Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

people CORPORATION®

Experience the Benefits of People

For the three months ended November 30, 2020 and November 30, 2019
(Unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim condensed consolidated financial statements for the three months ended November 30, 2020.

PEOPLE CORPORATION

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

	Note	November 30, 2020	August 31, 2020
Assets			
Current assets:			
Cash		$ 37,870,196	$ 43,079,635
Funds held in trust	11	46,579,964	-
Trade and other receivables		28,820,674	27,608,959
Income tax receivable		589,145	-
Prepaid and other current assets		3,511,358	2,840,232
Total current assets		117,371,337	73,528,826
Non-current assets:			
Property and equipment	5	28,981,355	29,619,717
Goodwill and intangible assets	6	386,172,829	361,362,890
Loans and other assets		3,367,557	3,229,438
Contract cost assets		759,690	581,259
Total non-current assets		419,281,431	394,793,304
Total assets		**$ 536,652,768**	**$ 468,322,130**
Liabilities and shareholders' equity			
Current liabilities:			
Trade and other liabilities	7	$ 32,296,762	$ 36,035,245
Contract liabilities		13,148,816	6,742,576
Lease liabilities	8	4,045,352	3,653,121
Income tax payable		-	8,227,761
Non-controlling interest put options	10	18,186,461	16,541,720
Loans and borrowings	11	5,682,674	4,631,274
Total current liabilities		73,360,065	75,831,697
Trade and other liabilities	7	8,948,726	4,463,666
Lease liabilities	8	11,580,666	12,315,321
Non-controlling interest put options	10	47,329,919	43,189,301
Loans and borrowings	11	156,270,537	90,450,113
Deferred tax liability		24,275,636	24,062,268
Total liabilities		**321,765,549**	**250,312,366**
Shareholders' equity:			
Share capital	12	214,142,545	214,142,545
Contributed surplus		9,235,476	8,155,037
Deficit		(8,490,802)	(4,287,818)
Total shareholders' equity		**214,887,219**	**218,009,764**
Total liabilities and shareholders' equity		**$ 536,652,768**	**$ 468,322,130**

Contingencies (Note 19)
Subsequent events (Note 21)

PEOPLE CORPORATION

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

	Note		Three months November 30, 2020		Three months November 30, 2019
Revenue	15	$	54,227,358	$	44,307,099
Operating expenses	18		40,144,330		33,167,335
Depreciation and amortization	18		7,103,261		5,219,324
Finance expenses					
Change in estimated fair value of non-controlling interest put options	10, 16		4,367,523		1,788,129
Other finance expenses	16		2,487,725		1,042,045
Acquisition, integration and reorganization costs	18		3,464,762		5,105,643
			57,567,601		46,322,476
Loss before income taxes			**(3,340,243)**		**(2,015,377)**
Income tax expense (recovery):					
Current			3,823,109		2,867,026
Deferred			(2,960,368)		(2,132,853)
			862,741		734,173
Net loss and comprehensive loss		**$**	**(4,202,984)**	**$**	**(2,749,550)**

Loss per share					
Basic	12c	$	(0.06)	$	(0.04)
Diluted	12c	$	(0.06)	$	(0.04)

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

PEOPLE CORPORATION

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

	Note	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, August 31, 2019		**$125,765,547**	**$ 6,009,327**	**$ (1,913,197)**	**$129,861,677**
Net loss and comprehensive loss for the period		-	-	(2,749,550)	(2,749,550)
Issuance of common shares		61,071,309	-	-	61,071,309
Acquisition-related issuance of shares		1,865,706	-	-	1,865,706
Settlement of restricted stock units		-	(554,574)	-	(554,574)
Exercise of stock options		-	(428,000)	-	(428,000)
Share-based payments	13	-	1,283,853	-	1,283,853
		62,937,015	301,279	(2,749,550)	60,488,744
Balance, November 30, 2019		**$188,702,562**	**$ 6,310,606**	**$ (4,662,747)**	**$190,350,421**
Balance, August 31, 2020		**$214,142,545**	**$ 8,155,037**	**$ (4,287,818)**	**$218,009,764**
Net loss and comprehensive loss for the period		-	-	(4,202,984)	(4,202,984)
Issuance of common shares	12b	-	-	-	-
Acquisition-related issuance of shares	12b	-	-	-	-
Settlement of restricted stock units	12b	-	-	-	-
Exercise of stock options	12b	-	-	-	-
Share-based payments	13	-	1,080,439	-	1,080,439
		-	1,080,439	(4,202,984)	(3,122,545)
Balance, November 30, 2020		**$214,142,545**	**$ 9,235,476**	**$ (8,490,802)**	**$214,887,219**

PEOPLE CORPORATION

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

	Note	Three months November 30, 2020	Three months November 30, 2019
Operating activities			
Net loss for the period		$ (4,202,984)	$ (2,749,550)
Adjustments for:			
Depreciation	5	1,849,009	1,289,796
Amortization of intangible assets	6	5,254,252	3,929,528
Share-based compensation	13	1,080,439	1,283,853
Finance expenses	16,18	6,855,248	2,830,174
Income tax provision		862,741	734,173
Net cash from operations		11,698,705	7,317,974
Change in non-cash working capital	14	404,830	2,306,747
Cash generated from operating activities		12,103,535	9,624,721
Finance costs paid		(626,304)	(637,359)
Income taxes paid		(12,324,851)	(3,678,277)
Net cash used by / from operating activities		(847,620)	5,309,085
Investing activities			
Acquisition of subsidiaries, net of cash acquired	4	(17,111,061)	(46,754,360)
Acquisition of property and equipment	5	(507,298)	(302,142)
Acquisition of intangible assets	6	(1,571,635)	(970,230)
Net cash used in investing activities		(19,189,994)	(48,026,732)
Financing activities			
Outflows relating to loans and other assets		(200,000)	(200,000)
Proceeds from loans and borrowings		63,767,121	38,489,853
Repayment of loans and borrowings		-	(44,000,000)
Payment of funds held in trust	11	(46,579,964)	-
Proceeds from private placement of shares, net		-	60,163,542
Payment of lease liabilities	8	(1,183,218)	(892,985)
Payment of dividends on non-controlling interest	10	(468,706)	(597,497)
Payment of put options on non-controlling interest	10	(507,058)	-
Net cash from financing activities		14,828,175	52,962,913
Net increase (decrease) in cash		(5,209,439)	10,245,266
Cash at beginning of the period		43,079,635	12,489,692
Cash at the end of the period		$ 37,870,196	$ 22,734,958

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

1. Reporting entity:

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

2. Basis of presentation:

These condensed consolidated interim financial statements for the three months ended November 30, 2020, have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements do not include all the disclosures required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2020, prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on January 27, 2021.

(a) Use of estimates and judgments

Preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the application of policies and the reported amounts of assets and liabilities at the date of these condensed consolidated interim financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Areas of significant accounting estimates and judgments include determination of fair value of financial instruments, impairment of financial instruments, impairment of goodwill and intangible assets, business combinations, revenue recognition, lease accounting and deferred taxes. The Company also uses judgment when determining cash generating units ("CGU"), operating segments, contingencies, acquisition, integration and reorganization costs, non current assets and the determination of fair value of share based payments. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. For further information, refer to Company's consolidated financial statements for the year ended August 31, 2020.

The uncertainties around the outbreak of the COVID-19 pandemic required the use of judgments and estimates which resulted in no material impact for the three months ended November 30, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the consolidated financial statements. Examples of accounting estimates and judgments that may be impacted by the pandemic include: revenue recognition, impairment of goodwill and intangible assets, loss allowances, income tax expenses, non-controlling interest put options and contingent consideration obligations.

3. Significant accounting policies:

The accounting policies applied by the Company in these condensed consolidated interim financial statements are consistent with those applied by the Company in its consolidated financial statements as at and for the year ended August 31, 2020.

For further information, refer to Company's consolidated financial statements for the year ended August 31, 2020.

4. Business acquisitions:

During the three months ended November 30, 2020, the Company acquired the following businesses:

Encompass Benefits & HR Solutions Inc. ("Encompass")

Effective October 2, 2020, the Company acquired Encompass, a regional group benefits and group retirement consulting firm headquartered in Kelowna, British Columbia. The total purchase price for the acquisition of Encompass included cash, subject to final adjustments for working capital, and contingent consideration. Encompass vendors may be eligible to receive an additional payment after three years following closing of the transaction should the business exceed certain financial performance thresholds. The Company holds a 100% voting interest and holds a 75% economic interest in Encompass through ownership of all of the issued, dividend-bearing common shares of Encompass.

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

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

Watermark Benefit Consulting Inc. ("WBC")

Effective October 30, 2020, the Company acquired WBC headquartered in Calgary, Canada. WBC designs and delivers group benefits and group retirement solutions with deep expertise to serving organizations with international employee bases. Total consideration paid for the acquisition of WBC included cash, subject to final adjustments for working capital, vendor take-back note payable and contingent consideration. The vendor take-back note is payable in two installments following 15 months and 27 months of Closing, subject to potential adjustment related to the financial performance of the business over that period. In addition, WBC vendors may be eligible to receive an additional payment after three years following Closing of the transaction should the business exceed certain financial performance thresholds.

(Expressed in Canadian dollars) (unaudited)

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

	Note	Encompass	WBC	Total
Assets acquired and liabilities assumed				
Cash		$ 11,062	$ 127,877	$ 138,939
Net working capital		(20,851)	(84,739)	(105,590)
Property and equipment	5	88,696	60,355	149,051
Customer relationships and other intangible assets	6	4,592,300	7,250,000	11,842,300
Computer software	6	511	-	511
Goodwill (including assembled workforce)	6	6,498,033	10,151,712	16,649,745
Non-current lease liabilities	8	(70,436)	(54,345)	(124,781)
Deferred tax liabilities		(1,230,736)	(1,943,000)	(3,173,736)
		$ 9,868,579	$ 15,507,860	$ 25,376,439
Consideration paid or payable				
Cash payment upon closing		$ 6,750,000	$ 10,500,000	$ 17,250,000
Working capital adjustment due to (from) vendors		(9,788)	28,138	18,350
Non-controlling interest put options	10	2,393,600	-	2,393,600
Vendor take-back notes payable		-	2,900,316	2,900,316
Contingent consideration obligation		734,767	2,079,406	2,814,173
		$ 9,868,579	$ 15,507,860	$ 25,376,439

Total consideration paid for the acquisition of Encompass and WBC are subject to final adjustments for working capital. The fair values of the net identifiable assets were determined provisionally at November 30, 2020.

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

(Expressed in Canadian dollars) (unaudited)

The Company's condensed consolidated interim statements of comprehensive loss include the results of operations for Encompass and WBC from their respective dates of acquisition to November 30, 2020. The acquisitions contributed the following revenue and net income during the three months ended November 30, 2020.

		November 30, 2020
		As reported
Operating revenues		
Encompass	$	452,100
WBC	$	236,417
Net income and comprehensive income		
Encompass	$	77,110
WBC	$	90,843

If the acquisitions had occurred on September 1, 2020, management estimates that consolidated revenue for the three months ended November 30, 2020, would have been $54,910,841, consolidated net loss would have been $(4,027,703), and loss per share would have been $(0.06). In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on September 1, 2020.

(Expressed in Canadian dollars) (unaudited)

5. Property and equipment:

The Company had the following property and equipment as at November 30, 2020:

	Note	Leasehold improvements	Furniture & fixtures	Computer equipment	Right-of-use asset	Total
Cost						
Balance, September 1, 2020		$ 12,632,076	$ 6,197,535	$ 5,728,031	$ 18,805,786	$ 43,363,428
Additions		247,475	77,524	182,299	554,298	1,061,596
Acquisition through business combination	4	-	13,119	11,151	124,781	149,051
Balance, November 30, 2020		12,879,551	6,288,178	5,921,481	19,484,865	44,574,075
Accumulated depreciation						
Balance, September 1, 2020		(3,667,834)	(3,057,016)	(3,336,337)	(3,682,524)	(13,743,711)
Depreciation for the period		(423,880)	(156,294)	(184,907)	(1,083,928)	(1,849,009)
Balance, November 30, 2020		(4,091,714)	(3,213,310)	(3,521,244)	(4,766,452)	(15,592,720)
Carrying amount		$ 8,787,837	$ 3,074,868	$ 2,400,237	$ 14,718,413	$ 28,981,355

(Expressed in Canadian dollars) (unaudited)

6. Goodwill and intangible assets:

The Company had the following goodwill and intangible assets as at November 30, 2020:

	Note	Goodwill	Customer relationships and other intangible assets	Customer contracts	Computer software	Total
Cost						
Balance, September 1, 2020		$ 218,330,553	$ 187,851,266	$ 3,977,849	$ 17,929,346	$ 428,089,014
Additions		-	-	-	1,571,635	1,571,635
Acquisition through business combination	4	16,649,745	11,842,300	-	511	28,492,556
Balance, November 30, 2020		234,980,298	199,693,566	3,977,849	19,501,492	458,153,205
Accumulated amortization						
Balance, September 1, 2020		-	(56,721,802)	(3,551,950)	(6,452,372)	(66,726,124)
Amortization for the period		-	(4,676,755)	(22,073)	(555,424)	(5,254,252)
Balance, November 30, 2020		-	(61,398,557)	(3,574,023)	(7,007,796)	(71,980,376)
Carrying amount		$ 234,980,298	$ 138,295,009	$ 403,826	$ 12,493,696	$ 386,172,829

Included in computer software additions is $1,530,684 (November 30, 2019 - $624,001) of internally developed assets.

7. Trade and other liabilities:

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

	November 30, 2020	August 31, 2020
Trade payables and other liabilities	$ 23,949,819	$ 26,837,226
Post-retirement benefits and contingent consideration obligations	12,445,669	8,811,685
Provisions	4,850,000	4,850,000
	41,245,488	40,498,911
Less current portion of trade and other liabilities	32,296,762	36,035,245
Total non-current trade and other liabilities	$ 8,948,726	$ 4,463,666

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

(Expressed in Canadian dollars) (unaudited)

8. Lease liabilities:

The Company had the following lease liabilities as at November 30, 2020:

	Note	Total
Balance at September 1, 2020		$ 15,968,442
Additions during the period	5	554,298
Acquisition related additions during the period	5	124,781
Lease payments made during the period		(1,183,218)
Accretion on lease liabilities	16	161,715
		15,626,018
Less current portion of lease liabilities		4,045,352
Total non-current lease liabilities		$ 11,580,666

Right-of-use assets and corresponding lease liabilities entered into during the period have been recorded using the Company's incremental borrowing rate. The weighted average rate applied was 4.00%.

9. Insurance premium liabilities and related cash:

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

	November 30, 2020	August 31, 2020
Payable to carriers and insured individuals or groups	$ 117,742,645	$ 121,196,864
Less related cash balances	117,742,645	121,196,864
	$ -	$ -

(Expressed in Canadian dollars) (unaudited)

10. Non-controlling interest put options:

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

	Note	November 30, 2020	August 31, 2020
Balance, beginning of year		$ 59,731,021	$ 55,724,367
Acquisition through business combination	4	2,393,600	9,011,777
Change in estimated fair value	16	4,367,523	10,005,917
Less payment of dividends on non-controlling interest		(468,706)	(3,735,797)
Less non-controlling interest put/call options exercised		(507,058)	(11,275,243)
		65,516,380	59,731,021
Less current portion of non-controlling interest put options		18,186,461	16,541,720
Total non-current non-controlling interest put options		$ 47,329,919	$ 43,189,301

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

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

On September 1, 2020, the BPA vendors exercised the final tranche of their options to acquire BPA Principal Shares at a nominal price. The Company's economic interest in BPA decreased from 77.6% to 72.0% effective the first quarter of 2021.

On September 1, 2020, certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Spring Shares") in which the aggregate Coughlin Retained Economic Interest increased by 4,500 shares given the achievement of certain financial performance targets. The Company's economic interest in Coughlin decreased from 88.0% to 83.5%.

Effective October 2, 2020, in connection with the Encompass acquisition, the Company holds a 75% economic interest in Encompass with a future right to purchase the Encompass Principal Shares ("Encompass Call Options") and the Encompass Principals have a future right to require the Company to purchase the Encompass Principal Shares (collectively, the "Encompass Put Options"), subject to the satisfaction of certain terms and conditions.

During the first quarter of 2021, the Company received notice of intention to exercise put options with respect to a portion of the Silverberg Principal Shares. The liability will be settled on the effective date as set out in the notice. An estimate of the current portion of the liability has been recorded on the Company's statement of financial position as at November 30, 2020.

During the first quarter of 2021, the Company received notice of intention to exercise put options with respect to a portion of the BPI Principal Shares. The liability will be settled on the effective date as set out in the notice. An estimate of the current portion of the liability has been recorded on the Company's statement of financial position as at November 30, 2020.

(a) Encompass

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

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

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

The liability recognized in connection with the Encompass Retained Economic Interest, which includes the fair value of future dividend entitlements of the Encompass Principal Shares and the Encompass Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Encompass, the estimated future exercise dates of Encompass Put Options and other factors. Individual Encompass Principals are restricted from exercising their respective Encompass Put Options until dates on or after October 2, 2022, subject to certain terms and conditions.

(b) IBC

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

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

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

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

(c) RVARC

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

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

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

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

(d) BPI

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

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

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

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

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

During the first quarter of 2021, the Company received notice of intention to exercise put options with respect to a portion of the BPI Principal Shares. The liability will be settled on the effective date as set out in the notice. An estimate of the current portion of the liability has been recorded on the Company's statement of financial position as at November 30, 2020.

(e) Silverberg

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

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

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

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

During the first quarter of 2021, the Company received notice of intention to exercise put options with respect to a portion of the Silverberg Principal Shares. The liability will be settled on the effective date as set out in the notice. An estimate of the current portion of the liability has been recorded on the Company's statement of financial position as at November 30, 2020.

(f) BPA

In connection with the BPA acquisition, the Company entered into various agreements whereby the BPA Principals, through a class of non-voting, non-cumulative, dividend-bearing shares of BPA (“BPA Principal Shares”) and options to acquire BPA Principal Shares at a nominal price over a period of approximately four and one-half years from April 13, 2016 (“BPA Share Options”), could collectively hold an aggregate 33% economic interest in BPA ("BPA Retained Economic Interest").

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

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

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

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

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

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

On September 1, 2020, the BPA vendors exercised the final tranche of their options to acquire BPA Principal Shares at a nominal price. The Company's economic interest in BPA decreased from 77.6% to 72.0% effective the first quarter of 2021.

(g) Coughlin

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

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

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

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

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

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

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

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

On September 1, 2020, certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Spring Shares") in which the aggregate Coughlin Retained Economic Interest increased by 4,500 shares given the achievement of certain financial performance targets. The Company’s economic interest in Coughlin decreased from 88.0% to 83.5%.

(h) H+P

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

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

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

(i) Bencom

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

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

(Expressed in Canadian dollars) (unaudited)

11. Loans and borrowings:

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

		November 30, 2020	August 31, 2020
Revolving credit facility			
a	Credit Facility: A bank loan bearing interest of the bankers' acceptance rates plus an amount equal to 1.45% to 3.00% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan matures June 1, 2022 unless extended pursuant to the agreement.	$ 141,767,121	$ 78,000,000
Revolving credit facility		141,767,121	78,000,000
Vendor take-back loans			
b	A vendor take-back loan bearing no interest per annum, unsecured, payable in four payments: $650,000 on the date that is 15 months following acquisition date and $1,200,000 annually thereafter. The loan is subject to certain performance conditions set out in the share purchase agreement, which was amended during the third quarter of 2019. The amortized cost of the loan has been discounted using a rate of 4.75%. The loan matures on December 31, 2023.	3,918,085	3,872,892
c	A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual installments of $1,610,000. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.88%. The loan matures on March 1, 2021.	1,590,517	1,571,269
d	A vendor take-back loan bearing no interest per annum payable in three payments: $1,092,500 in the first and second year and $1,900,000 in the third year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on June 1, 2022.	2,847,322	2,816,161
e	A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in one payment of $4,800,000 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on December 12, 2021.	4,576,484	4,526,399

(Expressed in Canadian dollars) (unaudited)

		November 30, 2020	August 31, 2020
f	A vendor take-back loan bearing no interest per annum payable in two payments: $1,750,000 in the first year and $2,748,000 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.50%. The loan matures on February 28, 2022.	4,342,186	4,294,666
g	A vendor take-back loan bearing no interest per annum payable in two payments of $1,050,000 and $2,100,000 on the date that is 15 months and 27 months following the acquisition date, respectively. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.40%. The loan matures on February 1, 2023.	2,911,496	-
Total vendor take-back loans		20,186,090	17,081,387
Total loans and borrowings		161,953,211	95,081,387
Less current portion of:			
Vendor take-back loans		5,682,674	4,631,274
		$ 156,270,537	$ 90,450,113

(Expressed in Canadian dollars) (unaudited)

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

- $125,000,000 revolving commitment which was used to refinance the acquisition facility under the previous agreement and to fund future acquisitions. The total syndicated facility includes a $5,000,000 swingline commitment to fund operating cash flow needs. As at November 30, 2020, the Company had not utilized the swingline (August 31, 2020 - $nil).

In addition, the facility agreement provides for an option to, from time to time, request an increase in the amount of the revolving commitment by an amount of not less than $5,000,000 and not more than $50,000,000, subject to the satisfaction of certain terms and conditions. During the first quarter of 2021, the Company exercised the accordion option on its credit facility to increase the revolving commitment from $125,000,000 to the maximum of $175,000,000. The loan matures on June 1, 2022, unless extended pursuant to the terms of the agreement. The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants. As at November 30, 2020, the Company was in compliance with all of its financial and non-financial covenants.

As at November 30, 2020, the balance owing on this total facility was equal to $141,767,121 (August 31, 2020 - $78,000,000). Of this amount, $46,579,964 is in relation to funds held in trust for the acquisition of Alliance Pour La Santé Etudiante Au Quebec Inc. ("ASEQ"), which closed subsequent to the quarter on December 1, 2020 (see Note 21(a)).

12. Share capital:

(a) Authorized

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

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common voting shares		Amount
Balance, August 31, 2020	71,909,658	$	214,142,545
Private placement of shares	-		-
Acquisition-related issuance of shares	-		-
Exercise of stock options	-		-
Settlement of restricted stock units	-		-
Balance, November 30, 2020	71,909,658	$	214,142,545

(c) Earnings per share

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

Diluted earnings per share is calculated by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the potentially dilutive effect of the total number of additional common shares related to options outstanding at November 30, 2020, that would have been issued by the Company under its Security Based Compensation Plan.

(Expressed in Canadian dollars) (unaudited)

The following details the loss per share, basic and diluted, calculations for the three months ended November 30, 2020 and 2019.

		November 30, 2020		November 30, 2019
Net loss attributable to common shares (basic and diluted)	$	(4,202,984)	$	(2,749,550)
Weighted average number of common shares (basic)		71,909,658		64,376,480
Weighted average number of common shares (diluted)		71,909,658		64,376,480
Net loss per share (basic)	$	(0.06)	$	(0.04)
Net loss per share (diluted)	$	(0.06)	$	(0.04)

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

13. Share-based payments:

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

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

For the three months ended November 30, 2020, the Company recorded non-cash expense to recognize Stock Option, RSU and DSU grants to employees and directors of the Company equal to $1,080,439 (November 30, 2019 – $1,283,853).

(a) Employee share purchase plan

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

At November 30, 2020, there were 464 participants (November 30, 2019 – 407) in the plan. The total number of shares purchased during the three months ended November 30, 2020, on behalf of participants, including the Company contribution, was 64,185 shares (November 30, 2019 – 61,095 shares). During the three months ended November 30, 2020, the Company’s matching contributions totaled 12,837 shares (November 30, 2019 – 12,219 shares).

For the three months ended November 30, 2020, the Company recorded an expense to recognize the matching contribution equal to $135,394 (November 30, 2019 – $110,720).

(Expressed in Canadian dollars) (unaudited)

(b) Stock option plans

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

Changes in the number of options outstanding during three months ended November 30, 2020, and 2019 were as follows:

	November 30, 2020		November 30, 2019	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	3,030,776	$ 7.13	3,498,872	$ 6.90
Granted	-	-	50,000	9.25
Forfeited	-	-	(400,000)	7.93
Balance, end of period	3,030,776	$ 7.13	3,148,872	$ 6.81
Options exercisable, end of period	515,775		597,254	

Options outstanding at November 30, 2020, consisted of the following:

Range of exercise prices	Number Outstanding	Remaining contractual life	Weighted average exercise price	Number exercisable
$ 2.87 - $ 3.00	330,398	3.36 years	$ 2.87	250,398
$ 3.01 - $ 4.00	116,499	3.14 years	3.69	116,499
$ 4.01 - $ 5.00	114,032	4.08 years	4.43	74,032
$ 7.01 - $ 8.00	2,309,847	2.87 years	7.90	74,846
$ 9.01 - $ 10.00	135,000	4.95 years	9.07	-
$ 10.00 - $ 10.05	25,000	7.13 years	10.05	-
$ 2.87 - $ 10.05	3,030,776	3.11 years	$ 7.13	515,775

For the three months ended November 30, 2020, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to $591,178 (November 30, 2019 - $619,483).

(Expressed in Canadian dollars) (unaudited)

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

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

For the three months ended November 30, 2020, the Company conditionally granted 131,862 RSUs related to the current fiscal year. The RSUs, if earned, are scheduled to vest on or after September 1, 2021, conditional upon continued employment with the Company until such date.

Changes in the number of RSUs outstanding during the three months ended November 30, 2020 and 2019, were as follows:

	November 30, 2020		November 30, 2019	
	Number of RSUs	Grant price $	Number of RSUs	Grant price $
Balance, beginning of period	335,887	$ 7.84	454,340	$ 5.91
Granted	131,862	9.48	-	-
Settled	-	-	(61,358)	5.70
Forfeited	-	-	(1,643)	7.99
Balance, end of period	467,749	$ 8.30	391,339	$ 5.93

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

During the first quarter of 2021, the Company settled RSUs in the amount of $nil (November 30, 2019 - 61,358). In connection with the RSU settlement during the first quarter of 2020 the Company recorded a fair value adjustment of $204,575 to recognize the incremental stock compensation expense incurred to cash settle the RSUs.

For the three months ended November 30, 2020, the Company recorded an expense to recognize vesting of RSUs granted to employees and directors of the Company equal to $324,092 (November 30, 2019 - $261,545).

(d) Deferred Stock Units ("DSUs")

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

(Expressed in Canadian dollars) (unaudited)

Changes in the number of DSUs outstanding during the three months ended November 30, 2020, and 2019, were as follows:

	November 30, 2020		November 30, 2019	
	Number of DSUs	Grant Price $	Number of DSUs	Grant price $
Balance, beginning of period	165,708	$ 7.42	109,385	$ 6.43
Granted	17,426	9.48	21,581	9.19
Balance, end of period	183,134	$ 7.62	130,966	$ 6.88

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

For the three months ended November 30, 2020, the Company recorded an expense to recognize DSUs granted to directors of the Company totaling to $165,169 (November 30, 2019 - $198,250).

14. Supplemental cash flow information

The following table provides details on changes in non-cash working capital items for the three months ended November 30, 2020, and 2019:

	November 30, 2020	November 30, 2019
Trade and other receivables	$ (1,200,141)	$ (1,708,922)
Prepaid and other current assets	(664,984)	(498,176)
Contract cost assets	(178,431)	(48,792)
Loans and other assets	61,881	54,950
Trade and other liabilities	(4,019,735)	(1,467,923)
Contract liabilities	6,406,240	5,975,610
	$ 404,830	$ 2,306,747

15. Revenue:

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

	November 30, 2020	November 30, 2019
Benefit Solutions	$ 29,832,105	$ 25,104,380
Consulting Solutions	22,231,966	17,410,757
HR Solutions and Other	2,163,287	1,791,962
	$ 54,227,358	$ 44,307,099

(Expressed in Canadian dollars) (unaudited)

16. Finance expenses:

The Company's finance expenses for the three months ended November 30, 2020, and 2019, were comprised of the following:

	Note		November 30, 2020		November 30, 2019
Change in estimated fair value of non-controlling interest put options	10	$	4,367,523	$	1,788,129
Other finance expenses					
Interest and finance costs on long-term debt			510,917		520,195
Other finance costs, net			115,387		117,164
Accretion on lease liabilities	8		161,715		130,345
Accretion on other financing instruments			463,974		204,548
Change in estimated fair value of other financing instruments			1,235,732		69,793
			2,487,725		1,042,045
	18	$	6,855,248	$	2,830,174

Accretion expenses on other financing instruments represent the implied interest cost related to non-interest bearing vendor take-back loans (see Note 11) and contingent consideration obligations initially recognized on a discounted basis. Changes in estimated fair value of other financing instruments include fair value adjustments related to contingent consideration obligations.

17. Financial instruments:

Fair value measurement

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

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

	(Quoted prices in an active market for identical assets) Level 1	(Significant other observable inputs) Level 2	(Significant other unobservable inputs) Level 3
August 31, 2020			
Contingent consideration obligations	-	-	5,570,697
Non-controlling interest put options	-	-	59,731,021
November 30, 2020			
Contingent consideration obligations	-	-	9,879,707
Non-controlling interest put options	-	-	65,516,380

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

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

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

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

(Expressed in Canadian dollars) (unaudited)

18. Expenses by nature:

The Company's expenses for the three months ended November 30, 2020, and 2019, were comprised of the following:

	Note		November 30, 2020		November 30, 2019
Personnel and compensation		$	33,151,556	$	29,148,234
General and administrative			7,495,014		7,217,249
Administration fees			2,846,723		1,768,262
Public company costs			115,799		139,233
			43,609,092		38,272,978
Depreciation and amortization			7,103,261		5,219,324
Finance expenses	16		6,855,248		2,830,174
		$	57,567,601	$	46,322,476

The Company's operating expenses and acquisition, integration and reorganization costs, as reported in the consolidated statements of comprehensive loss, for the three months ended November 30, 2020, and 2019, were comprised of the following:

		November 30, 2020		November 30, 2019
Operating expenses	$	40,144,330	$	33,167,335
Acquisition, integration and reorganization costs		3,464,762		5,105,643
	$	43,609,092	$	38,272,978

For the three months ended November 30, 2020, the Company incurred $3,464,762 (November 30, 2019 - $5,105,643) of acquisition, integration and reorganization costs. Acquisition, integration and reorganization costs are comprised of the following:

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

19. Contingencies:

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

20. Related parties:

(a) Key management personnel compensation

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

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

21. Subsequent events:

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

On December 1, 2020, the Company acquired ASEQ, a provider of student health and dental benefits as well as wellness solutions to students attending Canadian post-secondary education institutions headquartered in Montreal, Quebec. The Company has acquired all of the issued and outstanding shares of ASEQ for a purchase price of $56,400,000, subject to post-closing adjustments. Of the total purchase price, $50,000,000, less a holdback for working capital and an adjustment for net debt, was paid in cash on Closing and the remaining $6,400,000 will be paid by way of deferred payments following the second anniversary of the Closing, subject to potential adjustment related to the financial performance of the business.

The Company funded the cash payment at Closing by exercising the accordion option on its credit facility. As at November 30, 2020, $46,579,964 was held in trust in relation to this transaction (see Note 11).

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

(b) Sale of the Company

On December 13, 2020, the Company entered into a definitive arrangement agreement (the “Arrangement Agreement”) pursuant to which investment funds managed by the Merchant Banking business of Goldman Sachs & Co. LLC (collectively, “Goldman Sachs”) have agreed to indirectly acquire, through an entity controlled by Goldman Sachs (the “Purchaser”), all of the issued and outstanding common shares of the Company (the “common shares”). Under the terms of the Arrangement (as defined below), holders of common shares will receive $15.22 in cash per common share, other than certain senior management shareholders and their affiliates and associates (the "Rollover Shareholders”) who will receive, in respect of certain of their common shares, consideration consisting of cash and shares of the direct parent of the Purchaser (the “Transaction”).

The Transaction will be effected by way of a plan of arrangement (the "Arrangement") under the Business Corporations Act (Ontario). The Transaction will constitute a “business combination” for the purposes of Multilateral Instrument 61-101 (“MI 61-101”) and therefore requires approval by (i) at least 66 2/3% of the votes cast by the Company’s shareholders present in person or represented by proxy and entitled to vote at the special meeting of Company shareholders called to consider the Arrangement (the “Meeting”) and (ii) a simple majority of the votes cast by the Company’s shareholders at the Meeting, excluding those votes cast by the Rollover Shareholders. The Meeting is expected to take place on February 11, 2021. In addition to shareholder approval, closing of the Transaction is subject to approval by the Ontario Superior Court of Justice (Commercial List) and to the other conditions set forth in the Arrangement Agreement.