

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)



Experience the Benefits of People

For the three months ended November 30, 2019 and November 30, 2018
(Unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administration, the Company discloses that its auditors have not reviewed the unaudited interim condensed consolidated financial statements for the three months ended November 30, 2019.

PEOPLE CORPORATION

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars) (unaudited)

	Note	November 30, 2019	August 31, 2019
Assets			
Current assets:			
Cash		\$ 22,734,958	\$ 12,489,692
Trade and other receivables		22,491,346	20,714,900
Income tax receivable		1,089,273	292,187
Prepaid and other current assets		2,906,684	2,301,395
Total current assets		49,222,261	35,798,174
Non-current assets:			
Property and equipment	5	26,435,092	12,661,874
Goodwill and intangible assets	6	333,876,725	275,233,325
Loans and other assets		3,595,528	3,450,478
Contract cost assets		382,065	333,273
Total non-current assets		364,289,410	291,678,950
Total assets		\$ 413,511,671	\$ 327,477,124
Liabilities and shareholders' equity			
Current liabilities:			
Trade and other liabilities	7	\$ 27,734,586	\$ 25,683,861
Contract liabilities		11,788,044	5,207,406
Lease liabilities	8	3,705,018	-
Non-controlling interest put options	10	15,908,220	14,960,783
Loans and borrowings	11	2,547,135	2,988,017
Total current liabilities		61,683,003	48,840,067
Trade and other liabilities	7	1,722,060	2,046,762
Lease liabilities	8	10,363,437	-
Non-controlling interest put options	10	41,006,779	40,763,584
Loans and borrowings	11	83,101,054	83,752,227
Deferred tax liability		25,284,917	22,212,807
Total liabilities		223,161,250	197,615,447
Shareholders' equity:			
Share capital	12	188,702,562	125,765,547
Contributed surplus		6,310,606	6,009,327
Retained earnings (deficit)		(4,662,747)	(1,913,197)
Total shareholders' equity		190,350,421	129,861,677
Total liabilities and shareholders' equity		\$ 413,511,671	\$ 327,477,124

Contingencies (Note 19)

The notes are an integral part of these Condensed Consolidated Interim Financial Statements.

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Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars) (unaudited)

	Note	Three months November 30, 2019	Three months November 30, 2018
Revenue	15	\$ 44,307,099	\$ 36,341,863
Operating expenses	18	33,167,335	28,857,683
Depreciation and amortization	5, 6	5,219,324	3,334,193
Finance expenses			
Change in estimated fair value of non-controlling interest put options	16	1,788,129	2,138,517
Other finance expenses		1,042,045	643,516
Acquisition, integration and reorganization costs	18	5,105,643	2,173,021
	18	46,322,476	37,146,930
Income (loss) before income taxes		(2,015,377)	(805,067)
Income tax expense (recovery):			
Current		2,867,026	2,008,455
Deferred		(2,132,853)	(1,291,533)
		734,173	716,922
Net income (loss) and comprehensive income (loss)		\$ (2,749,550)	\$ (1,521,989)
Earnings (loss) per share			
Basic	12,c	\$ (0.04)	\$ (0.03)
Diluted	12,c	\$ (0.04)	\$ (0.03)

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Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars) (unaudited)

	Note	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, August 31, 2018		\$124,672,253	\$ 2,747,472	\$ 696,249	\$128,115,974
Net loss and comprehensive loss for the period		-	-	(1,521,989)	(1,521,989)
Share-based payments	13	-	1,066,401	-	1,066,401
		-	1,066,401	(1,521,989)	(455,588)
Balance, November 30, 2018		\$124,672,253	\$ 3,813,873	\$ (825,740)	\$127,660,386
Balance, August 31, 2019		\$125,765,547	\$ 6,009,327	\$ (1,913,197)	\$129,861,677
Net loss and comprehensive loss for the period		-	-	(2,749,550)	(2,749,550)
Issuance of common shares	12, b	61,071,309	-	-	61,071,309
Acquisition-related issuance of shares	12, b	1,865,706	-	-	1,865,706
Settlement of restricted stock units		-	(554,574)	-	(554,574)
Settlement of stock options		-	(428,000)	-	(428,000)
Share-based payments	13	-	1,283,853	-	1,283,853
		62,937,015	301,279	(2,749,550)	60,488,744
Balance, November 30, 2019		\$188,702,562	\$ 6,310,606	\$ (4,662,747)	\$190,350,421

The notes are an integral part of these Condensed Consolidated Interim Financial Statements.

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Condensed Consolidated Interim Statements of Cash Flows
(Expressed Canadian dollars) (unaudited)

	Note	Three Months November 30, 2019	Three Months November 30, 2018
Operating activities			
Net income (loss) for the period		\$ (2,749,550)	\$ (1,521,989)
Adjustments for:			
Depreciation	5	1,289,796	413,669
Amortization of intangible assets	6	3,929,528	2,920,524
Share-based compensation	13,b,c,d	1,283,853	1,066,401
Finance expenses	16	2,830,174	2,782,033
Income tax provision		734,173	716,922
Net cash from (used in) operations		7,317,974	6,377,560
Change in non-cash operating working capital	14	2,306,747	(6,685,634)
Cash generated from operating activities		9,624,721	(308,074)
Finance costs paid		(637,359)	(480,147)
Income taxes paid		(3,678,277)	(1,519,311)
Net cash from operating activities		5,309,085	(2,307,532)
Investing activities			
Acquisition of subsidiaries, net of cash acquired	4	(46,754,360)	(6,752,216)
Acquisition of property and equipment	5	(302,142)	(477,741)
Acquisition of intangible assets	6	(970,230)	(285,678)
Net cash used in investing activities		(48,026,732)	(7,515,635)
Financing activities			
Outflows relating to loans and other assets		(200,000)	(200,000)
Proceeds from loans and borrowings	11	38,489,853	6,779,660
Repayment of loans and borrowings	11	(44,000,000)	(739,339)
Proceeds from private placement of shares, net		60,163,542	-
Payment of lease liabilities	8	(892,985)	-
Payment of dividends on non-controlling interest	10	(597,497)	(109,156)
Payment of put options on non-controlling interest	10	-	(558,795)
Net cash from financing activities		52,962,913	5,172,370
Net increase (decrease) in cash		10,245,266	(4,650,797)
Cash at beginning of the period		12,489,692	21,119,220
Cash at the end of the period		\$ 22,734,958	\$ 16,468,423

The notes are an integral part of these Condensed Consolidated Interim Financial Statements.

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Notes to the Condensed Consolidated Interim Financial Statements
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For the three months ended November 30, 2019 and 2018

1. Reporting entity:

People Corporation (the "Company") was incorporated under the Ontario Business Corporations Act on July 5, 2006. The Company is a public company listed on the TSX Venture Exchange (the "TSX-V"), trading under the "PEO" symbol and is domiciled in Canada. The address of the Company's corporate office is 1403 Kenaston Boulevard, Winnipeg, Manitoba, Canada and the Company's registered office is 180 Bay Street, Suite 4400, Toronto, Ontario, Canada. These condensed consolidated financial statements of the Company comprise accounts of the Company and its subsidiaries. The Company is primarily involved in the delivery of employee group benefit consulting, third-party benefits administration services, pension consulting and human resources consulting to help companies recruit, retain and reward employees.

2. Basis of presentation:

These condensed consolidated interim financial statements for the three months ended November 30, 2019, have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements do not include all the disclosures required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2019, prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on January 17, 2020.

3. Significant accounting policies:

The accounting policies applied by the Company in these condensed consolidated interim financial statements are consistent with those applied by the Company in its consolidated financial statements as at and for the year ended August 31, 2019, except as outlined below:

(a) Changes in accounting policies

The Company adopted the following new standard, along with any consequential amendments, effective September 1, 2019. These changes were made in accordance with the applicable transitional provisions.

IFRS 16, *Leases* ("IFRS 16")

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.

Following the adoption of IFRS 16, the Company presents the ROU asset within the line item property and equipment, in the same line item in which it presents underlying assets of the same nature that it owns. The corresponding current and non-current lease liability is presented within the line items lease liability on the condensed consolidated statement of financial position.

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As a result of the adoption of IFRS 16, the Company has amended its accounting policies related to leases as follows:

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The ROU asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability. The ROU asset is depreciated from the commencement date to the earlier of the end of the useful life of the underlying asset of the ROU asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest rate method. It is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgment to determine the lease term for property lease contracts that contain renewal options. The assessment of whether the Company is reasonably certain to exercise renewal options impacts the lease term and therefore the amount of lease liabilities and ROU assets recognized.

The Company has elected not to recognize ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Transition

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.

On initial application of IFRS 16 the Company elected to use the following practical expedients to facilitate the initial adoption when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- accounted for leases with a remaining lease term of less than 12 months as at the date of adoption as short-term leases;
- expensed leases of low value as incurred;
- used the Company's previous assessment of impairment under IAS 37 for onerous contracts instead of re-assessing the ROU asset for impairment on September 1, 2019; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Furthermore, the Company elected to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and related interpretations were not re-assessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after September 1, 2019.

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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 \$12,422,832 were recognized within property and equipment and lease liabilities of \$13,150,784 were recognized within lease liability. The ROU asset was recorded net of the provision for onerous leases of \$727,952 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	14,868,006
Add: Extension options reasonably certain to be exercised	293,454
Less: Short-term leases	(129,824)
Less: Low-value leases	(426,648)
Additional lease liabilities on adoption of IFRS 16 at September 1, 2019	14,604,988
Discounting	(1,457,666)
Finance lease liabilities at August 31, 2019 (IAS 17)	3,462
Lease liabilities at September 1, 2019	13,150,784

4. Business acquisitions:

During the period, the Company acquired the following businesses:

Collage Technologies Inc. ("Collage")

Effective October 31, 2019, the Company acquired specific assets, liabilities and business operations of Collage Technologies Inc. ("Collage"), a leading cloud-based digital human resource, employee benefits administration and payroll solution provider focused on the small and medium sized business segment in Canada. The total purchase price for the acquisition of Collage included cash, subject to final working capital adjustment. In addition, the asset purchase agreement provides for a deferred payment to be made to certain vendors of Collage that is subject to their continued employment with the Company over a three-year period post-acquisition. The Company considers this as a post-acquisition transaction and has excluded this amount from the purchase consideration for the purposes of acquisition accounting. This deferred payment will be accrued over the three-year post-acquisition period in acquisition, integration and reorganization costs.

Apri Group of Companies ("Apri")

Effective November 28, 2019, the Company acquired all of the issued and outstanding shares of Apri Group of Companies ("Apri"), a national group benefits consulting firm, group benefits managing general agency ("MGA"), and third-party administration ("TPA") headquartered in Richmond Hill, Ontario. The total purchase price for the acquisition of Apri included cash payment on closing of the transaction, subject to final working capital adjustment, vendor take-back notes, common shares of the Company and deferred vendor financing. Vendor take-back notes payable are subject to claw back adjustments tied to achievement of certain financial metrics set out in the share purchase agreement.

These acquisitions enable the Company to continue execution of its growth strategy and expansion of its national presence.

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The Company accounted for these transactions as business combinations and has applied the acquisition method of accounting in accordance with IFRS 3. The recognized amounts of assets acquired and liabilities assumed in these transactions and the acquisition date fair value of the total consideration paid or payable are as follows:

	Apri Group of Companies	Collage Technologies Inc.	Total
Assets acquired and liabilities assumed			
Cash	\$ 1,397,616	\$ -	\$ 1,397,616
Net working capital	(2,414,850)	(556,340)	(2,971,190)
Property and equipment	1,718,999	459,392	2,178,391
Customer relationships and other intangible assets	21,850,000	235,000	22,085,000
Software	700,083	3,940,000	4,640,083
Goodwill (including assembled workforce)	28,567,895	6,309,720	34,877,615
Non-current lease liabilities	(574,355)	(444,112)	(1,018,467)
Deferred tax liabilities	(6,112,731)	-	(6,112,731)
	\$ 45,132,657	\$ 9,943,660	\$ 55,076,317
Consideration paid or payable			
Cash payment upon closing	\$ 37,800,316	\$ 9,958,177	\$ 47,758,493
Working capital adjustment due to vendors	408,000	(14,517)	393,483
Vendor take-back notes payable	4,239,304	-	4,239,304
Common shares issued by the Company	1,865,706	-	1,865,706
Deferred vendor financing	819,331	-	819,331
	\$ 45,132,657	\$ 9,943,660	\$ 55,076,317

Total consideration paid for the acquisition of Collage and Apri, during the period, are subject to final adjustments for working capital. The fair values of the net identifiable assets were determined provisionally at November 30, 2019.

A part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce and the operating know how of key personnel. However, no intangible assets qualified for separate recognition in this respect. The remaining goodwill represents the excess of purchase price over net assets.

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The Company's condensed consolidated interim statement of comprehensive income (loss) include the results of operations for Collage Technologies Inc. and Apri Group of Companies from their respective dates of acquisition to November 30, 2019. The acquisitions contributed the following revenue and net income during the period ended November 30, 2019.

	November 30, 2019	
	As reported	
Operating revenues		
Collage Technologies Inc.	\$	80,184
Apri Group of Companies	\$	49,315
Net income (loss) and comprehensive income (loss)		
Collage Technologies Inc.	\$	(137,837)
Apri Group of Companies	\$	8,921

If the acquisitions had occurred on September 1, 2019, management estimates that consolidated revenue for the three months ended November 30, 2019, would have been \$48,928,850, consolidated net income (loss) would have been \$(2,486,628), and earnings (loss) per share would have been \$(0.04). In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on September 1, 2019.

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5. Property and equipment:

The Company had the following property and equipment as at November 30, 2019:

	Leasehold improvements	Furniture & fixtures	Computer equipment	Right-of-use asset	Total
Cost					
Balance, August 31, 2019	\$ 11,153,757	\$ 5,079,150	\$ 3,764,763	\$ -	\$ 19,997,670
Recognition on adoption of IFRS 16	(3,461)	-	-	12,422,832	12,419,371
Additions	49,058	45,153	207,931	163,110	465,252
Acquisition through business combination	440,710	88,391	132,089	1,517,201	2,178,391
Balance, November 30, 2019	11,640,064	5,212,694	4,104,783	14,103,143	35,060,684
Accumulated depreciation					
Balance, August 31, 2019	(2,161,979)	(2,462,651)	(2,711,166)	-	(7,335,796)
Depreciation for the period	(326,514)	(131,019)	(98,272)	(733,991)	(1,289,796)
Balance, November 30, 2019	(2,488,493)	(2,593,670)	(2,809,438)	(733,991)	(8,625,592)
Carrying amount	\$ 9,151,571	\$ 2,619,024	\$ 1,295,345	\$ 13,369,152	\$ 26,435,092

6. Goodwill and intangible assets:

The Company had the following goodwill and intangible assets as at November 30, 2019:

	Goodwill	Customer relationships	Customer contracts	Computer software	Total
Cost					
Balance, September 1, 2019	\$ 164,055,497	\$ 146,656,035	\$ 3,977,849	\$ 8,450,789	\$ 323,140,170
Additions	-	-	-	970,230	970,230
Acquisition through business combination	34,877,615	22,085,000	-	4,640,083	61,602,698
Balance, November 30, 2019	198,933,112	168,741,035	3,977,849	14,061,102	385,713,098
Accumulated amortization					
Balance, September 1, 2019	-	(40,086,070)	(3,463,659)	(4,357,116)	(47,906,845)
Amortization for the period	-	(3,420,738)	(22,073)	(486,717)	(3,929,528)
Balance, November 30, 2019	-	(43,506,808)	(3,485,732)	(4,843,833)	(51,836,373)
Carrying amount	\$ 198,933,112	\$ 125,234,227	\$ 492,117	\$ 9,217,269	\$ 333,876,725

Included in computer software additions is \$624,001 (November 30, 2018 - \$268,962) of internally developed assets.

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7. Trade and other liabilities:

The Company had the following trade payables, accrued and other liabilities:

	November 30, 2019	August 31, 2019
Trade payables and other liabilities	\$ 19,830,738	\$ 20,058,501
Post-retirement benefits and contingent consideration obligations	4,775,908	2,291,833
Provisions	4,850,000	5,380,289
	29,456,646	27,730,623
Less current portion of trade and other liabilities	27,734,586	25,683,861
Total non-current trade and other liabilities	\$ 1,722,060	\$ 2,046,762

The fair value of the contingent consideration obligations are subsequently revalued by discounting the estimated future payment obligations at each reporting date. The changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statement of comprehensive income (loss). Significant unobservable assumptions include: 1) projected revenue and EBITDA of the practices, 2) growth rates based on historical results, and 3) discount rates ranging from 4.5% to 16.0%.

8. Lease liabilities:

The Company had the following lease liabilities:

	Total
Balance at September 1, 2019	\$ 13,150,784
Additions during the period	163,110
Acquisition related additions during the period	1,517,201
Lease payments made during the period	(892,985)
Accretion on lease liabilities	130,345
	14,068,455
Less current portion of lease liabilities	3,705,018
Total non-current lease liabilities	\$ 10,363,437

ROU assets and corresponding lease liabilities entered into during the year have been recorded using the Company's incremental borrowing rate. The weighted average rate applied was 4.00%.

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9. Insurance premium liabilities and related cash:

In its capacity as third-party benefits administrator, the Company collects premiums from insurers and remits premiums, net of agreed deductions, such as taxes, administrative fees and commissions, to insurance underwriters. These are considered flow-through items for the Company and, as such, the cash and investment balances relating to these liabilities are deducted from the related liability in the condensed consolidated statement of financial position. The Company has the following amounts held in accounts segregated from the Company's operating funds for insurance premium liabilities.

	November 30, 2019		August 31, 2019	
Payable to carriers and insured individuals or groups	\$	106,051,541	\$	106,910,623
Less related cash balances		106,051,541		106,910,623
	\$	-	\$	-

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10. Non-controlling interest put options:

The Company is subject to the following non-controlling interest put options:

	Note	November 30, 2019	August 31, 2019
Balance, beginning of year		\$ 55,724,367	\$ 52,613,161
Acquisition through business combination		-	1,971,991
Change in estimated fair value	16	1,788,129	8,517,983
Less payment of dividends on non-controlling interest		(597,497)	(3,561,450)
Less non-controlling interest put/call options exercised		-	(3,817,318)
		56,914,999	55,724,367
Less current portion of non-controlling interest put options		15,908,220	14,960,783
Total non-current non-controlling interest put options		\$ 41,006,779	\$ 40,763,584

Changes in estimated fair value represents accretion of interest and changes in assumptions used to estimate the liability related to future dividend payments and put features.

The fair value of the liability associated with the non-controlling put options is determined by discounting the estimated future payment obligation at each reporting date, and changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent condensed consolidated statement of comprehensive income (loss).

On October 22, 2019, the Company executed its right to purchase 5,000 BPA Vendor Class "A" Shares for total consideration of \$2,746,765. This BPA Vendor is entitled to dividend payments derived from BPA's earnings up to the period ending November 30, 2019. The Company's economic interest in BPA will increase from 78.2% to 83.2% effective the second quarter of this fiscal year.

On December 4, 2019, the Company executed its right to purchase 16,000 Coughlin Vendor Class "Y" and 1,500 Coughlin Vendor Class "Z" Shares for total consideration of \$9,210,329. The Company's economic interest in Coughlin will increase from 72.0% to 88.0% effective the second quarter of this fiscal year.

(a) Benefit Partners Inc.

In connection with the BPI acquisition, the Company entered into various agreements whereby the BPI Principals, through non-voting, non-cumulative, dividend-bearing shares of BPI ("BPI Principal Shares"), hold an aggregate 25% economic interest in BPI ("BPI Retained Economic Interest").

All classes of non-voting, non-cumulative, dividend-bearing shares of BPI have an ongoing contractual right to receive dividends based on a calculation derived from BPI's earnings. The Company is entitled to a priority on the payment of dividends declared on the BPI dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the BPI Principal Shares ("BPI Call Options") and individual BPI Principals have a future right to require the Company to purchase the BPI Principal Shares (collectively, the "BPI Put Options"), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the BPI Call Options or the BPI Put Options, the BPI Principal's pro rata right to earn dividends will be terminated.

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The liability recognized in connection with the BPI Retained Economic Interest, which includes the fair value of future dividend entitlements of the BPI Principal Shares and the BPI Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of BPI, the estimated future exercise dates of BPI Put Options and other factors. Individual BPI Principals are restricted from exercising their respective BPI Put Options until dates on or after November 27, 2020, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

(b) Silverberg

In connection with the Silverberg acquisition, the Company entered into various agreements whereby the Silverberg Principals, through non-voting, non-cumulative, dividend-bearing shares of Silverberg ("Silverberg Principal Shares"), hold an aggregate 25% economic interest in Silverberg ("Silverberg Retained Economic Interest").

All classes of non-voting, non-cumulative, dividend-bearing shares of Silverberg have an ongoing contractual right to receive dividends based on a calculation derived from Silverberg's earnings. The Company is entitled to a priority on the payment of dividends declared on the Silverberg dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the Silverberg Principal Shares ("Silverberg Call Options") and individual Silverberg Principals have a future right to require the Company to purchase the Silverberg Principal Shares (collectively, the "Silverberg Put Options"), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the Silverberg Call Options or the Silverberg Put Options, the Silverberg Principal's pro rata right to earn dividends will be terminated.

The liability recognized in connection with the Silverberg Retained Economic Interest, which includes the fair value of future dividend entitlements of the Silverberg Principal Shares and the Silverberg Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Silverberg, the estimated future exercise dates of Silverberg Put Options and other factors. Individual Silverberg Principals are restricted from exercising their respective Silverberg Put Options until dates on or after August 1, 2021, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

(c) BPA

In connection with the BPA acquisition, the Company entered into various agreements whereby the BPA Principals, through a class of non-voting, non-cumulative, dividend-bearing shares of BPA ("BPA Principal Shares") and options to acquire BPA Principal Shares at a nominal price over a period of approximately four and one-half years from April 13, 2016 ("BPA Share Options"), could collectively hold an aggregate 33% economic interest in BPA ("BPA Retained Economic Interest"). Effective September 1, 2019, the BPA Principals held a 27.4% (August 31, 2019 - 21.8%) Retained Economic Interest in BPA. The remaining 5.6% of BPA Share Options will vest effective September 1, 2020.

All classes of non-voting, non-cumulative, dividend-bearing shares of BPA have an ongoing contractual right to receive dividends based on a calculation derived from BPA's earnings. The Company is entitled to a priority on the payment of dividends declared on the Company Shares to the extent of a specified earnings amount. BPA dividend entitlements are paid in arrears on a quarterly basis.

In addition, the Company has a future right to purchase the BPA Principal Shares ("BPA Call Options") and individual BPA Principals have a future right to require the Company to purchase the BPA Principal Shares (collectively, the "BPA Put Options"), subject to the satisfaction of certain terms and conditions and by giving notice to the Company. On the effective date of exercise of the BPA Call Options or the BPA Put Options, the BPA Principal's pro-rata right to earn dividends will be terminated.

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The liability recognized in connection with the BPA Retained Economic Interest, which includes the fair value of future dividend entitlements of the BPA Principal Shares and the BPA Put Options, has been determined based on a predetermined formula, including the exercise of BPA Share Options on vesting, defined in an agreement which is based on a multiple of estimated future earnings of BPA, the estimated future exercise dates of BPA Put Options and other factors. Individual BPA Principals are restricted from exercising their respective BPA Put Options until dates on or after August 31, 2019, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

On October 16, 2018, the Company acquired 2,000 Class C special shares of BPA, being all of the issued and outstanding Class C Special shares, from one of the BPA Principals, pursuant to the Company's call right under the BPA Shareholder Agreement, for a total purchase price of \$558,795. The Class C special shares were non-voting and non-dividend bearing and did not participate in BPA's earnings. This transaction did not change the economic interests in BPA that are held by the Company and the BPA Principals.

On October 22, 2019, the Company executed its right to purchase 5,000 BPA Vendor Class "A" Shares for total consideration of \$2,746,765. This BPA Vendor is entitled to dividend payments derived from BPA's earnings up to the period ending November 30, 2019. The Company's economic interest in BPA will increase from 72.6% to 77.6% effective the second quarter of fiscal year 2020.

(d) Coughlin

In connection with the Coughlin acquisition, the Company entered into various agreements whereby the former Coughlin shareholders (the "Coughlin Vendors") retained an initial 34% minority economic interest ("Coughlin Retained Economic Interest") through a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Vendor Shares"). At August 31, 2019, the Coughlin Vendors' retained economic interest is 28% after various call/put options have been exercised in the current and prior years. In addition, certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Spring Shares") in which the aggregate Coughlin Retained Economic Interest can increase to 34% on August 31, 2020, subject to certain specified terms and conditions having been met and subject to Coughlin achieving certain financial performance targets over the five year period following the date of close, and thereby reducing the Company's economic interest in Coughlin to 66%.

All classes of non-voting, non-cumulative, dividend-bearing shares of Coughlin have an ongoing contractual right to receive dividends based on a calculation derived from Coughlin's earnings. The Company is entitled to a priority on the payment of dividends declared on a distinct class of Coughlin dividend-bearing shares to the extent of a specified earnings amount. Coughlin dividend entitlements are paid in arrears on a quarterly basis.

In addition, the Company has the right to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares ("Coughlin Call Options") and individual Coughlin Vendors have the right to require the Company to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares (the "Coughlin Put Options") by giving notice to the Company. On the effective date of exercise of the Coughlin Call Options or the Coughlin Put Options, the Coughlin Vendor's right to earn earnings-based dividends will be terminated.

The liability recognized in connection with the Coughlin Retained Economic Interest, which includes the fair value of future dividend entitlements of the Coughlin Vendor Shares and Coughlin Spring Shares and the Coughlin Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Coughlin, the estimated future exercise dates of Coughlin Put Options and other factors. Individual Coughlin Vendors are restricted from exercising their respective Coughlin Put Options until dates on or after August 31, 2018, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

On September 1, 2016, 1,000 Coughlin Vendor Shares were exercised under the terms of the Coughlin Put Options with a total value of \$450,904, resulting in the Company's economic interest in Coughlin increasing from 66.0% to 67.0%.

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On January 2, 2019, the Company executed its right to purchase 5,000 Coughlin Vendor Shares for total consideration of \$2,899,750. The Coughlin Vendor was entitled to dividend payments derived from Coughlin's earnings up to the period ending November 30, 2018, thereafter the Coughlin Vendor will not be entitled to be paid any further dividends. The Company's economic interest in Coughlin has increased from 67% to 72% effective the second quarter of 2019.

On December 4, 2019, the Company executed its right to purchase 16,000 Coughlin Vendor Class "Y" and 1,500 Coughlin Vendor Class "Z" Shares for total consideration of \$9,210,329. The Company's economic interest in Coughlin will increase from 72.0% to 88.0% effective the second quarter of fiscal year 2020.

(e) H+P

In connection with the acquisition of H+P on July 9, 2013, the Company entered into various agreements whereby the H+P vendors hold an economic interest in H+P through the ongoing right to earn performance-based commissions and fees. In addition, the H+P vendors hold ongoing ownership through non-voting, non-dividend earning special shares ("H+P Special Shares"). The Company has the right to purchase the H+P Special Shares ("H+P Call Option") and the vendors have the right to require the Company to purchase the H+P Special Shares ("H+P Put Option") at certain dates in the future, subject to certain vesting and other conditions. On the effective date of exercise of the H+P Call Option or the H+P Put Option, the H+P vendor's right to earn performance-based commissions and fees will be terminated.

The liability recognized in connection with the H+P Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of H+P, the estimated future exercise dates and other factors. The H+P Put Options are exercisable at any time by the non-controlling shareholder(s), subject to certain terms and conditions.

(f) Bencom

In connection with the acquisition of Bencom Financial Service Group Inc. ("Bencom"), the Company entered into various agreements whereby the vendors hold an economic interest in Bencom through the ongoing right to earn performance-based commissions and fees. In addition, the vendors hold ongoing ownership through non-voting, non-dividend earning special shares ("Bencom Special Shares"). The Company has the right to purchase the Bencom Special Shares ("Bencom Call Option") and the vendors have the right to require the Company to purchase the Bencom Special Shares ("Bencom Put Option") at certain dates in the future, subject to certain vesting and other conditions. On the effective date of exercise of the Bencom Call Option or the Bencom Put Option, the Bencom vendor's right to earn performance-based commissions and fees will be terminated.

During the second quarter of 2019, the vendors exercised their Bencom Put Options. The liability recognized in connection with the Bencom Put Option has been determined based on a settlement agreement between the vendors and the Company. Effective June 14, 2019, the Company now owns 100% economic interest in Bencom.

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11. Loans and borrowings:

The Company had the following loans and borrowings, which are measured at amortized cost:

	November 30, 2019	August 31, 2019
Revolving credit facility		
a Credit Facility:		
A bank loan bearing interest of the bankers' acceptance rates plus an amount equal to 1.45% to 3.00% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan matures June 1, 2022 unless extended pursuant to the agreement.	\$ 65,730,853	\$ 71,241,000
Revolving credit facility	65,730,853	71,241,000
Vendor take-back loans		
b A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments of \$575,000 and \$425,000 on the date that is 15 and 27 months following acquisition date, respectively. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 2.90%. The loan matures on May 1, 2020.	418,889	415,867
c A vendor take-back loan bearing no interest per annum, unsecured, payable in five payments: \$150,000 in the first year and \$300,000 annually thereafter. The amortized cost of the loan has been discounted using a rate of 4.40%. The loan matures June 12, 2020.	293,046	289,892
d A vendor take-back loan bearing no interest per annum, unsecured, payable in four payments: \$650,000 on the date that is 15 months following acquisition date and \$1,200,000 annually thereafter. The loan is subject to certain performance conditions set out in the share purchase agreement, which was amended during the third quarter of 2019. The amortized cost of the loan has been discounted using a rate of 4.75%. The loan matures on December 31, 2023.	3,740,415	3,697,271
e A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual installments of \$1,610,000. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 5.00%. The loan matures on March 1, 2021.	3,105,430	3,067,849

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	November 30, 2019	August 31, 2019
f A vendor take-back loan bearing no interest per annum payable in three payments: \$1,092,500 in the first and second year and \$1,900,000 in the third year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on June 1, 2022.	3,740,842	3,699,903
g A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in one payment of \$4,800,000 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on December 12, 2021.	4,379,410	4,325,000
h A vendor take-back loan bearing no interest per annum payable in two payments: \$1,750,000 in the first year and \$2,851,900 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on February 28, 2022.	4,239,304	-
Total vendor take-back loans	19,917,336	15,495,782
Finance lease liabilities		
i A finance lease repayable in monthly installments of \$1,082 and secured by the assets to which the obligation relates. The lease expires December 13, 2019, and includes an implicit interest rate equal to 4.71%.	-	3,462
Total finance lease liabilities	-	3,462
	85,648,189	86,740,244
Less current portion of:		
Vendor take-back loans	2,547,135	2,984,555
Finance lease liabilities	-	3,462
	2,547,135	2,988,017
	\$ 83,101,054	\$ 83,752,227

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The Company is a party to an agreement with a syndicate of Canadian banks, which includes the following commitment:

- \$125,000,000 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 \$65,730,853 (August 31, 2019 - \$71,241,000). The total syndicated facility includes a \$5,000,000 swingline commitment to fund operating cash flow needs. As at November 30, 2019, the Company had not utilized the swingline (August 31, 2019 - \$nil).

In addition, the facility agreement provides for an option to, from time to time, request an increase in the amount of the revolving commitment by an amount of not less than \$5,000,000 and not more than \$50,000,000, 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 \$125,000,000 to a maximum of \$175,000,000. 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.

12. Share capital:

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares with no par value.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common voting shares	Amount
Balance, August 31, 2019	60,918,514	\$ 125,765,547
Private placement of shares	6,983,500	61,071,309
Acquisition-related issuance of shares	208,695	1,865,706
Exercise of stock options	-	-
Settlement of restricted stock units	-	-
Balance, November 30, 2019	68,110,709	\$ 188,702,562

During the quarter, the Company closed a private placement offering of 6,983,500 shares, with a four month restrictive hold, at a price of \$9.10 per share including 389,500 shares issued through the partial exercise of the syndicate's over-allotment option, for gross proceeds of \$63,549,850. The offering resulted in net proceeds of \$61,071,309 after share issuance and commission costs, including a deferred tax asset of \$907,766 relating to share issuance and commission costs.

During the quarter, in connection with the acquisition of the Apri Group of Companies on November 28, 2019, the Company issued 208,695 common shares to the vendors for an aggregate value of \$1,865,706 net of issuance costs.

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(c) Earnings per share

Basic earnings per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the potentially dilutive effect of the total number of additional common shares related to options outstanding at November 30, 2019, that would have been issued by the Company under its Security Based Compensation Plan.

The following details the earnings per share, basic and diluted, calculations for the three months ended November 30, 2019 and November 30, 2018.

	November 30, 2019	November 30, 2018
Net income (loss) attributable to common shares (basic and diluted)	\$ (2,749,550)	\$ (1,521,989)
Weighted average number of common shares (basic)	64,376,480	60,640,511
Net income (loss) per share (basic)	\$ (0.04)	\$ (0.03)
Net income (loss) per share (diluted)	\$ (0.04)	\$ (0.03)

The average market value of the Company's shares for the purposes of calculating the dilutive effect of stock options was based on quoted market prices for the period during which the options were outstanding.

For the three months ended November 30, 2019, stock options were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive.

13. Share-based payments:

The Company's Security Based Compensation Plan allows for the issuance of stock options, restricted stock units and deferred stock units.

Under the Security Based Compensation Plan, awards may be granted to any director, officer, employee or consultant of the Company or of any of its affiliates by the Company's Board of Directors. Subject to the adjustment provisions provided for in the Security Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which the Company is subject (including the TSX Venture Exchange), the aggregate number of common shares reserved for issuance pursuant to the Security Based Compensation Plan cannot exceed 7,236,222, which number takes into account the common shares that are available for issuance under the Company's Security Based Compensation Plan.

For the three months ended November 30, 2019, the Company recorded non-cash expense to recognize Stock Option, RSU and DSU grants to employees and directors of the Company equal to \$1,283,853 (November 30, 2018 – \$1,066,401).

(a) Employee share purchase plan

The Company has an ESPP whereby both employee and Company contributions are used to purchase shares on the open market for employees. The Company's contributions are expensed as incurred as there is no vesting period. Under the plan, the Company matches \$1 for every \$4 contributed by employee contributions of between 2% and 5% of annual base remuneration.

At November 30, 2019, there were 407 participants (November 30, 2018 – 366) in the plan. The total number of shares purchased during the three months ended November 30, 2019, on behalf of participants, including the Company contribution, was 61,095 shares (November 30, 2018 – 63,315 shares). During the three months ended November 30, 2019, the Company's matching contributions totaled 12,219 shares (November 30, 2018 – 12,663 shares).

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For the three months ended November 30, 2019, the Company recorded an expense to recognize the matching contribution equal to \$110,720 (November 30, 2018 – \$94,455).

(b) Stock option plans

Stock options may be granted to directors, officers, employees and service providers of the Company on terms that the directors of the Company may determine within the limitations set forth in the Security Based Compensation Plan or former Stock Option Plan or by security regulators. Options shall not be granted for a term exceeding eight years under the terms of the Security Based Compensation Plan or five years under the terms of the former Stock Option Plan.

Changes in the number of options outstanding during the three months ended November 30, 2019, and November 30, 2018, were as follows:

	November 30, 2019		November 30, 2018	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	3,498,872	\$ 6.91	3,681,861	\$ 6.64
Granted	50,000	9.25	-	-
Forfeited / expired / cancelled	(400,000)	7.93	(11,817)	3.06
Balance, end of period	3,148,872	\$ 6.81	3,670,044	\$ 6.66
Options exercisable, end of period	597,254		656,060	

Options outstanding at November 30, 2019, consisted of the following:

Range of exercise prices	Number Outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
\$ 2.87 - \$ 3.00	400,711	3.62 years	\$ 2.88	240,711
\$ 3.01 - \$ 4.00	164,282	4.21 years	3.60	164,282
\$ 4.01 - \$ 5.00	214,032	4.40 years	4.28	154,032
\$ 7.01 - \$ 8.00	2,319,847	3.89 years	7.90	38,229
\$ 9.01 - \$ 9.25	50,000	7.78 years	9.25	-
\$ 2.87 - \$ 9.25	3,148,872	3.97 years	\$ 6.81	597,254

For the three months ended November 30, 2019, the Company granted 50,000 stock options to employees that will vest in three equal tranches over the next three years.

For the three months ended November 30, 2019, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to \$619,483 (November 30, 2018 - \$662,845).

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(c) Performance-conditioned Restricted Stock Units ("RSUs")

The Company has conditionally granted RSUs (payable in cash or shares of the Company's common stock at the discretion of the Board of Directors) to employees, that may be earned at the end of a one-year performance period, based on each fiscal year ("the performance period"), subject to certain financial metrics for the performance period. In order to earn RSUs a minimum threshold must be achieved, with the maximum number of RSUs being earned upon achievement of the target.

Changes in the number of RSUs outstanding during the three months ended November 30, 2019 and November 30, 2018, were as follows:

	November 30, 2019		November 30, 2018	
	Number of RSUs	Grant price \$	Number of RSUs	Grant price \$
Balance, beginning of period	454,340	\$ 5.91	442,279	\$ 4.77
Granted	-	-	139,834	7.99
Settled	(61,358)	5.70	-	-
Forfeited	(1,643)	7.99	-	-
Balance, end of period	391,339	\$ 5.93	582,113	\$ 5.54

The fair value of RSUs awarded is determined at grant date calculated based on the five-day volume weighted average price of the Company's common shares preceding grant date and the related stock compensation expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are satisfied. The number of RSUs awarded is determined based on the fair market value of those RSUs on the date granted.

During the first quarter of fiscal year 2020, the Company settled 61,358 RSUs and recorded a fair value adjustment of \$204,575 (November 30, 2018 - \$nil) to recognize the incremental stock compensation expense incurred to cash settle the RSUs.

For the three months ended November 30, 2019, the Company recorded an expense to recognize vesting of RSUs granted to employees and directors of the Company equal to \$261,545 (November 30, 2018 - \$241,056).

(d) Deferred Stock Units ("DSUs")

Independent members of the Company's Board of Directors are paid a portion of their annual retainer in the form of DSUs, which vest on the date determined by the Board of Directors. In addition, certain employees of the Company are granted DSUs that form part of their compensation arrangement. The underlying security of DSUs are the Company's common shares, which are valued based on their volume weighted average closing price for the five trading days prior to the date on which the DSUs are granted. The DSUs will be settled by the issuance of common shares by the Company unless, subject to the consent of the Company, the Director elects to receive cash in lieu of common shares.

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Changes in the number of DSUs outstanding during the three months ended November 30, 2019 and November 30, 2018, were as follows:

	November 30, 2019		November 30, 2018	
	Number of DSUs	Grant Price \$	Number of DSUs	Grant price \$
Balance, beginning of period	109,385	\$ 6.43	69,278	\$ 5.33
Granted	21,581	9.19	20,822	7.80
Balance, end of period	130,966	\$ 6.88	90,100	\$ 5.90

The fair value of DSU's awarded is determined at grant date calculated based on the volume weighted average price of the Company's common shares for the five business days preceding grant date and the related salary expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are satisfied, if any. The number of DSUs awarded is determined based on the fair market value of those DSUs on the date credited.

For the three months ended November 30, 2019, the Company recorded an expense to recognize DSUs granted to directors of the Company totaling to \$198,250 (November 30, 2018 - \$162,500).

14. Supplemental cash flow information

The following table provides details on changes in non-cash working capital items for the three months ended November 30, 2019 and November 30, 2018:

	November 30, 2019	November 30, 2018
Trade and other receivable	\$ (1,708,922)	\$ 171,398
Prepaid and other current assets	(498,176)	(12,214)
Contract cost assets	(48,792)	(39,572)
Loans and other assets	54,950	30,556
Trade and other liabilities	(1,467,923)	(7,980,613)
Deferred revenue	-	(3,288,650)
Contract liabilities	5,975,610	4,433,461
	\$ 2,306,747	\$ (6,685,634)

15. Revenue:

In the following table, revenue is disaggregated by the Company's lines of business:

	November 30, 2019	November 30, 2018
Benefit Solutions	\$ 25,104,380	\$ 23,093,445
Consulting Solutions	17,410,757	11,253,010
HR Solutions and Other	1,791,962	1,995,408
	\$ 44,307,099	\$ 36,341,863

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16. Finance expenses:

The Company's finance expenses for the three months ended November 30, 2019, and November 30, 2018, were comprised of the following:

	Note	November 30, 2019	November 30, 2018
Interest and finance costs on long-term debt		\$ 520,195	\$ 362,436
Other finance costs, net		117,164	117,711
Non-cash finance costs			
Accretion on lease liabilities		130,345	-
Accretion on other financing instruments		204,548	125,825
Change in estimated fair value of non-controlling interest put options	10	1,788,129	2,138,517
Change in estimated fair value of other financing instruments		69,793	37,544
		2,192,815	2,301,886
		\$ 2,830,174	\$ 2,782,033

Accretion expenses on financing instruments represent the implied interest cost related to non-interest bearing vendor take-back loans initially recognized on a discounted basis (see note 11).

17. Financial instruments:

Fair value measurement

The Company's financial instruments measured at fair value through profit or loss include contingent consideration obligations and non-controlling interest put options. The valuation techniques used to measure level 3 financial instruments are described in the referenced notes.

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The following presents the Company's assets and liabilities measured at fair value on a recurring basis and categorized by hierarchy level:

	(Quoted prices in an active market for identical assets) Level 1	(Significant other observable inputs) Level 2	(Significant other unobservable inputs) Level 3
November 30, 2018			
Contingent consideration obligations	-	-	3,393,247
Non-controlling interest put options	-	-	56,055,718
November 30, 2019			
Contingent consideration obligations	-	-	1,339,737
Non-controlling interest put options	-	-	56,914,999

The carrying value of the Company's trade and other receivables, trade payables, accrued and other liabilities approximate their fair values due to the immediate or short-term maturity of these instruments. The carrying value of the long-term debt approximates its fair value as the interest rates are consistent with the current rates offered to the Company for debt with similar terms. The carrying value of the other non-current assets approximates its fair value as the interest rates are consistent with the current rates offered by the Company for loans with similar terms.

18. Expenses by nature:

The Company's expenses for the three months ended November 30, 2019, and November 30, 2018, were comprised of the following:

	Note	November 30, 2019	November 30, 2018
Personnel and compensation		\$ 29,148,234	\$ 23,318,442
General and administrative		7,217,249	6,512,076
Administration fees		1,768,262	1,107,414
Public company costs		139,233	92,772
		38,272,978	31,030,704
Depreciation and amortization	5, 6	5,219,324	3,334,193
Finance expenses	16	2,830,174	2,782,033
		\$ 46,322,476	\$ 37,146,930

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The Company's operating expenses and acquisition, integration and reorganization costs, as reported on the condensed statement of comprehensive income (loss), for the three months ended November 30, 2019, and November 30, 2018, were comprised of the following:

	November 30, 2019	November 30, 2018
Operating expenses	\$ 33,167,335	\$ 28,857,683
Acquisition, integration and reorganization costs	5,105,643	2,173,021
	\$ 38,272,978	\$ 31,030,704

For the three months ended November 30, 2019, the Company incurred \$5,105,643 (November 30, 2018 - \$2,173,021) of acquisition, integration and reorganization costs. Acquisition, integration and reorganization costs are comprised of the following:

- Professional fees, personnel and compensation, and other non-recurring incremental costs incurred to secure and complete specific acquisitions;
- Non-operating outlays, which include personnel and compensation and general and administrative expenses, that are associated with integrating acquired operations into the Company's business model subsequent to completion of an acquisition;
- Non-recurring outlays including consulting, recruiting, and severance costs associated with reorganization of operations; and
- Post-acquisition transactions arising from business combinations that are not included in the determination of the purchase consideration.

19. 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. Management's view is that 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.

20. Related parties:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Officers are key management personnel. In addition to their salaries, the Company also provides non-cash benefits and participation in the Employee Share Purchase Plan (see note 13(a)) and Security Based Compensation Plan (see note 13(b), (c), (d)).

During the first quarter of fiscal year 2020, the Company accrued an additional \$1,432,400 in accordance with a settlement agreement related to the retirement of the Company's President.