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

people
CORPORATION

Experience the Benefits of People

For the Quarter and Year ended August 31, 2016

PEOPLE CORPORATION

Management's Discussion & Analysis
For the Quarter and Year ended August 31, 2016

This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of November 23, 2016 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of People Corporation (the "**Company**"), including the notes thereto, as at and for the year ended August 31, 2016, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), unless otherwise specified. All amounts contained within this MD&A are in Canadian dollars unless otherwise specified. Amounts set forth in this MD&A are stated in thousands of dollars except for per share, issued and outstanding share data, and unless otherwise noted. Certain totals, subtotals and percentages may not reconcile due to rounding.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

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

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

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The Company is an employee benefit, pension and human resource consulting firm in Canada. With a growing national footprint, the Company is bringing together leading consultants in the industry to offer innovative and customized product solutions to clients. The Company is listed on the TSX Venture Exchange ("**TSX-V**") under the symbol "PEO".

FINANCIAL HIGHLIGHTS

The Company's financial results for the three months ended August 31, 2016 fully reflect the effect of last year's acquisition of Coughlin & Associates Ltd. ("Coughlin") and organic growth initiatives. The effect of the acquisition of BPA Financial Group Limited ("BPA") is also fully reflected in the three-month results as the transaction closed on April 13, 2016.

	for the three months ended		for the year ended	
	Aug 31, 2016	**Aug 31, 2015**	**Aug 31, 2016**	**Aug 31, 2015**
Revenue	$ 24,902.6	$ 15,767.2	$ 79,802.3	$ 49,293.3
Adjusted EBITDA	$ 3,796.2	$ 2,358.3	$ 14,095.3	$ 9,161.4
Adjusted EBITDA per share (Basic)	$ 0.084	$ 0.052	$ 0.313	$ 0.221
Net Income (Loss)	$ (277.0)	$ 1,050.5	$ (174.8)	$ 1,394.4
Net income per share (Basic)	$ (0.006)	$ 0.023	$ (0.004)	$ 0.034
Net income per share (Diluted)	$ (0.006)	$ 0.023	$ (0.004)	$ 0.033

For the three months ended August 31, 2016, the Company experienced revenue growth of $9,135.4 or 57.9%. The Company recognized acquired growth of $7,234.8 (79.2%) and organic growth of $1,900.6 (20.8%). Organic growth is primarily comprised of the increase in revenue resulting from the addition of new clients from the Company's existing and expanded benefits consulting team and natural inflationary factors.

Adjusted EBITDA for the fourth quarter of fiscal 2016 was $3,796.2, representing an increase of $1,437.9 or 61.0%, as compared to the same period in fiscal 2015. Growth in Adjusted EBITDA for the three month period was primarily driven by contribution from acquisitions and the increase in fourth quarter revenue, partially offset by increases in variable compensation expenses tied directly to the higher revenue, expansion of the consulting team through hiring additional benefit consultants and expansion of the leadership team. The Company may experience fluctuations in timing of revenue between quarters and, as a result, Adjusted EBITDA as a percentage of revenue is less meaningful on a quarterly basis.

For the three months ended August 31, 2016, the Company reported a decrease in Net Income of $1,327.5 resulting from higher costs primarily related to the BPA acquisition, including an increase in acquisition, integration and reorganization costs, finance expenses and acquisition-related amortization of intangible assets and accretion of REI liabilities resulting from 2015 and 2016 acquisitions, partially offset by the increase in revenue and Adjusted EBITDA.

For the twelve months ended August 31, 2016, the Company experienced revenue growth of $30,509.0 or 61.9%. The Company recognized acquired growth of $25,345.8 (83.1%) and organic growth of $5,163.2 (16.9%). Organic growth is primarily comprised of the increase in revenue resulting from the addition of new clients from the Company's existing and expanded benefits consulting team and natural inflationary factors.

Adjusted EBITDA for the twelve months ended August 31, 2016 was $14,095.3, representing an increase of $4,933.9 or 53.9%, as compared to the same period in fiscal 2015. Growth in Adjusted EBITDA for the twelve month period was primarily driven by contribution from acquisitions and the increase in revenue, partially offset by increases in variable compensation expenses tied directly to the higher revenue, expansion of the consulting team through hiring additional benefit consultants and expansion of the leadership team.

For the twelve months ended August 31, 2016, the Company reported a decrease in Net Income of $1,569.2 resulting from higher costs primarily related to the BPA acquisition, including an increase in acquisition, integration and reorganization costs, finance expenses and acquisition-related amortization of intangible assets and accretion of REI liabilities resulting from 2015 and 2016 acquisitions, partially offset by the increase in Adjusted EBITDA.

BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third party benefits administration, group retirement consulting, pension advisory services, claims processing, disability management and administration services and strategic human resource consulting and recruitment services to help companies attract, retain and reward employees. The Company achieves this through approximately 600 employees and contractors with thirty-five offices (includes 17 satellite offices) located in nine provinces. The Company earns revenues from a diverse base of clients in various industries. Approximately 95% (2015 - 94%) of the Company’s revenues come from employee group benefit consulting, third party benefits administration and group retirement consulting while the remainder comes from strategic human resource consulting, recruitment services and other revenues. The Company maintains a corporate strategic plan, a financial plan and an ongoing annual planning process that enables the Company to continue to grow and execute on its vision. The Company's priority is the continued profitable expansion of existing operations through a focus on organic growth and the acquisition of synergistic companies with a view to maximize value for its stakeholders: i) shareholders, ii) clients, iii) acquisition partners, and iv) employees. The Company has financial and management resources in place to execute these priorities.

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

CONSULTING SOLUTIONS		BENEFIT SOLUTIONS	SHARED SERVICES	HUMAN RESOURCE SOLUTIONS
JSL	Investment Guild	HealthSource Plus	Integrated Solutions	PEOPLE FIRST HR SERVICES
Gallivan & Associates	White Willow	W.B. & Associés	Group Retirement Solutions	
Buffett Taylor	Prosure Group	BHL	Business Development	
Bencom fsgi	Fairles Benefit Services	Coughlin	Strategic Initiatives	
Hamilton + Partners		BPA	Talent Acquisition	
			Wellness Solutions	

The Company has offices across Canada; each led by a team of experts and backed by the resources of a public company. The Company's diverse team of experienced consultants have industry-specific expertise and can provide businesses with insight to customize an innovative suite of services specific for their business requirements. The Company is committed to helping businesses attract, reward and retain their people thereby assisting in the achievement of the client's goals.

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

People Corporation helps businesses:

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

Reward — Proprietary solutions offered by the Company's employee group benefit consulting, third party benefits administration, group retirement consulting, pension advisory services, claims processing, disability management and administration services ensures that a client's staff has access to health, wellness, dental, and retirement plans that make financial sense for their families, as well as for the client's business.

Retain	The Company can help make a client's organization a place where the best people will want to build their careers while also ensuring cost containment for the client's benefit, HR and group retirement plans.

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

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

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

Consulting Solutions

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

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

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

Gallivan & Associates Student Networks

Gallivan & Associates Student Networks ("**Gallivan**"), established in 1993, provides professional advice and service infrastructure to post-secondary student organizations in order to offer group benefit programs to students. Gallivan operates on a national basis with offices and satellite offices across the country and provides Student Health and Dental Plans to post-secondary student organizations representing over 170,000 students.

The Investment Guild

The Investment Guild ("**TIG**"), established in 1981, specializes in mid-market corporate benefits, association plan benefits, group retirement solutions and individual insurance products.

Buffett Taylor & Associates

Buffett Taylor & Associates ("**Buffett Taylor**"), established in 1981, is a consulting firm specializing in providing service to a predominately public sector and not-for-profit clientele. Buffett Taylor is versed in all areas of group benefits insurance and benefit plans. Using an integrated approach to the design and cost management planning of group benefit programs with a proven track record in servicing clients across Ontario has enabled Buffett Taylor to maximize the investment that their clients have made in their employee benefit plans.

White Willow Benefits Consultants

White Willow Benefit Consultants ("**White Willow**"), established in 1988, is a boutique group benefits consulting firm that provides services to mid-market to large corporate clients with group benefit plans and group retirement solutions. White Willow has special expertise in servicing legal firms and organizations within the financial services sector.

Les Assurances W.B. Inc.

Les Assurances W.B. Inc. ("**LAWB**") provides group benefit advisory services to clients based in the Québec City area and northern Québec. LAWB leverages the HSP platform, hereinafter described, to provide its clients with third-party administration of group benefit programs including billing services, client services, employee data management and claims management. In addition to providing third-party administration services, LAWB also provides traditional group benefit programs to its clients.

JSL

JSL ("**JSL**"), established in 1976, provides group benefit solutions to clients based in southern Ontario and specializes in mid-market corporate clients. JSL takes a partnership approach with clients to develop customized employee benefits programs that meet the changing needs of their businesses and employees.

Prosure Group Administrators and Prosure Insurance Agencies

Prosure Group Administrators and Prosure Insurance Agencies (collectively, "**Prosure**"), established in 1987, provides employee benefits solutions, consulting services and third-party administration services to over 300 mid-market corporate clients, the majority of which are located in Ontario.

Bencom Financial Group Services Inc.

Bencom Financial Services Group Inc. ("**Bencom**"), established in 1982, provides group benefit, group retirement and individual benefit advisory services to approximately 200 mid-market corporate clients located primarily in Ontario.

Fairles Benefit Services

Fairles Benefit Services ("**Fairles**"), established in 1991, provides group benefits and group retirement consulting to a broad range of clients in the Southwestern Ontario region. Fairles was acquired by Bencom in 2014 and now operates in close association with Bencom.

Hamilton + Partners Inc.

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

Benefit Solutions

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

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

HealthSource Plus

HealthSource Plus ("**HSP**"), established in 1992, provides TPA of group benefit programs, including billing services, client services, employee data management and claims management through a proprietary platform. As a TPA, HSP is able to provide customized benefits solutions based on the needs of the client, including complex plan design, customized reporting, alternative funding models and hybrid plans. HSP has offices in Toronto, Montreal, Niagara and Winnipeg and typically serves businesses with 25 to 5,000 employees.

Prosure

In addition to providing group benefit advisory services, as discussed above, Prosure operates a specialized TPA platform for the administration of Health Spending Accounts and Cost-plus Accounts.

Bryan H. Lupe and Associates

Bryan H. Lupe and Associates ("**BHL**"), established in 1969, provides group benefits and consulting and administration services to a broad range of clients, and has established a solid reputation for outstanding client service and creativity in providing group benefits solutions to clients primarily based in Manitoba.

Coughlin & Associates Ltd.

On June 12, 2015, the Company acquired Coughlin & Associates Ltd. ("Coughlin"). Coughlin, established in 1958, provides group benefit consulting, pension consulting, administrative solutions and claims management services to many of Canada's most respected corporations, unions and public service organizations. Coughlin has offices in Ottawa and Winnipeg.

BPA Financial Group Limited

On April 13, 2016, the Company acquired BPA Financial Group Limited ("BPA"). BPA, established in 1958, provides group benefit and pension administration, consulting and claims management services to many large multi-employer trust organizations and numerous other organizations across Canada. BPA has offices located throughout Ontario and Eastern Canada.

Human Resource Solutions

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

People First HR Services Ltd.

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

Shared Services

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

Integrated Solutions

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

Group Retirement Solutions

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

Business Development Representatives

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

Strategic Initiatives

Strategic Initiatives is focused on working with internal stakeholders on developing, scoping and executing on strategic and priority plans for the Company and its clients.

Talent Academy

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

Wellness Solutions

Wellness Solutions focuses on providing the Company's corporate clients with a suite of proprietary products and service offerings that will help manage the increasing costs of absenteeism, presenteeism, and loss of productivity. In addition, the Company's Wellness Solutions serve to help the Company's clients attract, reward, and retain their employees.

BUSINESS ENVIRONMENT AND STRATEGY

Industry

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

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

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

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

OVERVIEW OF OPERATING PERFORMANCE

As a result of a focus on executing its strategic plan, the Company continues to be successful in building upon and growing operational capabilities by investing in employees and the tools they need to provide responsive solutions which address its client's business challenges. The Company wants its clients to experience the benefits that People Corporation professionals bring to the table, to experience the benefits their people can deliver to them, and wants the client relationship to be an experience, not a transaction. The Company continued its positive momentum and strong performance during the quarter.

Operational initiatives include:

- Strengthening the senior leadership team with key strategic hires in the areas of finance, information technology, operations, integration and strategy;
- Increasing the acquisition opportunities;
- Expanding the Company's Group Retirement Services team to drive new business and to enhance the unique value proposition;
- Launching the Talent Academy to facilitate the continued hiring and training of additional benefits consultants in order to expand our organic revenue generating capabilities.

Results from implementation of these initiatives, momentum from past initiatives and overall improvement in revenue growth can be seen in the Company's continued strong financial performance.

Notable milestones include

- Acquired 100% of the voting interest and 67% of the economic interest of BPA Financial Group Limited, one of Canada's preeminent independent full service national benefit and pension consulting and third party administration firms, with offices throughout Ontario and Eastern Canada;
- Expanded the size of the credit facility to $61.2 million with an option, subject to the satisfaction of certain terms and conditions, to increase the acquisition credit facility by $15 million for an overall credit capacity of $76.2 million;
- Completed a bought deal private placement financing subsequent to the end of the year resulting in net proceeds of $19.1 million to be used to fund growth initiatives and for general corporate purposes;
- Strengthened the organizational structure to position the Company for continued growth, with the appointments of Mr. Dennis Stewner, CPA, CA as the Company's Chief Financial Officer & Chief Operating Officer, Mr. Robert Andrews, Chief Operating Officer - Benefit Solutions, Mr. Keyur Desai, SVP, Information Systems – Benefit Solutions, and Ms. Sue Tardi, SVP - Human Resource Solutions;
- Expanded organic growth capabilities through the continued expansion of its consulting team throughout Canada;
- Re-launched an enhanced sales management and CRM software technology platform to support organic revenue growth objectives;
- Launched new product and service offering on our TPA platform;
- Initiated an internal Employee Wellness program to promote internal staff health and well-being; and
- Maintained the TSX Venture 50 ranking.

Growth Through Acquisitions

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

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

The Company will consider acquisitions ranging in size and structure, but all share the characteristic of having a strong underlying strategic rationale, which may include enhancing the Company’s position in existing markets or providing entry into new markets, expanding the Company’s administrative and technological capabilities, providing new supplier relationships and enhancing the breadth and depth of the Company’s product and service offering. At the same time, given the financial characteristics of the underlying businesses, and the structural components and financial terms of the transactions, the Company will continue to focus on achieving attractive financial returns.

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

Effective April 13, 2016, the Company acquired BPA Financial Group Limited ("BPA"), an independent full service national firm providing group benefit and pension administration consulting and claims management services to corporations and multi-employer trust organizations in Canada. The company’s interest in BPA is comprised of a 100% voting interest and will hold a 67% economic interest through ownership of voting, dividend-bearing common shares of BPA (“Company Shares”).

The principals of BPA collectively hold non-voting, dividend-bearing special shares of BPA (“BPA Principal Shares”) and options to acquire BPA Principal Shares at a nominal price over a period of four and one-half years from April 13, 2016. (“BPA Share Options”), which upon exercise of the options will result in an aggregate 33% economic interest in BPA ("BPA Retained Economic Interest"). Commencing November 29, 2016, the issued Company Shares and BPA Principal Shares have an ongoing contractual right to receive quarterly 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 BPA dividend-bearing shares to the extent of a specified earnings amount.

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”) 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.

OUTLOOK

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

NON-IFRS FINANCIAL MEASURES

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

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

OVERVIEW OF FINANCIAL PERFORMANCE

Adjusted EBITDA

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

	for the three months ended		for the year ended	
	Aug 31, 2016	**Aug 31, 2015**	**Aug 31, 2016**	**Aug 31, 2015**
Net income	**$ (277.0)**	**$ 1,050.5**	**$ (174.8)**	**$ 1,394.4**
Add:				
Depreciation and amortization	2,009.0	1,364.7	6,975.6	3,935.4
Finance expenses, net	1,561.0	(240.1)	5,258.4	1,648.7
Income taxes, net	1,201.7	(60.2)	1,912.7	877.4
Standardized EBITDA	**4,494.7**	**2,114.9**	**13,971.9**	**7,855.9**
Add:				
Acquisition, integration and reorganization costs	291.9	622.3	2,302.6	1,528.1
Compensation-based REI	488.9	421.0	2,144.7	1,874.1
Share-based compensation	63.2	62.4	593.9	218.7
Adjusted EBITDA before REI	**5,338.7**	**3,220.6**	**19,013.1**	**11,476.8**
Deduct:				
Compensation-based REI	(488.9)	(421.0)	(2,144.7)	(1,874.1)
Equity-based REI	(1,053.6)	(441.3)	(2,773.1)	(441.3)
Adjusted EBITDA	**$ 3,796.2**	**$ 2,358.3**	**$14,095.3**	**$ 9,161.4**
Adjusted EBITDA before REI as a % of Revenue	21.4 %	20.4 %	23.8 %	23.3 %
Adjusted EBITDA as a % of Revenue	15.2 %	15.0 %	17.7 %	18.6 %

Adjusted EBITDA before REI for the year ended August 31, 2016 was $19,013.1, an increase of $7,536.3, or 65.7% from $11,476.8 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Acquired revenue growth of $25,345.8 representing the increase in revenue resulting from the increased contribution to run rates from 2015 and 2016 acquisitions as well as an increase in organic growth of $5,163.2;
- Increased salaries, bonuses and commissions of $18,631.2 primarily attributable to the increased employee count resulting from the acquisition of Coughlin and BPA, expansion of the consulting team through hiring additional benefit consultants and expansion of the leadership team;
- Increased operating costs of $4,341.5 primarily attributable to the acquired operations of Coughlin and BPA.

Adjusted EBITDA for the year ended August 31, 2016 was $14,095.3, an increase of $4,933.9, or 53.9% from $9,161.4 reported for the same period in the prior year. The increase is due to those factors influencing Adjusted EBITDA before variable REI representing the vendors' interest in Coughlin, BPA, H+P and Bencom.

See 'Selected Quarterly Financial Information' for Management's discussion of quarterly results.

Operating Income Before Corporate Costs

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

	for the three months ended		for the year ended	
	Aug 31, 2016	**Aug 31, 2015**	**Aug 31, 2016**	**Aug 31, 2015**
Adjusted EBITDA	**$ 3,796.2**	**$ 2,358.3**	**$14,095.3**	**$ 9,161.4**
Add:				
Corporate costs	1,264.0	1,221.9	4,490.7	4,157.3
Operating income before corporate costs	**$ 5,060.2**	**$ 3,580.2**	**$18,586.0**	**$13,318.7**

Corporate costs, which represent expenses incurred at the corporate office, such as executive remuneration, public company compliance costs, insurance and corporate development activities, for the three months ended August 31, 2016 were $1,264.0 versus $1,221.9 for the same period in the prior year. The increase of $42.1 is primarily due to an increase in salaries and wages as a result of the investment in leadership positions during the 2015 and 2016 fiscal years, partially offset by a decrease in professional fees and corporate travel expenses. Operating income before corporate costs for the three months ended August 31, 2016 was $5,060.2 versus $3,580.2 for the same period in the prior year. The increase of $1,480.0 is due to contributions to Adjusted EBITDA from 2015 and 2016 acquisitions and organic growth compared to the same period in the prior year.

Corporate costs for the year ended August 31, 2016 were $4,490.7 versus $4,157.3 incurred in the prior comparative period. The increase of $333.4 is primarily due to an increase in salaries and wages as a result of the investment in leadership positions during the 2015 and 2016 years as well as an increase in public company costs, partially offset by a decrease in professional fees.

SELECTED ANNUAL INFORMATION

	Aug 31, 2016	**Aug 31, 2015**	**Aug 31, 2014**
Revenue	$ 79,802.3	$ 49,293.3	$ 42,575.9
Net income and comprehensive income	$ (174.8)	$ 1,394.4	$ 1,540.9
Earnings per share (basic)	$ (0.004)	$ 0.034	$ 0.043
Earnings per share (diluted)	$ (0.004)	$ 0.033	$ 0.041
Total assets	$ 149,206.9	$ 114,597.3	$ 56,109.4
Total non-current financial liabilities	$ 85,710.9	$ 58,130.9	$ 18,969.6

See 'Revenue' for Management's discussion of results.

Net loss for the year ended August 31, 2016 was $174.8, a decrease of $1,569.2 from fiscal 2015 and a decrease of $1,715.7 from fiscal 2014. Net income and comprehensive income has decreased as compared to the prior year as a result of acquisition-related amortization of intangible assets, an increase in acquisition, integration and reorganization costs primarily related to the magnitude of the 2015 and 2016 acquisitions and an increase in accretion expense pertaining to the non-controlling interest put options associated with the 2015 and 2016 acquisitions, partially offset by increased adjusted EBITDA. Basic earnings per share is primarily affected by the change in net income, as well as by an increase in the number of outstanding shares from private placements to fund acquisition growth and the exercise of stock options.

Total assets at August 31, 2016 were $149,206.9, an increase of $34,609.6 and $93,097.5 from August 31, 2015 and 2014, respectively. The increase can primarily be attributed to additions to intangible assets, goodwill and working capital through acquisitions. Total non-current financial liabilities at August 31, 2016 were $85,710.9, an increase of $27,580.0 and $66,741.3 from August 31, 2015 and 2014, respectively. Non-current financial liabilities have increased due to increases in non-controlling interest put options, loans and borrowings and deferred taxes in connection with acquisition activity in 2015 and 2016.

Revenue

Revenue from the Consulting Solutions division is primarily comprised of commissions from insurance carriers. In addition, the Company earns fees from pension assets under administration which are paid by the carrier who administers and invests the funds. The Company is a reseller of benefit products and services and therefore assumes no underwriting risk as the insurance policy is underwritten by the insurance carrier.

Revenue from the Benefit Solutions division is primarily from fees earned for third party administration services.

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

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

Revenue is as follows:

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
	$ 79,802.3	$ 49,293.3	$ 30,509.0	61.9 %

For the year ended August 31, 2016, the Company experienced revenue growth of $30,509.0 or 61.9%. The Company recognized acquired growth of $25,345.8 (83.1%) representing the increase in revenue resulting from the increased contribution to run rates from 2015 acquisitions and organic growth of $5,163.2 (16.9%). Organic growth is comprised of the increase in revenue resulting from the addition of new clients from the Company's existing and expanded benefits consulting team and natural inflationary factors.

Personnel and Compensation Expenses

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

Personnel and compensation expenses are as follows:

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
	$ 47,630.7	$ 28,999.5	$ 18,631.2	64.2 %

For the year ended August 31, 2016, personnel and compensation costs represent 59.7% of revenues (2015 - 58.8%). The increase in salaries, bonuses and commissions for the year ended August 31, 2016 of $18,631.2 from $28,999.5 to $47,630.7 is primarily attributable to the increased employee count resulting from the acquisitions of Coughlin and BPA in the 2015 and 2016 fiscal years. Other factors include the expansion of the consulting team through hiring additional benefit consultants in both the 2015 and 2016 fiscal years and the net increased commissions resulting from organic growth in sales. In addition to incremental costs of current and prior year acquisitions and the increased commissions reflective of an increase in organic revenue growth, an expansion of the leadership team partially contributed to the increase in personnel and compensation costs.

General and Administrative Expenses

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

General and administrative expenses are as follows:

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
	$ 10,405.5	$ 7,425.0	$ 2,980.5	40.1 %

For the year ended August 31, 2016, general and administrative expenses have increased by $2,980.5 primarily due to incremental costs incurred to support the ongoing growth strategy of the Company, specifically:

- An increase in acquisition, integration and restructuring costs of $774.4 primarily comprised of costs related to the acquisition and integration of Coughlin and BPA, other acquisition activity, and reorganizing certain aspects of its organizational structure to position the Company positively for the future; and,
- A net increase of $2,939.4 resulting from a higher general and administrative run-rate due to the Coughlin and BPA acquisitions, offset by a decrease of $683.1 in professional fees resulting from the one-time costs incurred in the comparative period relating to the investments in leadership and benefit consulting positions and accounting and legal costs incurred to execute certain strategic initiatives and $50.2 net decrease in all other general and administrative expenses. In addition, a greater portion of professional fees required in the current fiscal year pertained to Acquisition, Integration and Reorganization objectives.

Depreciation and Amortization Expense

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

Depreciation and amortization expense is as follows:

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
	$ 6,975.6	$ 3,935.4	$ 3,040.2	77.3 %

For the year ended August 31, 2016, depreciation and amortization expense increased by $3,040.2 primarily due to significant additions to intangible assets during the 2015 and 2016 fiscal years.

Depreciation expense on property, plant and equipment increased by $40.0 due to additions through the acquisitions of Coughlin and BPA which resulted in a higher cost base in property, plant and equipment compared to that of the Company in the prior year, offset by a decrease in depreciation expense in other areas of the Company due to limited additions in the current year and the diminishing cost base of existing property, plant and equipment.

Amortization expense and impairment losses on customer relationships, customer contracts and software increased by $3,000.2 primarily due to additions of customer relationships resulting from the acquisition of Coughlin in the 2015 fiscal year and BPA in the 2016 fiscal year and ongoing investments in software development for the TPA platform.

Occupancy Costs

Occupancy costs are as follows:

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
	$ 4,423.2	$ 2,461.1	$ 1,962.1	79.7 %

Occupancy costs increased by $1,962.1 for the year ended August 31, 2016 primarily due to incremental lease costs associated with the acquisition of Coughlin during the 2015 fiscal year and BPA during the 2016 fiscal year.

Administration Fees

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

Administration fees are as follows:

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
	$ 3,023.1	$ 2,213.7	$ 809.4	36.6 %

Administration fees increased by $809.4 for the year ended August 31, 2016 due to an increase in claims processing fees. The increase in claims processing fees is volume driven and is a direct result from the increase in TPA revenue in Benefit Solutions from organic and acquired growth.

Finance Expenses

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

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
	$ 5,258.4	$ 1,648.7	$ 3,609.7	218.9 %

Finance expenses increased by $3,609.7 for the year ended August 31, 2016. The change is primarily due to an increase of $3,117.8 in fair value adjustments to and the accretion of the non-controlling interest put obligations and accretion of contingent consideration and vendor take-back notes, primarily driven by additions to non-controlling interest put obligations resulting from the acquisition of Coughlin and BPA. In addition, interest and finance costs on long-term debt and other finance costs increased by $491.9 resulting from an increase in outstanding debt from the draw-down of the Company's acquisition credit facility and increase in term loans relating to the Coughlin and BPA acquisitions.

Public Company Costs

Public Company costs are as follows:

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
	$ 347.9	$ 338.1	$ 9.8	2.9 %

Public company costs have increased by $9.8 for the year ended August 31, 2016. The increase can be attributed to higher TSX-V filing costs due to higher market capitalization, consistent with the Company's increase in outstanding shares.

SELECTED QUARTERLY INFORMATION

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

	Q4 - 2016	Q3 - 2016	Q2 - 2016	Q1 - 2016	Q4 - 2015	Q3 - 2015	Q2 - 2015	Q1 - 2015
Revenue	$ 24,902.6	$ 20,248.1	$ 18,336.6	$ 16,314.9	$ 15,767.2	$ 10,487.6	$ 11,974.9	$ 11,063.6
Operating & corporate expenses	(20,052.7)	(16,073.8)	(14,156.7)	(12,650.4)	(12,967.6)	(8,345.1)	(9,513.9)	(8,864.2)
Adjusted EBITDA	3,796.2	3,461.4	3,633.2	3,204.6	2,358.3	2,142.5	2,461.0	2,199.4
Finance expenses	(1,561.0)	(1,334.3)	(1,069.6)	(1,293.6)	240.1	(631.4)	(584.2)	(673.2)
Depreciation and amortization	(2,009.0)	(1,686.3)	(1,426.2)	(1,854.1)	(1,364.7)	(903.9)	(821.6)	(845.1)
Share-based compensation	(63.2)	(152.6)	(133.3)	(244.8)	(62.4)	(70.2)	(40.3)	(45.7)
REI, issued as dividends	1,053.6	713.0	546.7	459.8	441.3	-	-	-
Income tax expense, net	(1,201.7)	303.0	(806.3)	(207.6)	60.2	(317.6)	(352.6)	(267.3)
Acquisition, integration and reorganization costs	(291.9)	(1,072.6)	(724.7)	(213.4)	(622.3)	(570.5)	(275.3)	(60.0)
Net income	(277.0)	231.6	19.8	(149.1)	1,050.5	(351.1)	387.0	308.1
Total assets	149,206.9	146,358.7	112,809.7	113,105.2	114,597.3	69,808.2	57,440.7	57,838.5
Total loans and borrowings	40,477.2	42,015.7	24,343.9	25,285.0	25,409.6	9,773.5	9,986.8	10,637.0
Total other liabilities	64,044.9	59,518.7	44,062.0	43,645.1	45,108.3	19,748.9	20,495.9	20,689.1
Shareholders' equity	44,684.9	44,824.2	44,403.7	44,175.1	44,079.4	40,285.8	26,958.1	26,512.5
Adjusted EBITDA per share	0.084	0.077	0.081	0.082	0.053	0.052	0.062	0.055
Earnings per share (basic)	(0.006)	0.005	-	(0.003)	0.023	(0.009)	0.010	0.008
Earnings per share (diluted)	(0.006)	0.005	-	(0.003)	0.023	(0.009)	0.009	0.008

Adjusted EBITDA for the three months ended August 31, 2016 was $3,796.2, representing an increase of $1,437.9 or 61.0%, as compared to the same period in fiscal 2015. The growth in Adjusted EBITDA for the three month period was comprised of:

- Acquired revenue growth of $7,234.8;
- Organic revenue growth of $1,900.6; offset by,
- Increased salaries, bonuses and commissions of $4,965.8 primarily attributable to the acquired employee count, the expansion of the consulting team, and increased commissions resulting from organic growth in sales; and
- Increased operating costs of $2,119.3 primarily attributable to the acquired operations of Coughlin and BPA as well as organic growth of the Company's business.
- REI, issued as dividends, representing the vendors' share of Coughlin and BPA Adjusted EBITDA was $1,053.6.

The Company can experience fluctuations in timing of revenue between quarters and, as a result, Adjusted EBITDA as a percentage of revenue is less meaningful on a quarterly basis.

Finance expenses for the fourth quarter of fiscal 2016 were $1,561.0, representing an increase of $1,801.1 or 750.1%, as compared to the same period in fiscal 2015. The increase in finance expenses for the three month period was primarily due to the fair value revaluation of the Coughlin, Bencom and H+P non-controlling put liabilities, as well as the addition of the BPA non-controlling interest put liability and the associated accretion expense which was not present in the comparative period in the prior year. In addition to the revaluation, the Company incurred higher interest and finance costs on long-term debt resulting from an increase to the credit facility to fund both the Coughlin and BPA acquisitions.

Depreciation and amortization for the fourth quarter of fiscal 2016 was $2,009.0, representing an increase of $644.3 or 47.2%, as compared to the same period in fiscal 2015, primarily due to increased amortization of customer lists acquired related to the Coughlin and BPA acquisitions.

Retained Economic Interest of Coughlin and BPA representing the vendors' share of Adjusted EBITDA was $1,053.6.

LIQUIDITY AND CAPITAL RESOURCES

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

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

Contractual Obligations

The following table summarizes, as at August 31, 2016, the Company's contractual obligation for the periods specified.

	Payments due by period				
	Total	**Less than 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**Thereafter**
Accounts payable and accrued liabilities	$ 13,934.4	$ 11,308.5	$ 2,058.5	$ 202.4	$ 365.0
Operating lease obligations	15,100.2	4,085.9	6,160.0	4,854.3	-
Obligations under finance leases	42.2	13.0	29.2	-	-
Vendor-take-back loans	1,462.6	462.6	400.0	600.0	-
Term credit facility	21,104.3	2,221.5	18,882.8	-	-
Acquisition credit facility	17,985.0	-	-	17,985.0	-
	$ 69,628.7	$ 18,091.5	$ 27,530.5	$ 23,641.7	$ 365.0

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

Cash Flows

The following table summarizes the Company’s cash flows for the year ended August 31, 2016:

For the year ended	Aug 31, 2016	Aug 31, 2015	$ Variance	% Variance
Net income for the period	$ (174.8)	$ 1,394.4	$ (1,569.2)	(112.5)%
Add non-cash items, net	10,156.7	4,351.5	5,805.2	133.4 %
Changes in non-cash working capital	3,609.6	(2,391.6)	6,001.2	(250.9)%
Net cash from operating activities	13,591.6	3,354.3	10,237.3	305.2 %
Net cash from (used by) investing activities	(19,871.6)	(27,676.2)	7,804.6	(28.2)%
Net cash from (used by) financing activities	14,135.2	28,086.2	(13,951.0)	(49.7)%
Net increase in cash	**$ 7,855.2**	**$ 3,764.3**	**$ 4,090.9**	**108.7 %**

Cash generated from operating activities for the year ended August 31, 2016 was $13,591.6, an increase of $10,237.3 or 305.2% from the $3,354.3 of cash generated in the same period in the prior year. Significant influences of cash inflows and outflows related to operating activities for the year ended August 31, 2016 versus the same period in the prior year include:

- Increase in cash resulting from changes in working capital accounts of $6,001.2 including the effect of trade and other receivables, trade payables, accrued and other liabilities, and deferred revenue. The majority of the change in working capital is a result of changes in trade and other receivables and trade payables, accrued and other liabilities. The most notable changes resulting in cash increases are due to a change in trade and other receivables of $1,342.4, a change in trade payables, accrued and other liabilities of $4,291.1, and a net increase of $367.7 in other non-cash working capital items, including deferred revenue and income tax payable.
- Increase in Adjusted EBITDA of $4,933.9, as compared to the comparable period in the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

Capital Management

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

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

Working Capital

The Company's working capital (defined as current assets less current liabilities) at August 31, 2016 is set forth in the table below. The Company defines Operating Working Capital as current assets less current liabilities, with an exclusion of certain current liabilities from such calculation. The current liabilities excluded are comprised of:

Deferred Revenue

Deferred revenue represents the excess of retainer amounts billed over costs incurred and revenue earned on service contracts. The amount is amortized into income as services are rendered, in accordance with the revenue recognition policies described in the Company's financial statements. 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 deferred revenue. Fee revenue that is contingent on certain criteria being met is included in deferred revenue until the criteria have been met.

Deferred revenue is a non-cash liability and therefore management believes that adding back the deferred revenue provides a more accurate reflection of the liquidity and working capital position of the Company.

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

	Aug 31, 2016	Aug 31, 2015
Current assets	$ 25,750.1	$ 15,203.4
Less:		
Current liabilities	18,811.2	12,387.0
Working capital	6,938.9	2,816.4
Add back:		
Current portion of deferred revenue	5,263.3	4,951.7
Operating working capital	**$ 12,202.2**	**$ 7,768.1**

Operating Working Capital has increased by $4,434.1 to a surplus of $12,202.2 compared to the surplus of $7,768.1 at August 31, 2015. The change in Operating Working Capital is due to an increase in cash, trade payables, accrued and other liabilities and the current portion of loans and borrowings and a decrease in trade and other receivables. These changes are primarily the result of operating activities and Adjusted EBITDA contributions from 2015 and 2016 acquisitions. The increase related to the current portion of loans and borrowings can be attributed to increased quarterly principal repayments resulting from expansion of the credit facility, offset in part by repayments of vendor-take-back loans and principal on long-term debt.

The Company maintains a revolving operating line of credit of $5,000.0 to facilitate management of short-term working capital requirements. As at August 31, 2016, the Company had not utilized this facility.

Credit Facilities

The Company is a party to an agreement with its senior lender, Canadian Imperial Bank of Commerce ("CIBC"), as lead lender of a syndicated loan facility, which included the following components:

1. $5,000.0 revolving credit facility to fund operating cash flow needs;
2. $34,000.0 term acquisition credit facility to fund future acquisitions.
3. $22,215.0 term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement and fund acquisitions.

The agreement also has an Accordion Feature, which provides for an option, subject to the satisfaction of certain terms and conditions, to increase the acquisition credit facility by up to $15,000.0 of additional capacity. This would result in an increase in the size of the acquisition credit facility of up to $49,000.0 and overall credit capacity of up to $76,215.0.

The facility matures on October 31, 2017, and the Company has the option to extend it to October 31, 2019. The Term Loan requires quarterly principal repayments of $555.4 per until November 30, 2018 and $666.5 per quarter thereafter, with the balance due at maturity. The Operating Revolver and Acquisition Revolver do not have scheduled principal repayments prior to maturity.

The loans bear interest at a floating rate based on banker's acceptances plus a credit margin based on the Company's quarterly leverage ratio. The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to both financial and non-financial covenants, including maximum total leverage and senior leverage ratios and minimum fixed charge coverage ratios. The new facility replaced the Company's previously existing credit facility originally entered into in 2011 and has been subsequently amended.

At August 31, 2016, the Company had a balance of $21,104.3 outstanding on the Term Loan, $17,985.0 outstanding on the Acquisition Revolver and was compliant with all financial covenants. On October 31, 2016, the Company used a portion of net proceeds from the Offering (see the Share Capital section) to fully repay the term acquisition credit facility.

At November 23, 2016, the Company had unutilized and available credit of $5,000.0 on the Operating Revolver and $34,000.0 to fund acquisitions on the Acquisition Revolver.

Share Capital

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

	November 23, 2016	August 31, 2016	August 31, 2015
Common shares issued and outstanding	49,764,550	45,225,050	44,958,383
Stock options outstanding	1,535,070	1,504,897	1,107,679
Restricted Stock Units outstanding	299,103	128,680	38,568
Deferred Stock Units outstanding	41,478	26,442	9,730

On October 6, 2016, the Company closed a bought deal private placement financing (the "Offering") with a syndicate co-led by Cormark Securities Inc. and Acumen Capital Finance Partners Limited, and including Laurentian Bank Securities (collectively, the "Underwriters"). Pursuant to the Offering, the Company issued 5,439,500 common shares (the "Shares") of the Company at a purchase price of $3.70 per Share, including 709,500 Shares issued pursuant to the full exercise of the Underwriters over-allotment option, for gross proceeds to the Company of $20,126,150. The Underwriters received a cash commission equal to 5.0% of the gross proceeds raised in the Offering.

The net proceeds of the Offering will be used to fund growth initiatives and for general corporate purposes.

The Shares issued in connection with the Offering are subject to a restrictive legend which expires on February 7, 2017.

Contingencies

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

RISK FACTORS

The Company operates in a well-established and highly competitive industry and its results of operations, business prospects and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of management of the Company. These factors include, but are not limited to, the following:

Key Personnel

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

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

Client Relationships

Group insurance contracts are generally renegotiated on an annual basis with clients, often resulting in insurance premium pricing increases or decreases. Accordingly, there can be no guarantee that insurance contracts sold through the Company in the past will be renewed on a go forward basis or at the same pricing level. While the Company has several benefit and insurance clients with contracts that extend for one to seven years, the majority of the Company's benefit and pension revenue is derived from contracts that can be cancelled upon thirty days' notice. The Company's experience is that most clients terminate during the renewal process rather than during the policy year. No single client makes up more than 4.5% of the Company's revenue and the clients are diversified both in size and industry.

Insurance Company Relationships

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

Regulation and Certification

The Company's employee benefits and group retirement consulting and administration services are subject to laws and regulations that are constantly evolving. In addition, the laws and regulations differ from province to province and the Company is required to keep up-to-date with the laws and regulations of each province.

Although there are currently restrictions on the ability of Canadian banks to market insurance products in competition with the Company, such legislation is currently under review. Accordingly, dependent upon the nature of legislative reforms, Canadian banks may in the future be able to offer products that are competitive with the products offered by the Company.

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

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

Technology and Information Security

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

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

Access to Capital

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

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

Future Growth via Acquisitions

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

Integration of Future Acquisitions

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

Potential Undisclosed Liabilities Associated with Acquisition / Limited Indemnification

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

Interest Rate

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

Legal

Legal risk is the potential for civil litigation or criminal or regulatory proceedings being commenced against the Company that, once decided, could materially and adversely affect the Company's business, operations or financial condition. In the ordinary course of business, the Company may be involved in litigation and other claims as a defendant or as a plaintiff. The outcomes of these actions could result in significant losses to the Company which could have a material adverse effect on the Company's business, financial condition and operating results.

Insurance

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

Canadian Economy and Competitive Conditions

The Company’s future success is dependent upon the direction and state of the Canadian economy. The business, operating results and financial condition of the Company could be materially affected by a prolonged and deep recession or downturn in the Canadian economy. Currently, the Company is exposed to difficult economic conditions in western Canada resulting from depressed oil and gas markets. There is no assurance that the Company will have sufficient financial resources to withstand a prolonged and deep recession.

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

Brand and Reputation

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

Internal Control

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Revenue recognition

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients.

Generally, revenue from the rendering of services is recognized when the following criteria are met:

- The amount of revenue can be reliably measured;
- The stage of completion can be reliably measured;
- The receipt of economic benefits is probable; and
- Costs incurred and to be incurred can be reliably measured.

Concurrently with the above general principles, the Company applies the following specific revenue recognition policies:

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 deferred revenue. Commission advances are recognized in income on a monthly basis based on the number of months for which the commission revenue was advanced, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.

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

Fee revenue from administrative and consulting services are recognized on the percentage of completion basis.

For fee revenue that is contingent on certain criteria being met, the revenue is not recognized until the work is completed.

All other revenues are recognized upon the completion of services rendered by the Company. Other revenue includes investment income recorded on the accrual basis of accounting.

Business combinations

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

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

Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

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

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

Deferred Tax

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. 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.

SEASONALITY

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

OFF-BALANCE SHEET ARRANGEMENTS

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

Concurrent with the acquisition of Coughlin, the Company assumed the role of sponsor of certain individual pension plans ("IPP") which had been established prior to the date of acquisition. While the IPPs are ongoing, the Company's obligation to make contributions towards any funding deficiency required by pension legislation is indemnified by the beneficiaries of the respective IPP. Conversely, any funding surpluses are payable to the beneficiaries of the respective IPP. As a result, the Company has no net exposure to unfunded or overfunded IPPs.

FINANCIAL INSTRUMENTS

The financial instruments of the Company consist of basic financial instruments which are typically used in the Company's operation, including cash, restricted cash, accounts receivable, accounts payable and other liabilities, obligations under capital lease, non-controlling interest put options and long-term debt.

For the current assets and liabilities, the main risk is the credit risk associated with accounts receivable. The credit risk is reduced due to a diversified customer base. The risks associated with long-term debt include the risk of interest rate increases and the risk of potential defaults in debt payments due to insufficient cash flows.