMBs that syncs with multiple insurance carriers and payroll providers to simplify HR administration for SMBs. In addition, Collage continues to deliver Collage Payroll Services, which offers full-service managed payroll and administration services for SMBs.

With the acquisition of Apri, the Company now offers the JungoHR platform, a human resources information system (“HRIS”) focused on mid-sized and enterprise-level businesses, expanding the Company's current HR solutions.

The Company works with its subsidiaries and divisions by providing shared services that consists of subject matter experts and proprietary products. These shared services have been created to ensure that the Company's subsidiaries and divisions have access to an internal product and service offering 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 an enhanced unique value proposition and thereby providing them with a competitive edge.

BUSINESS ENVIRONMENT AND STRATEGY

As at January 17, 2020, the Company's business environment and strategy remain unchanged from those described in the Company's 2019 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 employees skills and expertise and the tools they need to provide responsive solutions to address the Company's client's business challenges. The Company continued its positive momentum and strong performance during the three month period.

Notable milestones include:

Completed the following strategic acquisitions and capital initiatives:

- Completed the acquisition of Collage, a leading cloud-based digital human resource employee benefits administration and payroll solution provider based in Ontario. This acquisition has provided entry into adjacent markets, expanding the Company’s administrative and technological capabilities and providing new supplier relationships, which will enhance the breadth and depth of the Company’s product and service offering and the plan member experience;

- Completed the acquisition of Apri, one of the largest independent group benefits Managing General Agents ("MGA") and group benefits consulting firms in Canada. Apri has established a presence in multiple provinces, has built a strong reputation for innovative, client-focused solutions, and forged solid long-term relationships with clients, third-party brokers, and suppliers. In addition, Apri's JungoHR platform offers a HRIS focused on mid-sized and enterprise-level businesses, expanding the Company's existing human resource solutions. Paired with the Collage Benefits HQ platform, the Company is able to provide a comprehensive solution and value proposition to its third-party broker network as one of the largest group benefits MGAs in Canada;

- Completed a private placement equity offering of 6,983,500 shares for total net proceeds of $61,071; and

- Executed on the buy-back of selected retained economic interests in Coughlin and BPA.

Continued to invest in talent to support a growing client base and enhance our strategic capabilities:

- Transitioned the responsibilities of Bonnie Chwartacki, President, upon her retirement from the Company to Brevan Canning, EVP and Group Head, Group Solutions and Sue Tardi, Chief Human Resources Officer. This transition will provide the Company with the ability to further invest in senior leadership talent in order to continue to execute on its strategic vision of becoming Canada's premier independent provider of group benefits, group retirement and human resource services.

- Continued to invest in top talent with additional senior leadership in the Company's Group Retirement Solutions operation and additional consultants focusing on group retirement, disability, and enterprise clients.

Continued to execute integration initiatives to leverage the benefits of the platform:

- Launched a MGA solution to provide back office support to our third party consultants;

- Initiated the operational integration of ACL and Gallivan to strengthen the Company's position as a leader in the student benefits market; and

- Initiated the first phase of integration related to shared service functions for recently acquired firms, including ACL and Collage.

Continued to invest in client-focused products and solutions and go to market strategies, including:

- Launched a new disability management and administration system solution; and

- Completed and launched the pilot for People Connect, a new online Mental Health solution for 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 the People Corporation group of companies.

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 adjacent markets, expanding the Company's administrative and technological capabilities, providing new supplier relationships, enhancing the breadth and depth of the Company's product and service offering and enhancing the plan member experience. 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, nine transactions have been completed, and there continues to be significant momentum in this component of the Company's overall growth strategy.

The following acquisitions were completed during the three months ended November 30, 2019:

On October 31, 2019, the Company acquired Collage, a leading cloud-based digital human resource, employee benefits administration and payroll solution provider focused on the SMBs segment in Canada. The addition of Collage brings deep expertise and unique skill sets in building digital solutions, which will further enable the Company to deliver technology-enabled products and services.

On November 28, 2019, the Company acquired Apri, one of the larger independent group benefits consulting firms and group benefits MGA in Canada. The addition of Apri establishes the Company as a leading national group benefit MGA in Canada and thereby further expands its distribution reach.

OUTLOOK

In order to position itself for continued growth, 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, Adjusted Net Earnings, 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 the reorganization of operations to position the Company for building additional scale and to enhance operating performance.

On September 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The readers are cautioned, that prior period amounts have not been restated and may not be entirely comparable to current year results. Please refer to note 3(a) of the Company's condensed consolidated interim financial statements for the three months ended November 30, 2019, for details.

OVERVIEW OF FINANCIAL PERFORMANCE

Adjusted Net Earnings

The adjusted results are intended to highlight the core operating business of the Company by removing non-recurring items and consolidated earnings (loss) that are not attributable to the Company. These items include i) non-recurring acquisition, integration and restructuring charges, ii) changes to the fair value of non-controlling interest put options and other financing instruments, and iii) equity-based REI, all net of applicable taxes. The reconciliation of Net income (loss) to Adjusted net earnings, and the resulting adjusted earnings per share, are presented below.

The following is a reconciliation of the Company's Net income (loss) to Adjusted net earnings and Adjusted net earnings per share:

	For the three months ended	
	November 30, 2019	**November 30, 2018**
Net income (loss)	**$ (2,750)**	**$ (1,522)**
Add (deduct):		
Change in estimated fair value of non-controlling interest put option (non-taxable)	1,788	2,138
Change in estimated fair value of other financing instruments (non-taxable)	70	38
Acquisition, integration and reorganization costs (net of tax)	3,737	1,591
Equity-based REI (non-taxable)	(1,619)	(1,124)
Adjusted net earnings	**$ 1,226**	**$ 1,121**
Weighted average number of common shares (basic)	64,376,480	60,640,511
Adjusted net earnings per share (basic)	$ 0.02	$ 0.02

For the three months ended November 30, 2019, Adjusted net earnings was comparable to the same period last year.

The adoption of IFRS 16 did not significantly impact the calculation of Adjusted Net Earnings.

Adjusted EBITDA

The following is a reconciliation of the Company’s Net income (loss) to Standardized EBITDA and Adjusted EBITDA:

	For the three months ended November 30, 2019	For the three months ended November 30, 2018
Net income (loss)	**$ (2,750)**	**$ (1,522)**
Add:		
Depreciation, amortization and impairment losses	5,219	3,334
Finance expenses, net	2,830	2,782
Income taxes, net	734	717
Standardized EBITDA	**6,033**	**5,311**
Add:		
Acquisition, integration and reorganization costs	5,106	2,173
Compensation-based REI	550	505
Share-based compensation	1,284	1,066
Adjusted EBITDA before REI	**12,973**	**9,055**
Deduct:		
Compensation-based REI	(550)	(505)
Equity-based REI	(1,619)	(1,124)
Adjusted EBITDA	**10,804**	**7,426**

Adjusted EBITDA before REI as a % of Revenue	29.3 %	24.9 %
Adjusted EBITDA as a % of Revenue	24.4 %	20.4 %

Adjusted EBITDA before REI for the three months ended November 30, 2019, was $12,973, an increase of $3,918, or 43.3% from $9,055 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Due to the favourable impact from adopting IFRS 16, $790 of lease expenses are no longer included in operating expenses;
- Revenue growth of $7,965 which consisted of $3,006 (8.3%) organic growth recognized primarily from launching new services, gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors and $4,959 (13.6%) acquired growth from Life, BPI, ACL, Collage and Apri;
- Increased personnel and compensation expenses of $3,415, primarily attributable to the increased employee count resulting from the acquired operations representing $2,134 of the change, increases in variable compensation expenses tied directly to the higher revenue and an expanded staff complement to accommodate current growth in operations and the launch of our new disability service, with marginal growth within the Corporate support functions primarily in our new HR department;
- An increase of other operating costs of $1,422, primarily as a result of acquired operations and higher administration fees relating to the launch of our new services.

For the three months ended November 30, 2019, Adjusted EBITDA before REI as a percentage of Revenue was 29.3%, which has increased from 24.9% reported for the same period in the prior year. Excluding the favourable impact of adopting IFRS 16, Adjusted EBITDA before REI as a percentage of Revenue was 27.5% which has increased from 24.9%. The increase in the Adjusted EBITDA, before REI, as a percentage of Revenue is primarily due to the favourable impact of higher Adjusted EBITDA margins from recent acquisitions, and to a lessor extent the contribution from organic revenue growth. As the Company continues to grow, it is expected that it will also be able to leverage its corporate resources, which would result in a favorable impact on Adjusted EBITDA margin.

Adjusted EBITDA for the three months ended November 30, 2019, was $10,804, an increase of $3,378, or 45.5% from $7,426 reported for the same period in the prior year. Excluding the favourable impact of adopting IFRS 16, Adjusted EBITDA after REI as a percentage of Revenue was 22.6% which has increased from 20.4%. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, net of the vendors' interest in Coughlin, BPA, Silverberg, BPI, H+P and Bencom of $2,169, which increased by $540 (33.1%) as compared to the same period in the prior year.

Operating Income Before Corporate Costs

Corporate costs represent expenses incurred to support the executive management of the Company, such as executive remuneration, public company compliance costs, certain insurance premiums and corporate development activities.

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

	For the three months ended November 30, 2019	November 30, 2018
Adjusted EBITDA	**$ 10,804**	**$ 7,426**
Add:		
Corporate costs	1,179	1,152
Operating income before corporate costs	**$ 11,983**	**$ 8,578**

Corporate costs for the three months ended November 30, 2019, were $1,179 versus $1,152 for the same period in the prior year.

Operating income before corporate costs for the three months ended November 30, 2019, was $11,983 versus $8,578 for the same period in the prior year. The increase of $3,405 is primarily due to contributions from acquired operations in Adjusted EBITDA.

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 the group retirement consulting and administration, and individual financial services including insurance and wealth management.

Revenue from the Human Resource Solutions division is primarily earned from hourly or fixed fees for consulting services, as a percentage of compensation for recruiting services, and subscription fees to access the Company's digital HR service offerings through Collage (Benefits HQ and Collage HR) and Apri (JungoHR).

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 the '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			
	November 30, 2019	**November 30, 2018**	**$ Variance**	**% Variance**
Revenue	$ 44,307	$ 36,342	$ 7,965	21.9 %

For the three months ended November 30, 2019, the Company experienced revenue growth of $7,965 (21.9%). The Company recognized acquired growth of $4,959 (13.6%) resulting from the acquired operations of Life, BPI, ACL, Collage and Apri. Organic growth of $3,006 (8.3%) is primarily from:

1. the launch of new services in the quarter, our new disability management service, a new claims product for our union clients and People Connect;
2. addition of new clients across all regions;
3. increasing product and service penetration with existing new clients, a significant contribution from post-secondary student organizations and union clients; and
4. natural inflation factors.

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						
		November 30, 2019		**November 30, 2018**		**$ Variance**	**% Variance**
Personnel and compensation expenses	$	29,148	$	23,318	$	5,830	25.0 %

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

The increase in personnel and compensation for the three months ended November 30, 2019, of $5,830 is attributable to the increased employee count resulting from the acquisition of BPI, Life, ACL, Collage and Apri representing $2,134 or 9.2%, variable compensation tied directly to higher revenue, and an expanded staff complement to accommodate current growth of operations and the launch of new services. Acquisition, integration, and reorganization compensation costs and share-based compensation have increased by $2,153 and $218 respectively during the period. The increase in acquisition, integration, and reorganization compensation costs primarily relates to the settlement amount accrued for the departure of the Company's President.

For the three months ended November 30, 2019, personnel and compensation costs represent 65.8% of revenues (2019 - 64.2%). Adjusting for acquisition, integration and reorganization compensation costs and share-based compensation, personnel and compensation costs as a percentage of revenue for the three months ended November 30, 2019 would have been 55.5% (2018 - 58.2%).

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, other costs supporting operations and occupancy costs. Occupancy costs include expenses relating to short-term leases and Common Area Maintenance expenses that do not qualify for capitalization under IFRS 16.

General and administrative expenses are as follows:

	For the three months ended						
		November 30, 2019		**November 30, 2018**		**$ Variance**	**% Variance**
General and administrative expenses	$	7,217	$	6,512	$	705	10.8 %

For the three months ended November 30, 2019, general and administrative expenses have increased by $705 (10.8%) compared to the three months ended November 30, 2019, primarily due to the following:

- An increase of $564 resulting from a higher general and administrative run rate from the acquisitions;
- An increase of $780 pertaining to acquisition, integration and reorganization costs relating to professional fees; and
- A decrease of $639 in all other general and administrative expenses including occupancy costs majority of which relates to the favourable impact of the adoption of IFRS 16.

Depreciation and Amortization Expenses

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 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			
	November 30, 2019	**November 30, 2018**	**$ Variance**	**% Variance**
Depreciation and amortization expenses	$ 5,219	$ 3,334	$ 1,885	56.5 %

Depreciation and amortization expense increased by $1,885 (56.5%) for the three months ended November 30, 2019, as compared to the same period in the prior year. The increase in depreciation and amortization expense pertains primarily to: 1) depreciation of ROU assets under IFRS 16, 2) increased amortization on customer relationships resulting from an increase in the number of executed transactions and 3) increased amortization on software.

Administration Fees

Administration fees represent amounts paid by the Company to third party service providers, primarily claim 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			
	November 30, 2019	**November 30, 2018**	**$ Variance**	**% Variance**
Administration fees	$ 1,768	$ 1,107	$ 661	59.7 %

Administration fees increased by $661 (59.7%) for the three months ended November 30, 2019, primarily as a result of a new claims product launched during the second half of fiscal year 2019 by one of the Company's TPA practices and services provided to our student union clients.

Finance Expenses

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

	For the three months ended			
	November 30, 2019	**November 30, 2018**	**$ Variance**	**% Variance**
Interest and other finance costs	$ 637	$ 480	$ 157	32.7 %
Accretion on financing instruments	335	163	172	105.5
Change in fair value estimates	1,858	2,139	(281)	(13.1)
	$ 2,830	$ 2,782	$ 48	1.7 %

Finance expenses increased by $48 (1.7%) for the three months ended November 30, 2019. The change is primarily due to an increase in interest on loans and borrowings and accretion on lease liabilities due to the adoption of IFRS 16; partially offset by a decrease in fair value adjustment related to non-controlling interest put options.

Public Company Costs

Public Company costs are as follows:

	For the three months ended			
	November 30, 2019	**November 30, 2018**	**$ Variance**	**% Variance**
Public company costs	$ 139	$ 93	$ 46	49.5 %

Public company costs have increased by $46 (49.5%) for the three months ended November 30, 2019. The increase is primarily due to the addition of a director along with an increase in the number of board meetings.

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:

	Q1 - 2020 [1]	Q4 - 2019	Q3 - 2019	Q2 - 2019	Q1 - 2019	Q4 - 2018	Q3 - 2018	Q2 - 2018
Revenue	$ 44,307	$ 43,192	$ 42,427	$ 40,533	$ 36,342	$ 36,280	$ 33,254	$ 32,515
Operating & corporate expenses	(31,883)	(32,099)	(31,530)	(29,914)	(27,791)	(27,522)	(24,910)	(24,332)
Adjusted EBITDA	10,804	9,927	9,509	9,210	7,426	7,745	7,374	7,029
Finance expenses	(2,830)	783	(3,143)	(5,024)	(2,782)	(10,464)	(1,619)	(2,214)
Depreciation and amortization	(5,219)	(3,815)	(3,940)	(3,495)	(3,334)	(3,606)	(2,516)	(2,331)
Stock-based compensation	(1,284)	(965)	(919)	(1,178)	(1,066)	(564)	(236)	(284)
Equity-based REI	(1,619)	(1,166)	(1,389)	(1,410)	(1,124)	(1,012)	(970)	(1,153)
Income tax expense, net	(734)	(1,381)	(652)	(1,879)	(717)	(968)	(1,070)	(1,359)
Acquisition, integration and reorganization costs	(5,106)	(2,784)	(2,889)	(2,418)	(2,173)	(2,634)	(1,419)	(1,385)
Net income (loss)	(2,750)	2,931	(644)	(3,374)	(1,522)	(9,479)	1,484	610
Adjusted net earnings	1,226	1,733	2,203	1,165	1,120	1,132	2,872	1,950
Total assets	413,512	327,477	292,113	284,236	265,631	262,555	221,022	194,756
Total loans and borrowings	85,648	86,740	67,157	63,321	44,435	38,274	54,944	38,999
Total other liabilities	137,513	110,875	98,990	95,748	93,535	96,166	67,897	61,209
Shareholders' equity	190,350	129,862	125,965	125,168	127,660	128,116	98,180	94,548
Net income (loss) per share (basic)	(0.04)	0.05	(0.01)	(0.06)	(0.03)	(0.17)	0.03	0.01
Net income (loss) per share (diluted)	(0.04)	0.05	(0.01)	(0.06)	(0.03)	(0.17)	0.03	0.01
Adjusted net earnings per share (basic)	$ 0.02	$ 0.03	$ 0.04	$ 0.02	$ 0.02	$ 0.02	$ 0.05	$ 0.04

[1] On September 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The readers are cautioned, that prior period amounts have not been restated and may not be entirely comparable to current year results. Please refer to note 3(a) of the Company's condensed consolidated interim financial statements for the three months ended November 30, 2019, for details.

LIQUIDITY AND CAPITAL RESOURCES

Contractual Obligations

The following table summarizes, as at November 30, 2019, the Company's contractual obligation for the periods specified.

	Payments due by period				
	Total	**Less than 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**Thereafter**
Trade and other liabilities	$ 29,950	$ 27,371	$ 1,250	$ 996	$ 333
Non-controlling interest put options	76,125	21,563	38,118	5,675	10,769
Loans and borrowings	87,309	2,787	82,122	2,400	-
Lease liabilities	16,181	4,121	6,672	3,396	1,992
	$ 209,565	**$ 55,842**	**$ 128,162**	**$ 12,467**	**$ 13,094**

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 months ended November 30, 2019:

	For the three months ended			
	November 30, 2019	**November 30, 2018**	**$ Variance**	**% Variance**
Net income (loss) for the period	$ (2,750)	$ (1,522)	$ (1,228)	80.7 %
Add non-cash items, net	5,752	5,900	(148)	(2.5)
Changes in non-cash working capital	2,307	(6,686)	8,993	(134.5)
Net cash from (used by) operating activities	5,309	(2,308)	7,617	(330.0)
Net cash used by investing activities	(48,027)	(7,516)	(40,511)	539.0
Net cash from financing activities	52,963	5,173	47,790	923.8
Net increase (decrease) in cash	**$ 10,245**	**$ (4,651)**	**$ 14,896**	**(320.3)%**

Cash generated from operating activities for the three months ended November 30, 2019, increased by $7,617 as compared to the prior year. Changes in working capital accounts reflect the inclusion of BPI, Life, ACL, Collage and Apri operations.

Significant influences of cash inflows and outflows related to operating activities for the three month period versus the same period in the prior year include the following:

- Cash generated from increased Adjusted EBITDA before REI of $3,918 was higher than the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.
- Cash used to fund acquisitions, integration and reorganization costs increased by $2,933.
- Finance costs and income taxes used $2,316 more cash than as compared to the prior year. The increase in the use of cash in the current quarter was primarily due to the net increase in income taxes paid during the quarter.
- Cash used to pay compensation-based REI increased by $45 as compared to the same period in the previous fiscal year due to EBITDA growth of the underlying practice.
- Increase in cash from changes in working capital accounts of $8,993 is primarily due to the increase in contract liabilities related to the early timing of cash receipts related to commission revenue of recently acquired practices.

Cash used by investing activities for the three months ended November 30, 2019, increased by $40,511 as compared to the same period in the prior year. The change is primarily due to $40,002 more cash used to fund current year acquisitions and cash used to acquire intangible assets and property and equipment.

Cash generated by financing activities for the three months ended November 30, 2019, increased by $47,790 as compared to the same period in the prior year. The change is primarily due to $60,164 of cash generated from private placement proceeds, offset by $12,374 of cash used to repay loans and borrowings, net. Other significant changes in financing activities include cash used for the payment of lease liabilities and dividends on non-controlling interest.

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, loans and borrowings, 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 loans or issue new debt to replace existing debt with different terms and conditions. The Company has the opportunity to use its swingline commitment during the year to finance cash flows related to seasonal changes in non-cash working capital items. The Company did not make use of this facility during the period.

Working Capital

The Company's working capital (defined as current assets less current liabilities) as at November 30, 2019, is set forth in the table below. The Company defines "Operating Working Capital" as current assets less current liabilities excluding contract liabilities.

Contract liabilities represents payment received in advance for services which have not yet been performed. Contract liabilities are recognized into income as services are rendered, in accordance with the revenue recognition policies described in the Company's financial statements. Contract liabilities is a non-cash liability and therefore Management believes that adding back contract liabilities 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.

		November 30, 2019		**November 30, 2018**
Current Assets	$	49,222	$	32,150
Less:				
Current Liabilities		61,683		31,149
Working capital		(12,461)		1,001
Add back:				
Contract liabilities		11,788		4,437
Operating Working Capital Surplus (Deficiency)	**$**	**(673)**	**$**	**5,438**

The Company manages its working capital balance in conjunction with its overall capital structure. Due to the acquisitive nature of the Company and the Company's continual use of cash to complete acquisitions, the Company will generally carry sufficient cash balances, at any point in time, in order to meet its short term obligations. The Company has access to a credit facility and therefore the cash balances are minimized, with any excess cash used to pay down loans and borrowings in order to reduce financing costs. The Company's working capital balance of ($673) along with a cash balance of $22,735 is sufficient to meet short term obligations as they come due.

The decrease in operating working capital is primarily due to recognition of a current lease liability resulting from the adoption of IFRS 16 and an increase in the curent portion of non-controlling interest put options.

The Company maintains a swingline commitment of $5,000 included in its total syndicated facility to manage short-term working capital requirements. As at November 30, 2019, the Company had not utilized the swingline.

Credit Facilities

On June 25, 2019, the Company amended and restated its existing credit agreement with a syndicate of Canadian banks which includes a $125,000 revolving commitment which has been used to refinance the acquisition facility under the previous agreement and to fund future acquisitions. As at November 30, 2019, the balance owing on this facility was equal to $65,731 (November 30, 2018 - $nil). As at November 30, 2018, the balance owing on the now fully-extinguished term and revolver credit facilities was $32,828. The total syndicated facility includes a $5,000 swingline commitment to fund operating cash flow needs. As at November 30, 2019, the Company had not utilized the swingline (November 30, 2018 - $nil).

In addition, the facility agreement provides for an option, from time to time, to request an increase in the amount of the revolving commitment by an amount of not less than $5,000 and not more than $50,000, subject to the satisfaction of certain terms and conditions. The exercise of the option would result in the size of the revolving commitment increasing from $125,000 to a maximum of $175,000. The loan matures on June 1, 2022, unless extended pursuant to the terms of the agreement. The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants. As at November 30, 2019, the Company was in compliance with all of its financial and non-financial covenants.

Share Capital

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

	November 30, 2019	**November 30, 2018**
Common shares, issued and outstanding	68,110,709	60,640,511
Stock options outstanding	3,148,872	3,670,044
Restricted Stock Units outstanding	391,339	582,113
Deferred Stock Units outstanding	130,966	90,100

On October 16, 2019, the Company closed a bought deal private placement financing (the "Offering") with a syndicate of underwriters led by Cormark Securities Inc. (collectively, the "Underwriters"). Pursuant to the Offering, the Company issued 6,983,500 common shares (the "Shares") of the Company at a purchase price of $9.10 per Share, including 389,500 Shares issued pursuant to the exercise of the Underwriters' over-allotment option, for gross proceeds to the Company of $63,550. The offering resulted in net proceeds of $61,071 after a cash commission equal to 5% of gross proceeds paid to the Underwriters, other share issuance costs, and a deferred tax asset of $908 relating to share issuance and commission costs.

In connection with the acquisition of the Apri Group of Companies, the Company issued 208,695 common shares as part of the total consideration for the transaction. The remainder of the change in share capital during the three months ended November 30, 2019, can be attributed to stock options granted, exercised or cancelled and the settlement of Restricted Stock Units under the Company's Security Based Compensation Plan.

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 2019 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 consolidated 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 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 2019 annual and fourth quarter MD&A.

CHANGES IN ACCOUNTING POLICIES

As described in note 3(a) of the accompanying condensed consolidated interim financial statements, the Company adopted the following new and revised accounting standards:

IFRS 16, Leases

Effective September 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16") which replaces IAS 17, Leases ("IAS 17") and related interpretations. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments at the lease commencement date.

The Company has elected to adopt IFRS 16 using a modified retrospective approach, which does not require restatement of comparative information. Accordingly, the comparative figures for 2019 are presented, as previously reported, under IAS 17 and therefore are not entirely comparable with the 2020 figures.

As permitted by IFRS 16, on the date of initial application, the Company measures ROU assets for leases previously classified as operating lease under IAS 17 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application. At September 1, 2019 ROU assets of $12,423 were recognized within property and equipment and lease liabilities of $13,151 were recognized within lease liability. The ROU asset was recorded net of the provision for onerous leases of $728 which was previously recognized within trade and other liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at September 1, 2019. The weighted average rate applied is 4.00%.

The following table provides a reconciliation of the future minimum lease payments at August 31, 2019 as previously disclosed in the Company's consolidated financial statements, to the lease liability recognized on initial adoption of IFRS 16 at September 1, 2019:

Future minimum lease payments at August 31, 2019	$	14,868
Add: Extension options reasonably certain to be exercised		293
Less: Short-term leases		(130)
Less: Low-value leases		(426)
Additional lease liabilities on adoption of IFRS 16 at September 1, 2019		14,605
Discounting		(1,458)
Finance lease liabilities at August 31, 2019 (IAS 17)		4
Lease liabilities at September 1, 2019	$	13,151

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 consideration obligations, non-controlling interest put options and other non-current assets.