Consolidated Financial Statements
(Expressed in Canadian Dollars)

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Years ended August 31, 2020 and August 31, 2019

To the Shareholders of People Corporation:

Opinion

We have audited the consolidated financial statements of People Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2020 and August 31, 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2020 and August 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Matt Pilloud.

Winnipeg, Manitoba

MNP LLP

December 7, 2020

Chartered Professional Accountants

MNP LLP

PEOPLE CORPORATION

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note		August 31, 2020		August 31, 2019
Assets					
Current assets:					
Cash		$	43,079,635	$	12,489,692
Trade and other receivables	5		27,608,959		20,714,900
Income tax receivable			-		292,187
Prepaid and other current assets			2,840,232		2,301,395
Total current assets			73,528,826		35,798,174
Non-current assets:					
Property and equipment	6		29,619,717		12,661,874
Goodwill and intangible assets	7		361,362,890		275,233,325
Loans and other assets	8		3,229,438		3,450,478
Contract cost assets			581,259		333,273
Total non-current assets			394,793,304		291,678,950
Total assets		**$**	**468,322,130**	**$**	**327,477,124**
Liabilities and shareholders' equity					
Current liabilities:					
Trade and other liabilities	9	$	36,035,245	$	25,683,861
Contract liabilities			6,742,576		5,207,406
Lease liabilities	10		3,653,121		-
Income tax payable			8,227,761		-
Non-controlling interest put options	12		16,541,720		14,960,783
Loans and borrowings	13		4,631,274		2,988,017
Total current liabilities			75,831,697		48,840,067
Trade and other liabilities	9		4,463,666		2,046,762
Lease liabilities	10		12,315,321		-
Non-controlling interest put options	12		43,189,301		40,763,584
Loans and borrowings	13		90,450,113		83,752,227
Deferred tax liability	14		24,062,268		22,212,807
Total liabilities			**250,312,366**		**197,615,447**
Shareholders' equity:					
Share capital	15		214,142,545		125,765,547
Contributed surplus			8,155,037		6,009,327
Deficit			(4,287,818)		(1,913,197)
Total shareholders' equity			**218,009,764**		**129,861,677**
Total liabilities and shareholders' equity		**$**	**468,322,130**	**$**	**327,477,124**

Contingencies (Note 23)
Subsequent events (Note 28)

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

PEOPLE CORPORATION

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note		Year ended August 31, 2020		Year ended August 31, 2019
Revenue	18	$	210,846,734	$	162,494,106
Operating expenses	22		147,649,133		125,461,735
Depreciation and amortization	22		25,241,804		14,584,971
Finance expenses					
Change in estimated fair value of non-controlling interest put options	12, 19		10,005,917		8,517,983
Other finance expenses	19		8,043,318		1,646,665
Acquisition, integration and reorganization costs	22		14,972,203		10,263,376
			205,912,375		160,474,730
Income before income taxes			**4,934,359**		**2,019,376**
Income tax expense (recovery):					
Current	14		14,472,022		8,253,901
Deferred	14		(7,291,979)		(3,625,079)
			7,180,043		4,628,822
Net loss and comprehensive loss		**$**	**(2,245,684)**	**$**	**(2,609,446)**

Loss per share					
Basic	15c	$	(0.03)	$	(0.04)
Diluted	15c	$	(0.03)	$	(0.04)

PEOPLE CORPORATION

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Note	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, August 31, 2018		**$124,672,253**	**$ 2,747,472**	**$ 696,249**	**$128,115,974**
Net loss and comprehensive loss for the period		-	-	(2,609,446)	(2,609,446)
Acquisition-related issuance of shares	15b	74,575	-	-	74,575
Settlement of restricted stock units	15b	183,715	(626,993)	-	(443,278)
Exercise of stock options	15b	835,004	(239,874)	-	595,130
Share-based payments	16	-	4,128,722	-	4,128,722
		1,093,294	3,261,855	(2,609,446)	1,745,703
Balance, August 31, 2019		**$125,765,547**	**$ 6,009,327**	**$ (1,913,197)**	**$129,861,677**

	Note	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, August 31, 2019		**$125,765,547**	**$ 6,009,327**	**$ (1,913,197)**	**$129,861,677**
Net loss and comprehensive loss for the period		-	-	(2,245,684)	(2,245,684)
Issuance of common shares	15b	85,048,756	-	-	85,048,756
Acquisition-related issuance of shares	15b	1,865,706	-	-	1,865,706
Settlement of restricted stock units	15b	311,940	(1,596,000)	-	(1,284,060)
Exercise of stock options	15b	1,150,596	(775,979)	-	374,617
Share-based payments	16	-	4,517,689	-	4,517,689
Purchase of non-controlling interest	4	-	-	(128,937)	(128,937)
		88,376,998	2,145,710	(2,374,621)	88,148,087
Balance, August 31, 2020		**$214,142,545**	**$ 8,155,037**	**$ (4,287,818)**	**$218,009,764**

PEOPLE CORPORATION

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Note	Year ended August 31, 2020	Year ended August 31, 2019
Operating activities			
Net loss for the period		$ (2,245,684)	$ (2,609,446)
Adjustments for:			
Depreciation	6	6,422,209	2,034,006
Amortization of intangible assets	7	18,819,595	12,550,965
Share-based compensation	16	4,517,689	4,128,722
Impairment losses on property, equipment and intangible assets		-	35
Finance expenses	19,22	18,049,235	10,164,648
Income tax provision	14	7,180,043	4,628,822
Net cash from operations		52,743,087	30,897,752
Change in non-cash working capital	17	(1,931,470)	(3,062,576)
Cash generated from operating activities		50,811,617	27,835,176
Finance costs paid		(3,107,111)	(3,042,601)
Income taxes paid		(6,151,087)	(8,406,393)
Net cash from operating activities		41,553,419	16,386,182
Investing activities			
Acquisition of subsidiaries, net of cash acquired	4	(70,310,953)	(51,037,986)
Acquisition of property and equipment	6	(3,717,723)	(3,768,128)
Acquisition of intangible assets	7	(4,044,935)	(1,636,132)
Net cash used in investing activities		(78,073,611)	(56,442,246)
Financing activities			
Proceeds from exercise of stock options	16b	802,617	595,130
Settlement of restricted stock units		(1,284,060)	(443,278)
Outflows relating to loans and other assets		(200,000)	(2,012,700)
Proceeds from loans and borrowings	13	92,500,718	116,861,085
Repayment of loans and borrowings	13	(89,169,218)	(76,194,933)
Proceeds from private placement of shares, net		83,763,112	-
Payment of lease liabilities	10	(4,163,057)	-
Payment of dividends on non-controlling interest	12	(3,735,797)	(3,561,450)
Payment of put options on non-controlling interest	12	(11,275,243)	(3,817,318)
Purchase of non-controlling interest	4	(128,937)	-
Net cash from financing activities		67,110,135	31,426,536
Net increase (decrease) in cash		30,589,943	(8,629,528)
Cash at beginning of the period		12,489,692	21,119,220
Cash at the end of the period		$ 43,079,635	$ 12,489,692

1. Reporting entity:

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

2. Basis of presentation:

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on December 7, 2020.

(a) Statement of compliance

These consolidated financial statements were prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") effective August 31, 2020, as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statements of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- share-based compensation awards are measured at fair value at grant date

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

(d) Use of estimates and judgments

Preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the application of policies and the reported amounts of assets and liabilities at the date of these consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Areas of significant accounting estimates and judgments include determination of fair value of financial instruments, impairment of financial instruments, impairment of goodwill and intangible assets, business combinations, revenue recognition, lease accounting and deferred taxes. The Company also uses judgment when determining cash generating units ("CGU"), operating segments, contingencies, acquisition, integration and reorganization costs, non current assets and the determination of fair value of share based payments.

The uncertainties around the outbreak of the COVID-19 pandemic required the use of judgments and estimates which resulted in no material impact for the year ended August 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the consolidated financial statements. Examples of accounting estimates and judgments that may be impacted by the pandemic include: revenue recognition, impairment of goodwill and intangible assets, loss allowances, income tax expenses, non-controlling interest put options and contingent consideration obligations.

Details on the estimates and judgments are further described in the relevant accounting policies in these Notes.

The Company is required to make judgments and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, the Company is required to consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the appropriate discount rate used to measure lease liabilities.

We are required to make estimates that affect the amount of revenue from contracts with customers under IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The Company uses judgment to determine 1) whether it is the principal or the agent and 2) the timing of the transfer of control, at a point in time or over time.

The Company makes a number of estimates when calculating recoverable amounts for non-current assets using discounted future cash flows or other valuation methods to test for impairment. These estimates include the assumed growth rates for future cash flows, the number of years used in the cash flow model and the discount rate. The determination of CGUs or groups of CGUs for the purpose of impairment testing requires judgment (see Note 7).

Provisions are recognized for present legal or constructive obligations as a result of a past event, if it is probable that they will result in an outflow of economic resources and the amount can be reliably estimated. The amounts recognized for these provisions are the best estimates of the expenditures required to settle the present obligations or to transfer them to a third party at the statement of financial position date, considering all the inherent risks and uncertainties, as well as the time value of money. These provisions are reviewed as relevant facts and circumstances change.

The amounts of deferred tax assets and liabilities are estimated with consideration given to the timing, sources and amounts of future taxable income.

The amounts of government grants receivable are estimated based on the enacted legislation and level at which the Company expects it will qualify.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Changes in accounting policies

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

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

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

Following the adoption of IFRS 16, the Company presents the ROU asset within property and equipment. The corresponding current and non-current lease liability is presented within lease liabilities on the consolidated statements of financial position.

Transition

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

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

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

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

(Expressed in Canadian dollars)

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 statements of financial position immediately before the date of initial application. At September 1, 2019, ROU assets of $12,422,832 were recognized within property and equipment and lease liabilities of $13,150,784 were recognized within lease liabilities. The ROU asset was recorded net of the provision for onerous leases of $727,952 which was previously recognized within trade and other liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at September 1, 2019. The weighted average rate applied is 4.00%.

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

Future minimum lease payments at August 31, 2019	14,868,006
Add: Extension options reasonably certain to be exercised	293,454
Less: Short-term leases	(129,824)
Less: Low-value leases	(426,648)
Additional lease liabilities on adoption of IFRS 16 at September 1, 2019	14,604,988
Discounting	(1,457,666)
Finance lease liabilities at August 31, 2019 (IAS 17)	3,462
Lease liabilities at September 1, 2019	13,150,784

(b) Basis of consolidation

(i) 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 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 net loss.

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 remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at subsequent report dates with subsequent changes in the fair value of the contingent consideration recognized in net loss. The subsequent remeasurement of contingent consideration is estimated based on predetermined formulas as defined in the purchase agreements which are generally a multiple of estimated future revenue or earnings of the acquired companies exceeding target thresholds over a specified period.

The Company recognizes liabilities in trade and other liabilities (Note 9), if any, 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 loss for the period.

Transaction costs, 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.

(Expressed in Canadian dollars)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of acquired subsidiaries to conform their accounting policies to the Company.

Intercompany balances and transactions, and any realized or unrealized revenue and expenses arising from intercompany transactions, are eliminated in preparing these consolidated financial statements.

These consolidated financial statements include the accounts of the Company and its subsidiaries:

	Common Ownership %	**Economic Interest %**
People First HR Services Ltd.	100.0%	100.0%
Hamilton + Partners Inc., including its subsidiaries:	100.0%	50.0%-77.5%
Employee Benefits Inc., Disability Concepts Inc., 6814407 Canada Corporation		
Bencom Financial Services Group Inc.	100.0%	100.0%
Coughlin & Associates Ltd.	100.0%	88.0%
BPA Financial Group Ltd., including its subsidiaries:	100.0%	77.6%
Benefit Plan Administrators Ltd., Benefit Plan Administrators (Atlantic) Ltd., BPA Consulting Group Ltd., BPA Internet Connections Ltd., TAL Insurance Brokers Ltd., 1739813 Ontario Ltd., and Alluvus Solutions Inc.		
Sirius Benefit Plans Inc.	100.0%	100.0%
Skipwith & Associates Insurance Agencies Inc.	100.0%	100.0%
Lane Quinn Benefit Consultants Ltd.	100.0%	100.0%
Silverberg & Associates Inc.	100.0%	75.0%
Benefit Partners Inc.	100.0%	75.0%
Life Benefit Solutions Inc.	100.0%	100.0%
ACL Student Benefits Ltd.	100.0%	100.0%
Apri Group of Companies	50.0%-100.0%	100.0%
Apri Insurance Solutions Inc., Apri Insurance Consultants Inc., Apri Holdings (East) Inc., Apri Insurance Services (Calgary), Vertical Insurance Solutions Ltd., Muirfield Benefit Solutions Inc., Thomas E. Jarvis Insurance Agency Ltd., JungoHR Services Inc., Groupquest AB, Groupquest BC, Groupquest QC		
Robin Veilleux Assurances et Rentes Collectives Inc.	100.0%	70.0%
Integrated Benefit Consultants Ltd.	100.0%	75.0%

Economic interest represents the share of earnings attributable to the Company through common share ownership excluding earnings attributable to the principals of acquired companies through restricted non-voting classes of shares.

(c) Financial instruments

This note provides information about the Company's accounting policy related to the initial recognition and measurement, subsequent measurement, and derecognition of financial instruments. The Company's impairment policy and exposure to various risks associated with the financial instruments are discussed in Note 3(h) and Note 20, respectively.

(i) Financial assets

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit and loss ("FVTPL").

The Company classifies non-derivative financial assets that the Company intends to hold in order to collect the contractual cash flows and have fixed or determinable payments that are not quoted in an active market as amortized cost. This includes cash, trade and other receivables, and loans receivable.

Financial assets carried at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method when the Company becomes party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses (see Note 3(h) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a currently enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortized cost unless classified as FVTPL, when the entity becomes party to the contractual provisions of the instrument.

The Company recognizes trade and other liabilities and loans and borrowings initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Company recognizes non controlling interest put options and contingent consideration obligations initially at fair value, with gains and losses as a result of subsequent measurement including any interest recognized in net income (loss).

The Company derecognizes a financial liability when its contractual obligations are extinguished.

Financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a currently enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(d) Share capital

Common voting shares are classified as equity. Incremental costs directly attributable to the issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

(e) Cash

Cash and cash equivalents may include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(f) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statements of comprehensive income (loss) in the period in which they are incurred.

(ii) Depreciation

Depreciation is recognized in the consolidated statements of comprehensive income (loss) 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. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Leasehold improvements	Straight-line	Shorter of useful life or term of the lease
Furniture & fixtures	Diminishing balance	20%
Computer equipment	Diminishing balance	30%
Automobiles	Diminishing balance	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) Goodwill and 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 assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is subject to an annual impairment test.

(ii) Intangible assets

Intangible assets consist of internally-developed software, acquired customer relationships and brands, customer contracts and acquired software. 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 the 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.

Internally-developed software is recognized at the aggregate cost of all eligible development costs, when the following criteria are met: (i) technically feasible; (ii) management intention to complete development; (iii) the Company is able to use the software once implemented; (iv) future benefits associated with the software can be demonstrated; (v) adequate technical, financial, and other resources to complete development and to use the software are available; and (vi) expenditures attributable to the software during its development can be reliably measured. Eligible expenditures capitalized as part of internally-developed software include external direct costs of materials and services consumed in development, and payroll and payroll-related costs for employees who are directly associated with and who devote time to the development of the software.

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 in the consolidated statements of comprehensive income (loss) 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. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Acquired customer relationships and brands	Straight-line	8 - 10 years
Customer contracts	Straight-line	term of the contract
Computer software (including internally developed)	Straight-line	4 - 10 years

(h) Impairment

(i) Financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost and measures the allowance at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and informed credit assessment and future probability of default.

At each reporting date, the Company assesses whether a financial asset carried at amortized cost is credit-impaired. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset. Loss allowances are deducted from the gross carrying amount of the assets and recognized in net loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets (that have indefinite useful lives or that are not yet available for use) the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment recoverability test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Trade and other liabilities

Trade payables include obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less and are recognized initially at fair value and subsequently measured at amortized cost.

Other liabilities include accruals for salaries and compensation, contingent consideration obligations, provisions and other obligations incidental to the Company's normal business operations. They are classified as current when it is expected to be settled within one year of the reporting period date, and are recognized initially at fair value and subsequently measured at amortized cost.

(j) Contract liabilities

Contract liabilities represent payments 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 below.

(k) Leases

At contract inception, the Company assesses whether a contact is, or contains a lease and recognizes a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is depreciated from the commencement date to the earlier of the end of the useful life of the underlying asset of the ROU asset or the end of the lease term.

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

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

(l) Insurance premium liabilities and related cash

In its capacity as third party administrators, the Company collects premiums from clients and remits premiums and claim payments, net of agreed deductions, such as taxes, administrative fees and commissions, to insurance carriers. As the Company is acting in its capacity as third party administrators to collect and remit premiums to insurance underwriters and claim payments to individuals, the Company is considered to have a legal right to offset premiums collected and corresponding liabilities. As such, the cash and investment balances relating to these liabilities have been offset against the related liability in the Company's consolidated statements of financial position.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Share-based payment transactions

Share-based payments are comprised of equity-settled Employee Share Purchase Plan ("ESPP"), equity-settled stock options, equity-settled performance-conditioned Restricted Stock Units and equity-settled Deferred Stock Units (collectively, "Equity-Settled Awards"). Equity-Settled Awards granted to employees and directors of the Company are measured at the fair value of the equity instruments at the grant date. The grant date fair value of Equity-Settled Awards are recognized as compensation expense, with a corresponding increase in equity, over the period that the awards vest. The amount recognized as an expense is adjusted to reflect the number of Equity-Settled Awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of Equity-Settled Awards that do meet the related service and non-market performance conditions at the vesting date. For Equity-Settled Awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no reconciliation for differences between expected and actual outcomes.

The Company's contributions under its ESPP are expensed as incurred.

Equity-Settled Awards to non-employees are measured at the fair value of the goods and services received unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted and measured at the date the Company obtains the good or the counterparty renders the service.

(n) 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.

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

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 statements 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.

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, are 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.

(o) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in net loss, using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in net loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Company follows the asset and liability method of accounting for income taxes. 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 on acquired goodwill 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.

(q) Earnings per share

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

Diluted earnings per share is calculated by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise stock options, tandem stock appreciation rights, restricted stock units and deferred stock units at the weighted average price of the Company's common shares for the period.

(r) Government grants

The Company recognizes government subsidies on an accrual basis when there is reasonable assurance that it will comply with the conditions required to qualify for the subsidy and that the collection of the subsidy is also reasonably assured. Government subsidies are recognized on the consolidated statements of financial position under trade and other receivables and on the consolidated statements of comprehensive loss as a reduction to the expense that the subsidy is intended to offset.

4. Business acquisitions:

During the year ended August 31, 2020, the Company acquired the following businesses:

Integrated Benefit Consultants Ltd. ("IBC")

Effective February 21, 2020, the Company acquired IBC, a group benefits consulting firm headquartered in Red Deer, Alberta. Total consideration paid for the acquisition of IBC included cash, subject to final adjustments for working capital, contingent consideration and non-controlling interest put options. IBC vendors may be eligible to receive a potential additional payment after three years following closing of the transaction should the business exceed certain financial performance thresholds. The Company holds a 100% voting interest and holds a 75% economic interest in IBC through ownership of all of the issued, dividend-bearing common shares of IBC.

The IBC Principals collectively hold a 25% economic interest in IBC through ownership of non-voting, non-cumulative, dividend-bearing special shares of IBC (“IBC Principal Shares”). All classes of non-voting, non-cumulative, dividend-bearing shares of IBC have an ongoing contractual right to receive quarterly dividends based on a calculation derived from IBC’s earnings. The Company is entitled to a priority on the payment of dividends declared on the IBC dividend-bearing shares to the extent of a specified earnings amount.

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

Robin Veilleux Assurances et Rentes Collectives Inc. ("RVARC")

Effective January 30, 2020, the Company acquired RVARC, a group benefits consulting firm headquartered in Quebec City, Quebec. Total consideration paid for the acquisition of RVARC included cash, subject to final adjustments for working capital, contingent consideration and non-controlling interest put options. RVARC vendors may be eligible to receive a potential additional payment after three years following closing of the transaction should the business exceed certain financial performance thresholds. The Company holds a 100% voting interest and holds a 70% economic interest in RVARC through ownership of all of the issued, dividend-bearing common shares of RVARC.

The RVARC Principals collectively hold a 30% economic interest in RVARC through ownership of non-voting, non-cumulative, dividend-bearing special shares of RVARC (“RVARC Principal Shares”). All classes of non-voting, non-cumulative, dividend-bearing shares of RVARC have an ongoing contractual right to receive quarterly dividends based on a calculation derived from RVARC’s earnings. The Company is entitled to a priority on the payment of dividends declared on the RVARC dividend-bearing shares to the extent of a specified earnings amount.

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

Apri Group of Companies ("Apri")

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

Collage Technologies Inc. ("Collage")

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

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

(Expressed in Canadian dollars)

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

	Note	IBC	RVARC	Apri	Collage	Total
Assets acquired and liabilities assumed						
Cash		$ 474,390	$ 232,673	$ 1,260,476	$ -	$ 1,967,539
Net working capital		(24,997)	(474,277)	(1,335,701)	(613,311)	(2,448,286)
Property and equipment		13,337	574,367	1,719,652	459,392	2,766,748
Customer relationships and other intangible assets	7	6,346,100	12,579,000	21,250,000	235,000	40,410,100
Computer software	7	-	378,986	1,900,083	3,940,000	6,219,069
Goodwill (including assembled workforce)	7	6,684,232	14,579,595	26,701,509	6,309,720	54,275,056
Non-current lease liabilities		(7,340)	(281,605)	(574,356)	(444,112)	(1,307,413)
Deferred tax liabilities		(1,701,749)	(3,498,216)	(5,227,648)	-	(10,427,613)
		$ 11,783,973	$ 24,090,523	$ 45,694,015	$ 9,886,689	$ 91,455,200
Consideration paid or payable						
Cash payment upon closing		$ 8,550,000	$ 15,970,000	$ 37,800,315	$ 9,958,177	$ 72,278,492
Working capital adjustment due to / from vendors		449,392	267,698	1,053,461	(71,488)	1,699,063
Non-controlling interest put options	12	2,535,800	6,475,977	-	-	9,011,777
Vendor take-back notes payable		-	-	4,155,202	-	4,155,202
Contingent consideration obligation		248,781	1,376,848	-	-	1,625,629
Common shares issued by the Company	15b	-	-	1,865,706	-	1,865,706
Deferred vendor financing		-	-	819,331	-	819,331
		$ 11,783,973	$ 24,090,523	$ 45,694,015	$ 9,886,689	$ 91,455,200

Total consideration paid for the acquisition of Collage, Apri, RVARC and IBC, are subject to final adjustments for working capital.

A part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce and the operating know how of key personnel. However, no intangible assets qualified for separate recognition in this respect. The remaining goodwill represents the excess of purchase price over net assets. With the exception of Collage, goodwill is not deductible for tax purposes.

(Expressed in Canadian dollars)

The Company's consolidated statements of comprehensive loss include the results of operations for Collage, Apri, RVARC and IBC from their respective dates of acquisition to August 31, 2020. The acquisitions contributed the following revenue and net income (loss) during the year ended August 31, 2020.

		August 31, 2020
		As reported
Operating revenues		
Collage	$	908,130
Apri	$	15,027,990
RVARC	$	4,150,553
IBC	$	1,208,460
Net income (loss) and comprehensive income (loss)		
Collage	$	(1,280,986)
Apri	$	1,203,264
RVARC	$	1,454,687
IBC	$	276,253

If the acquisitions had occurred on September 1, 2019, management estimates that consolidated revenue for the year ended August 31, 2020, would have been $216,327,601, consolidated net loss would have been $(1,916,910), and loss per share would have been $(0.03). In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on September 1, 2019.

During the third quarter of fiscal year 2020, the Company purchased the 50% non-controlling interest in Alluvus Solutions Inc. The consideration paid was $128,937 in excess of the carrying value resulting in a reduction to retained earnings (deficit).

During the prior year, the Company acquired the following businesses:

ACL Student Benefits Ltd. ("ACL")

Effective July 30, 2019, the Company acquired all of the issued and outstanding shares of ACL a company providing 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. The total purchase price for the acquisition of ACL included cash, subject to final working capital adjustment and vendor take-back note payable following the second period of the closing and contingent consideration. The vendor take-back note is subject to potential adjustment related to the financial performance of the business over that period. In addition, ACL vendors may be eligible to receive a potential additional payment after three years following closing of the transaction should the business exceed certain financial performance thresholds.

Life Benefit Solutions Inc. ("Life")

Effective February 11, 2019, the Company acquired all of the issued and outstanding shares of Life, a company providing group benefit consulting and group retirement solutions primarily focused on the First Nation market segment based in Winnipeg, Manitoba. Total consideration paid for the acquisition of Life included cash, subject to final adjustments for working capital, vendor take-back notes, common shares of the Company and contingent consideration. Vendor take-back notes payable are subject to both claw back adjustments and an earn back provision tied to achievement of certain financial metrics set out in the share purchase agreement. The contingent consideration recorded is based on Life reaching predetermined EBITDA targets, over the three annual periods from March 1, 2019, to February 28, 2022, multiplied by the transaction multiple.

(Expressed in Canadian dollars)

Benefit Partners Inc. ("BPI")

Effective November 27, 2018, the Company acquired BPI, a company providing group benefit consulting and group retirement solutions to clients based primarily in Ontario. Total consideration paid for the acquisition of BPI included cash, subject to final adjustments for working capital, and non-controlling interest put options. The Company holds a 100% voting interest and holds a 75% economic interest in BPI through ownership of all of the issued dividend-bearing common shares of BPI.

The BPI Principals collectively hold a 25% economic interest in the business through ownership of non-voting, non-cumulative, dividend-bearing special shares of BPI (“BPI Principal Shares”). All classes of non-voting, non-cumulative, dividend-bearing shares of BPI have an ongoing contractual right to receive quarterly dividends based on a calculation derived from BPI’s earnings. The Company is entitled to a priority on the payment of dividends declared on the BPI dividend-bearing shares to the extent of a specified earnings amount.

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

	Note	ACL	Life	BPI	Total
Assets acquired and liabilities assumed					
Cash		$ 504,387	$ 1,346,576	$ 79,872	$ 1,930,835
Net working capital		(254,386)	(732,462)	(278,106)	(1,264,954)
Property and equipment	6	148,772	59,138	52,405	260,315
Customer relationships and other intangible assets	7	19,467,000	9,736,000	4,462,300	33,665,300
Computer software	7	5,241	-	12,294	17,535
Goodwill (including assembled workforce)	7	22,318,182	11,037,904	5,680,351	39,036,437
Deferred tax liabilities		(5,426,196)	(2,848,298)	(1,182,510)	(9,457,004)
		$ 36,763,000	$ 18,598,858	$ 8,826,606	$ 64,188,464
Consideration paid or payable					
Cash payment upon closing		$ 31,200,000	$ 14,840,425	$ 6,779,660	$ 52,820,085
Working capital adjustment due to vendors		-	73,781	74,955	148,736
Non-controlling interest put options	12	-	-	1,971,991	1,971,991
Vendor take-back notes payable		4,325,000	3,610,077	-	7,935,077
Contingent consideration obligations		1,238,000	-	-	1,238,000
Common shares issued by the Company		-	74,575	-	74,575
		$ 36,763,000	$ 18,598,858	$ 8,826,606	$ 64,188,464

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

(Expressed in Canadian dollars)

5. Trade and other receivables:

The Company had the following trade and other receivables:

	Note		August 31, 2020		August 31, 2019
Trade receivables	24	$	18,376,295	$	15,255,890
Less: loss allowance			(269,383)		(269,383)
Net trade receivables			18,106,912		14,986,507
Other receivables			9,502,047		5,728,393
Total trade and other receivables		$	27,608,959	$	20,714,900

As at August 31, 2020, the balance in other receivables included an estimated insurance recovery and a receivable relating to the Canada Emergency Wage Subsidy ("CEWS"). The Company's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in Note 24.

(Expressed in Canadian dollars)

6. Property and equipment:

The Company had the following property and equipment as at August 31, 2020:

	Note	Leasehold improvements	Furniture & fixtures	Computer equipment	Right-of-use asset	Total
Cost						
Balance, August 31, 2019		$ 11,153,757	$ 5,079,150	$ 3,764,763	$ -	$ 19,997,670
Recognition on adoption of IFRS 16		(3,461)	-	-	12,422,832	12,419,371
Balance, September 1, 2019		11,150,296	5,079,150	3,764,763	12,422,832	32,417,041
Additions		1,026,548	996,425	1,694,750	4,476,210	8,193,933
Write down and disposal of property and equipment		-	-	(14,294)	-	(14,294)
Acquisition through business combination	4	455,232	121,960	282,812	1,906,744	2,766,748
Balance, August 31, 2020		12,632,076	6,197,535	5,728,031	18,805,786	43,363,428
Accumulated depreciation						
Balance, September 1, 2019		(2,161,979)	(2,462,651)	(2,711,166)	-	(7,335,796)
Depreciation for the period		(1,505,855)	(594,365)	(639,465)	(3,682,524)	(6,422,209)
Write down and disposal		-	-	14,294	-	14,294
Balance, August 31, 2020		(3,667,834)	(3,057,016)	(3,336,337)	(3,682,524)	(13,743,711)
Carrying amount		$ 8,964,242	$ 3,140,519	$ 2,391,694	$ 15,123,262	$ 29,619,717

(Expressed in Canadian dollars)

The Company had the following property and equipment as at August 31, 2019:

	Note	Leasehold improvements	Furniture & fixtures	Computer equipment	Right-of-use asset	Total
Cost						
Balance, September 1, 2018		$ 8,624,458	$ 4,422,956	$ 3,079,805	$ -	$ 16,127,219
Additions		2,465,052	653,711	649,365	-	3,768,128
Write down of property and equipment		(63,145)	(81,869)	(12,978)	-	(157,992)
Acquisition through business combination	4	127,392	84,352	48,571	-	260,315
Balance, August 31, 2019		11,153,757	5,079,150	3,764,763	-	19,997,670
Accumulated depreciation						
Balance, September 1, 2018		(1,108,095)	(1,982,499)	(2,369,153)	-	(5,459,747)
Depreciation for the year		(1,117,029)	(562,021)	(354,956)	-	(2,034,006)
Write down and disposal		63,145	81,869	12,943	-	157,957
Balance, August 31, 2019		(2,161,979)	(2,462,651)	(2,711,166)	-	(7,335,796)
Carrying amount		$ 8,991,778	$ 2,616,499	$ 1,053,597	$ -	$ 12,661,874

The Company leases office buildings, vehicles, and office equipment. As at August 31, 2020, the Company had the following ROU assets:

	Note	Buildings	Equipment	Vehicles	Total
Cost					
Balance, September 1, 2019		$ 11,753,806	$ 354,590	$ 314,436	$ 12,422,832
Additions	10	4,228,537	83,330	164,343	4,476,210
Acquisition through business combination		1,758,828	140,576	7,340	1,906,744
Balance, August 31, 2020		17,741,171	578,496	486,119	18,805,786
Accumulated depreciation					
Balance, September 1, 2019		-	-	-	-
Depreciation for the year	10	(3,318,748)	(197,627)	(166,149)	(3,682,524)
Balance, August 31, 2020		(3,318,748)	(197,627)	(166,149)	(3,682,524)
Carrying amount		$ 14,422,423	$ 380,869	$ 319,970	$ 15,123,262

(Expressed in Canadian dollars)

7. Goodwill and intangible assets:

The Company had the following goodwill and intangible assets as at August 31, 2020:

	Note	Goodwill	Customer relationships and other intangible assets	Customer contracts	Computer software	Total
Cost						
Balance, September 1, 2019		$ 164,055,497	$ 146,656,035	$ 3,977,849	$ 8,450,789	$ 323,140,170
Additions		-	785,131	-	3,259,804	4,044,935
Write down and disposal		-	-	-	(316)	(316)
Acquisition through business combination	4	54,275,056	40,410,100	-	6,219,069	100,904,225
Balance, August 31, 2020		218,330,553	187,851,266	3,977,849	17,929,346	428,089,014
Accumulated amortization						
Balance, September 1, 2019		-	(40,086,070)	(3,463,659)	(4,357,116)	(47,906,845)
Amortization for the period		-	(16,635,732)	(88,291)	(2,095,572)	(18,819,595)
Write down and disposal		-	-	-	316	316
Balance, August 31, 2020		-	(56,721,802)	(3,551,950)	(6,452,372)	(66,726,124)
Carrying amount		$ 218,330,553	$ 131,129,464	$ 425,899	$ 11,476,974	$ 361,362,890

(Expressed in Canadian dollars)

The Company had the following goodwill and intangible assets as at August 31, 2019:

	Note	Goodwill	Customer relationships and other intangible assets	Customer contracts	Computer software	Total
Cost						
Balance, September 1, 2018		$ 125,019,060	$ 112,990,735	$ 3,977,849	$ 6,797,122	$ 248,784,766
Additions		-	-	-	1,636,132	1,636,132
Acquisition through business combination	4	39,036,437	33,665,300	-	17,535	72,719,272
Balance, August 31, 2019		164,055,497	146,656,035	3,977,849	8,450,789	323,140,170
Accumulated amortization						
Balance, September 1, 2018		-	(28,106,638)	(3,375,368)	(3,873,874)	(35,355,880)
Amortization for the period		-	(11,979,432)	(88,291)	(483,242)	(12,550,965)
Balance, August 31, 2019		-	(40,086,070)	(3,463,659)	(4,357,116)	(47,906,845)
Carrying amount		$ 164,055,497	$ 106,569,965	$ 514,190	$ 4,093,673	$ 275,233,325

Included in computer software additions is $2,650,916 (August 31, 2019 - $1,526,974) of internally developed assets.

The Company completed its annual impairment tests for goodwill and concluded that there was no impairment. For impairment test purposes, the carrying value of goodwill has been allocated as follows:

	August 31, 2020	August 31, 2019
Benefit Solutions	$ 67,442,337	$ 61,132,617
Consulting Solutions	148,518,163	100,552,827
HR Solutions and Other	2,370,053	2,370,053
	$ 218,330,553	$ 164,055,497

The key assumptions used to calculate the value in use are those regarding discount rates, growth rates and expected changes in profit margins. The values of these assumptions reflect past experience.

During the period, the Company monitored goodwill at the Benefit Solutions, Consulting Solutions and Human Resource Solutions level consistent with the Company's operating segments. In the prior year, goodwill was monitored at the individual CGU level. The Company has restated the comparative figures.

The Company monitors goodwill at the operating segment level. As at August 31, 2020, the after-tax weighted average cost of capital was determined to be 13.0% for the Company's Consulting Solutions segment, 13.5% for the Benefit Solutions segment, and 13.5% for the HR segment (August 31, 2019 - 16.0%). The pre-tax discount rate was 17.69% for Consulting Solutions, 18.37% for Benefit Solutions, and 18.37% for HR (August 31, 2019 - 21.9%).The determination of the weighted average cost of capital is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium by operating segment, an after-tax cost of debt based on the Company's financing arrangements and the capital structure of comparable publicly traded companies.

(Expressed in Canadian dollars)

Cash flow projections have been discounted using rates of return derived from the Company's after-tax weighted average cost of capital considering specific risks relating to each CGU.

The Company included five years of cash flows in its discounted cash flow model. The cash flow forecasts were extrapolated beyond the five year period using estimated average long term growth rate of 3.0% (August 31, 2019 - 5.0%).

8. Loans and other assets:

The Company had the following loans and other assets:

		August 31, 2020		August 31, 2019
Loans receivable	$	2,152,801	$	2,366,773
Restricted cash		1,500,000		1,500,000
Total loans and other assets		3,652,801		3,866,773
Less current portion of loans and other assets		(423,363)		(416,295)
Total non-current loans and other assets	$	3,229,438	$	3,450,478

The Company made an interest-bearing loan to facilitate the transfer of certain economic interests through the ongoing right to earn performance-based commissions and fees and ownership of non-voting, non-dividend earning special shares in a subsidiary. The current portion of loans receivable is included in trade and other receivables.

The Company has an agreement in which it provides an interest bearing forgivable loan over ten years subject to certain conditions, which provides for future additional advances.

(Expressed in Canadian dollars)

9. Trade and other liabilities:

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

		August 31, 2020		August 31, 2019
Trade payables and other liabilities	$	26,837,226	$	20,058,501
Post-retirement benefits and contingent consideration obligations		8,811,685		2,291,833
Provisions		4,850,000		5,380,289
		40,498,911		27,730,623
Less current portion of trade and other liabilities		36,035,245		25,683,861
Total non-current trade and other liabilities	$	4,463,666	$	2,046,762

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

10. Lease liabilities:

The Company had the following lease liabilities as at August 31, 2020:

	Note	Total
Balance at September 1, 2019		$ 13,150,784
Additions during the period	6	4,476,210
Acquisition related additions during the period	6	1,906,744
Lease payments made during the period		(4,163,057)
Accretion on lease liabilities	19	597,761
		15,968,442
Less current portion of lease liabilities		3,653,121
Total non-current lease liabilities		$ 12,315,321

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

(Expressed in Canadian dollars)

The following table sets out a maturity analysis of leases, showing the discounted lease payments to be made after August 31, 2020:

Less than 1 year	$ 4,231,355
1 - 3 years	7,208,835
4 - 5 years	3,390,635
Thereafter	2,909,023
Total undiscounted cash flows	17,739,848
Discounting	(1,771,406)
Total lease liabilities	$ 15,968,442

The following table provides the expenses related to leases recognized in the consolidated statements of comprehensive loss:

	Note	Total
Variable lease payment expenses		$ 1,874,574
Expenses for short-term leases		318,390
Accretion on lease liabilities	19	597,761
Depreciation of ROU assets	6	$ 3,682,524

The variable lease payments not included in the measurement of lease liabilities relate to expenses for Common Area Maintenance on leased buildings, property taxes and insurance. Payments for leases of low-value were not material. Both items are included in operating expenses.

Total cash outflow related to leases was $6,356,021 for the year ended August 31, 2020.

Some property leases contain extension options exercisable only by the Company and not by the lessor. The Company assesses whether an extension option is reasonably certain to be exercised at the lease commencement date. The Company reassesses whether it's reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control or the passage of time.

11. Insurance premium liabilities and related cash:

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

	August 31, 2020	August 31, 2019
Payable to carriers and insured individuals or groups	$ 121,196,864	$ 106,910,623
Less related cash balances	121,196,864	106,910,623
	$ -	$ -

(Expressed in Canadian dollars)

12. Non-controlling interest put options:

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

	Note		August 31, 2020		August 31, 2019
Balance, beginning of year		$	55,724,367	$	52,613,161
Acquisition through business combination	4		9,011,777		1,971,991
Change in estimated fair value	19		10,005,917		8,517,983
Less payment of dividends on non-controlling interest			(3,735,797)		(3,561,450)
Less non-controlling interest put/call options exercised			(11,275,243)		(3,817,318)
			59,731,021		55,724,367
Less current portion of non-controlling interest put options			16,541,720		14,960,783
Total non-current non-controlling interest put options		$	43,189,301	$	40,763,584

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

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

On September 1, 2019, the BPA vendors exercised their options to acquire BPA Principal Shares at a nominal price. The Company's economic interest in BPA decreased from 78.2% to 72.6% effective the first quarter of 2020.

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

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

Effective January 30, 2020, in connection with the RVARC acquisition the Company holds a 70% economic interest in RVARC with a future right to purchase the RVARC Principal Shares (“RVARC Call Options”) and individual RVARC Principals have a future right to require the Company to purchase the RVARC Principal Shares (collectively, the “RVARC Put Options”), subject to the satisfaction of certain terms and conditions.

Effective February 21, 2020, in connection with the IBC acquisition the Company holds a 75% economic interest in IBC with a future right to purchase the IBC Principal Shares (“IBC Call Options”) and individual IBC Principals have a future right to require the Company to purchase the IBC Principal Shares (collectively, the “IBC Put Options”), subject to the satisfaction of certain terms and conditions.

During the third quarter of 2020, the Company received notice of intention to exercise put options with respect to a portion of the BPI Principal Shares. The liability will be settled on the effective date as set out in the notice. An estimate of the current portion of the liability has been recorded on the Company's consolidated statements of financial position as at August 31, 2020.

During the third quarter of 2020, the Company entered into an agreement with the vendors of H+P relating to a portion of their put options with an effective date of May 31, 2020. The Company’s economic interest in H+P EBI increased from 70.0% to 77.5% effective May 31, 2020. The liability will be settled in accordance with the terms of the agreement. The current portion of the liability has been recorded on the Company's consolidated statements of financial position as at August 31, 2020 and paid to the vendors subsequent to the end of 2020.

During the fourth quarter of 2020, the Company received notice of intention to exercise put options with respect to 5,000 Coughlin Vendor Shares. An estimate of the current portion of the liability has been recorded on the Company's consolidated statements of financial position as at August 31, 2020, subject to final adjustment. The liability will be settled on the effective date as set out in the notice.

Certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Spring Shares") in which the aggregate Coughlin Retained Economic Interest would increase by 4,500 shares subject to certain specified terms and conditions having been met and subject to Coughlin achieving certain financial performance targets over the five year period following the date of close. Should the financial performance targets be achieved, the Company’s economic interest in Coughlin would decrease from 88.0% to 83.5%.

Subsequent to the end of 2020, effective September 1, 2020, the BPA vendors exercised the final tranche of their options to acquire BPA principal shares at a nominal price. The Company’s economic interest in BPA decreased from 77.6% to 72.0%.

(a) IBC

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

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

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

The liability recognized in connection with the IBC Retained Economic Interest, which includes the fair value of future dividend entitlements of the IBC Principal Shares and the IBC Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of IBC, the estimated future exercise dates of IBC Put Options and other factors. Individual IBC Principals are restricted from exercising their respective IBC Put Options until dates on or after February 21, 2022, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

(b) RVARC

In connection with the RVARC acquisition, the Company entered into various agreements whereby the RVARC Principals, through non-voting, non-cumulative, dividend-bearing shares of RVARC ("RVARC Principal Shares"), hold an aggregate 30% economic interest in RVARC ("RVARC Retained Economic Interest").

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

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

The liability recognized in connection with the RVARC Retained Economic Interest, which includes the fair value of future dividend entitlements of the RVARC Principal Shares and the RVARC Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of RVARC, the estimated future exercise dates of RVARC Put Options and other factors. The two RVARC Principals are restricted from exercising their respective RVARC Put Options until July 30, 2021 and January 30, 2023, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

(c) BPI

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

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

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

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

During the third quarter of 2020, the Company received notice of intention to exercise put options with respect to a portion of the BPI Principal Shares. The liability will be settled on the effective date as set out in the notice. An estimate of the current portion of the liability has been recorded on the Company's consolidated statements of financial position as at August 31, 2020.

(d) Silverberg

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

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

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

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

(e) BPA

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

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

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

The liability recognized in connection with the BPA Retained Economic Interest, which includes the fair value of future dividend entitlements of the BPA Principal Shares and the BPA Put Options, has been determined based on a predetermined formula, including the exercise of BPA Share Options on vesting, defined in an agreement which is based on a multiple of estimated future earnings of BPA, the estimated future exercise dates of BPA Put Options and other factors. Individual BPA Principals are restricted from exercising their respective BPA Put Options until dates on or after August 31, 2021, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

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

On September 1, 2019, the BPA vendors exercised their options to acquire BPA Principal Shares at a nominal price. The Company's economic interest in BPA decreased from 78.2% to 72.6% effective the first quarter of 2020.

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

(f) Coughlin

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

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

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

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

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

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

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

During the fourth quarter of 2020, the Company received notice of intention to exercise put options with respect to 5,000 Coughlin Vendor Shares. An estimate of the current portion of the liability has been recorded on the Company's consolidated statements of financial position as at August 31, 2020, subject to final adjustment. The liability will be settled on the effective date as set out in the notice.

Certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Spring Shares") in which the aggregate Coughlin Retained Economic Interest would increase by 4,500 shares subject to certain specified terms and conditions having been met and subject to Coughlin achieving certain financial performance targets over the five year period following the date of close. Should the financial performance targets be achieved, the Company's economic interest in Coughlin would decrease from 88.0% to 83.5%.

(g) H+P

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

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

During the third quarter of 2020, the Company entered into an agreement with the vendors of H+P relating to a portion of their put options with an effective date of May 31, 2020. The Company's economic interest in H+P EBI increased from 70.0% to 77.5% effective May 31, 2020. The liability will be settled in accordance with the terms of the agreement. The current portion of the liability has been recorded on the Company's consolidated statements of financial position as at August 31, 2020 and paid to the vendors subsequent to the end of 2020.

(h) Bencom

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

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

Significant unobservable inputs assumptions include: (i) put option exercises over periods ranging from 3 to 84 months; (ii) Contractually-defined EBITDA of BPA, Coughlin, H+P, Silverberg, BPI, RVARC and IBC before considering the retained economic interest attributable the respective vendors generated ("Put Earnings") as at August 31, 2020 equal to $40,691,957; (iii) growth rates applied to Put Earnings ranging from 0.7% to 10.0% annually based on historical results; and (iv) discount rate of 16.0%. An increase in the Put Earnings would result in an increase to the liability associated with the non-controlling put options. A 1.0% change in the discount rate would decrease or increase the liability associated with the non-controlling put options by $1,013,698.

(Expressed in Canadian dollars)

13. Loans and borrowings:

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

		August 31, 2020	August 31, 2019
Revolving credit facility			
a	Credit Facility: A bank loan bearing interest of the bankers' acceptance rates plus an amount equal to 1.45% to 3.00% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan matures June 1, 2022 unless extended pursuant to the agreement.	$ 78,000,000	$ 71,241,000
Revolving credit facility		78,000,000	71,241,000
Vendor take-back loans			
b	A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments of $575,000 and $425,000 on the date that is 15 and 27 months following acquisition date, respectively. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 2.90%. The loan was repaid in full on April 30, 2020.	-	415,867
c	A vendor take-back loan bearing no interest per annum, unsecured, payable in five payments: $150,000 in the first year and $300,000 annually thereafter. The amortized cost of the loan has been discounted using a rate of 4.40%. The loan was repaid in full on June 26, 2020.	-	289,892
d	A vendor take-back loan bearing no interest per annum, unsecured, payable in four payments: $650,000 on the date that is 15 months following acquisition date and $1,200,000 annually thereafter. The loan is subject to certain performance conditions set out in the share purchase agreement, which was amended during the third quarter of 2019. The amortized cost of the loan has been discounted using a rate of 4.75%. The loan matures on December 31, 2023.	3,872,892	3,697,271
e	A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual installments of $1,610,000. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.88%. The loan matures on March 1, 2021.	1,571,269	3,067,849

(Expressed in Canadian dollars)

			August 31, 2020		August 31, 2019
f	A vendor take-back loan bearing no interest per annum payable in three payments: $1,092,500 in the first and second year and $1,900,000 in the third year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on June 1, 2022.		2,816,161		3,699,903
g	A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in one payment of $4,800,000 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on December 12, 2021.		4,526,399		4,325,000
h	A vendor take-back loan bearing no interest per annum payable in two payments: $1,750,000 in the first year and $2,748,000 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on February 28, 2022.		4,294,666		-
Total vendor take-back loans			17,081,387		15,495,782
Finance lease liabilities			-		3,462
Total loans and borrowings			95,081,387		86,740,244
Less current portion of:					
Vendor take-back loans			4,631,274		2,984,555
Finance lease liabilities			-		3,462
			4,631,274		2,988,017
		$	90,450,113	$	83,752,227

(Expressed in Canadian dollars)

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

- $125,000,000 revolving commitment which has been used to refinance the acquisition facility under the previous agreement and to fund future acquisitions. As at August 31, 2020, the balance owing on this facility was equal to $78,000,000 (August 31, 2019 - $71,241,000). The total syndicated facility includes a $5,000,000 swingline commitment to fund operating cash flow needs. As at 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 $5,000,000 and not more than $50,000,000, subject to the satisfaction of certain terms and conditions. The exercise of the option would result in the size of the revolving commitment increasing from $125,000,000 to a maximum of $175,000,000. The loan matures on June 1, 2022, unless extended pursuant to the terms of the agreement. The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants. As at August 31, 2020, the Company was in compliance with all of its financial and non-financial covenants.

The following table provides details on the changes in the Company's loans and borrowings during the year ended August 31, 2020:

	Note	Credit Facility	VTB	Finance Lease	Total
Balance, August 31, 2019		$ 71,241,000	$ 15,495,782	$ 3,462	$ 86,740,244
Recognition on adoption of IFRS 16		-	-	(3,462)	(3,462)
Proceeds		92,500,718	-	-	92,500,718
Repayment		(85,741,718)	(3,427,500)	-	(89,169,218)
Consideration on acquisition	4	-	4,155,202	-	4,155,202
Accretion		-	857,903	-	857,903
Balance, August 31, 2020		$ 78,000,000	$ 17,081,387	$ -	$ 95,081,387

The following table provides details on the changes in the Company's loans and borrowings during the year ended August 31, 2019.

	Note	Term 1	Term 2	Revolver	Credit Facility	VTB	Finance Lease	Total
Balance, August 31, 2018		$ 17,998,430	$ 8,786,000	$ -	$ -	$ 11,472,207	$ 16,911	$ 38,273,548
Proceeds		-	-	30,620,085	86,241,000	-	-	116,861,085
Repayment		(17,998,430)	(8,786,000)	(30,620,085)	(15,000,000)	(3,776,969)	(13,449)	(76,194,933)
Consideration on acquisition	4	-	-	-	-	7,935,077	-	7,935,077
Accretion		-	-	-	-	(134,533)	-	(134,533)
Balance, August 31, 2019		$ -	$ -	$ -	$ 71,241,000	$ 15,495,782	$ 3,462	$ 86,740,244

(Expressed in Canadian dollars)

14. Income taxes:

Income taxes recognized in consolidated statements of comprehensive loss comprise the following:

	August 31, 2020	August 31, 2019
Income before income taxes	$ 4,934,359	$ 2,019,376
Statutory tax rate	26.56%	26.81%
Income tax provision (recovery) at statutory tax rates	1,310,566	541,395
Adjustment to income taxes		
Non-deductible items	5,599,258	3,826,243
Prior period current tax provision (recovery) and other	118,525	409,402
Prior period deferred tax provision (recovery)	194,967	66,782
Changes in tax rate	(43,273)	(215,000)
	7,180,043	4,628,822
Current taxes	14,472,022	8,253,901
Deferred taxes	(7,291,979)	(3,625,079)
	$ 7,180,043	$ 4,628,822

Significant components of deferred tax assets and liabilities are as follows:

	August 31, 2020	August 31, 2019
Deferred tax assets (liabilities)		
Property and equipment	$ (502,851)	$ 52,949
Intangible assets	(33,185,908)	(25,695,824)
Onerous leases	(14,498)	71,220
Equity issue and financing costs	1,632,115	835,707
Non-capital losses carried forward	8,159,581	2,710,307
Other	(150,707)	(187,166)
	$ (24,062,268)	$ (22,212,807)

Movement in net deferred tax liabilities:

	August 31, 2020	August 31, 2019
Balance, August 31, 2019	$ (22,212,807)	$ (16,448,628)
Recognized in the consolidated statements of comprehensive loss	7,291,979	3,625,079
Recognized in business acquisitions	(10,427,612)	(9,457,004)
Recognized in share capital	1,285,644	-
Other	528	67,746
Balance, August 31, 2020	$ (24,062,268)	$ (22,212,807)

(Expressed in Canadian dollars)

15. Share capital:

(a) Authorized

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

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Note	Number of Common voting shares		Amount
Balance, August 31, 2018		60,640,511	$	124,672,253
Acquisition-related issuance of shares		9,842		74,575
Exercise of stock options		216,172		835,004
Settlement of restricted stock units		51,989		183,715
Balance, August 31, 2019		60,918,514		125,765,547
Private placement of shares		10,483,500		85,048,756
Acquisition-related issuance of shares	4	208,695		1,865,706
Exercise of stock options	16b	221,429		1,150,596
Settlement of restricted stock units	16c	77,520		311,940
Balance, August 31, 2020		71,909,658	$	214,142,545

During the first quarter of 2020, the Company closed a private placement offering of 6,983,500 shares, with a four month restrictive hold, at a price of $9.10 per share including 389,500 shares issued through the partial exercise of the syndicate's over-allotment option, for gross proceeds of $63,549,850. The offering resulted in net proceeds of $61,071,309 after share issuance and commission costs, including a deferred tax asset of $907,767 relating to share issuance and commission costs.

During the first quarter of 2020, in connection with the acquisition of Apri on November 28, 2019, the Company issued 208,695 common shares to the vendors for an aggregate value of $1,865,706 net of issuance costs.

On April 16, 2020, the Company closed a private placement offering of 3,500,000 shares, with a four month restrictive hold, at a price of $7.15 per share including 423,000 shares issued through the partial exercise of the syndicate's over-allotment option, for gross proceeds of $25,025,000. The offering resulted in net proceeds of $23,977,447 after share issuance and commission costs, including a deferred tax asset of $377,877 relating to share issuance and commission costs.

(c) Earnings per share

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

Diluted earnings per share is calculated by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the potentially dilutive effect of the total number of additional common shares related to options outstanding at August 31, 2020, that would have been issued by the Company under its Security Based Compensation Plan.

(Expressed in Canadian dollars)

The following details the earnings per share, basic and diluted, calculations for the years ended August 31, 2020 and 2019.

		August 31, 2020		August 31, 2019
Net loss attributable to common shares (basic and diluted)	$	(2,245,684)	$	(2,609,446)
Weighted average number of common shares (basic)		68,628,524		60,767,364
Weighted average number of common shares (diluted)		68,628,524		60,767,364
Net loss per share (basic)	$	(0.03)	$	(0.04)
Net loss per share (diluted)	$	(0.03)	$	(0.04)

The average market value of the Company's shares for the purposes of calculating the dilutive effect of stock options and fair value awards was based on quoted market prices for the period during which the awards were outstanding. There is no dilutive impact in periods of loss.

16. Share-based payments:

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

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

For the year ended August 31, 2020, the Company recorded non-cash expense to recognize Stock Option, RSU and DSU grants to employees and directors of the Company equal to $4,517,689 (August 31, 2019 – $4,128,722).

(Expressed in Canadian dollars)

(a) Employee share purchase plan

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

At August 31, 2020, there were 436 participants (August 31, 2019 – 395) in the plan. The total number of shares purchased during the year ended August 31, 2020, on behalf of participants, including the Company contribution, was 256,870 shares (August 31, 2019 – 258,495 shares). During the year ended August 31, 2020, the Company's matching contributions totaled 51,374 shares (August 31, 2019 – 51,699 shares).

For the year ended August 31, 2020, the Company recorded an expense to recognize the matching contribution equal to $469,901 (August 31, 2019 – $408,094).

(b) Stock option plans

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

Changes in the number of options outstanding during years ended August 31, 2020, and 2019 were as follows:

	August 31, 2020			August 31, 2019		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Balance, beginning of period	3,498,872	$	6.90	3,681,861	$	6.64
Granted	210,000		9.23	60,000		7.36
Exercised	(221,429)		3.62	(216,172)		2.75
Forfeited	(456,667)		8.07	(15,000)		7.36
Expired	-		-	(11,817)		3.06
Balance, end of period	3,030,776	$	7.13	3,498,872	$	6.90
Options exercisable, end of period	502,491			573,912		

For the year ended August 31, 2020, the Company received proceeds equal to $802,617 (August 31, 2019 - $595,130) from the exercise of 221,429 (August 31, 2019 - 216,172) options. Related to these transactions, the Company transferred $347,979 (August 31, 2019 - $239,874) from contributed surplus to share capital.

(Expressed in Canadian dollars)

Options outstanding at August 31, 2020, consisted of the following:

Range of exercise prices	Number Outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
$ 2.87 - $ 3.00	330,398	3.61 years	$ 2.87	250,398
$ 3.01 - $ 4.00	116,499	3.39 years	3.69	116,499
$ 4.01 - $ 5.00	114,032	4.33 years	4.43	74,032
$ 7.01 - $ 8.00	2,309,847	3.12 years	7.90	61,562
$ 9.01 - $ 10.05	160,000	5.54 years	9.23	-
$ 2.87 - $ 10.05	3,030,776	3.36 years	$ 7.13	502,491

For the year ended August 31, 2020, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to $2,373,014 (August 31, 2019 - $2,662,021).

During fiscal year 2020, the Company granted 100,000 options to certain senior executives. Except in certain circumstances, all of the options vest on the third anniversary of the issuance. Of the 100,000 options granted, 60% or 60,000 are performance conditioned options, with a requirement for the Company's share price to reach a threshold of $12.00 in order for these options to vest. The remaining 40% or 40,000 are regular options. All of the options have an exercise price of $9.09 per share, have a term of 5 years and otherwise are subject to the terms of the Plan. The stock option compensation expense for options issued to certain senior executives was determined based on the fair value of the options at the grant date using a Monte Carlo simulation approach.

Expected life time vesting options	4.00 years
Expected life performance vesting options	4.09 years
Risk-free interest rate	1.60%
Dividend yield	nil
Forfeiture rate	nil
Volatility factor of expected market price of the Company's shares	37.37%

During fiscal year 2020, the Company granted 110,000 stock options to employees. The stock option compensation expense for options issued in normal course to employees was determined based on the fair value of the options at the date of measurement using the Black Scholes option pricing model (see Note 21) with the following weighted average assumptions:

	August 31, 2020	August 31, 2019
Expected option life	5.00 years	5.00 years
Risk-free interest rate	1.09%	2.20%
Dividend yield	nil	nil
Forfeiture rate	6.88%	6.29%
Volatility factor of expected market price of the Company's shares	28.49%	26.22%

(Expressed in Canadian dollars)

For awards that vest at the end of a vesting period, compensation cost is recognized on a straight-line basis over the period of service. For awards subject to graded vesting, each installment is treated as a separate award with separate fair value and a separate vesting period. The estimated forfeiture rate is adjusted to actual forfeiture experience as information becomes available.

For recently granted stock options, the expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. Volatility is determined based on the five-year share price history of the Company. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected volatility of previously granted stock options was determined based on the five-year share price history of the Company and comparable listed entities.

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

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

For the year ended August 31, 2020, the Company conditionally granted 112,733 RSUs related to the current fiscal year. The RSUs, if earned, are scheduled to vest on or after September 1, 2021, conditional upon continued employment with the Company until such date.

Changes in the number of RSUs outstanding during the years ended August 31, 2020 and 2019, were as follows:

	August 31, 2020		August 31, 2019	
	Number of RSUs	Grant price $	Number of RSUs	Grant price $
Balance, beginning of period	454,340	$ 5.91	442,279	$ 4.77
Granted	112,733	9.10	142,160	7.97
Settled	(220,110)	4.49	(106,379)	3.53
Forfeited	(11,076)	8.29	(23,720)	7.73
Balance, end of period	335,887	$ 7.84	454,340	$ 5.91

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

During the first quarter of 2020, the Company settled 61,358 RSUs and recorded a fair value adjustment of $204,575 to recognize the incremental stock compensation expense incurred to cash settle the RSUs.

During the second quarter, the Company settled 158,752 fully vested RSUs, of which 77,520 shares were issued from treasury and the value of 81,232 shares were withheld and cash settled for employee withholding tax purposes. The Company recorded a fair value adjustment of $402,660 (August 31, 2019 - $250,990) to recognize the incremental stock compensation expense incurred to net settle the RSUs.

For the year ended August 31, 2020, the Company recorded an expense to recognize vesting of RSUs granted to employees and directors of the Company equal to $1,011,406 (August 31, 2019 - $882,205).

(Expressed in Canadian dollars)

(d) Deferred Stock Units ("DSUs")

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

Changes in the number of DSUs outstanding during the years ended August 31, 2020, and 2019, were as follows:

	August 31, 2020		August 31, 2019	
	Number of DSUs	Grant Price $	Number of DSUs	Grant price $
Balance, beginning of period	109,385	$ 6.43	69,278	$ 5.33
Granted	56,323	9.34	40,107	8.32
Balance, end of period	165,708	$ 7.42	109,385	$ 6.43

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

For the year ended August 31, 2020, the Company recorded an expense to recognize DSUs granted to directors and certain employees of the Company totaling to $526,034 (August 31, 2019 - $333,506).

17. Supplemental cash flow information

The following table provides details on changes in non-cash working capital items for the years ended August 31, 2020, and 2019:

	August 31, 2020	August 31, 2019
Trade and other receivables	$ (6,103,123)	$ (1,677,913)
Prepaid and other current assets	(391,143)	(105,168)
Contract cost assets	(247,986)	(333,273)
Loans and other assets	421,040	222,606
Trade and other liabilities	3,695,896	(1,649,099)
Deferred revenue	-	(3,288,650)
Contract liabilities	693,846	3,768,921
	$ (1,931,470)	$ (3,062,576)

For the year ended August 31, 2020, the Company paid $2,710,510 (August 31, 2019 - $2,520,332) in interest and finance costs on long-term debt.

(Expressed in Canadian dollars)

18. Revenue:

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

	August 31, 2020	August 31, 2019
Benefit Solutions	$ 104,402,181	$ 95,786,847
Consulting Solutions	98,979,882	59,504,718
HR Solutions and Other	7,464,671	7,202,541
	$ 210,846,734	$ 162,494,106

19. Finance expenses:

The Company's finance expenses for the years ended August 31, 2020, and 2019, were comprised of the following:

	Note	August 31, 2020	August 31, 2019
Change in estimated fair value of non-controlling interest put options	12	$ 10,005,917	$ 8,517,983
Other finance expenses			
Interest and finance costs on long-term debt		2,710,510	2,520,332
Other finance costs, net		396,601	522,269
Accretion on lease liabilities	10	597,761	-
Accretion on other financing instruments		1,065,545	715,313
Change in estimated fair value of other financing instruments		3,272,901	(2,111,249)
		8,043,318	1,646,665
	22	$ 18,049,235	$ 10,164,648

Accretion expenses on other financing instruments represent the implied interest cost related to non-interest bearing vendor take-back loans (see Note 13) and contingent consideration obligations initially recognized on a discounted basis. Changes in estimated fair value of other financing instruments include fair value adjustments related to contingent consideration obligations.

20. Financial instruments:

Fair value measurement

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

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

	(Quoted prices in an active market for identical assets) Level 1	(Significant other observable inputs) Level 2	(Significant other unobservable inputs) Level 3
August 31, 2019			
Contingent consideration obligations	-	-	1,311,966
Non-controlling interest put options	-	-	55,724,367
August 31, 2020			
Contingent consideration obligations	-	-	5,570,697
Non-controlling interest put options	-	-	59,731,021

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

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

21. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial instruments and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property and equipment

The fair value of property and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(b) Intangible assets

The fair value of customer contracts and customer relationships is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Share-based payment transactions

The fair value of the employee share options are measured using the Black Scholes or Monte Carlo valuation models. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk free interest rate (based on government bonds). Service and non market performance conditions attached to the transactions are not taken into account in determining fair value.

RSUs are conditionally granted and subject to achievement performance goals. The fair value of each RSU is estimated in accordance with IFRS 2 on the grant date based on the volume weighted average of the closing prices of common shares on the stock exchange for the five immediately preceding trading sessions, and are amortized over the vesting period, subject to the terms of the plan. Dependent on the expected nature of settlement, the Company may periodically revalue RSUs.

The fair value of DSUs are estimated in accordance with IFRS 2 on the grant date based on the volume weighted average of the closing prices of common shares on the stock exchange for the five immediately preceding trading sessions. DSUs vest immediately and are expensed in the period granted.

(d) Non-controlling interest put options

The fair value of the non controlling interest put option has been determined by discounting estimated future cash flows based on an appropriate discount rate. The estimated future cash flows are calculated based on pre determined formulas as defined in the purchase agreements which are based on a multiple of estimated future earnings, estimated future exercise dates and other factors.

(Expressed in Canadian dollars)

22. Expenses by nature:

The Company's expenses for the years ended August 31, 2020, and 2019, were comprised of the following:

	Note	August 31, 2020	August 31, 2019
Personnel and compensation		$ 125,337,935	$ 102,912,663
General and administrative		27,384,352	28,089,436
Administration fees		9,177,913	4,187,809
Public company costs		721,136	535,203
		162,621,336	135,725,111
Depreciation and amortization		25,241,804	14,584,971
Finance expenses	19	18,049,235	10,164,648
		$ 205,912,375	$ 160,474,730

The Company's operating expenses and acquisition, integration and reorganization costs, as reported in the consolidated statements of comprehensive loss, for the years ended August 31, 2020, and 2019, were comprised of the following:

	August 31, 2020	August 31, 2019
Operating expenses	$ 147,649,133	$ 125,461,735
Acquisition, integration and reorganization costs	14,972,203	10,263,376
	$ 162,621,336	$ 135,725,111

For the year ended August 31, 2020, the Company incurred $14,972,203 (August 31, 2019 - $10,263,376) of acquisition, integration and reorganization costs. Acquisition, integration and reorganization costs are comprised of the following:

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

In response to COVID-19, the Government of Canada announced the CEWS program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria. The Company has determined that it has qualified for this subsidy. The Company has recognized the government grant as there is reasonable assurance that it will comply with the eligibility criteria and that the subsidy will be received. Included in personnel and compensation expenses for the year ended August 31, 2020, is $4,700,000 relating to the CEWS program in order to reduce the expense that the grant is intended to offset.

Certain employees of the Company participate in a defined contribution pension plan. Contributions to the plan by the Company totaled $1,185,276 for the year ended August 31, 2020 (August 31, 2019 - $1,068,887) and are recorded in operating expenses.

23. Contingencies:

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

(Expressed in Canadian dollars)

24. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments:

- Interest risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's credit facility bears interest at variable rates and vendor take-back loans are non-interest bearing. The carrying value of the long term debt approximates its fair value as the interest rates are consistent with the current rates offered to the Company for debt with similar terms.

The Company has identified an exposure to cash flows relating to variable interest rate loans. The Company does not use financial derivatives to decrease its exposure to interest risk. For the year ended August 31, 2020, a change in interest rate relating to loans and borrowings of 1% would have increased or decreased finance expense by approximately $746,200 (August 31, 2019 - $490,100).

(b) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for expected credit losses is established based upon factors surrounding the credit risk of specific accounts, historical trends and future information. When a receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against "general and administrative operating expenses" in the consolidated statements of comprehensive income (loss). The Company recorded an expense for bad debt during the year ended August 31, 2020, of $nil (August 31, 2019 - $50,754).

Pursuant to their respective payment terms, consolidated trade receivables were aged as follows as at August 31, 2020:

	Note		
Current		$	16,133,314
31 - 60 days past due			550,813
61 - 90 days past due			503,877
Over 91 days past due			1,188,291
	5		18,376,295
Allowance for expected credit losses			(269,383)
		$	18,106,912

(Expressed in Canadian dollars)

(c) Liquidity Risk

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come to maturity or can only do so at excessive costs. Based on the Company's ability to generate cash flows through its ongoing operations, management believes that cash flows are sufficient to cover its known operating and capital requirements, as well as its debt servicing costs. The Company manages its cash resources through ongoing financial forecasts and anticipated cash flows.

Contractual obligations

The maturity dates of the Company's financial liabilities as at August 31, 2020, are as follows:

	Carrying amount	Contractual cash flows	Maturing in the next 12 months	Maturing in 13 to 36 months	Maturing in 37 to 60 months	Maturing in more than 60 months
Trade and other liabilities	$ 40,498,911	$ 42,183,979	$ 36,486,157	$ 5,432,016	$ 70,425	$ 195,381
Loans and borrowings	95,081,387	97,243,000	5,102,500	90,940,500	1,200,000	-
Lease liabilities	15,968,442	17,739,848	4,231,355	7,208,835	3,390,635	2,909,023
Non-controlling interest put options	59,731,021	85,162,752	21,095,290	34,192,596	20,258,860	9,616,006
	$ 211,279,761	$ 242,329,579	$ 66,915,302	$ 137,773,947	$ 24,919,920	$ 12,720,410

25. Capital management:

The Company views its capital as the combination of its cash, loans and borrowings, and shareholders' equity, which as at August 31, 2020, was equal to $270,268,694 (August 31, 2019 - $204,112,229). The Company's primary objective when managing capital is to safeguard the entity's ability to continue as a going concern while supporting the growth of the Company's business through organic growth and new acquisitions.

The Company manages the capital structure and makes adjustments to it in accordance with the aforementioned objective, as well as taking into consideration changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new or repurchase existing shares and assume new or repay existing debt.

The credit facilities require the Company to maintain certain financial covenants. Management also uses these ratios as key indicators in managing the Company's capital. The Company complied with all the required financial covenants at August 31, 2020.

26. Operating segments:

The Company offers human resource consulting, recruitment services, pension advisory services, group benefits insurance, benefits and pension administration. As at August 31, 2020, the Company applied the aggregation criteria on the basis of type of services provided across all the segments is similar and in accordance with IFRS 8, Operating Segments, the Company was represented by and had one reportable segment. The Company operates exclusively within Canada.

(Expressed in Canadian dollars)

27. Related parties:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Officers are key management personnel. In addition to their salaries, the Company also provides non-cash benefits and participation in the Employee Share Purchase Plan (see Note 16 (a)) and Security Based Compensation Plan (see Note 16 (b), (c), (d)).

During the first quarter of 2020, the Company accrued an additional $1,432,400 in accordance with a settlement agreement related to the retirement of the Company's President. The amount has been settled with the exception of a portion relating to an ongoing salary continuance.

The following table details the compensation paid to key management personnel for the years ended August 31, 2020, and 2019:

		August 31, 2020		August 31, 2019
Salaries, fees and short-term employee benefits	$	3,630,253	$	3,452,995
Share-based payments		1,018,123		3,545,832
Post-employment obligations		2,989,572		212,000
	$	7,637,948	$	7,210,827

(b) Key management personnel and director transactions

As at August 31, 2020, directors and key management personnel owned 11.99% (August 31, 2019 - 16.10%) of the voting shares of the Company.

28. Subsequent events:

(a) Acquisition of Encompass Benefits & HR Solutions Inc.

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.

Total consideration paid for the acquisition of Encompass included cash payment on closing of the transaction of $6,750,000, subject to final adjustments for working capital and contingent consideration. The Company holds a 100% voting interest and holds a 75% economic interest in Encompass through ownership of all of the issued voting, dividend-bearing common shares of Encompass.

The Encompass principals collectively hold the remaining 25% economic interest in Encompass through ownership of non-voting, non-cumulative, dividend-bearing special shares of Encompass (“Encompass Principal Shares”). All classes of non-voting, non-cumulative, dividend bearing shares of Encompass have an ongoing contractual right to receive quarterly dividends based on a calculation derived from Encompass’ earnings. The Company is entitled to a priority on the payment of dividends declared on the Encompass dividend-bearing shares to the extent of a specified earnings amount.

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

The Company funded the cash payment at Closing by drawing funds on its credit facility.

As this transaction has recently closed, a complete determination of the purchase consideration and the purchase price allocation to the net assets acquired will be fully disclosed in the consolidated financial statements during the first quarter of fiscal year 2021.

(b) Acquisition of Watermark Benefit Consulting Inc.

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. The Company has acquired all of the issued and outstanding shares of WBC for a purchase price of $13,650,000, subject to post-closing adjustments for working capital and contingent consideration. The purchase price is comprised of an initial cash payment of $10,500,000 at closing and deferred payments of $3,150,000 payable in installments of $1,050,000 at 15 months following Closing and $2,100,000 at 27 months following Closing, subject to certain conditions.

The Company funded the cash payment at Closing by drawing funds on its credit facility.

As this transaction has recently closed, a complete determination of the purchase consideration and the purchase price allocation to the net assets acquired will be fully disclosed in the consolidated financial statements during the first quarter of fiscal year 2021.

(c) Acquisition of Alliance Pour La Santé Etudiante Au Quebec Inc.

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 to students attending Canadian post-secondary education institutions headquartered in Montreal, Quebec. The Company has acquired all of the issued and outstanding shares of ASEQ for a purchase price of $56,400,000, subject to post-closing adjustments. Of the total purchase price, $50,000,000 was paid in cash on Closing and the remaining $6,400,000 will be paid by way of deferred payments following the second anniversary of the Closing, subject to potential adjustment related to the financial performance of the business.

The Company funded the cash payment at Closing by exercising the accordion option on its credit facility, thereby increasing the overall size of its credit facility by $50,000,000.

As this transaction has recently closed, a complete determination of the purchase consideration and the purchase price allocation to the net assets acquired will be fully disclosed in the consolidated financial statements during the second quarter of fiscal year 2021.