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

people
CORPORATION

Experience the Benefits of People

As at and for the three and nine months ended May 31, 2019

PEOPLE CORPORATION

Management's Discussion & Analysis
As at and for the three and nine months ended May 31, 2019

This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of July 12, 2019 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, 2018, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**") and the unaudited interim condensed consolidated financial statements as at and for the three and nine months ended May 31, 2019 (the "May 31, 2019 Interim Consolidated Financial Statements"), unless otherwise specified. Annual references are to the Company's fiscal year which ends August 31. The financial data discussed in this MD&A, including financial data relating to comparative periods in the prior year, has been prepared in accordance with IFRS. All amounts contained within this MD&A are in Canadian dollars unless otherwise specified. Amounts set forth in this MD&A are stated in thousands of dollars except for per share, issued and outstanding share data, and unless otherwise noted.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

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

Readers are cautioned that the following terms used herein and other similar terms do not have standardized meanings as prescribed by IFRS and may not be comparable to similar measures presented by other companies. In this MD&A: ("**Standardized EBITDA**") means net income before finance expense, income tax expense, depreciation and amortization; ("**REI**") means retained economic interest, which represents the earnings attributable to vendors and/or principals of acquired companies based on prescribed formulas; ("**Adjusted EBITDA before REI**") means Standardized EBITDA before acquisition, integration and reorganization costs, share-based compensation expense, compensation-based REI and equity-based REI; ("**Adjusted EBITDA**") means Standardized EBITDA net of REI before acquisition, integration and reorganization costs and share based compensation expense; ("**Adjusted Net Earnings**") means net income (loss) before estimated changes in the fair value of non-controlling interest and contingent consideration, acquisition, integration and reorganization costs (net of tax) and equity-based REI, ("**Operating Income before Corporate Costs**"), means Adjusted EBITDA before corporate costs; and ("**Corporate Costs**") and ("**Operating Working Capital**"), have the meanings hereinafter set out. Further, readers are cautioned that Standardized EBITDA, Adjusted EBITDA before REI, Adjusted EBITDA 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.

PEOPLE CORPORATION

Management's Discussion & Analysis
As at and for the three and nine months ended May 31, 2019

TABLE OF CONTENTS

The Company is primarily involved in the delivery of employee group benefit consulting, third-party benefits administration services, group retirement consulting and human resource consulting to help companies recruit, retain and reward employees. With a growing national footprint, the Company is bringing together leading consultants in the industry to offer innovative and customized product solutions to clients. The Company is listed on the TSX Venture Exchange ("**TSX-V**") under the symbol "PEO".

FINANCIAL HIGHLIGHTS

The Company's financial results for the three and nine months ended May 31, 2019 fully reflect the effect of last year's acquisitions of Assurances Dalbec ("**Dalbec**"), Rockwater Benefits Company Ltd. ("**Rockwater**"), Lane Quinn Benefit Consultants Ltd. ("**Lane Quinn**"), and Silverberg & Associates Inc. ("**Silverberg**"). In addition, the effect of the current year acquisitions of Benefit Partners Inc. ("**BPI**") and Life Benefit Solutions Inc. ("**Life**") are reflected in the current period.

	for the three months ended		for the nine months ended	
	May 31, 2019	**May 31, 2018**	**May 31, 2019**	**May 31, 2018**
Revenue	$ 42,427	$ 33,254	$ 119,302	$ 94,239
Adjusted EBITDA	$ 9,509	$ 7,374	$ 26,145	$ 19,797
Adjusted net earnings	$ 2,203	$ 2,872	$ 4,488	$ 6,269
Net income (loss)	$ (644)	$ 1,484	$ (5,540)	$ 2,558
Net income (loss) per share (basic)	$ (0.01)	$ 0.03	$ (0.09)	$ 0.05
Adjusted net earnings per share (basic)	$ 0.04	$ 0.05	$ 0.07	$ 0.12

The Company realized strong revenue growth for the three months ended May 31, 2019 of $9,173 (27.6%). Organic growth of $3,249 (9.8%) was recognized primarily from gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors. The Company recognized acquired growth of $5,924 (17.8%) resulting from the acquired operations of Lane Quinn, Silverberg, BPI, and Life.

Adjusted EBITDA for the three months ended May 31, 2019 was $9,509, representing an increase of $2,135 (29.0%), as compared to the same period in fiscal 2018. Growth in Adjusted EBITDA for the three month period was primarily driven by contribution from acquired operations, along with organic revenue growth in the third quarter, which was partially offset by increases in variable compensation expenses tied directly to the higher revenue, expanded leadership to accommodate integration and current growth, and the continued investment in sales and support staff, and related support costs incurred to drive organic growth.

The Company reported a Net income (loss) for the three months ended May 31, 2019 of $(644). Net income decreased by $2,128 due primarily to higher accretion of the non-controlling interest put options, an increase in depreciation and amortization expense primarily from acquired intangible assets, higher share-based compensation, and an increase in acquisition, integration and reorganization expenses; partly offset by Adjusted EBITDA increases related to acquired operations and organic growth.

The Company realized strong revenue growth for the nine months ended May 31, 2019 of $25,063 or (26.6%). Organic growth of $8,327 (8.8%) was recognized primarily from gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors. The Company recognized acquired growth of $16,737 (17.8%) resulting from the acquired operations of Dalbec, Rockwater, Lane Quinn, Silverberg, BPI, and Life.

Adjusted EBITDA for the nine months ended May 31, 2019 was $26,145, representing an increase of $6,348 or (32.1%), as compared to the same period in fiscal 2018. Growth in Adjusted EBITDA for the period was primarily driven by contribution from acquisitions and organic revenue growth, partially offset by increases in variable compensation expenses tied directly to the higher revenue, expansion of the consulting team through hiring additional sales and support staff and expansion of the leadership team.

The Company reported a Net income (loss) for the nine months ended May 31, 2019 of $(5,540). Net income decreased by $8,098 due primarily to higher accretion of the non-controlling interest put options, an increase in depreciation and amortization expense primarily from acquired intangible assets, and an increase in acquisition, integration and reorganization expenses; partly offset by Adjusted EBITDA increases related to acquired operations and organic growth.

BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third-party benefits administration services (including claims processing, disability management and administration services), group retirement services (including consulting and advisory services), and human resource consulting services to help companies recruit, retain and reward employees. The Company achieves this through approximately 907 professionals and support staff with 32 offices located across Canada where the Company is registered to do business in 10 provinces and 2 territories. The Company earns revenues from a diverse base of clients in various industries. The Company maintains a corporate strategic plan, a financial plan and an ongoing annual planning process that enables the continued growth and execution of the strategy aligned with its vision. The Company's priority is the continued profitable expansion of existing operations through a focus on organic growth and the acquisition of synergistic companies with a view to maximize value for its stakeholders: i) shareholders, ii) clients, iii) acquisition partners, and iv) employees. The Company has financial and management resources in place to execute these priorities.

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

The Company has offices across Canada; each led by experts and backed by strong executive management and capital resources. The Company's diverse team of experienced consultants have industry-specific expertise and can provide businesses with insight to customize an innovative suite of services specific to their business requirements.

While the Company continues to go to market with the various brands acquired through acquisition, the Company is organized in such a way so as to leverage the capabilities of the entire organization. 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 human resource practices are led by experts who understand a client's business and can help a client attract the best people for their industry, helping position them as top employers.
Reward	Proprietary solutions offered by the Company's employee group benefit consulting, third party benefits administration, group retirement consulting, group retirement advisory services, claims processing, disability management and administration services ensures that a client's staff has access to health, wellness, dental, and retirement plans that make financial sense for their families, as well as for the client's business.

Retain	The Company can help make a client's organization a place where the best people will want to build their careers while also ensuring cost containment for the client's 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 retirement 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 national clients with service at a local level.

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

Consulting Solutions

Within the Consulting Solutions division, the Company focuses on providing a unique employee benefit, group retirement and human resource solution that is customized to individual client needs. The consulting advice primarily includes plan review and plan design, plan recommendations, 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.

Benefit Solutions

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

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

Human Resource Solutions

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

Through its Shared Services division, the Company works with its subsidiaries and divisions by providing subject matter experts and proprietary products, such as health and wellness. In addition, it provides marketing and communications 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 and thereby providing them with a competitive edge.

BUSINESS ENVIRONMENT AND STRATEGY

As at July 12, 2019, the Company's business environment and strategy remain unchanged from those described in the Company's 2018 annual MD&A.

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 skills and expertise and the tools they need to provide responsive solutions to address the Company's client's business challenges. The Company continued its positive momentum and strong performance during the nine month period.

Notable milestones include:

Completed the following strategic acquisitions and capital initiatives :

- Completed the acquisition of Life Benefit Solutions Inc., a leading group benefits and retirement solutions consulting firm primarily focused on the First Nation market segment based in Winnipeg;
- Completed the acquisition of Benefit Partners Inc., a group benefits, group retirement and insurance advisory practice based in Ontario; and
- Amended and increased the bank credit facility to $125,000 in committed credit availability (from $92,800), with an option to increase the facility by an additional $50,000, to a total of $175,000 overall to fund future growth initiatives.

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

- Appointed Sue Tardi to the position of Chief Human Resources Officer responsible for developing and executing People Corporation's human resource strategy in support of the strategic direction of the Company, specifically in the areas of culture, talent management, change management, employee development, employee relations and total rewards;
- Hired senior leadership in Western Canada and Ontario and established regional office support to support the client base in these regions;
- Hired a new senior leader in Ontario to oversee our group benefit consulting businesses in that region; and
- Hired several new professionals to support clients with expertise in product development, underwriting, sales and service, and group retirement and two senior corporate development resources to deepen and expand our ability to execute acquisitions.

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

- Completed the build-out of the new corporate office in Laval, Quebec and integrated the Quebec based businesses; and
- Initiated the first phase of integration related to shared support functions for the recently acquired firms, including Lane Quinn, Silverberg, BPI and Life Benefit Solutions Inc.

Continued to invest in client-focused products and solutions and go to market strategies, including:

- Completed and launched the pilot for People Care, a new online Mental Health solution for clients;

- Added partners to the Company's market leading Preferred Provider Network, allowing our clients to access value added offerings and preferred pricing at some of Canada's most recognized national retailers;

- Added the "HR @ Your Service" product to our Sirius small group solution; and

- Enhanced our small group offerings by expanding our carrier partnerships.

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 adjacent markets, expanding the Company's administrative and technological capabilities, providing new supplier relationships, enhancing the breadth and depth of the Company's product and service offering and enhancing the plan member experience. At the same time, the Company also takes into consideration the financial characteristics of the underlying business of the acquisition target and the structural components and financial terms of the transactions so that the transaction will result in attractive financial returns to the company.

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

On November 27, 2018, the Company acquired Benefits Partners Inc. ("BPI"), a leading independent privately-owned employee group benefits and group retirement consulting firm in the Ontario market. The addition of BPI to the People Corporation group of companies enhances the Company's position in the Ontario market, including establishing a presence in regions in which the Company did not formerly have a physical location.

On February 11, 2019, the Company acquired Life Benefit Solutions Inc. ("Life"), a company providing group benefit consulting and group retirement solutions primarily focused on the First Nation market segment based in Winnipeg, Manitoba. The addition of Life establishes a meaningful entry point into the large, growing and important First Nation market segment, and provides a platform from which to continue to build.

OUTLOOK

In order to position itself for continued growth, the Company invests significantly in people, technology and other organizational resources, and has developed techniques, processes and other intellectual capital to provide a compelling value proposition to its clients. 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 trends and characteristics, the ongoing development of the Company's operating and transaction models, and the overall value proposition the Company provides to stakeholder groups that include its clients, consultants, suppliers and employees, Management currently expects to continue to generate growth in the foreseeable future.

NON-IFRS FINANCIAL MEASURES

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

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

OVERVIEW OF FINANCIAL PERFORMANCE

Adjusted Net Earnings

The adjusted results are intended to highlight the core operating business of the Company by removing non-recurring items and consolidated earnings (loss) that are not attributable to the Company. These items include i) non-recurring acquisition, integration and restructuring charges, ii) changes to the fair value of non-controlling interest put options, and iii) equity-based REI, all net of applicable taxes. The reconciliation of net income (loss) to adjusted net earnings (loss), and the resulting adjusted earnings (loss) per share, are presented below.

The following is a reconciliation of the Company's Net Income to Adjusted net earnings and Adjusted net earnings per share:

	for the three months ended		for the nine months ended	
	May 31, 2019	**May 31, 2018**	**May 31, 2019**	**May 31, 2018**
Net income (loss)	**$ (644)**	**$ 1,484**	**$ (5,540)**	**$ 2,558**
Add (deduct):				
Change in estimated fair value of non-controlling interest put option (non-taxable)	2,122	1,319	8,477	4,056
Acquisition, integration and reorganization costs (net of tax)	2,114	1,039	5,474	2,703
Equity-based REI (non-taxable)	(1,389)	(970)	(3,923)	(3,048)
Adjusted net earnings	**$ 2,203**	**$ 2,872**	**$ 4,488**	**$ 6,269**
Weighted average number of common shares (basic)	60,829,737	55,114,340	60,716,428	53,805,663
Adjusted net earnings per share (basic)	$ 0.04	$ 0.05	$ 0.07	$ 0.12

For the three months ended May 31, 2019, Adjusted net earnings decreased by $669. The decrease is primarily due to an increase in depreciation and amortization expense of ($1,424), share-based compensation of ($683) and finance expenses of ($721) partially offset by the increase in Adjusted EBITDA of $2,135.

For the nine months ended May 31, 2019, Adjusted net earnings decreased by $1,781. The decrease is primarily due to an increase in depreciation and amortization expense of ($3,717), share-based compensation of ($2,413), income taxes (net) of ($933), and finance expenses of ($1,066) partially offset by the increase in Adjusted EBITDA of $6,348.

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 nine months ended	
	May 31, 2019	**May 31, 2018**	**May 31, 2019**	**May 31, 2018**
Net income (loss)	**$ (644)**	**$ 1,484**	**$ (5,540)**	**$ 2,558**
Add:				
Depreciation, amortization and impairment losses	3,940	2,516	10,770	7,053
Finance expenses, net	3,143	1,619	10,948	5,461
Income taxes, net	652	1,070	3,248	3,331
Standardized EBITDA	**7,091**	**6,689**	**19,426**	**18,403**
Add:				
Acquisition, integration and reorganization costs	2,888	1,419	7,479	3,692
Compensation-based REI	970	817	2,192	1,903
Share-based compensation	919	236	3,163	750
Adjusted EBITDA before REI	**11,868**	**9,161**	**32,260**	**24,748**
Deduct:				
Compensation-based REI	(970)	(817)	(2,192)	(1,903)
Equity-based REI	(1,389)	(970)	(3,923)	(3,048)
Adjusted EBITDA	**9,509**	**7,374**	**26,145**	**19,797**
Adjusted EBITDA before REI as a % of Revenue	28.0 %	27.5 %	27.0 %	26.3 %
Adjusted EBITDA as a % of Revenue	22.4 %	22.2 %	21.9 %	21.0 %

Adjusted EBITDA before REI for the three months ended May 31, 2019 was $11,868, an increase of $2,707, or 29.5% from $9,161 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $9,173 representing increased contribution of run rates from acquisitions as well as organic growth resulting from the addition of new clients and inflation;
- Increased personnel and compensation expenses of $5,641, primarily attributable to the increased employee count resulting from the acquired operations representing $2,808 of the change, increases in variable compensation expenses tied directly to the higher revenue and an expanded staff complement to accommodate current growth in operations with marginal growth within the Corporate support functions; and
- An increase of other operating costs of $825, primarily as a result of acquired operations and higher general and administration expenses, offset by lower administration fees.

For the three months ended May 31, 2019, Adjusted EBITDA before REI as a percentage of Revenue was 28.0%, which has increased from 27.5% reported for the same period in the prior year. The increase in the Adjusted EBITDA, before REI, as a percentage of Revenue is primarily due to the favorable impact of higher Adjusted EBITDA margins from recent acquisitions. As the Company continues to grow, it is expected that it will also be able to leverage its corporate resources, which would result in a favorable impact on Adjusted EBITDA margin.

Adjusted EBITDA for the three months ended May 31, 2019 was $9,509, an increase of $2,135, or 29.0% from $7,374 reported for the same period in the prior year. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, net of the vendors' interest in Coughlin, BPA, Silverberg, BPI, H+P and Bencom of $2,359, which increased by $572 (32.0%) as compared to the same period in the prior year.

Adjusted EBITDA before REI for the nine months ended May 31, 2019 was $32,260, an increase of $7,512, or 30.4% from $24,748 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $25,063 representing increased contribution of run rates from acquisitions as well as organic growth resulting from the addition of new clients and natural inflationary factors;
- An increase in personnel and compensation expenses of $15,413 primarily attributable to the increased employee count resulting from acquired operations representing $7,570 of the change, increases in variable compensation expenses tied directly to the higher revenue and an expanded staff complement to accommodate current growth in operations with marginal growth within the Corporate support functions; and
- An increase of other operating costs of $2,138, partially as a result of acquired operations, and other general and administrative expenses inclusive of office supplies, travel, and public company costs.

For the nine months ended May 31, 2019, Adjusted EBITDA before REI as a percentage of Revenue was 27.0%, which has increased from 26.3% reported for the same period in the prior year. The increase in the Adjusted EBITDA, before REI, as a percentage of Revenue is primarily due to the favorable impact of higher Adjusted EBITDA margins from recent acquisitions and organic revenue growth. As the Company continues to grow, it is expected that it will also be able to leverage its corporate resources, which would result in a favorable impact on Adjusted EBITDA margin.

Adjusted EBITDA for the nine months ended May 31, 2019 was $26,145, an increase of $6,348, or 32.1% from $19,797 reported for the same period in the prior year. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, net of the vendors' interest in Coughlin, BPA, Silverberg, BPI, H+P and Bencom of $6,115, which increased by $1,164 (23.5%) as compared to the same period in the prior year.

Operating Income Before Corporate Costs

Corporate costs represent expenses incurred to support the executive management of the Company, such as executive remuneration, public company compliance costs, certain insurance premiums and corporate development activities.

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

	for the three months ended		for the nine months ended	
	May 31, 2019	**May 31, 2018**	**May 31, 2019**	**May 31, 2018**
Adjusted EBITDA	**$ 9,509**	**$ 7,374**	**$ 26,145**	**$ 19,797**
Add:				
Corporate costs	1,240	1,136	3,695	3,652
Operating income before corporate costs	**$ 10,749**	**$ 8,510**	**$ 29,840**	**$ 23,449**

Corporate costs for the three months ended May 31, 2019 were $1,240 versus $1,136 for the same period in the prior year. The increase of $104 is primarily related to an increase in personnel and compensation, public company costs and general and administrative related costs incurred during the period.

Operating income before corporate costs for the three months ended May 31, 2019 was $10,749 versus $8,510 for the same period in the prior year. The increase of $2,239 is primarily due to contributions from acquired operations in Adjusted EBITDA.

Corporate costs for the nine months ended May 31, 2019 were $3,695 versus $3,652 incurred in the prior comparative period. The increase of $43 is primarily due to an increase in public company costs.

Operating income before corporate costs for the nine months ended May 31, 2019 was $29,840 versus $23,449 for the same period in the prior year. The increase of $6,391 is primarily due to organic growth in Adjusted EBITDA and contributions from acquired operations.

Revenue

Revenue from the Consulting Solutions division is primarily comprised of commissions from insurance carriers. In addition, the Company provides group retirement plan advisory services from which it earns commissions paid by the carrier who administers and invests the funds. The Company is a reseller of benefit products and services and therefore assumes no underwriting risk as the insurance policy is underwritten by the insurance carrier.

Revenue from the Benefit Solutions division is primarily from fees earned for third party administration services. In addition, the Company earns fees from the group retirement consulting and administration, and individual financial services including insurance and wealth management.

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

The calculation of 'organic growth' includes: i) year-over-year increases or decreases in revenue from operating units the Company has owned longer than one year; and ii) increases or decreases in revenue recognized from operating units the Company has owned for less than one year above or below baseline acquired revenue. The calculation of the 'acquired revenue' includes a baseline representing estimated revenue of the acquired operations at the time of acquisition.

Revenue is as follows:

	for the three months ended				for the nine months ended			
	May 31, 2019	May 31, 2018	$ Variance	% Variance	May 31, 2019	May 31, 2018	$ Variance	% Variance
	$ 42,427	$ 33,254	$ 9,173	27.6 %	$ 119,302	$ 94,239	$ 25,063	26.6 %

For the three months ended May 31, 2019, the Company experienced revenue growth of $9,173 (27.6%). The Company recognized acquired growth of $5,924 (17.8%) resulting from the acquired operations of Lane Quinn, Silverberg, BPI, and Life. Organic growth of $3,249 (9.8%) is primarily from the addition of new clients, increasing product and service penetration with existing clients and natural inflationary factors.

For the nine months ended May 31, 2019, the Company experienced revenue growth of $25,063 (26.6%) due primarily to revenues from acquired operations of Dalbec, Rockwater, Lane Quinn, Silverberg, BPI and Life, as well as organic growth. The Company recognized acquired growth of $16,737 (17.8%) and organic growth of $8,327 (8.8%). Organic growth is primarily from the addition of new clients 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, compensation-based REI, stock-based compensation, group benefits, and payroll taxes.

Personnel and compensation expenses are as follows:

for the three months ended				for the nine months ended			
May 31, 2019	**May 31, 2018**	**$ Variance**	**% Variance**	**May 31, 2019**	**May 31, 2018**	**$ Variance**	**% Variance**
$ 27,225	$ 19,956	$ 7,269	36.4 %	$ 76,179	$ 56,728	$ 19,451	34.3 %

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

The increase in personnel and compensation for the three months ended May 31, 2019 of $7,269 is attributable to the increased employee count resulting from the acquisition of Lane Quinn, Silverberg, BPI and Life representing $2,808 of the increase, variable compensation tied directly to higher revenue, and an expanded staff complement to accommodate current growth of operations. Acquisition, integration, and reorganization compensation costs and share-based compensation have increased by $792 and $683, respectively during the period.

For the three months ended May 31, 2019, personnel and compensation costs represent 64.2% of revenues (2018 - 60.0%). Adjusting for acquisition, integration and reorganization compensation costs and share-based compensation, personnel and compensation costs as a percentage of revenue for the three months ended May 31, 2019 would have been 58.1% (2018 - 56.7%).

The increase in personnel and compensation costs for the nine months ended May 31, 2019 of $19,451 is primarily due to factors similar to those affecting the three month period with the increased employee count resulting from the acquisitions representing $7,570. Acquisition, integration, and reorganization compensation costs and share-based compensation have increased by $1,880 and $2,413, respectively during the period.

For the nine months ended May 31, 2019, personnel and compensation costs represent 63.9% of revenues (2018 - 60.2%). Adjusting for acquisition, integration and reorganization compensation costs and share-based compensation, personnel and compensation costs as a percentage of revenue for the nine months ended May 31, 2019 would have been 57.4% (2018 - 56.6%).

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 costs supporting operations.

General and administrative expenses are as follows:

for the three months ended				for the nine months ended			
May 31, 2019	**May 31, 2018**	**$ Variance**	**% Variance**	**May 31, 2019**	**May 31, 2018**	**$ Variance**	**% Variance**
$ 5,392	$ 3,843	$ 1,549	40.3 %	$ 15,651	$ 11,479	$ 4,172	36.3 %

For the three months ended May 31, 2019, general and administrative expenses have increased by $1,549 (40.3%) compared to the three months ended May 31, 2019 primarily due to the following:
- An increase of $224 resulting from a higher general and administrative run rate from the acquisitions;
- An increase of $771 pertaining to acquisition, integration and reorganization costs; and
- An increase of $554 in all other general and administrative expenses, including office supplies and professional fees.

For the nine months ended May 31, 2019, general and administrative expenses have increased by $4,172 (36.3%) primarily due to the following:
- An increase of $862 resulting from a higher general and administrative run rate from recent acquisitions;
- An increase of $2,048 pertaining to acquisition, integration and reorganization costs;
- An increase of $1,262 in all other general and administrative expenses, including office supplies, business development, and travel.

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 three months ended				for the nine months ended			
	May 31, 2019	**May 31, 2018**	**$ Variance**	**% Variance**	**May 31, 2019**	**May 31, 2018**	**$ Variance**	**% Variance**
	$ 3,940	$ 2,516	$ 1,424	56.6 %	$ 10,770	$ 7,053	$ 3,717	52.7 %

Depreciation and amortization expense increased by $1,424 (56.6%) for the three months ended May 31, 2019 as compared to the same period in the prior year. The increase in amortization expense of $1,270 is primarily driven by higher amortization on customer relationships of $1,358 combined with a decrease in the amortization on customer software and customer contracts of $88. The increase in depreciation of $154 pertains to the Company's new head office and the Company's regional office in Quebec.

For the nine months ended May 31, 2019, depreciation and amortization expense increased by $3,717 (52.7%) compared to the same period in the prior year. The increase in amortization expense of $3,322 is primarily driven by higher amortization on customer relationships of $3,491 combined with a decrease in the amortization on customer software, customer contracts and software license of $169. The increase in depreciation of $395 pertains to the Company's new head office.

Occupancy Costs

Occupancy costs are as follows:

	for the three months ended				for the nine months ended			
	May 31, 2019	May 31, 2018	$ Variance	% Variance	May 31, 2019	May 31, 2018	$ Variance	% Variance
	$ 1,646	$ 1,431	$ 215	15.0 %	$ 4,552	$ 4,179	$ 373	8.9 %

Occupancy costs for the three months ended May 31, 2019 of $1,646 have increased by $215 (15.0%), due primarily to incremental lease costs associated with the acquisitions of Lane Quinn, Silverberg, BPI, and Life.

Occupancy costs for the nine months ended May 31, 2019 of $4,552 have increased by $373 (8.9%), due primarily to incremental lease costs associated with the acquisitions of Dalbec, Rockwater, Lane Quinn, Silverberg, BPI, and Life and partly offset by reduced occupancy costs relating to the Company's new head office.

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 three months ended				for the nine months ended			
	May 31, 2019	May 31, 2018	$ Variance	% Variance	May 31, 2019	May 31, 2018	$ Variance	% Variance
	$ 973	$ 1,274	$ (301)	(23.6)%	$ 3,058	$ 3,165	$ (107)	(3.4)%

Administration fees decreased by $301 (23.6%) for the three months ended May 31, 2019 due to a decrease in claims processing fees. Although revenues from its TPA clients have increased compared to the prior year, the Company has been able to leverage its scale to reduce its costs incurred per claim.

The decrease in administration fees of $107 (3.4%) for the nine months ended May 31, 2019, which is primarily due to the factors similar to those affecting the three month period.

Finance Expenses

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

	for the three months ended				for the nine months ended			
	May 31, 2019	**May 31, 2018**	**$ Variance**	**% Variance**	**May 31, 2019**	**May 31, 2018**	**$ Variance**	**% Variance**
Interest and other finance costs	$ 830	$ 272	$ 558	205.1 %	$ 1,934	$ 1,338	$ 596	44.5 %
Accretion on financing instruments	191	28	163	582.1	537	67	470	701.5
Change in fair value estimates	2,122	1,319	803	60.9	8,477	4,056	4,421	109.0
	$ 3,143	$ 1,619	$ 1,524	94.1 %	$ 10,948	$ 5,461	$ 5,487	100.5 %

Finance expenses increased by $1,524 (94.1%) for the three months ended May 31, 2019. The change is primarily due to an increase in the change in fair value related to non-controlling interest and interest and finance costs on long-term debt.

Finance expenses increased by $5,487 (100.5%) for the nine months ended May 31, 2019. The change is due to an increase in the change in fair value related to non-controlling interest, interest and finance costs on long-term debt, and other accretion expenses.

Public Company Costs

Public Company costs are as follows:

	for the three months ended				for the nine months ended			
	May 31, 2019	**May 31, 2018**	**$ Variance**	**% Variance**	**May 31, 2019**	**May 31, 2018**	**$ Variance**	**% Variance**
	$ 101	$ 61	$ 40	65.6 %	$ 436	$ 286	$ 150	52.4 %

Public company costs have increased by $40 (65.6%) for the three months ended May 31, 2019. The increase is primarily due to the Company engaging an investor relations firm.

Public company costs have increased by $150 (52.4%) for the nine months ended May 31, 2019. The increase is primarily due to the Company engaging an investor relations firm and higher costs related to its annual general meeting.

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:

	Q3 - 2019	Q2 - 2019	Q1 - 2019	Q4 - 2018	Q3 - 2018	Q2 - 2018	Q1 - 2018	Q4 - 2017
Revenue	$ 42,427	$ 40,533	$ 36,342	$ 36,280	$ 33,254	$ 32,515	$ 28,470	$ 28,927
Operating & corporate expenses	(31,530)	(29,914)	(27,791)	(27,522)	(24,910)	(26,638)	(24,001)	(24,017)
Adjusted EBITDA	9,509	9,210	7,426	7,745	7,374	7,029	5,394	5,718
Finance expenses	3,143	5,024	(2,782)	(10,464)	(1,619)	(2,214)	(1,628)	(1,793)
Depreciation and amortization	(3,940)	(3,495)	(3,334)	(3,606)	(2,516)	(2,331)	(2,207)	(2,626)
Stock-based compensation	(919)	(1,178)	(1,066)	(564)	(236)	(284)	(230)	(175)
Equity-based REI	(1,389)	(1,410)	(1,124)	(1,012)	(970)	(1,153)	(925)	(808)
Income tax expense, net	(652)	(1,879)	(717)	(968)	(1,070)	(1,359)	(902)	(875)
Acquisition, integration and reorganization costs	(2,888)	(2,418)	(2,173)	(2,634)	(1,419)	(1,385)	(889)	(818)
Net income (loss)	(644)	(3,374)	(1,522)	(9,479)	1,484	610	464	241
Adjusted net earnings	2,203	1,203	1,120	1,132	2,872	1,950	1,447	1,425
Total assets	292,113	284,236	265,631	262,555	221,022	194,756	189,691	169,953
Total loans and borrowings	67,157	63,321	44,435	38,274	54,944	38,999	35,893	36,527
Total other liabilities	98,990	95,748	93,535	96,166	67,897	61,209	60,222	65,055
Shareholders' equity	125,965	125,168	127,660	128,116	98,180	94,548	93,577	68,371
Net income (loss) per share (basic)	(0.01)	(0.06)	(0.03)	(0.17)	0.03	0.01	0.01	0.01
Net income (loss) per share (diluted)	(0.01)	(0.06)	(0.03)	(0.17)	0.03	0.01	0.01	0.01
Adjusted net earnings per share (basic)	$ 0.04	$ 0.02	$ 0.02	$ 0.02	$ 0.05	$ 0.04	$ 0.03	$ 0.03

LIQUIDITY AND CAPITAL RESOURCES

Contractual Obligations

The following table summarizes, as at May 31, 2019, the Company's contractual obligation for the periods specified.

	Payments due by period				
	Total	**Less than 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**Thereafter**
Trade and other liabilities	$ 20,706	$ 18,013	$ 2,153	$ 185	$ 355
Lease obligations	22,509	5,040	8,481	5,887	3,101
Loans and borrowings	67,943	6,890	58,512	2,541	-
	$ 111,158	**$ 29,943**	**$ 69,146**	**$ 8,613**	**$ 3,456**

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

Cash Flows

The following table summarizes the Company's cash flows for the three months ended May 31, 2019:

For the three months ended	**May 31, 2019**	**May 31, 2018**	**$ Variance**	**% Variance**
Net income (loss) for the period	$ (644)	$ 1,484	$ (2,128)	(143.4)%
Add non-cash items, net	5,440	3,406	2,034	59.7
Changes in non-cash working capital	5,836	(271)	6,107	(2,253.5)
Net cash from operating activities	10,632	4,619	6,013	130.2
Net cash used by investing activities	(842)	(15,353)	14,511	(94.5)
Net cash from financing activities	3,375	12,415	(9,040)	(72.8)
Net increase in cash	**$ 13,165**	**$ 1,681**	**$ 11,484**	**683.2 %**

Cash generated from operating activities for the three months ended May 31, 2019 increased by $6,013 as compared to the prior year. Changes in working capital accounts reflect the inclusion of Lane Quinn, Silverberg, BPI, and Life operations.

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

- Cash generated from increased Adjusted EBITDA before REI, was $2,707 higher than was generated in the prior year. Management believes Adjusted EBITDA is a valuable indicator of the company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

- Cash used to fund acquisitions, integration and reorganization costs increased ($1,469).

- Finance costs and income taxes used ($1,179) more cash than as compared to the prior year. The increase in the use of cash in the current quarter was due to the higher outstanding loans balances resulting in higher cash interest costs, along with higher 2019 income tax installments. Cash from changes in other non-cash working capital accounts decreased ($153).

- Increase in cash from changes in working capital accounts of $6,107 due to current period acquisitions and timing of cash receipts and payments from normal operating processes.

Cash used by investing activities for the three months ended May 31, 2019, of $842, a decrease of $14,511 as compared to the same period in the prior year. In the prior year, $13,252 of cash used was used to acquire Lane Quinn, the Company did not execute an acquisition in the current quarter of 2019. Cash used for purchases of property, equipment and software was $847, a decrease of $1,253 from the prior year, the increase in prior year property and equipment purchases primarily related to the continued investment in the Company's head office.

For the three months ended May 31, 2019, the Company generated $3,375 of cash from financing activities, while in the same period last year generated $12,415. In the third quarter of 2019, the Company drew $7,500 on its credit facility to strengthen its working capital position and made loan repayments of $3,806 of which $2,935 related to vendor take-back loans. In the same period last year, the Company drew $14,000 on its credit facility to fund acquisitions and made loan repayments of $1,645.

For the nine months ended	May 31, 2019	May 31, 2018	$ Variance	% Variance
Net income (loss) for the period	$ (5,540)	$ 2,558	$ (8,098)	(316.6)%
Add non-cash items, net	19,371	11,248	8,123	72.2
Changes in non-cash working capital	(2,644)	(5,144)	2,500	(48.6)
Net cash from operating activities	11,187	8,662	2,525	29.2
Net cash used by investing activities	(24,555)	(36,240)	11,685	(32.2)
Net cash from financing activities	18,164	30,282	(12,118)	(40.0)
Net increase in cash	**$ 4,796**	**$ 2,704**	**$ 2,092**	**77.4 %**

Cash generated from operating activities for the nine months ended May 31, 2019, increased by $2,525 as compared to the same period in the prior year. Changes in working capital accounts reflect the inclusion of Dalbec, Rockwater, Lane Quinn, Silverberg, BPI, and Life operations. Significant influences of cash inflows and outflows related to operating activities for the quarter include:

- Cash generated from increased Adjusted EBITDA before REI, was $7,512 higher than was generated in the prior year;

- Cash used to fund acquisitions, integration and reorganization costs increased ($3,786), an increase in cash used to fund 2019 income tax obligations and 2019 income tax installments ($2,623), an increase in finance costs ($596) and cash from changes in other non-cash working capital accounts decreased ($482); and

- Increase in cash from changes in working capital accounts of $2,500 due to current period acquisitions and timing of cash receipts and payments from normal operating processes.

Cash used by investing activities for the nine months ended May 31, 2019 decreased by $11,685 compared to the nine month period in the prior year. The cash used to fund the acquisitions of BPI and Life of $20,342 was a decrease of $5,995 from the cash used to fund acquisitions in the prior year. Furthermore, there was a decrease of $5,691 in cash used in the acquisition of property, equipment, and software. The reduction was due to an investment made in the prior year to the Company's head office compared to current year expenditures primarily relating to the Company's new regional office in Quebec.

Cash generated from financing activities decreased by $12,118 for the nine months ended May 31, 2019 compared to the same period in the prior year. The decrease in cash is primarily due to the Company making higher payments of $3,459 to acquire non-controlling interests in the current year. Cash generated from loans and borrowings (net) of $24,877 in the current year, is a decrease of $8,353 compared to the $33,230 of cash generated in the prior year through a private placement of shares and loans and borrowings (net).

Capital Management

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

The Company includes cash, bank financing, vendor take-back debt and shareholders' equity in the definition of capital. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares, issue new debt, renegotiate vendor-take-back debt or issue new debt to replace existing debt with different terms & conditions. 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 first nine months of the year.

Working Capital

The Company's working capital (defined as current assets less current liabilities) as at May 31, 2019 is set forth in the table below. The Company defines "Operating Working Capital" as current assets less current liabilities excluding contract liabilities.

Contract liabilities represents payment received in advance for services which have not yet been performed. Contract liabilities are recognized into income as services are rendered, in accordance with the revenue recognition policies described in the Company's financial statements. Contract liabilities is a non-cash liability and therefore Management believes that adding back contract liabilities provides a more accurate reflection of the liquidity and working capital position of the Company.

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

	May 31, 2019	Aug 31, 2018
Current Assets	$ 41,490	$ 36,798
Less:		
Current Liabilities	31,022	32,013
Working capital	10,468	4,785
Add back:		
Contract liabilities	5,771	-
Deferred revenue	-	3,289
Operating Working Capital	**$ 16,239**	**$ 8,074**

The Operating Working Capital surplus at May 31, 2019 of $16,239 has increased by $8,165 when compared to the $8,074 surplus at August 31, 2018. The increase in Operating Working Capital is due to the Company generating net cash from operating activities of $11,187 in the nine month period. This includes the Company drawing $7,500 on its credit facility in early March 2019 in order to strengthen its working capital position. This increase in working capital has been partially offset by operating cash used to fund acquired non-controlling interests, dividends on non-controlling interests and vendor take-back loan repayments.

The Company maintains a revolving operating line of credit of $5,000 to facilitate management of short-term working capital requirements. As at May 31, 2019, the Company had not utilized this facility.

Credit Facilities

The Company's existing credit agreement, with a syndicate of Canadian banks, has the following authorized limits:

1. the $5,000 revolving credit facility to fund operating cash flow needs ("**Operating Revolver**");
2. the revolving credit facility to fund future acquisitions of $63,800 ("**Acquisition Revolver**");
3. the term credit facility installment loan of $19,500 ("**Term Loan**");
4. the term credit facility of $9,500 ("**Real Estate Loan**").

The loans bear interest at a floating rate based on banker's acceptances plus a credit margin tied to 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.

On May 28, 2019, the Company negotiated a two month extension to its credit facility with a syndicate of Canadian banks, on similar terms and conditions, which extends the facility from April 30, 2020 to June 30, 2020. The Term Loan requires quarterly principal repayments of $583 per quarter, with the balance due at maturity. The Real Estate Loan requires quarterly repayments of $285 per quarter, with the balance due at maturity. The Operating Revolver and Acquisition Revolver do not have scheduled principal repayments prior to maturity.

At May 31, 2019, the Company had a balance of $16,334 outstanding on the Term Loan, $7,978 outstanding on the Real Estate Loan, $30,620 outstanding on the Acquisition Revolver and was compliant with all financial covenants. At May 31, 2019, the Company had unutilized and available credit of $38,180, including $5,000 on the Operating Revolver and $33,180 to fund acquisitions on the Acquisition Revolver.

On June 24, 2019, the Company signed an amendment to its Credit Agreement with its existing syndicate of Canadian banks. The significant updated terms include:

- The term loan facilities and the revolver facility are now consolidated into a single revolving loan facility with a limit of $125,000;
- The amendment provides for an option (accordion feature), subject to the satisfaction of certain terms and conditions, to increase the credit facility by an additional $50,000 of capacity;
- The addition of a Canadian chartered financial institution to the syndicate; and
- The amended credit facility matures in three years.

The amended facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants.

Share Capital

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

	May 31, 2019	Aug 31, 2018
Common shares, issued and outstanding	60,918,514	60,640,511
Stock options outstanding	3,513,872	3,681,861
Restricted Stock Units outstanding	460,912	442,279
Deferred Stock Units outstanding	94,563	69,278

In connection with the acquisition of Life, the Company issued 9,842 common shares as part of the total consideration for the transaction. The remainder of the change in share capital during the nine months ended May 31, 2019, can be attributed to stock options granted or exercised and the settlement of Restricted Stock Units under the Company's Security Based Compensation Plan.

Contingencies

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

RISK FACTORS

The Company operates in a well-established and highly competitive industry and its results of operations, business prospects and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of management of the Company. The risk and uncertainties remain substantially unchanged from those disclosed in the Company's 2018 annual and fourth quarter MD&A.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

The critical accounting estimates are substantially unchanged from those identified in the Company's 2018 annual and fourth quarter MD&A.

CHANGES IN ACCOUNTING POLICIES

As described in note 3(a) of the accompanying condensed consolidated interim financial statements, the Company adopted the following new and revised accounting standards:

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

The Company has adopted IFRS 15 effective September 1, 2018 using the modified retrospective approach, which recognizes the cumulative effect of initial application (if any) as an adjustment to opening retained earnings (deficit) at September 1, 2018 without restatement of comparatives. There was no impact on retained earnings as a result of adoption.

IFRS 9, Financial Instruments ("IFRS 9")

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. There was no impact on retained earnings as a result of the date of adoption of IFRS 9 as at September 1, 2018.

NEW STANDARDS NOT YET ADOPTED

The following new and revised Standards and Interpretations have been issued by the IASB but are not yet effective and have not been applied in preparing the condensed consolidated interim financial statements:

IFRS 16, Leases ("IFRS 16")

On January 13, 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company is currently in the process of implementing a transition plan and evaluating the impact of adopting IFRS 16 on its financial statements, but expects this standard will have a significant impact on its consolidated statement of financial position, along with a change to the recognition, measurement and presentation of lease expenses in the consolidated statement of comprehensive income.

SEASONALITY

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

OFF-BALANCE SHEET ARRANGEMENTS

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

The Company sponsors individual pension plans ("IPP") which were assumed as a result of and established prior to the date of certain acquisitions. While the IPPs are ongoing, the Company's obligation to make contributions towards any funding deficiency required by pension legislation is indemnified by the beneficiaries of the respective IPPs. Conversely, any funding surpluses are payable to the beneficiaries of the respective IPPs. As a result, the Company has no net exposure to unfunded or overfunded IPPs.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of basic financial instruments which are typically used in operation, including cash, restricted cash, trade and other receivables, trade payables, accrued and other liabilities. Additional financial instruments include long-term debt, contingent acquisition consideration, non-controlling interest put options and other non-current assets.