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

Experience the Benefits of People

For the Quarter and Year ended August 31, 2020

PEOPLE CORPORATION

Management's Discussion & Analysis
For the Quarter and Year ended August 31, 2020

This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of December 7, 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, 2020, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), unless otherwise specified. 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 (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 benefits 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".

The Company, along with other businesses throughout the world, is continuing to monitor and address the impact of the COVID-19 pandemic. The Company remains focused on minimizing the risk and impact to our business as well as all stakeholders, including employees, clients and shareholders. For a complete discussion of the impact on COVID-19, see "Overview of Operating Performance" section of this MD&A.

FINANCIAL HIGHLIGHTS

The Company's financial results for the three and twelve months ended August 31, 2020, 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 fiscal year acquisitions of Collage Technologies Inc. ("**Collage**"), Apri Group of Companies ("**Apri**"), Robin Veilleux Assurances et Rentes Collectives Inc. ("**RVARC**"), and Integrated Benefit Consultants Ltd. ("**IBC**") are reflected in the current period.

	For the three months ended		For the year ended	
	August 31, 2020 [1]	**August 31, 2019**	**August 31, 2020** [1]	**August 31, 2019**
Revenue	$ 54,315	$ 43,192	$ 210,847	$ 162,494
Adjusted EBITDA	$ 16,076	$ 9,927	$ 60,695	$ 36,072
Adjusted net earnings	$ 4,219	$ 1,733	$ 15,007	$ 6,221
Net income (loss)	$ (2,815)	$ 2,931	$ (2,246)	$ (2,609)
Net income (loss) per share (basic)	$ (0.04)	$ 0.05	$ (0.03)	$ (0.04)
Adjusted net earnings per share (basic)	$ 0.06	$ 0.03	$ 0.22	$ 0.10

[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 consolidated financial statements for the year ended August 31, 2020, for details.

The Company realized revenue growth for the three months ended August 31, 2020 of $11,123 (25.8%) resulting from:

1. Organic growth of $2,182 (5.1%) primarily recognized due to gaining new clients, increasing product and service penetration with existing clients; and

2. Acquired growth of $8,941 (20.7%) resulting from the acquired operations of ACL, Collage, Apri, RVARC, and IBC.

Adjusted EBITDA for the three months ended August 31, 2020, was $16,076, representing an increase of $6,149 (61.9%), as compared to the same period in fiscal year 2019. Adjusting for the favourable impact of $1,014 from adopting IFRS 16, and $2,700 of government assistance provided to select subsidiaries through the Canada Emergency Wage Subsidy ("CEWS"), Adjusted EBITDA for the three months was $12,362, representing an increase of $2,435 (24.5%) as compared to the same period in fiscal year 2019. Growth in Adjusted EBITDA for the fourth quarter was primarily driven by contributions from acquired operations, organic revenue growth and general and administrative expense savings in the fourth quarter. The incremental general and administrative expense savings resulted from reduced discretionary spending in light of the current economic environment, including travel and business development. The factors increasing Adjusted EBITDA were partially offset by higher variable compensation expenses tied directly to the higher revenue and an expanded staff complement to accommodate growth in operations and the launch of our new disability management service during the year. In addition, the Company incurred higher administration fees related to the new services launched earlier in the year.

The Company reported Net loss for the three months ended August 31, 2020, of $2,815, a decrease of $5,746 as compared to the Net income of $2,931 reported in prior fiscal year due to increased fair value adjustments related to non-controlling interest and contingent consideration obligations, higher depreciation and amortization expense, increased equity-based REI, partially offset by increase in Adjusted EBITDA of $6,149, as described above.

The Company realized strong revenue growth for the year ended August 31, 2020 of $48,353 (29.8%) resulting from:

1. Organic growth of $14,988 (9.2%) was recognized primarily from gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors; and

2. Acquired growth of $33,365 (20.6%) resulting from the acquired operations of ACL, Collage, Apri, RVARC, and IBC.

Adjusted EBITDA for the year ended August 31, 2020, was $60,695, representing an increase of $24,623 (68.3%) as compared to the same period in fiscal year 2019. Excluding the favourable impact of $3,767 from adopting IFRS 16, along with $4,700 of government assistance provided to select subsidiaries through the CEWS, Adjusted EBITDA for the year ended August 31, 2020 was $52,228, representing an increase of $16,156 (44.8%), as compared to the same period in fiscal year 2019. Growth in Adjusted EBITDA during the year was primarily driven by contributions from acquired operations and organic revenue growth, partly from the launch of new services, and the decrease in general and administrative expense as discussed above. The factors increasing Adjusted EBITDA were partially offset by higher variable compensation expenses tied directly to the higher revenue and investments made in personnel and compensation throughout the Company in order to expand the leadership team to drive organic growth.

The Company reported Net loss for the year ended August 31, 2020, of $2,246, an improvement of $363 as compared to the prior fiscal year due to an increase in Adjusted EBITDA of $24,623, as described above, partially offset by higher depreciation and amortization expense, increased finance expenses primarily from increased changes in the fair value of non-controlling interest and contingent consideration obligations as well as higher accretion expenses from the adoption of IFRS 16, increased acquisition, integration and reorganization activities in order to support acquisitions completed during the year and drive future growth, increased income taxes and equity-based REI.

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 1,070 professionals and support staff with 43 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.

ACL Student Benefits Ltd.

ACL Student Benefits Ltd. ("**ACL**"), established in 1998, provides consulting services related to health and dental benefits to student associations at Canadian post-secondary education institutions, and to international students attending Canadian universities and colleges, primarily in Ontario, Alberta and New Brunswick. ACL's office is located in Toronto.

Apri Group of Companies

Apri Group of Companies, ("**Apri**"), provides group benefits consulting and group benefits Managing General Agents ("MGA") services in Canada. Apri's office is located in Richmond Hill.

Bencom Financial Group Services Inc.

Bencom Financial Services Group Inc. ("**Bencom**"), established in 1982, provides group benefit, group retirement and individual benefit advisory services to mid-market corporate clients located primarily in Ontario. Bencom's office is located in Kitchener.

Benefit Partners Inc.

Benefit Partners Inc. ("**BPI**"), established in 1995, provides employee benefits, group retirement and HR consulting services to companies of all sizes from a variety of industries. BPI's offices are located in Sudbury, Port Colborne and Barrie.

Buffett Taylor & Associates

Buffett Taylor & Associates ("**Buffett Taylor**"), established in 1981, provides group benefit advisory services specializing in the public sector and not-for-profit marketplace, with specific expertise with municipal, healthcare and education group plans. Buffet Taylor's office is located in Whitby.

Gallivan Student Health & Wellness

Gallivan Student Health & Wellness ("**Gallivan**"), established in 1993, provides professional advice and service infrastructure to post-secondary student organizations in order to offer group benefit programs to students. Gallivan operates on a national basis with offices and satellite offices across the country.

Group Retirement Solutions

Group Retirement Solutions ("**GRS**") focuses on enhancing and expanding upon the Company's existing group retirement products and client service model. The mandate of the division is to provide support services to the Company's benefit consultants to facilitate and help them expand their service offering to clients by adding Group Retirement Solutions.

Hamilton + Partners Inc.

Hamilton + Partners Inc., established in 1984, consists of three operating companies, Employee Benefits Inc. ("**EBI**"), Disability Concepts Inc. ("**DCI**") and 6814409 Canada Incorporated ("**681**"), (collectively "**H+P**"). EBI is a group benefits consulting firm that provides service predominantly to Alberta-based small to large corporate clients with group benefit plans and group retirement solutions. DCI provides unique disability and critical illness solutions designed to balance employer interests of cost savings and product enhancements with employee concerns and adequate coverage. 681 provides specialized medical insurance products which expedites access to medical imaging and rapid second opinion as well as coverage for private medical treatments. H+P's office is located in Calgary.

Integrated Benefit Consultants Ltd.

Integrated Benefit Consultants Ltd. ("**IBC**"), established in 1997, provides group benefits consulting services for corporate clients located in Alberta. IBC's office is located in Red Deer.

Integrated Solutions

Integrated Solutions ("**IS**") provides group benefit advisory services with a focus on unique strategic and tax effective compensation solutions designed to realign the competing needs of the business and the people in it. IS provides its specific expertise through a network of third party insurance brokers who do not traditionally serve group benefit needs.

JSL

JSL ("**JSL**"), established in 1976, provides group benefit solutions to clients based in southern Ontario and specializes in mid-market corporate clients. JSL's office is located in Toronto.

Lane Quinn Benefit Consultants

Lane Quinn Benefit Consultants (“**Lane Quinn**”), established in 2001, a leading group benefits consulting firm in the Alberta market, services mid-market companies and municipalities. Lane Quinn provides group benefit and group retirement advisory services, with a strong focus on value-added consulting advice. Lane Quinn has offices located in Calgary, Edmonton and Vancouver.

Life Benefit Solutions Inc. ("Life")

Life Benefit Solutions ("**Life**"), established in 2005, provides a highly differentiated employee benefits and retirement solution offering focused on First Nation communities and organizations.

Prosure Group

Prosure Group ("**Prosure**"), established in 1987, provides customized employee benefits and administrative services, including the design and adjudication of cost plus arrangements and health spending accounts, as well as access to a proprietary third party administration platform. Prosure's office is located in Toronto.

Robin Veilleux Assurances et Rentes Collectives Inc.

Robin Veilleux Assurances et Rentes Collectives Inc. (“**RVARC**”), established in 1998, provides group benefits consulting services for companies based in Quebec. RVARC's office is located in Quebec City.

Silverberg & Associates Inc.

Silverberg & Associates (“**Silverberg**”), established in 1996, provides specialized employee benefits consulting and group retirement solutions to companies of all sizes from a variety of industries through its broad product portfolio and sophisticated plan design. Silverberg has offices located in Calgary, Edmonton and Lethbridge.

The Investment Guild

The Investment Guild (“**TIG**”), established in 1981, specializes in mid-market corporate benefits, association plan benefits, group retirement solutions and individual insurance products. TIG's office is located in Toronto.

White Willow Benefit Consultants

White Willow Benefit Consultants (“**White Willow**”), established in 1988, provides group benefit and group retirement advisory services, with specific expertise servicing legal firms and organizations within the financial services sector. White Willow's office is located in Toronto.

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 benefits 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.

BPA Financial Group Ltd.

BPA Financial Group Ltd. ("**BPA**"), established in 1958, provides group benefit and group retirement consulting, advice, trust management, group benefit and pension administration, consulting and claims management services to large multi-employer trust organizations and numerous other organizations across Canada. BPA has offices located throughout Ontario and Eastern Canada.

Collage Technologies Inc.

Collage Technologies Inc. (“**Collage**”), established in 2016, provides cloud-based digital human resources, employee administration and payroll solutions to SMB's in Canada. Collage's office in located in Toronto, Ontario.

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.

Coughlin & Associates Ltd.

Coughlin & Associates Ltd. ("**Coughlin**"), established in 1958, provides group benefit and group retirement consulting, advice, trust management, group benefit and pension administration, and claims management services to multi-employer unions and public service organizations, and single-employer corporations. Coughlin has offices in Ottawa and Winnipeg.

HealthSource Plus

HealthSource Plus / SourceSanté Plus ("**HSP**"), established in 1992, provides group benefit consulting, advice, group benefit administration, billing services, reporting services, client communication, employee data management and claims management for small to medium-sized companies across Canada. HSP has offices in Toronto, Montreal, Niagara and Winnipeg.

Prosure Group

Prosure, established in 1987, provides group benefit advisory and administration services specializing in Health Spending Accounts and Cost-Plus Accounts. Prosure's office is located in Toronto.

Skipwith & Associates Insurance Agency Inc.

Skipwith & Associates Insurance Agency Inc. ("**Skipwith**"), established in 1988, provides group benefit and group retirement consulting, advice, group benefit and pension administration, and claims management services to corporations, unions and public service organizations in the Ontario region. Skipwith's office is located in Barrie.

Sirius Benefit Plans Inc.

Sirius Benefit Plans Inc. ("**Sirius**"), established in 1996, administers and provides proprietary employee benefit programs for small to medium-sized employers through a network of independent associate brokers located across Canada. Sirius' office is located in Winnipeg.

Assurances Dalbec

Assurances Dalbec ("**Dalbec**"), established in 1975, administers and provides employee benefit plans for small to medium-sized companies in the Quebec market. Dalbec's office is located in Montreal.

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 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 offering of 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.

People First HR Services Ltd.

People First HR Services Ltd. (“**PFHR**”), established in 2000, is Manitoba's largest full service human resource provider. PFHR through its various brands delivers high quality leadership and organizational solutions and contributes to the success of its clients by working with them to: recruit top talent; discover the full potential of each of their employees; realize the collective strength of a highly engaged workforce; and support employees and employers during times of change. They leverage the experience base of the firm and the efficiency of its processes to create workable and timely solutions that deliver great value for clients.

Health Solutions

Health Solutions focuses on providing the Company's corporate clients with a suite of products, including People Connect, and service offerings that will help manage the increasing costs of absenteeism, presenteeism, and loss of productivity. People Connect is an end-to-end proprietary virtual therapy solution designed to address the mental health needs of our clients and their employees.

Marketing & Communications

The Marketing & Communications division is responsible for both brand awareness and transition across the organization to facilitate the acquisition of new clients, businesses and recruitment prospects. It is further responsible for the Company's online presence, the production of field marketing materials that support our benefit consultants, as well as both internal and external communications.

Talent Acquisition

Talent Acquisition focuses on internally sourcing, attracting, and hiring top talent into the Company. Its mandate is to fill vacant positions in the Company in a timely and cost effective manner.

Business Development Representatives

The Business Development Representatives ("**BDR**") division is an inside sales department responsible for generating qualified leads for the Company's benefit consultants. BDR identifies companies and their decision makers in order to qualify, create, and develop sales opportunities. The purpose of the department is to create and heighten People Corporation awareness to potential prospects as well as to generate leads for the consultants to ultimately increase the number of clients and to increase organic revenue growth.

BUSINESS ENVIRONMENT AND STRATEGY

As at December 7, 2020, the Company's business environment continues to be impacted by the COVID-19 pandemic.

Industry

Many companies are increasingly utilizing employer-sponsored benefit programs as one of the tools to help them attract and retain employees in today's competitive market for talent. However, they are challenged in doing so because of the increasing cost of providing such programs to employees, which is driven by rising insurance premiums as a result of factors such as increasing healthcare costs, the entry of costly new drugs and treatments, the advent of new medical services, higher utilization rates, and the overall aging demographics of the workforce. Given these factors, companies are looking for value-added advice with respect to plan design, and strategies to minimize the cost of plans while continuing to provide competitive benefit programs that appeal to employees.

Concurrent with the evolution in client demands as described above, the supplier base for group benefits and group retirement products and services, which is primarily the insurance carriers, continues to consolidate, leading to fewer alternatives for benefit consultants to work with when devising and pricing benefit plans. At the same time, competition has increased not only from traditional market players, but also from new players focused on technology-based solutions, as well as from market participants who have traditionally focused on other segments of the market or adjacent sectors. Finally, the regulatory environments that can impact benefit and group retirement programs continue to evolve, not only as it relates to the products and services themselves (e.g. pension plan regulations), but also as it relates to the provision of products and services. Given these market dynamics, scale is becoming increasingly important.

The Canadian market for group benefits, group retirement and HR consulting products and services is dominated by many small players and a few large multinational firms. Historically, the market has been segregated by size: small and medium-sized enterprises have traditionally been serviced by a large number of small regional and local market players, providing a relatively narrow range of products and services, generally priced on a commission-based structure. The balance of the industry, which is focused on large employers and government accounts, has traditionally been serviced by a small number of multinational consulting firms, with a broader scope of services, primarily offered on fee-based structures. While a significant amount of consolidation has occurred among players servicing large enterprises (i.e. consolidation among the multinational consulting firms), the segment of the market servicing small and medium-sized enterprises continues to be highly fragmented, with a significant number of small firms, many of which are encountering succession planning issues given the demographic characteristics of their consultant owners, servicing this market. Management believes that this, along with the increasing need for scale as described above, suggests that consolidation in this segment of the market is likely to continue.

Management believes that the current dynamics in the group benefits, group retirement and HR consulting sectors will continue to drive change within the industry, likely at an accelerating pace. In order to provide a compelling value proposition to employers, benefits, group retirement and HR consultants must provide innovative products, specialized services and customized solutions. Furthermore, in a highly competitive environment, consultants need to find ways to be more efficient and cost effective. As a result of these environmental factors, scale is increasingly important in these sectors.

OVERVIEW OF OPERATING PERFORMANCE

As it has been well-publicized, measures to contain the COVID-19 pandemic are currently impacting national and global economies, which has led to a contraction in economic activity and higher unemployment levels. Canadian governments began gradually easing containment measures in May 2020 resulting in a rebound of economic activity and lower unemployment levels, but a full recovery is expected to be slow and gradual. While the Company experienced lower healthcare claims volumes and related revenues in certain segments of the business in both the third and fourth quarters, this did not have a material effect on the overall financial results in either period due to other compensating factors. Healthcare claims volumes and the related revenues have continued to improve and are approaching volumes consistent with pre pandemic levels as plan members and service providers adjust to the new environment. However, the overall impact of the COVID-19 pandemic is still uncertain and dependent on the progression of the virus and actions taken by governments, businesses and individuals and the Company does expect to continue to see an impact on its overall business in the coming months as a result of these measures and the general slowdown of the economy.

The Company has taken appropriate steps to ensure it is well positioned to continue providing top-tier service to its clients and building value for shareholders during this period of uncertainty that has resulted in slowing national and provincial economies. The Company continues to operate with the majority of our employees working remotely to provide service to clients and maintain operations. While we have prepared a plan for a gradual return to the office when conditions are safe to do so, we will continue to operate in this manner as appropriate. We have made adjustments to our operations across each of our businesses to provide clients with extra support for COVID-19 related business matters. The actions taken to date have positioned the Company to successfully navigate the current environment and at the same time to provide clients with the service and support they need.

While most businesses, including People Corporation, will be impacted by an event such as the COVID-19 pandemic, it is important to consider some of the underlying core attributes of the Company's business:

- Essential aspect of the Company's services - The services provided by the Company have been deemed "essential". Historically, and during times of broader economic stress, most organizations across all sectors continue to retain benefits coverage for their employees, even during periods with layoffs, and in many ways these benefits become increasingly important for employees in times of need.

- Client diversification and concentration in less cyclical sectors - The Company's client base is well-diversified by size, industry sector and geography, with a significant portion of clients in historically more stable or less cyclical sectors including: hospitals, municipalities, unions, universities, schools, and utilities.

- Variable costs - A meaningful portion of the Company's cost structure is variable in nature, either adjusting naturally to fluctuations in revenue, or residing within the Company's control, offering the Company flexibility to adjust its cost structure as necessary, without sacrificing service levels.

- Positioned to provide cost containment for clients - During past periods of economic disruption, the Company has proven its ability to gain new business through its differentiated value proposition and consulting expertise. The Company's offerings are already positioned to meet clients' and potential clients' needs for benefits plan cost containment and solutions for a multi-generational workforce.

- Consolidated statements of financial position - The Company had $43,080 in cash and cash equivalents as at August 31, 2020, undrawn credit lines of $42,000, plus an additional $5,000 swingline commitment and a $50,000 accordion that were both undrawn as at the end of the year. The Company had $78,000 of debt as at August 31, 2020. During the fiscal year 2020, the Company completed two bought deal equity financings for net proceeds of $85,049.

The above attributes, combined with the strong performance of the business through the third and fourth quarters of this year, positions the Company well to manage the current environment and to continue to leverage opportunities for the future.

Notable Milestones:

Completed the following strategic acquisitions:

- RVARC, a leading provider of group benefits consulting services based in Quebec, significantly increasing the Company's presence in one of Canada's largest provinces;

- Collage, a leading cloud-based digital human resource employee benefits administration and payroll solution provider based in Ontario. The acquisition provides an entry into adjacent markets, expands the Company's administrative and technological capabilities and also expands the breadth and depth of the Company's product and service offering and the plan member experience;

- IBC, a provider of group benefits consulting services for companies throughout Alberta, increasing the Company's presence in Western Canada; and

- Apri, one of the largest independent group benefits MGA and group benefits consulting firms in Canada with an established presence in multiple provinces and a strong reputation for innovative, client focused solutions. 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.

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

- Appointed Brevan Canning President of People Corporation, effective May 21, 2020. Brevan has been with People Corporation since its inception in 2007 and has held senior leadership roles in its Third Party Administration, Group Benefits Consulting and Corporate and Shared Services business units. Most recently, he was Executive Vice President and Group Head, Group Solutions;

- Hired a head of Client Experience responsible for leading all aspects of the Client Experience organization and reinforcing a client-first culture throughout the Company;

- Re-organized senior leadership responsibilities to drive go to market effectiveness;

- Hired talent with expertise in three distinct market segments: group retirement, disability, and enterprise clients; and

- Hired talent throughout the country to support and further grow our expanded network of third party consultants.

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

- Expanded and enhanced the Client Excellence team to better support consultants and our clients;

- Continued to refine the recently launched MGA solution providing back office support to our third party consultants; and

- Initiated the consolidation and enhancement of the current client and back office platforms.

Launched new solutions, including:

- A suite of virtual health solutions including: a 24/7 online healthcare on the go solution; an on-demand virtual care application providing members and their families with direct access to medical consultants; an online prescription delivery offering; a healthcare navigation solution providing a single point of contact throughout diagnosis, treatment and rehabilitation; and a second opinion medical program to assist members and their families with making informed decisions regarding their health;

- People Connect, a new online mental health solution for clients; and

- A disability management and administration system solution.

Completed two private placement common share offerings issuing 10,483,500 shares for total net proceeds of $85,049 during the fiscal year.

Growth Through Acquisitions

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

While the Company temporarily paused acquisitions during the previous quarter in light of the current environment, acquisition activity has resumed and activity is robust.

Management will consider acquisitions ranging in size and structure and all share the characteristic of having a strong underlying strategic rationale, which may include enhancing the Company's position in existing markets, 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 Company. In the past three fiscal years, eleven transactions have been completed.

The following acquisitions were completed during the year ended August 31, 2020:

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.

On January 30, 2020, the Company acquired RVARC, a national provider of group benefits consulting services for companies based in the province of Quebec. The addition of RVARC significantly increases the Company's presence in one of Canada's largest provinces.

On February 21, 2020, the Company acquired IBC, a national provider of group benefits consulting services for companies throughout the province of Alberta. This acquisition has increased the Company's presence in Western Canada.

The following acquisitions were completed subsequent to the year ended August 31, 2020:

On October 2, 2020, the Company acquired Encompass Benefits & HR Solutions Inc. ("Encompass"), a regional group benefits and group retirement consulting firm headquartered in Kelowna, British Columbia.

On October 29, 2020, the Company acquired Watermark Benefit Consulting Inc. ("WBC") headquartered in Calgary, Alberta. WBC designs and delivers group benefits and group retirement solutions with deep expertise to serving organizations with international employee bases.

On December 1, 2020, the Company acquired Alliance Pour La Santé Etudiante Au Quebec Inc. ("ASEQ"), a provider of student health and dental benefits as well as wellness solutions headquartered in Montreal, Quebec.

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.

Since early March 2020, the Company, like many businesses in Canada and across the globe, has had to adjust and adapt to the daily changes as a result of the COVID-19 pandemic. Canada has implemented many measures, including travel bans, self-imposed quarantine periods, and social distancing, which has caused disruption to the operation of almost all businesses, resulting in economic slowdown. There are significant uncertainties with respect to future developments and impact to the Company related to the COVID-19 pandemic, including the duration, severity, and scope of the outbreak and the measures taken by governments and businesses to contain the pandemic. While the impact of COVID-19 is expected to be temporary, the current circumstances are rapidly evolving and the impacts on our business cannot be reasonably estimated at this time, such as the duration and impact on our customers and other service providers. Please see the earlier discussion in the section "Overview of Operating Performance".

Over the long term, the company will continue to leverage the investments in people, technology, and other organizational resources to continue to pursue growth opportunities both organically, by increasing its existing business by gaining new clients and increased penetration of products and services within its existing client base and 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 long-term 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 consolidated financial statements for the year ended August 31, 2020, 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		For the year ended	
	August 31, 2020	**August 31, 2019**	**August 31, 2020**	**August 31, 2019**
Net income (loss)	**$ (2,815)**	**$ 2,931**	**$ (2,246)**	**$ (2,609)**
Add (deduct):				
Change in estimated fair value of non-controlling interest put option (non-taxable)	5,758	41	10,006	8,518
Change in estimated fair value of other financing instruments (non-taxable)	1,291	(2,111)	3,273	(2,111)
Acquisition, integration and reorganization costs (net of tax)	2,068	2,038	10,994	7,512
Equity-based REI (non-taxable)	(2,083)	(1,166)	(7,020)	(5,089)
Adjusted net earnings	**$ 4,219**	**$ 1,733**	**$ 15,007**	**$ 6,221**
Weighted average number of common shares (basic)	71,884,278	60,918,514	68,628,524	60,767,364
Adjusted net earnings per share (basic)	$ 0.06	$ 0.03	$ 0.22	$ 0.10

For the three months ended August 31, 2020, Adjusted net earnings increased by $2,486. The increase is primarily due to an increase in Adjusted EBITDA of $6,149, partially offset by an increase in depreciation and amortization expense of ($3,183), income taxes (net) of ($672), share-based compensation of ($58), and a decrease in interest on long-term debt of $250. The increase in Adjusted net earnings is partially offset by an increase in equity-based REI due to newly acquired entities in the year.

For the year ended August 31, 2020, Adjusted net earnings increased by $8,786. The increase is primarily due to an increase in Adjusted EBITDA of $24,623, partially offset by the increase in depreciation and amortization expense of ($10,657), income taxes (net) of ($3,778), share-based compensation of ($390), and interest on long-term debt of ($1,012). The increase in Adjusted net earnings is partially offset by an increase in acquisitions, integration and reorganization costs and equity-based REI due to newly acquired entities in the 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		For the year ended	
	August 31, 2020	**August 31, 2019**	**August 31, 2020**	**August 31, 2019**
Net income (loss)	$ **(2,815)**	$ **2,931**	$ **(2,246)**	$ **(2,609)**
Add:				
Depreciation, amortization and impairment losses	6,998	3,815	25,242	14,585
Finance expenses, net	8,086	(783)	18,049	10,165
Income taxes, net	2,090	1,381	7,180	4,629
Standardized EBITDA	**14,359**	**7,344**	**48,225**	**26,770**
Add:				
Acquisition, integration and reorganization costs	2,777	2,784	14,972	10,263
Compensation-based REI	686	672	3,126	2,864
Share-based compensation	1,023	965	4,518	4,128
Adjusted EBITDA before REI	**18,845**	**11,765**	**70,841**	**44,025**
Deduct:				
Compensation-based REI	(686)	(672)	(3,126)	(2,864)
Equity-based REI	(2,083)	(1,166)	(7,020)	(5,089)
Adjusted EBITDA	**16,076**	**9,927**	**60,695**	**36,072**
Adjusted EBITDA before REI as a % of Revenue	34.7 %	27.2 %	33.6 %	27.1 %
Adjusted EBITDA as a % of Revenue	29.6 %	23.0 %	28.8 %	22.2 %

Adjusted EBITDA before REI for the three months ended August 31, 2020 was $18,845, an increase of $7,080, or 60.2%, from $11,765 reported for the same period in the prior year.

Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $11,123 (25.8%), which resulted from the following:
  - Organic revenue growth of $2,182 (5.1%) resulting primarily from launching of new services during the year, gaining new clients, increasing product and service penetration with existing clients;
  - Acquisitive revenue growth of $8,941 (20.7%) from ACL, Collage, Apri, RVARC, and IBC.
- Increased personnel and compensation expenses of $3,360, which were favourably impacted by $2,700 of government assistance from the CEWS. The increase was primarily attributable to an increased employee count from the acquired operations representing $4,600 of the change, and an increase of $1,460 relating to higher variable compensation expenses tied directly to increased revenue, an expanded staff complement to accommodate current growth in operations and the launch of our new disability management service during the year, and marginal growth within the Corporate support functions;
- An increase of other operating costs of $1,697, primarily as a result of acquired operations and higher administration fees relating to the launch of our new services. This increase has been partially offset by a reduction in general and administrative expenses as a result of reduced travel and business development costs during the COVID-19 pandemic; and
- The favourable impact from adopting IFRS 16, as $1,014 of lease expenses are no longer included in operating expenses.

For the three months ended August 31, 2020, Adjusted EBITDA before REI as a percentage of Revenue was 34.7%, which has increased from 27.2% reported for the same period in the prior year. Adjusting for the favourable impact of $1,014 from adopting IFRS 16, and $2,700 of government assistance provided through the CEWS, Adjusted EBITDA before REI as a percentage of Revenue was 27.9%, which has increased from 27.2%, partially driven by incremental general and administrative expense savings resulting from reduced discretionary spending in light of the current economic environment, including travel and business development.

Adjusted EBITDA for the three months ended August 31, 2020 was $16,076, an increase of $6,149, or 61.9%, from $9,927 reported for the same period in the prior year. Adjusting for the favourable impact of $1,014 from adopting IFRS 16, and $2,700 of government assistance provided through the CEWS, Adjusted EBITDA after REI was $12,362, representing an increase of $2,435, or 24.5%. The increase is primarily due to the contribution from organic revenue growth and to a lesser extent, the favourable impact of higher Adjusted EBITDA margins from recent acquisitions, and incremental general and administrative expense reductions during the COVID-19 pandemic that the Company expects will increase in future. Adjusting for the favourable impact of IFRS 16 and government assistance, Adjusted EBITDA after REI as a percentage of Revenue was 22.8%, which has decreased from 23.0%. The decrease in the Adjusted EBITDA after REI as a percentage of Revenue is primarily driven by increased personnel and compensation tied to an expanded staff complement to accommodate increased revenue and higher administration fees tied to new product. The increase in Adjusted EBITDA is due to the above factors affecting Adjusted EBITDA before REI, along with an increase in equity based REI of $917 (78.6%) compared to the same period in the prior year.

Adjusted EBITDA before REI for the year ended August 31, 2020, was $70,841, an increase of $26,816, or 60.9%, from $44,025 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $48,353, which resulted from the following:
  - Increased contribution of run rates from acquisitions; and
  - Organic growth resulting from the addition of new clients and natural inflationary factors.
- An increase in personnel and compensation expenses of $18,057, which were favourably impacted by $4,700 of government assistance from the CEWS program. The increase was primarily attributable to an increased employee count from acquired operations representing $15,771 of the change, and an increase of $6,986 relating to higher variable compensation expenses tied directly to increased revenue and an expanded staff complement to accommodate current growth in operations, and marginal growth within the Corporate support functions;
- An increase of other operating costs of $7,247, primarily as a result of acquired operations and higher administration fees relating to the launch of our new services. This increase has been partially offset by a reduction in general and administrative expense as described above; and
- The favourable impact from adopting IFRS 16, as $3,767 of lease expenses are no longer included in operating expenses.

For the year ended August 31, 2020, Adjusted EBITDA before REI as a percentage of Revenue was 33.6%, which has increased from 27.1% reported for the same period in the prior year. Excluding the favourable impact of adopting IFRS 16 and government assistance provided through the CEWS, Adjusted EBITDA before REI as a percentage of Revenue was 29.6%, which has increased from 27.1%. The increase in Adjusted EBITDA before REI, as a percentage of Revenue is primarily due to the favourable impact from higher organic revenue growth, along with higher Adjusted EBITDA margins from recent acquisitions, and reduced general and administrative expenses.

Adjusted EBITDA for the year ended August 31, 2020 was $60,695, an increase of $24,623, or 68.3%, from $36,072 reported for the same period in the prior year. Excluding the favourable impact of adopting IFRS 16 and government assistance provided through the CEWS, Adjusted EBITDA after REI as a percentage of Revenue was 24.8%, which has increased from 22.2%. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, along with an increase in equity based REI of $1,931 (37.9%), 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		For the year ended	
	August 31, 2020	**August 31, 2019**	**August 31, 2020**	**August 31, 2019**
Adjusted EBITDA	**$ 16,076**	**$ 9,927**	**$ 60,695**	**$ 36,072**
Add:				
Corporate costs	1,461	1,284	5,372	4,986
Operating income before corporate costs	**$ 17,537**	**$ 11,211**	**$ 66,067**	**$ 41,058**

Corporate costs for the three months ended August 31, 2020 were $1,461 compared to $1,284 for the same period in the prior year.

Operating income before corporate costs for the three months ended August 31, 2020 was $17,537 compared to $11,211 for the same period in the prior year. The increase of $6,326 is primarily due to organic growth in Adjusted EBITDA and contributions from acquired operations.

Corporate costs for the year ended August 31, 2020 were $5,372 compared to $4,986 incurred in the same period in the prior year.

Operating income before corporate costs for the year ended August 31, 2020 was $66,067 compared to $41,058 for the same period in the prior year. The increase of $25,009 is primarily due to organic growth in Adjusted EBITDA and contributions from acquired operations.

SELECTED ANNUAL INFORMATION

	August 31, 2020	August 31, 2019	August 31, 2018
Revenue	$ 210,847	$ 162,494	$ 130,518
Net loss	$ (2,246)	$ (2,609)	$ (6,921)
Net loss per share (basic)	$ (0.03)	$ (0.04)	$ (0.13)
Total assets	$ 468,322	$ 327,477	$ 262,555
Total non-current financial liabilities	$ 174,481	$ 148,775	$ 102,426

The Company's revenue compounded annual growth rate ("CAGR") over the past three years was 25.8%. Revenue growth year over year is the result of both organic and acquisitive growth. Organic growth during fiscal year 2020 (9.2%), 2019 (8.9%), and 2018 (10.1%) has remained fairly consistent while acquired growth has fluctuated based on the number, size, and timing of acquisitions completed during fiscal year 2020 (20.6%), 2019 (15.6%), and 2018 (13.2%).

The Net loss reported over the past three fiscal years, has been significantly impacted by fair value adjustments related to management's estimate of future cash outflows related to non-controlling interest put options and contingent consideration obligations; increased amortization of intangible assets related to acquired customer relationships; and continued investment in acquisition, integration, and reorganization activities in order to support completed acquisitions and to drive future growth. Excluding these adjustments, Net loss would have improved each year due to higher EBITDA resulting from increased revenue and gross profit.

The change in total assets and total non-current financial liabilities has been significantly impacted by acquisitions. The increase in total assets is primarily attributable to acquired customer relationships and goodwill. Non-current financial liabilities have primarily increased as a result of financing of acquisitions through non-controlling interest put options, long-term debt and deferred tax liabilities.

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, individual financial services including insurance and wealth management, and subscription fees to access the Company's digital HR service offerings through Collage (Benefits HQ and Collage HR).

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.

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				For the year ended			
	August 31, 2020	**August 31, 2019**	**$ Variance**	**% Variance**	**August 31, 2020**	**August 31, 2019**	**$ Variance**	**% Variance**
	$ 54,315	$ 43,192	$ 11,123	25.8 %	$ 210,847	$ 162,494	$ 48,353	29.8 %

For the three months ended August 31, 2020, the Company experienced revenue growth of $11,123 (25.8%). The Company recognized acquired growth of $8,941 (20.7%) resulting from the acquired operations of ACL, Collage, Apri, RVARC, and IBC. Organic revenue growth of $2,182 (5.1%) is primarily from:

1. The launch of new services early in the year, including a virtual health solution, a disability management service, a claims product and People Connect, a mental health solution;

2. The addition of new clients across all regions; and

3. Increasing product and service penetration with existing clients.

For the year ended August 31, 2020, the Company experienced revenue growth of $48,353 (29.8%) due primarily to revenues from acquired operations of ACL, Collage, Apri, RVARC and IBC, as well as organic growth. The Company recognized acquired growth of $33,365 (20.6%) and organic growth of $14,988 (9.2%). Organic growth is primarily due to the factors affecting the three month period and due to natural inflationary 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				For the year ended			
	August 31, 2020	August 31, 2019	$ Variance	% Variance	August 31, 2020	August 31, 2019	$ Variance	% Variance
	$ 30,674	$ 26,733	$ 3,941	14.7 %	$ 125,338	$ 102,913	$ 22,425	21.8 %

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

Included in personnel and compensation for the three months ended August 31, 2020, is $2,700 in government assistance provided through the CEWS. Adjusting for this favourable impact, the increase in personnel and compensation for the three months ended August 31, 2020 is $6,641. This change is attributable to an increased employee count resulting from the acquisition of ACL, Collage, Apri, RVARC, and IBC representing $4,600, and an increase of $1,474 relating to higher variable compensation expenses tied directly to increases in revenue, an expanded staff complement to accommodate current growth in operations and the launch of our new disability management service early in the year, and marginal growth within the Corporate support functions. Acquisition, integration, and reorganization compensation costs have increased by $509 and share-based compensation costs have increased by $58 during the period.

For the three months ended August 31, 2020, personnel and compensation costs represent 56.5% of revenues (2019 - 61.9%). Adjusting for the favourable impact of government assistance provided through the CEWS, acquisition, integration and reorganization compensation costs, and share-based compensation, personnel and compensation costs as a percentage of revenue for the three months ended August 31, 2020 would have been 55.8% (2019 - 56.1%).

Included in personnel and compensation for the year ended August 31, 2020 is $4,700 in government assistance provided through the CEWS. Adjusting for this favourable impact, the increase in personnel and compensation for the year ended August 31, 2020 is $27,125. This change is primarily due to factors similar to those affecting the three month period with the increased employee count resulting from the acquisitions representing $15,771 and $7,247 relating to increased 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 $3,717, and $390, respectively during the period.

For the year ended August 31, 2020, personnel and compensation costs represent 59.4% of revenues (2019 - 63.3%). Adjusting for the favourable impact of government assistance provided through the CEWS, acquisition, integration and reorganization compensation costs and share-based compensation, personnel and compensation costs as a percentage of revenue for the year ended August 31, 2020, would have been 54.9% (2019 - 57.1%).

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				For the year ended			
	August 31, 2020	**August 31, 2019**	**$ Variance**	**% Variance**	**August 31, 2020**	**August 31, 2019**	**$ Variance**	**% Variance**
	$ 6,382	$ 7,886	$ (1,504)	(19.1)%	$ 27,384	$ 28,089	$ (705)	(2.5)%

For the three months ended August 31, 2020, general and administrative expenses have decreased by $1,504 (19.1%) compared to the three months ended August 31, 2019, primarily due to the following:

- An increase of $752 resulting from a higher general and administrative run rate from the acquisitions;
- A decrease of $515 pertaining to acquisition, integration and reorganization costs relating to lower professional fees; and
- A decrease of $1,741 in all other general and administrative expenses as a result of reduced office and computer supplies, reduced travel and business development costs, and reduced occupancy costs as a result of the adoption of IFRS 16.

For the year ended August 31, 2020, general and administrative expenses have decreased by $705 (2.5%) primarily due to the following:

- An increase of $2,997 resulting from a higher general and administrative run rate from recent acquisitions;
- An increase of $992 pertaining to acquisition, integration and reorganization costs; and
- A decrease of $4,694 in all other general and administrative expenses, including occupancy costs as a result of the adoption of IFRS 16, reduced office and computer supplies, and reduced travel and business development costs.

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				For the year ended			
	August 31, 2020	**August 31, 2019**	**$ Variance**	**% Variance**	**August 31, 2020**	**August 31, 2019**	**$ Variance**	**% Variance**
	$ 6,998	$ 3,815	$ 3,183	83.4 %	$ 25,242	$ 14,585	$ 10,657	73.1 %

Depreciation and amortization expense increased by $3,183 (83.4%) for the three months ended August 31, 2020, as compared to the same period in the prior year. The increase in depreciation and amortization expense pertains primarily to: 1) amortization on customer relationships resulting from an increase in the number of executed transactions during the year, 2) increased depreciation of ROU assets under IFRS 16, and 3) increased amortization on software.

For the year ended August 31, 2020, depreciation and amortization expense increased by $10,657 (73.1%) compared to the prior year. The increase is due to factors similar to those affecting the three month period.

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				For the year ended			
	August 31, 2020	**August 31, 2019**	**$ Variance**	**% Variance**	**August 31, 2020**	**August 31, 2019**	**$ Variance**	**% Variance**
	$ 2,744	$ 1,130	$ 1,614	142.8 %	$ 9,178	$ 4,188	$ 4,990	119.1 %

Administration fees increased by $1,614 (142.8%) for the three months ended August 31, 2020, primarily as a result of a new product launched during fiscal year 2020 by one of the Company's TPA practices.

The increase in administration fees of $4,990 (119.1%) for the year ended August 31, 2020, is due to the factors similar to those affecting the three month period, along with new claims products launched during the first half of fiscal year 2019 and services provided to student benefit clients, partially offset by the Company's ability to leverage its scale to reduce its costs incurred per claim.

Finance Expenses

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

	For the three months ended				For the year ended			
	August 31, 2020	**August 31, 2019**	**$ Variance**	**% Variance**	**August 31, 2020**	**August 31, 2019**	**$ Variance**	**% Variance**
Interest and other finance costs	$ 568	$ 1,109	$ (541)	(48.8)%	$ 3,107	$ 3,043	$ 64	2.1 %
Accretion on financing instruments	469	178	291	163.5	1,663	715	948	132.6
Change in fair value estimates	7,049	(2,070)	9,119	(440.5)	13,279	6,407	6,872	107.3
	$ 8,086	$ (783)	$ 8,869	(1,132.7)%	$ 18,049	$ 10,165	$ 7,884	77.6 %

Finance expenses increased by $8,869 (1,132.7%) for the three months ended August 31, 2020. The change is primarily due to an increase in fair value adjustment related to non-controlling interest put options and contingent consideration obligations, accretion on lease liabilities due to the adoption of IFRS 16, partially offset by a decrease in interest on loans and borrowings.

Finance expenses increased by $7,884 (77.6%) for the year ended August 31, 2020. The change is primarily due to an increase in fair value adjustment related to non-controlling interest put options and contingent consideration obligations, accretion on lease liabilities due to the adoption of IFRS 16 and interest on loans and borrowings.

Public Company Costs

Public Company costs are as follows:

For the three months ended				For the year ended			
August 31, 2020	**August 31, 2019**	**$ Variance**	**% Variance**	**August 31, 2020**	**August 31, 2019**	**$ Variance**	**% Variance**
$ 155	$ 99	$ 56	56.6 %	$ 721	$ 535	$ 186	34.8 %

Public company costs have increased by $56 (56.6%) for the three months ended August 31, 2020. The increase is primarily due to the addition of a director along with an increase in the number of board meetings.

Public company costs have increased by $186 (34.8%) for the year ended August 31, 2020. The increase is due to the same factors noted for the three month period.

SELECTED QUARTERLY INFORMATION

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

	Q4 - 2020 [1]	Q3 - 2020 [1]	Q2 - 2020 [1]	Q1 - 2020 [1]	Q4 - 2019	Q3 - 2019	Q2 - 2019	Q1 - 2019
Revenue	$ 54,315	$ 53,237	$ 58,988	$ 44,307	$ 43,192	$ 42,427	$ 40,533	$ 36,342
Operating & corporate expenses	(36,155)	(35,616)	(39,476)	(31,883)	(32,099)	(31,530)	(29,914)	(27,791)
Adjusted EBITDA	16,076	16,112	17,703	10,804	9,927	9,509	9,210	7,426
Finance expenses	(8,086)	(2,272)	(4,861)	(2,830)	783	(3,143)	(5,024)	(2,782)
Depreciation and amortization	(6,998)	(6,892)	(6,133)	(5,219)	(3,815)	(3,940)	(3,495)	(3,334)
Stock-based compensation	(1,023)	(842)	(1,369)	(1,284)	(965)	(919)	(1,178)	(1,066)
Equity-based REI	(2,083)	(1,508)	(1,810)	(1,619)	(1,166)	(1,389)	(1,410)	(1,124)
Income tax expense, net	(2,090)	(1,949)	(2,407)	(734)	(1,381)	(652)	(1,879)	(717)
Acquisition, integration and reorganization costs	(2,777)	(2,827)	(4,262)	(5,106)	(2,784)	(2,889)	(2,418)	(2,173)
Net income (loss)	(2,815)	2,838	481	(2,750)	2,931	(644)	(3,374)	(1,522)
Adjusted net earnings	4,219	4,295	5,267	1,226	1,733	2,243	1,242	1,120
Total assets	468,322	461,848	451,985	413,512	327,477	292,113	284,236	265,631
Total loans and borrowings	95,081	96,282	118,799	85,648	86,740	67,157	63,321	44,435
Total other liabilities	155,231	146,292	141,441	137,513	110,875	98,990	95,748	93,535
Shareholders' equity	218,010	219,274	191,745	190,350	129,862	125,965	125,168	127,660
Net income (loss) per share (basic)	(0.04)	0.04	0.01	(0.04)	0.05	(0.01)	(0.06)	(0.03)
Net income (loss) per share (diluted)	(0.04)	0.04	0.01	(0.04)	0.05	(0.01)	(0.06)	(0.03)
Adjusted net earnings per share (basic)	$ 0.06	$ 0.06	$ 0.08	$ 0.02	$ 0.03	$ 0.04	$ 0.02	$ 0.02

[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 consolidated financial statements for the year ended August 31, 2020, for details.

LIQUIDITY AND CAPITAL RESOURCES

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

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

Contractual Obligations

The following table summarizes, as at August 31, 2020, 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	$ 42,184	$ 36,486	$ 5,432	$ 71	$ 195
Non-controlling interest put options	85,163	21,095	34,193	20,259	9,616
Loans and borrowings	97,243	5,103	90,940	1,200	-
Lease liabilities	17,740	4,231	7,209	3,391	2,909
	$ 242,330	**$ 66,915**	**$ 137,774**	**$ 24,921**	**$ 12,720**

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 August 31, 2020:

	For the three months ended			
	August 31, 2020	**August 31, 2019**	**$ Variance**	**% Variance**
Net income (loss) for the period	$ (2,815)	$ 2,931	$ (5,746)	(196.0)%
Add non-cash items, net	17,372	2,706	14,666	542.0
Changes in non-cash working capital	(1,624)	(438)	(1,186)	270.8
Net cash from operating activities	12,933	5,199	7,734	148.8
Net cash used by investing activities	(2,324)	(31,887)	29,563	(92.7)
Net cash from (used by) financing activities	(2,783)	13,263	(16,046)	(121.0)
Net increase (decrease) in cash	**$ 7,826**	**$ (13,425)**	**$ 21,251**	**(158.3)%**

Cash generated from operating activities for the three months ended August 31, 2020, increased by $7,734 as compared to the prior year. Changes in working capital accounts reflect the inclusion of ACL, Collage, Apri, RVARC, and IBC operations.

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

- Cash generated from increased Adjusted EBITDA before REI, was $7,080 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 flows to fund working capital needs, service debt obligations, and fund capital expenditures;

- Cash used to fund acquisitions, integration and reorganization costs decreased by $7 primarily due to reduced professional fees relating to acquisition activities;

- Cash used for income taxes decreased by $1,306 as compared to the same period last year primarily due to the COVID-19 federal program in place, allowing the deferral of Part I tax to September 30, 2020. For the three months ended August 31, 2020, corporate tax payments of $1,795 were deferred due to payment extensions provided by the Canada Revenue Agency in light of the COVID-19 pandemic. Additional factors include refunds from delayed processing of fiscal year 2019 returns, net of tax remittances for acquired entities. Finance costs used $541 less cash due to lower interest rates in the fourth quarter of fiscal year 2020;

- Cash used to pay compensation-based REI increased by $14 as compared to the same period in the previous fiscal year; and

- Decrease in cash from changes in working capital accounts of $1,186 is partially due to an increase in contract liabilities related to the advance or commission revenue of recently acquired practices and the timing of collections and payments.

Cash used by investing activities for the three months ended August 31, 2020 decreased by $29,563 as compared to the same period in the prior year. The change is primarily due to the use of cash to fund the acquisition of ACL in the fourth quarter of fiscal year 2019.

For the three months ended August 31, 2020, the Company used $2,783 cash from financing activities primarily for payments related to vendor take-back loans and lease liabilities, while in the prior year, the Company generated $13,263 cash from loans and borrowings (net) of $15,789, partially offset by cash used to make an interest-bearing loan.

The following table summarizes the Company's cash flows for the year ended August 31, 2020:

	For the year ended			
	August 31, 2020	**August 31, 2019**	**$ Variance**	**% Variance**
Net loss for the period	$ (2,246)	$ (2,609)	$ 363	(13.9)%
Add non-cash items, net	45,731	22,058	23,673	107.3
Changes in non-cash working capital	(1,931)	(3,063)	1,132	(37.0)
Net cash from operating activities	41,554	16,386	25,168	153.6
Net cash used by investing activities	(78,074)	(56,442)	(21,632)	38.3
Net cash from financing activities	67,110	31,426	35,684	113.5
Net increase (decrease) in cash	**$ 30,590**	**$ (8,630)**	**$ 39,220**	**(454.5)%**

Cash generated from operating activities for the year ended August 31, 2020, increased by $25,168 as compared to the same period in the prior year. Changes in working capital accounts reflect the inclusion of ACL, Apri, RVARC, and IBC operations.

Significant influences of cash inflows and outflows related to operating activities for the year include:

- Cash generated from increased Adjusted EBITDA before REI, was $26,816 higher than was generated in the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company’s ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures;

- Cash used to fund acquisitions, integration and reorganization costs increased $4,709, primarily due to professional fees relating to increased acquisition activity and preliminary planning for the Company's transformation initiatives;

- Cash used for income taxes decreased by $2,255 as compared to the same period last year primarily due to the COVID-19 federal program in place, allowing the deferral of Part I tax to September 30, 2020. Since the beginning of the COVID-19 pandemic the Company deferred total corporate tax payments of $3,904 due to payment extensions provided by the Canada Revenue Agency in light of the COVID-19 pandemic. Additional factors include refunds from loss carry-back and a reduction of tax remittances for acquired entities. Finance costs used $64 more cash resulting from higher interest costs on the outstanding loan balance;

- Cash used to pay compensation-based REI increased by $262 as compared to the same period in the previous fiscal year; and

- Increase in cash from changes in working capital accounts of $1,132 is partially due to the increase in contract liabilities related to the advance or commission revenue of recently acquired practices and the timing of collections and payments.

Cash used by investing activities for the year ended August 31, 2020, increased by $21,632 as compared to the prior year. The change is primarily due to more cash used to fund current year acquisitions and the acquisition of intangible assets, primarily software, partially offset by less cash used to fund property and equipment.

For the year ended August 31, 2020, the Company generated $67,110 cash from financing activities, primarily from private placement proceeds of $83,763 and cash generated from loans and borrowings (net) of $3,332, partially offset by payments related to acquisition of non-controlling interests of BPA and Coughlin, settlement of restricted stock units, payment of lease liabilities and dividends on non-controlling interest of $20,458. During the prior year the Company generated $31,427 cash from financing activities primarily from proceeds related to loans and borrowings (net) of $40,666, partially offset by payments related to acquisition of non-controlling interest of Coughlin, BPA and Bencom and cash used to make an interest-bearing loan.

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.

During the third quarter of fiscal year 2020, based on the current funding requirements of the business, the Company repaid the $21,000 draw on its credit facility that was initially made on March 20, 2020.

During the year fiscal 2020, the Company completed two bought deal private placement common share offerings, raising gross proceeds of $88,575. The proceeds from the offering were used to better position the Company to fund growth initiatives, including acquisitions.

Subsequent to the end of fiscal year 2020, the Company, in conjunction with its acquisition of ASEQ, exercised the accordion option on its credit facility to increase the revolving commitment from $125,000 to the maximum of $175,000. The Company drew $63,750 on its increased credit facility to fund the acquisition of Encompass, WBC, and ASEQ.

Working Capital

The Company's working capital (defined as current assets less current liabilities) as at August 31, 2020, 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.

	August 31, 2020	August 31, 2019
Current assets	$ 73,529	$ 35,798
Less:		
Current liabilities	75,832	48,840
Working capital	(2,303)	(13,042)
Add back:		
Contract liabilities	6,743	5,207
Operating working capital surplus (deficiency)	**$ 4,440**	**$ (7,835)**

The Company’s strategy to managing working capital is 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 $4,440 along with a cash balance of $43,080 is sufficient to meet short term obligations as they come due.

The Company maintains a swingline commitment of $5,000 included in its total syndicated facility to manage short-term working capital requirements. As at August 31, 2020, the Company had not utilized the swingline.

Credit Facilities

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

- $125,000 revolving commitment which has been used to refinance the acquisition facility under the previous agreement and to fund future acquisitions. As at August 31, 2020, the balance owing on this facility was equal to $78,000 (August 31, 2019 - $71,241). The total syndicated facility includes a $5,000 swingline commitment to fund operating cash flow needs. As at August 31, 2020, 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 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 August 31, 2020, the Company was in compliance with all of its financial and non-financial covenants.

On March 20, 2020, the Company drew $21,000 on its revolving credit facility and subsequently repaid it during the quarter.

Subsequent to the end of fiscal year 2020, the Company, in conjunction with its acquisition of ASEQ, exercised the accordion option on its credit facility to increase the revolving commitment from $125,000 to the maximum of $175,000. The Company drew $63,750 on its increased credit facility to fund the acquisition of Encompass, WBC, and ASEQ.

Share Capital

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

	August 31, 2020	**August 31, 2019**
Common shares, issued and outstanding	71,909,658	60,918,514
Stock options outstanding	3,030,776	3,498,872
Restricted Stock Units outstanding	335,887	454,340
Deferred Stock Units outstanding	165,708	109,385

On October 16, 2019, the Company closed a bought deal private placement equity offering with a syndicate of underwriters. The Company issued 6,983,500 common shares at a purchase price of $9.10 per share 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.

On November 28, 2019, in connection with the acquisition of Apri, the Company issued 208,695 common shares as part of the total consideration for the transaction.

On April 16, 2020, the Company closed a bought deal private placement equity offering with a syndicate of underwriters. The Company issued 3,500,000 common shares at a purchase price of $7.15 per share for gross proceeds to the Company of $25,025. The offering resulted in net proceeds of $23,977 after a cash commission equal to 5% of gross proceeds paid to the underwriters, other share issuance costs, and a deferred tax asset of $378 relating to share issuance and commission costs.

The remainder of the change in share capital during the year ended August 31, 2020, 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.

Since early March 2020 when the World Health Organization declared COVID-19 a pandemic, there has been increased risk as a result of the pandemic itself and the response by governments, businesses and individuals. While the impact of the pandemic remains uncertain, the Company continues to adjust and adapt to the daily changes and continues to provide services that have been deemed as essential. As this situation continues to evolve, Management will continue to monitor the impact on operations. See "Overview of Operating Performance" section above for further detail on the Company’s assessment of risk factors and Management’s response.

Key Personnel

The Company is highly dependent upon the expertise and experience of its personnel, particularly those engaged in generating revenue, including, but not limited to, those involved in benefits plan design and administration, benefits legislative and regulatory issues, group retirement plan design and specialized human resource consulting, recruitment and career management. The Company’s operations depend, in part, on the relationships and reputations these individuals have established with clients, often over many years. In the event the Company were to lose a number of key personnel, client relationships could be negatively impacted, which could lead to material adverse effects on the Company’s operating and financial results.

Recruitment of high performing consultants in our industry is becoming more competitive, especially as the labour pool is shrinking with aging advisors leaving the market at a rate that is outpacing the entry of new talent. Other firms may offer more attractive compensation packages, work arrangements or geographic preferences than we can offer.

The Company currently has many experienced employees who hold senior positions in the Company, who have various professional designations and who have developed deep and trusted relationships with clients. While the Company provides a competitive compensation structure for its employees, including an employee share purchase plan and a security based compensation plan and has comprehensive employment agreements in place with its employees to protect the Company, the loss of a number of key personnel may have a material adverse effect on the business of the Company. The Company's ability to attract, retain and develop new employees into senior positions could affect the business of the Company.

Client Relationships

Group insurance contracts are generally renegotiated on an annual basis with clients, often resulting in insurance premium pricing increases or decreases. Accordingly, there can be no guarantee that insurance contracts sold through the Company in the past will be renewed on a go forward basis or at the same pricing level. While the Company has several benefit and insurance clients with contracts that extend for one to seven years, the majority of the Company's benefit and pension revenue is derived from contracts that can be cancelled upon thirty days' notice. The Company's experience is that most clients terminate during the renewal process rather than during the policy year. While the Company’s clients are diversified both in size and industry, if a number of the Company’s largest clients were to terminate their contracts with the Company at the same time, this could result in a significant reduction in revenue, which could have a material adverse effect on the Company’s revenues, financial condition and operating results.

Insurance Company Relationships

In certain cases, the Company acts as the advisor to end user employers to broker group insurance products with insurance companies. There can be no assurance that the Company will be able to maintain its existing relationships with these insurance companies and the failure to do so could have a material adverse effect on the Company’s business, financial condition and operating results. In addition, during the renewal process, the Company’s benefits consulting teams will provide benefits planning and consulting services based on the availability of insurance products and pricing of such products. Changes in available products could result in decreased benefits coverage and/or decreased premiums which generally would result in decreased revenue for the Company.

Regulation, Policies and Certification

The Company’s employee benefits and group retirement consulting and administration services are subject to laws and regulations that are constantly evolving. Changes in such laws or regulations could impact the Company’s service delivery processes and/or its client relationships. In addition, the laws and regulations differ from province to province and the Company is required to keep up-to-date with the laws and regulations of each province.

The rules and regulations governing income and commodity taxes are complex and wide-ranging, and the calculation of income taxes and applicability of commodity taxes requires judgment in interpreting tax rules and regulations. The Company’s tax filings are subject to government audits that could result in material changes to the amount of current and future income taxes and related costs.

Any changes to laws, rules, regulations or policies could have a material adverse effect on the Company’s business, financial condition and operating results.

Technology and Information Security

The Company is reliant on computerized operational and reporting systems. The Company makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately and maintains a disaster recovery plan to protect against significant system failures. While a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer system crash or like event would not have a material impact on its financial results in the short term.

Information security risks have increased in recent years due, in part, to the proliferation, sophistication and constant evolution of new technologies used by hackers and external parties. The Company's technologies, systems and networks and third parties providing services to the Company, may be subject to attacks, breaches or other compromises. In the event of such an occurrence, the Company may experience, among other things, financial loss, a loss of customer or business opportunities, disruption to operations, misappropriation or unauthorized release of confidential, financial or personal information, litigation, regulatory penalties or intervention, remediation, investigation or restoration cost, and reputational damage.

Access to Capital

The Company relies principally on bank debt, vendor-take-back debt financing and issuance of common shares to fund its acquisitions. The Company may require additional funds to make future acquisitions of group benefit, group retirement and human resource consulting businesses and may require additional funds to market and sell its products into the marketplace. The ability of the Company to arrange such financing in the future, and to repay its existing debt, will depend in part upon the prevailing capital market conditions, as well as on the business performance of the Company. While the Company has been successful in the past, there is no assurance that capital will be available under terms that are satisfactory to the Company.

Pursuant to its articles of incorporation, the Company is authorized to issue an unlimited number of common shares for consideration and on such terms as are established by the Board of Directors without the approval of any shareholders. Further issuance of common shares may dilute the interests of existing shareholders. If additional capital financing is not available on terms favourable to the Company, the Company may be unable to grow or may be required to limit or halt its strategic growth plans. In addition, if the Company experiences financial difficulty, the Company's creditors who have security interests in the Company's assets, may decide to exercise their rights to acquire or dispose of the Company's assets.

Future Growth via Acquisitions

The Company's growth and expansion plans contain a dual approach of generating organic growth by increasing its existing business by gaining new clients and increasing product and service penetration with existing clients, as well as through transactions in which the Company acquires new operating entities or subsidiaries. There can be no assurance that an adequate number of suitable acquisition candidates will be available to the Company to meet this area of focus of its expansion plans, or in the event that such businesses are available for acquisition that they will be available at a price which would allow the Company to operate on a profitable basis. The Company competes for acquisition and expansion opportunities with entities that have substantially greater resources than the Company and these entities may be able to outbid the Company for acquisition targets.

Integration of Future Acquisitions

There can be no assurance that businesses acquired by the Company in the future will achieve acceptable levels of revenue and profitability or otherwise perform as expected. The Company may be unable to successfully integrate businesses that it may acquire in the future, due to diversion of Management attention, strains on the Company's infrastructure, difficulties in integrating operations and personnel, entry into unfamiliar markets, or unanticipated legal liabilities or tax, accounting or other issues. A failure to integrate acquired businesses may be disruptive to the Company's operations and negatively impact the Company's revenue or increase the Company's expenses. Risks related to the integration of acquisitions are mitigated through the Company's due diligence procedures and legal structure of its acquisitions.

Potential Undisclosed Liabilities Associated with Acquisition - Limited Indemnification

In connection with acquisitions completed by the Company, there may be liabilities and contingencies related to the acquired entity that the Company failed to discover or was unable to quantify in its due diligence conducted prior to the execution of the acquisition, and the Company may not be indemnified for some or all of these liabilities and contingencies. The existence of any material liabilities or contingencies could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Interest Rate

Advances under the Company's credit facilities bear interest at variable rates. The Company may incur further indebtedness in the future that also bears interest at variable rates or it may be required to refinance its debt at higher rates. While the Company attempts to manage its interest rate risk, there can be no assurance that it will hedge such exposure effectively or at all in the future. Accordingly, increases in interest rates could adversely affect the Company's cash flows.

Insurance

The Company believes that its professional errors and omissions insurance, director and officer liability insurance, and commercial general liability insurance coverage address all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent operator of a similar business and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the Company’s assets or operations.

Canadian Economy and Competitive Conditions

The Company’s future success is dependent upon the direction and state of the Canadian economy. The business, operating results and financial condition of the Company could be materially affected by a prolonged and deep recession or downturn in the Canadian economy. There is no assurance that the Company will have sufficient financial resources to withstand a prolonged and deep recession.

The insurance brokerage market is highly competitive and is composed of a large number of companies of varying size and scope of services. Insurance companies themselves also offer their products through other methods, including insurance agents and direct distribution channels, which are competitive with the insurance brokerage industry and the Company.

Brand and Reputation

The Company is dependent, to a large extent, on its client relationships and its reputation with clients. Damage to the Company’s brand or reputation could result in the loss of client relationships, which could result in a material adverse effect on the Company’s business, financial condition and operating results. There can be no assurance that future incidents will not negatively affect the Company's brand or reputation.

Internal Control

As a venture issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined by National Instrument 52-109 and as such has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of a certifying officers of a venture issuer to design and implement, on a cost effective basis, DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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.

Revenue recognition

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients. Revenue and related costs from these services is recognized in accordance with the five step model in IFRS 15:

1. Identify the contract with a customer.

2. Identify the performance obligations in the contract.

3. Determine the transaction price, which is the total consideration provided by the customer.

4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and

5. Recognize revenue when the relevant criteria are met for each performance obligation.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgment.

Additional information about the Company's new revenue recognition accounting policies is as follows:

Services and Performance Obligations

Benefit solutions

Benefit solutions revenue is primarily from fees earned for third-party administrative services. In addition, the Company earns fees from group retirement consulting and administration, and individual financial services including insurance and wealth management. Revenue from administrative services is recognized as services are provided and the performance obligation is met, except as described below.

Group benefit commission revenue from clients where advisory services and plan administration services are provided by the Company is generally received in advance and recorded as a contract liability on the consolidated statement of financial position. Commission advances are recognized in revenue over time based on the number of months for which the commission revenue was advanced. The transaction price and consideration received is reduced for expected return commissions due to policy cancellation and adjustments. The transaction price reduction is determined based on historical data.

Group benefit commission revenue from clients where the Company provides only advisory services is recognized in income at the effective or renewal date of the policy, with the transaction price reduced for expected return commissions due to policy cancellation and adjustments. The transaction price reduction is determined based on historical data.

Variable consideration is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Consulting solutions

Consulting solutions revenue 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. Revenue from consulting services is recognized as services are provided and the performance obligation is met.

Human Resource solutions

Human Resource solutions revenue is primarily earned from hourly or fixed fees for consulting services and as a percentage of compensation for recruiting services. Fee revenue from consulting services is recognized as services are provided and the performance obligation is met. For fee revenue that is contingent on certain criteria being met, consulting service revenue is not recognized until the criteria have been met.

Other

All other revenue is recognized as services are rendered by the Company. Other revenue includes investment income recorded on an accrual basis.

Incremental costs of obtaining a contract and costs to fulfill a contract

The Company incurs incremental costs in obtaining contracts for new clients, the renewal of contracts for existing clients, and in the fulfillment of the contracts for these clients. Incremental costs of obtaining and renewing contracts, and fulfillment costs on certain customer contracts with terms in excess of 12 months, will be recognized as contract assets and expensed over the term of the related contract. The Company considers the renewal period in the contract in addition to the initial term of the contract, when the renewal is highly probable, in determining the recognition period for the contract asset.

Business combinations

For acquisitions, the Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Intangible Assets

(i) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of subsidiaries over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets consist of acquired customer relationships and contracts. Other intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Definite life intangible assets are amortized from the date of acquisition or, for internally developed assets, from the time the asset is available for use. Amortization is recognized either on a declining balance or on a straight-line basis over the estimated useful life of the asset, and the residual values and useful lives of the assets are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are considered to have indefinite lives where Management believes that there is no foreseeable limit to the period over which the intangible assets are expected to generate net cash flows.

Contingent consideration obligations

The Company recognizes liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination. Subsequent changes in the fair value of contingent consideration arrangements are recognized in Net income (loss) for the period.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in Net income (loss).

Non-controlling interest put options

The Company recognizes non-controlling interest put options as non derivative financial liabilities, which are classified as fair value through profit and loss are measured at fair value, with gains and losses recognized in Net income (loss). Non-controlling interest put options are classified as fair value through profit and loss.

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

CHANGES IN ACCOUNTING POLICIES

As described in Note 3(a) of the accompanying consolidated 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 liabilities. 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.