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

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As at and for the three and six months ended February 29, 2020

PEOPLE CORPORATION

Management's Discussion & Analysis
As at and for the three and six months ended February 29, 2020

This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of April 27, 2020, and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of People Corporation (the "**Company**"), including the notes thereto, as at and for the year ended August 31, 2019, 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 six months ended February 29, 2020 (the "February 29, 2020 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 or loss before finance expense, income tax expense, depreciation and amortization; ("**REI**") means retained economic interest, which represents the earnings attributable to vendors and/or principals of acquired companies based on prescribed formulas; ("**Adjusted EBITDA before REI**") means Standardized EBITDA before acquisition, integration and reorganization costs, share-based compensation expense, compensation-based REI and equity-based REI; ("**Adjusted EBITDA**") means Standardized EBITDA net of REI before acquisition, integration and reorganization costs and share based compensation expense; ("**Adjusted Net Earnings**") means Net income (loss) before estimated changes in 1) the fair value of non-controlling interest and contingent consideration obligations, 2) acquisition, integration and reorganization costs (net of tax) and 3) equity-based REI, ("**Operating Income before Corporate Costs**"), means Adjusted EBITDA before corporate costs; and ("**Corporate Costs**") and ("**Operating Working Capital**"), have the meanings hereinafter set out. Further, readers are cautioned that Standardized EBITDA, Adjusted EBITDA before REI, Adjusted EBITDA, Operating Income before Corporate Costs, and Adjusted Net Earnings should not replace Net income or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of the Company's performance. See the "Non-IFRS Financial Measures" section for further commentary.

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The Company is primarily involved in the delivery of employee group 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".

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

FINANCIAL HIGHLIGHTS

The Company's financial results for the three and six months ended February 29, 2020, fully reflect the effect of last year's acquisitions of Benefit Partners Inc. ("**BPI**"), Life Benefit Solutions Inc. ("**Life**"), and ACL Student Benefits Ltd. ("**ACL**"). In addition, the partial effect of the current fiscal year acquisitions of Collage Technologies Inc. ("**Collage**"), Apri Group of Companies ("**Apri**"), Robin Veilleux Assurances et Rentes Collectives Inc. ("**RVARC**"), and Integrated Benefit Consultants Ltd. ("**IBC**") are reflected in the current period.

	For the three months ended		For the six months ended	
	February 29, 2020 [1]	**February 28, 2019**	**February 29, 2020** [1]	**February 28, 2019**
Revenue	$ 58,988	$ 40,533	$ 103,295	$ 76,875
Adjusted EBITDA	$ 17,703	$ 9,210	$ 28,507	$ 16,636
Adjusted net earnings	$ 5,267	$ 1,242	$ 6,493	$ 2,362
Net income (loss)	$ 481	$ (3,374)	$ (2,269)	$ (4,896)
Net income (loss) per share (basic)	$ 0.01	$ (0.06)	$ (0.03)	$ (0.08)
Adjusted net earnings per share (basic)	$ 0.08	$ 0.02	$ 0.10	$ 0.04

[1] The Company has adopted IFRS 16, Leases ("IFRS 16") at September 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Please refer to note 3(a) of the Company's condensed consolidated interim financial statements for the three and six months ended February 29, 2020, for details.

The Company realized revenue growth for the three months ended February 29, 2020 of $18,455 (45.5%) resulting from:

1. The early timing of certain revenues in the quarter totalling $1,600 (3.9%) that were previously recorded in the third quarter of last year;

2. Organic growth of $6,330 (15.6%) was recognized primarily from launching new services, gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors;

3. The Company recognized acquired growth of $10,525 (26.0%) resulting from the acquired operations of Life, ACL, Collage, Apri, RVARC, and IBC. Included in the acquired growth was revenue from RVARC of $1,593, reflecting the seasonal nature of the revenue streams of this business which contributed to the higher revenue and Adjusted EBITDA in the quarter.

Adjusted EBITDA for the three months ended February 29, 2020, was $17,703, representing an increase of $8,493 (92.2%), as compared to the same period in fiscal 2019. Excluding the favourable impact of $962 from adopting IFRS 16, along with the early timing of certain revenues in the quarter totalling $1,600 and $1,115 of seasonal revenue after REI from RVARC ($1,593 before REI, as noted above), Adjusted EBITDA for the three months was $14,026, representing an increase of $4,816 (52.3%), as compared to the same period in fiscal 2019. Growth in Adjusted EBITDA for the second quarter was primarily driven by contribution from acquired operations and organic revenue growth in the second quarter, which resulted partly from the launch of new services. These increases are partially offset by higher variable compensation expenses tied directly to the higher revenue and an expanded staff complement to accommodate current growth in operations and the launch of our new disability management service. In addition, the Company incurred higher administration fees related to the new services launched earlier in the year. The Company continued its investment in sales and support staff and also had marginal growth within the Corporate support functions.

The Company reported Net income for the three months ended February 29, 2020, of $481. Net income improved by $3,855 as compared to the prior fiscal year due to an increase in Adjusted EBITDA of $8,493, as described above partially offset by higher depreciation and amortization expense and increased acquisition, integration and reorganization costs.

The Company realized strong revenue growth for the six months ended February 29, 2020 of $26,420 (34.4%) resulting from:

1. The early timing of certain revenues in the quarter totalling $1,600 (2.1%) that were previously recorded in the third quarter of last year;

2. Organic growth of $9,336 (12.2%) was recognized primarily from gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors;

3. The Company recognized acquired growth of $15,484 (20.1%) resulting from the acquired operations of BPI, Life, ACL, Collage, Apri, RVARC, and IBC. Included in the acquired growth was revenue from RVARC of $1,593, reflecting the seasonal nature of the revenue streams of this business which contributed to the higher revenue and Adjusted EBITDA in the quarter.

Adjusted EBITDA for the six months ended February 29, 2020, was $28,507, representing an increase of $11,871 (71.4%) as compared to the same period in fiscal 2019. Excluding the favourable impact of $1,752 from adopting IFRS 16, along with the early timing of certain revenues in the quarter totalling $1,600 and $1,115 of seasonal revenue after REI from RVARC ($1,593 before REI, as noted above), Adjusted EBITDA for the six months was $24,040, representing an increase of $7,404 (44.5%), as compared to the same period in fiscal 2019. Growth in Adjusted EBITDA during the year was primarily driven by contributions from acquired operations and organic revenue growth, partly from the launch of new services. These increases were partially offset by higher administration fees, increases in variable compensation expenses tied directly to the higher revenue and investments made in personnel and compensation throughout the Company in order to expand the leadership team to advance integration efforts and drive organic growth.

The Company reported Net loss for the six months ended February 29, 2020, of $2,269. The Net loss improved by $2,627 as compared to the prior fiscal year due to an increase in Adjusted EBITDA of $11,871, as described above partially offset by higher depreciation and amortization expense and increased acquisition, integration and reorganization activities in order to support acquisitions completed during the year and drive future growth.

BUSINESS OVERVIEW

The Company delivers employee group benefits consulting, third-party benefits administration services (including claims processing, disability management and administration services), group retirement services (including consulting and advisory services), health solutions (including disease management and mental health solutions) and human resource consulting services to help companies recruit, retain and reward employees. The Company achieves this through approximately 1,132 professionals and support staff with 43 offices located across Canada where the Company is registered to do business in 10 provinces and 3 territories. The Company earns revenues from a diverse base of clients in various industries. The Company maintains a corporate strategic plan, a financial plan and an ongoing annual planning process that enables the continued growth and execution of the strategy aligned with its vision. The Company's priority is the continued profitable expansion of existing operations through a focus on organic growth and the acquisition of synergistic companies with a view to maximize value for its stakeholders: i) shareholders, ii) clients, iii) acquisition partners, and iv) employees. The Company has financial and management resources in place to execute these priorities.

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

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

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

The Company helps businesses:

Attract	The Company's employee group benefits, group retirement and human resource practices are led by experts who understand a client's business and can help a client attract the best people for their industry, helping position them as top employers.
Reward	Proprietary solutions offered by the Company's employee group benefits consulting, third party benefits administration, group retirement consulting, group retirement advisory

	services, claims processing, disability management and administration services ensures that a client's staff has access to health, wellness, dental, and retirement plans that make financial sense for their families, as well as for the client's business.
Retain	The Company can help make a client's organization a place where the best people will want to build their careers while also ensuring cost containment for the client's group benefits, group retirement and HR solutions.

Whether a client needs a simple benefits package or a comprehensive solution, the Company's experts can customize a program for its client's unique needs through, but not limited to:

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

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

Consulting Solutions

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

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

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

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.

With the acquisition of Collage, the Company offers two primary solutions to small and medium-sized businesses ("SMBs") that form a technology backbone that connects group benefits plan members (employees), group benefits plan sponsors (employers), group benefits consultants and insurance carriers in one integrated end-to-end solution:

1. Benefits HQ - digital enrollment, online marketplace, benefits administration and group benefits advisor practice management platform; and

2. Collage HR - market-proven HR platform for SMBs that syncs with multiple insurance carriers and payroll providers to simplify HR administration for SMBs. In addition, Collage continues to deliver Collage Payroll Services, which offers full-service managed payroll and administration services for SMBs.

With the acquisition of Apri, the Company now offers the JungoHR platform, a human resources information system ("HRIS") focused on mid-sized and enterprise-level businesses, expanding the Company's current offering of HR solutions.

The Company works with its subsidiaries and divisions by providing shared services that consists of subject matter experts and proprietary products. These shared services have been created to ensure that the Company's subsidiaries and divisions have access to an internal product and service offering not normally available to mid-size employee benefit firms, thereby ensuring clients are receiving the best possible consulting advice. This results in the Company's subsidiaries and divisions having an enhanced unique value proposition and thereby providing them with a competitive edge.

BUSINESS ENVIRONMENT AND STRATEGY

As at April 27, 2020, the Company's business environment has been impacted by the COVID-19 pandemic.

OVERVIEW OF OPERATING PERFORMANCE

As it has been well-publicized, measures to curb the COVID-19 pandemic are currently impacting national and global economies, which has put pressure on companies regardless of industry or geographic exposure. Currently, the length of time that strict local, regional and national measures to slow the spread of COVID-19 will be in place is uncertain. The Company has not observed any financial impact on its business as a result of the COVID-19 pandemic, either for the quarter ended February 29, 2020, or for the month of March 2020. However, People Corporation does expect to see an impact on its overall business in the coming months as a result of these measures and a general slowdown of the economy.

The Company has taken appropriate steps to ensure that the Company is positioned to continue providing top-tier service to its clients and building value for shareholders during this period of uncertainty that has resulted in slowing national and provincial economies. The Company acted expeditiously to implement its existing business continuity plan in March, transitioning over 90% of its employees to remote working arrangements to ensure the safety and the well-being of both the Company’s employees and clients. In addition, the Company temporarily paused acquisitions, while continuing to keep its pipeline active.

Management believes that the actions taken to date have positioned the Company to successfully navigate the current environment.

With respect to assessing the potential impact of the COVID-19 pandemic, the following are some of the core attributes of the Company’s business:

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

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

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

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

- Balance Sheet - The Company had $26,972 in cash and cash equivalents at February 29, 2020, undrawn credit lines of $21,258, plus an additional $5,000 swingline commitment and a $50,000 accordion that were both undrawn as at the end of the quarter. The Company had $98,472 of debt as at February 29, 2020. Subsequent to the end of the quarter, the Company completed a bought deal equity financing for net proceeds of $23,712 and has drawn an additional $21,000 on its revolving credit facility, resulting in approximately $70,000 of available cash on hand.

While the Company does expect to observe an impact on its revenue tied to employment and claims volume due to the COVID-19 pandemic, these drivers are well-understood, in many cases there are natural offsets to negative revenue impacts, and the Company has the flexibility to further manage its cost structure to the extent necessary.

Notable milestones include:

Completed the following strategic acquisitions:

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

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

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

- Apri, one of the largest independent group benefits Managing General Agents ("MGA") and group benefits consulting firms in Canada with an established presence in multiple provinces and a strong reputation for innovative, client focused solutions. Apri's JungoHR platform offers a HRIS focused on mid-sized and enterprise-level businesses, expanding the Company's existing human resource solutions. Paired with the Collage Benefits HQ platform, the Company is able to provide a comprehensive solution and value proposition to its third party broker network as one of the largest group benefits MGAs in Canada.

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

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

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

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

- Launched a MGA solution to provide back office support to our third party consultants; and

- Initiated the operational integration of our student benefits business to strengthen the Company's position as a leader in this market.

Launched new solutions, including:

- A new disability management and administration system solution; and

- People Connect, a new online Mental Health solution for clients, after a successful pilot in the first quarter of the year.

Completed a private placement common share offering issuing 3,500,000 shares for total net proceeds of approximately $23,600 on April 16, 2020. During fiscal year 2020, the Company has raised total net proceeds of $84,700 and issued 10,483,500 common shares through two private placement common share offerings.

Growth Through Acquisitions

Consistent with its strategic plan, the Company will continue to pursue growth opportunities organically, increasing its existing business by gaining new clients and increasing product and service penetration with existing clients. In light of the current environment, the Company temporarily paused acquisitions, while continuing to keep its pipeline active by focusing on the origination and analysis of acquisitions.

Management will consider acquisitions ranging in size and structure and all share the characteristic of having a strong underlying strategic rationale, which may include enhancing the Company’s position in existing markets, providing entry into adjacent markets, expanding the Company’s administrative and technological capabilities, providing new supplier relationships, enhancing the breadth and depth of the Company’s product and service offering, and enhancing the plan member experience. At the same time, the Company also takes into consideration the financial characteristics of the underlying business of the acquisition target and the structural components and financial terms of the transactions so that the transaction will result in attractive financial returns to the Company.

With a flexible transaction model to address the objectives of vendors, and an operating model to support the ongoing success and growth of the underlying businesses, the Company continues to attract partners who want to join the Company. In the past three fiscal years, nine transactions have been completed.

The following acquisitions were completed during the six months ended February 29, 2020:

On October 31, 2019, the Company acquired Collage, a leading cloud-based digital human resource, employee benefits administration and payroll solution provider focused on the SMBs segment in Canada. The addition of Collage brings deep expertise and unique skill sets in building digital solutions, which will further enable the Company to deliver technology-enabled products and services.

On November 28, 2019, the Company acquired Apri, one of the larger independent group benefits consulting firms and group benefits MGA in Canada. The addition of Apri establishes the Company as a leading national group benefit MGA in Canada and thereby further expands its distribution reach.

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

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

OUTLOOK

In order to position itself for continued growth, the Company invests significantly in people, technology, and other organizational resources, and has developed techniques, processes, and other intellectual capital to provide a compelling value proposition to its clients.

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

Over the long term, the company will continue to leverage the investments in people, technology, and other organizational resources to continue to pursue growth opportunities both organically, by increasing its existing business by gaining new clients and increased penetration of products and services within its existing client base and hiring of new benefit consultants, as well as through acquisitions in which new operating entities or subsidiaries become part of the Company. Given the positive underlying long-term industry trends and characteristics, the ongoing development of the Company’s operating and transaction models, and the overall value proposition the Company provides to stakeholder groups that include its clients, consultants, suppliers and employees, Management currently expects to continue to generate growth in the foreseeable future.

NON-IFRS FINANCIAL MEASURES

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

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

On September 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The readers are cautioned, that prior period amounts have not been restated and may not be entirely comparable to current year results. Please refer to note 3(a) of the Company's condensed consolidated interim financial statements for the three and six months ended February 29, 2020, for details.

OVERVIEW OF FINANCIAL PERFORMANCE

Adjusted Net Earnings

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

The following is a reconciliation of the Company's Net income (loss) to Adjusted net earnings and Adjusted net earnings per share:

	For the three months ended		For the six months ended	
	February 29, 2020	**February 28, 2019**	**February 29, 2020**	**February 28, 2019**
Net income (loss)	**$ 481**	**$ (3,374)**	**$ (2,269)**	**$ (4,896)**
Add (deduct):				
Change in estimated fair value of non-controlling interest put option (non-taxable)	2,827	4,217	4,615	6,355
Change in estimated fair value of other financing instruments (non-taxable)	649	39	719	76
Acquisition, integration and reorganization costs (net of tax)	3,120	1,770	6,857	3,361
Equity-based REI (non-taxable)	(1,810)	(1,410)	(3,429)	(2,534)
Adjusted net earnings	**$ 5,267**	**$ 1,242**	**$ 6,493**	**$ 2,362**
Weighted average number of common shares (basic)	68,212,654	60,677,360	66,294,567	60,658,834
Adjusted net earnings per share (basic)	$ 0.08	$ 0.02	$ 0.10	$ 0.04

For the three months ended February 29, 2020, Adjusted net earnings increased by $4,025. The increase is primarily due to an increase in Adjusted EBITDA of $8,493, partially offset by an increase in depreciation and amortization expense of ($2,638), income taxes (net) of ($1,022), interest on long-term debt of ($617) and share-based compensation of ($191).

For the six months ended February 29, 2020, Adjusted net earnings increased by $4,131. The increase is primarily due to an increase in Adjusted EBITDA of $11,871, partially offset by the increase in depreciation and amortization expense of ($4,522), income taxes (net) of ($1,826), share-based compensation of ($409), and interest on long-term debt of ($983).

The adoption of IFRS 16 did not significantly impact the calculation of Adjusted Net Earnings.

Adjusted EBITDA

The following is a reconciliation of the Company's Net income (loss) to Standardized EBITDA and Adjusted EBITDA:

	For the three months ended		For the six months ended	
	February 29, 2020	**February 28, 2019**	**February 29, 2020**	**February 28, 2019**
Net income (loss)	**$ 481**	**$ (3,374)**	**$ (2,269)**	**$ (4,896)**
Add:				
Depreciation, amortization and impairment losses	6,133	3,495	11,352	6,830
Finance expenses, net	4,861	5,024	7,691	7,805
Income taxes, net	2,407	1,879	3,141	2,596
Standardized EBITDA	**13,882**	**7,024**	**19,915**	**12,335**
Add:				
Acquisition, integration and reorganization costs	4,262	2,418	9,368	4,591
Compensation-based REI	616	717	1,166	1,223
Share-based compensation	1,369	1,178	2,653	2,244
Adjusted EBITDA before REI	**20,129**	**11,337**	**33,102**	**20,393**
Deduct:				
Compensation-based REI	(616)	(717)	(1,166)	(1,223)
Equity-based REI	(1,810)	(1,410)	(3,429)	(2,534)
Adjusted EBITDA	**17,703**	**9,210**	**28,507**	**16,636**
Adjusted EBITDA before REI as a % of Revenue	34.1 %	28.0 %	32.0 %	26.5 %
Adjusted EBITDA as a % of Revenue	30.0 %	22.7 %	27.6 %	21.6 %

Adjusted EBITDA before REI for the three months ended February 29, 2020 was $20,129, an increase of $8,792, or 77.6%, from $11,337 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $18,455 (45.5%), which resulted from the following:
  - The early timing of certain revenues in the quarter totalling $1,600 (3.9%) that were previously recorded in the third quarter of last year;
  - Organic revenue growth of $6,330 (15.6%) recognized primarily from launching new services, gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors;

  - Acquisitive revenue growth of $10,525 (26.0%) from Life, ACL, Collage, Apri, RVARC, and IBC, which included seasonal revenue of $1,593 from RVARC.
- Increased personnel and compensation expenses of $7,491, primarily attributable to an increased employee count from the acquired operations representing $5,567 of the change, increases in variable compensation expenses tied directly to the higher revenue, an expanded staff complement to accommodate current growth in operations and the launch of our new disability service, and marginal growth within the Corporate support functions, primarily in the Company's new HR department;
- An increase of other operating costs of $3,134, primarily as a result of acquired operations and higher administration fees relating to the launch of our new services; and
- The favourable impact from adopting IFRS 16, $962 of lease expenses are no longer included in operating expenses.

For the three months ended February 29, 2020, Adjusted EBITDA before REI as a percentage of Revenue was 34.1%, which has increased from 28.0% reported for the same period in the prior year. Excluding the favourable impact of adopting IFRS 16, along with the early timing of certain revenues in the quarter totalling $1,600 and $1,593 of seasonal revenue from RVARC, Adjusted EBITDA before REI as a percentage of Revenue was 28.6%, which has increased from 28.0%.

Adjusted EBITDA for the three months ended February 29, 2020 was $17,703, an increase of $8,493, or 92.2%, from $9,210 reported for the same period in the prior year. Excluding the favourable impact of adopting IFRS 16 along with the early timing of certain revenues in the quarter totalling $1,600 and $1,115 of seasonal revenue, after REI, from RVARC, Adjusted EBITDA after REI as a percentage of Revenue was 25.1%, which has increased from 22.7%. The increase in the Adjusted EBITDA, after REI, as a percentage of Revenue is primarily due to the contribution from organic revenue growth and to a lesser extent, the favourable impact of higher Adjusted EBITDA margins from recent acquisitions. 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 favourable impact on Adjusted EBITDA margin. The increase in Adjusted EBITDA is due to the above factors affecting Adjusted EBITDA before REI, along with an increase in equity based REI of $400 (28.4%) compared to the same period in the prior year.

Adjusted EBITDA before REI for the six months ended February 29, 2020, was $33,102, an increase of $12,709, or 62.3%, from $20,393 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $26,420, which resulted from the following:
  - The early timing of certain revenues in the quarter totalling $1,600 that were previously recorded in the third quarter of last year;
  - Increased contribution of run rates from acquisitions, which included seasonal revenue of $1,593 from RVARC; and
  - Organic growth resulting from the addition of new clients and natural inflationary factors.
- An increase in personnel and compensation expenses of $10,905 primarily attributable to an increased employee count from acquired operations representing $7,311 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, and marginal growth within the Corporate support functions;
- An increase of other operating costs of $4,558, primarily as a result of acquired operations and higher administration fees relating to the launch of our new services; and
- The favourable impact from adopting IFRS 16, $1,752 of lease expenses are no longer included in operating expenses.

For the six months ended February 29, 2020, Adjusted EBITDA before REI as a percentage of Revenue was 32.0%, which has increased from 26.5% reported for the same period in the prior year. Excluding the favourable impact of adopting IFRS 16, along with the early timing of certain revenues in the quarter totalling $1,600 and $1,115 of seasonal revenue, after REI, from RVARC, Adjusted EBITDA before REI as a percentage of Revenue was 28.1%, which has increased from 26.5%. The increase in Adjusted EBITDA before REI, as a percentage of Revenue is primarily due to the favorable impact from higher organic revenue growth and along with 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 six months ended February 29, 2020 was $28,507, an increase of $11,871, or 71.4%, from $16,636 reported for the same period in the prior year. Excluding the favourable impact of adopting IFRS 16, along with the early timing of certain revenues in the quarter totalling $1,600 and $1,115 of seasonal revenue, after REI, from RVARC, Adjusted EBITDA after REI as a percentage of Revenue was 24.0%, which has increased from 21.6%. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, along with an increase in equity based REI of $895 (35.3%), 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 six months ended	
	February 29, 2020	**February 28, 2019**	**February 29, 2020**	**February 28, 2019**
Adjusted EBITDA	**$ 17,703**	**$ 9,210**	**$ 28,507**	**$ 16,636**
Add:				
Corporate costs	1,389	1,303	2,568	2,455
Operating income before corporate costs	**$ 19,092**	**$ 10,513**	**$ 31,075**	**$ 19,091**

Corporate costs for the three months ended February 29, 2020 were $1,389 compared to $1,303 for the same period in the prior year.

Operating income before corporate costs for the three months ended February 29, 2020 was $19,092 compared to $10,513 for the same period in the prior year. The increase of $8,579 is primarily due to organic growth in Adjusted EBITDA and contributions from acquired operations.

Corporate costs for the six months ended February 29, 2020 were $2,568 compared to $2,455 incurred in the same period in the prior year.

Operating income before corporate costs for the six months ended February 29, 2020 was $31,075 compared to $19,091 for the same period in the prior year. The increase of $11,984 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, as a percentage of compensation for recruiting services, and subscription fees to access the Company's digital HR service offerings through Collage (Benefits HQ and Collage HR) and Apri (JungoHR).

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 six months ended			
	February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**	**February 29, 2020**	**February 28, 2019**	**$ Variance**	**% Variance**
	$ 58,988	$ 40,533	$ 18,455	45.5 %	$ 103,295	$ 76,875	$ 26,420	34.4 %

For the three months ended February 29, 2020, the Company experienced revenue growth of $18,455 (45.5%). The Company experienced early timing of certain revenues in the quarter totalling $1,600 (3.9%) that were previously recorded in the third quarter of last year. The Company recognized acquired growth of $10,525 (26.0%) resulting from the acquired operations of Life, ACL, Collage, Apri, RVARC, and IBC, which included seasonal revenue of $1,593 from RVARC. Organic revenue growth of $6,330 (15.6%) is primarily from:

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

2. The addition of new clients across all regions;

3. Increasing product and service penetration with existing new clients, a significant contribution from the post-secondary student organizations; and

4. Natural inflationary factors.

For the six months ended February 29, 2020, the Company experienced revenue growth of $26,420 (34.4%). The Company experienced early timing of certain revenues in the quarter totalling $1,600 (2.1%) that were previously recorded in the third quarter of last year. Further, revenue grew from acquired operations of BPI, Life, ACL, Collage, Apri, RVARC, and IBC, which included seasonal revenue of $1,593 from RVARC. The Company recognized acquired growth of $15,484 (20.1%) and organic growth of $9,336 (12.2%). Organic growth is primarily due to the factors similar to those affecting the three month period.

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 six months ended			
February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**	**February 29, 2020**	**February 28, 2019**	**$ Variance**	**% Variance**
$ 33,730	$ 25,636	$ 8,094	31.6 %	$ 62,878	$ 48,954	$ 13,924	28.4 %

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 February 29, 2020, of $8,094 is attributable to an increased employee count resulting from the acquisition of Life, ACL, Collage, Apri, RVARC, and IBC representing $5,567 (21.7%), variable compensation tied directly to higher revenue, and an expanded staff complement to accommodate current growth of operations and the launch of new services. Acquisition, integration, and reorganization compensation costs and share-based compensation have increased by $513 and $191 respectively during the period.

For the three months ended February 29, 2020, personnel and compensation costs represent 57.2% of revenues (2019 - 63.2%). Adjusting for early timing of certain revenues in the quarter, acquisition, integration and reorganization compensation costs and share-based compensation, personnel and compensation costs as a percentage of revenue for the three months ended February 29, 2020 would have been 54.0% (2019 - 56.1%).

The increase in personnel and compensation costs for the six months ended February 29, 2020, of $13,924 is primarily due to factors similar to those affecting the three month period with the increased employee count resulting from the acquisitions representing $7,311 (14.9%). Acquisition, integration, and reorganization compensation costs and share-based compensation have increased by $2,666 and $409, respectively during the period.

For the six months ended February 29, 2020, personnel and compensation costs represent 60.9% of revenues (2019 - 63.7%). Adjusting for early timing of certain revenues in the quarter, acquisition, integration and reorganization compensation costs and share-based compensation, personnel and compensation costs as a percentage of revenue for the six months ended February 29, 2020, would have been 54.7% (2019 - 57.1%).

General and Administrative Expenses

General and administrative expenses include expenses relating to acquisition, integration and reorganization, travel, office supplies, telephone and internet, computer costs, professional fees, advertising, business development, other costs supporting operations, and occupancy costs. Occupancy costs include expenses relating to short-term leases and Common Area Maintenance expenses that do not qualify for capitalization under IFRS 16.

General and administrative expenses are as follows:

	For the three months ended				For the six months ended			
	February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**	**February 29, 2020**	**February 28, 2019**	**$ Variance**	**% Variance**
	$ 8,418	$ 6,653	$ 1,765	26.5 %	$ 15,635	$ 13,165	$ 2,470	18.8 %

For the three months ended February 29, 2020, general and administrative expenses have increased by $1,765 (26.5%) compared to the three months ended February 29, 2019, primarily due to the following:

- An increase of $1,094 resulting from a higher general and administrative run rate from the acquisitions;
- An increase of $1,331 pertaining to acquisition, integration and reorganization costs relating to professional fees; and
- A decrease of $660 in all other general and administrative expenses, including occupancy costs, majority of which relates to the favourable impact of the adoption of IFRS 16.

For the six months ended February 29, 2020, general and administrative expenses have increased by $2,470 (18.8%) primarily due to the following:

- An increase of $1,513 resulting from a higher general and administrative run rate from recent acquisitions;
- An increase of $2,111 pertaining to acquisition, integration and reorganization costs;
- A decrease of $1,154 in all other general and administrative expenses, including occupancy costs, majority of which relates to the favourable impact of the adoption of IFRS 16.

Depreciation and Amortization Expenses

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

Depreciation and amortization expense is as follows:

	For the three months ended				For the six months ended			
	February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**	**February 29, 2020**	**February 28, 2019**	**$ Variance**	**% Variance**
	$ 6,133	$ 3,495	$ 2,638	75.5 %	$ 11,352	$ 6,830	$ 4,522	66.2 %

Depreciation and amortization expense increased by $2,638 (75.5%) for the three months ended February 29, 2020, as compared to the same period in the prior year. The increase in depreciation and amortization expense pertains primarily to: 1) increased amortization on customer relationships resulting from an increase in the number of executed transactions, 2) depreciation of ROU assets under IFRS 16 and 3) increased amortization on software.

For the six months ended February 29, 2020, depreciation and amortization expense increased by $4,522 (66.2%) compared to the prior year. The increase is due to factors similar to those affecting the three month period.

Administration Fees

Administration fees represent amounts paid by the Company to third party service providers, primarily claim adjudicators, for services provided on behalf of the Company to certain of its clients on its TPA platform.

Administration fees are as follows:

	For the three months ended				For the six months ended			
	February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**	**February 29, 2020**	**February 28, 2019**	**$ Variance**	**% Variance**
	$ 2,728	$ 978	$ 1,750	178.9 %	$ 4,496	$ 2,085	$ 2,411	115.6 %

Administration fees increased by $1,750 (178.9%) for the three months ended February 29, 2020, primarily as a result of a new claims product launched during the second half of fiscal year 2019 by one of the Company's TPA practices and through services provided to student union clients.

The increase in administration fees of $2,411 (115.6%) for the six months ended February 29, 2020, is due to the factors similar to those affecting the three month period, partially offset by the Company's ability to leverage its scale to reduce its costs incurred per claim.

Finance Expenses

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

	For the three months ended				For the six months ended			
	February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**	**February 29, 2020**	**February 28, 2019**	**$ Variance**	**% Variance**
Interest and other finance costs	$ 982	$ 624	$ 358	57.4 %	$ 1,619	$ 1,105	$ 514	46.5 %
Accretion on financing instruments	403	144	259	179.9	738	270	468	173.3
Change in fair value estimates	3,476	4,255	(779)	(18.3)	5,334	6,431	(1,097)	(17.1)
	$ 4,861	$ 5,023	$ (162)	(3.2)%	$ 7,691	$ 7,806	$ (115)	(1.5)%

Finance expenses decreased by $162 (3.2%) for the three months ended February 29, 2020. The change is primarily due to a decrease in fair value adjustment related to non-controlling interest put options, partially offset by higher interest on loans and borrowings, an increase in fair value adjustment related to contingent consideration obligations, and accretion on lease liabilities due to the adoption of IFRS 16.

Finance expenses decreased by $115 (1.5%) for the six months ended February 29, 2020. The change is primarily due to the factors similar to those affecting the three month period.

Public Company Costs

Public Company costs are as follows:

For the three months ended				For the six months ended			
February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**	**February 29, 2020**	**February 28, 2019**	**$ Variance**	**% Variance**
$ 232	$ 242	$ (10)	(4.1)%	$ 371	$ 335	$ 36	10.7 %

Public company costs have decreased by $10 (4.1%) for the three months ended February 29, 2020. The decrease is primarily due to the Company's annual general meeting costing less this year, offset by an increase in costs due to the addition of a director along with an increase in the number of board meetings.

Public company costs have increased by $36 (10.7%) for the six months ended February 29, 2020. The increase is primarily due to the addition of a director along with an increase in the number of board meetings, partially offset by a decrease in the cost of the Company's annual general meeting in the current year.

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:

	Q2 - 2020 [1]	Q1 - 2020 [1]	Q4 - 2019	Q3 - 2019	Q2 - 2019	Q1 - 2019	Q4 - 2018	Q3 - 2018
Revenue	$ 58,988	$ 44,307	$ 43,192	$ 42,427	$ 40,533	$ 36,342	$ 36,280	$ 33,254
Operating & corporate expenses	(39,476)	(31,883)	(32,099)	(31,530)	(29,914)	(27,791)	(27,522)	(24,910)
Adjusted EBITDA	17,703	10,804	9,927	9,509	9,210	7,426	7,745	7,374
Finance expenses	(4,861)	(2,830)	783	(3,143)	(5,024)	(2,782)	(10,464)	(1,619)
Depreciation and amortization	(6,133)	(5,219)	(3,815)	(3,940)	(3,495)	(3,334)	(3,606)	(2,516)
Stock-based compensation	(1,369)	(1,284)	(965)	(919)	(1,178)	(1,066)	(564)	(236)
Equity-based REI	(1,810)	(1,619)	(1,166)	(1,389)	(1,410)	(1,124)	(1,012)	(970)
Income tax expense, net	(2,407)	(734)	(1,381)	(652)	(1,879)	(717)	(968)	(1,070)
Acquisition, integration and reorganization costs	(4,262)	(5,106)	(2,784)	(2,889)	(2,418)	(2,173)	(2,634)	(1,419)
Net income (loss)	481	(2,750)	2,931	(644)	(3,374)	(1,522)	(9,479)	1,484
Adjusted net earnings	5,267	1,226	1,733	2,203	1,242	1,120	1,132	2,872
Total assets	451,985	413,512	327,477	292,113	284,236	265,631	262,555	221,022
Total loans and borrowings	118,799	85,648	86,740	67,157	63,321	44,435	38,274	54,944
Total other liabilities	141,441	137,513	110,875	98,990	95,748	93,535	96,166	67,897
Shareholders' equity	191,745	190,350	129,862	125,965	125,168	127,660	128,116	98,180
Net income (loss) per share (basic)	0.01	(0.04)	0.05	(0.01)	(0.06)	(0.03)	(0.17)	0.03
Net income (loss) per share (diluted)	0.01	(0.04)	0.05	(0.01)	(0.06)	(0.03)	(0.17)	0.03
Adjusted net earnings per share (basic)	$ 0.08	$ 0.02	$ 0.03	$ 0.04	$ 0.02	$ 0.02	$ 0.02	$ 0.05

[1] On September 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The readers are cautioned, that prior period amounts have not been restated and may not be entirely comparable to current year results. Please refer to note 3(a) of the Company's condensed consolidated interim financial statements for the three and six months ended February 29, 2020, for details.

LIQUIDITY AND CAPITAL RESOURCES

Contractual Obligations

The following table summarizes, as at February 29, 2020, the Company's contractual obligation for the periods specified.

	Payments due by period				
	Total	**Less than 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**Thereafter**
Trade and other liabilities	$ 31,261	$ 27,910	$ 1,697	$ 1,441	$ 213
Non-controlling interest put options	78,094	12,127	39,146	17,485	9,336
Loans and borrowings	120,320	5,187	113,933	1,200	-
Lease liabilities	16,589	4,312	7,293	2,552	2,432
	$ 246,264	**$ 49,536**	**$ 162,069**	**$ 22,678**	**$ 11,981**

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 and six months ended February 29, 2020:

	For the three months ended			
	February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**
Net income (loss) for the period	$ 481	$ (3,374)	$ 3,855	(114.3)%
Add non-cash items, net	11,596	7,345	4,251	57.9
Changes in non-cash working capital	(418)	(1,108)	690	(62.3)
Net cash from operating activities	11,659	2,863	8,796	307.2
Net cash used by investing activities	(25,192)	(16,197)	(8,995)	55.5
Net cash from financing activities	17,770	9,616	8,154	84.8
Net increase (decrease) in cash	**$ 4,237**	**$ (3,718)**	**$ 7,955**	**(214.0)%**

Cash generated from operating activities for the three months ended February 29, 2020, increased by $8,796 as compared to the prior year. Changes in working capital accounts reflect the inclusion of Life, ACL, Collage, Apri, RVARC, and IBC operations.

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

- Cash generated from increased Adjusted EBITDA before REI, was $8,792 higher than the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

- Cash used to fund acquisitions, integration and reorganization costs increased by $1,844 due to professional fees relating to increased acquisition activity and preliminary planning for the Company's transformation initiatives.

- Income taxes used $1,415 less cash than as compared to the same period last year primarily due to the net decrease in income taxes paid to settle the taxes owing on the filing of the prior year returns. Finance costs used $358 more cash resulting from higher interest costs on the outstanding loan balances.

- Cash used to pay compensation-based REI decreased by $101 as compared to the same period in the previous fiscal year due primarily to the Company acquiring the remaining economic interest in Bencom.

- Increase in cash from changes in working capital accounts of $690 is partially due to the increase in contract liabilities related to the advance of commission revenue of recently acquired practices.

Cash used by investing activities for the three months ended February 29, 2020 increased by $8,995 as compared to the same period in the prior year. The change is due to the use of cash to fund current year acquisitions and the acquisition of intangible assets, partially offset by less cash used to fund property and equipment.

For the three months ended February 29, 2020, the Company generated $17,770 of cash from financing activities, while in the same period last year generated $9,616. During the three months ended February 29, 2020, the Company drew $33,011 on its revolving credit facility to primarily fund the current period acquisitions of RVARC and IBC, while in the prior year, the Company used $16,340 against its acquisition revolver to fund the acquisition of Life. The higher proceeds from loans and borrowings in the second quarter of fiscal 2020, have been offset by payments related to repurchasing non-controlling interests of BPA and Coughlin, settlement of restricted stock units, and payment of lease liabilities.

	For the six months ended			
	February 29, 2020	**February 28, 2019**	**$ Variance**	**% Variance**
Net loss for the period	$ (2,269)	$ (4,896)	$ 2,627	(53.7)%
Add non-cash items, net	17,349	13,245	4,104	31.0
Changes in non-cash working capital	1,888	(7,794)	9,682	(124.2)
Net cash from operating activities	16,968	555	16,413	2,957.3
Net cash used by investing activities	(73,219)	(23,713)	(49,506)	208.8
Net cash from financing activities	70,733	14,788	55,945	378.3
Net increase (decrease) in cash	**$ 14,482**	**$ (8,370)**	**$ 22,852**	**(273.0)%**

Cash generated from operating activities for the six months ended February 29, 2020, increased by $16,413 as compared to the same period in the prior year. Changes in working capital accounts reflect the inclusion of BPI, Life, ACL, Apri, RVARC, and IBC operations.

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

- Cash generated from increased Adjusted EBITDA before REI, was $12,709 higher than was generated in the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company’s ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

- Cash used to fund acquisitions, integration and reorganization costs increased $4,777 due to professional fees relating to increased acquisition activity and preliminary planning for the Company's transformation initiatives.

- Income taxes used $743 more cash then as compared to the same period last year primarily due to the increase in EBITDA from acquired entities and their income installments. Finance costs used $515 more cash resulting from higher interest costs on the outstanding loan balances; and

- Increase in cash from changes in working capital accounts of $9,682 is partially due to the increase in contract liabilities related to the advance or commission revenue of recently acquired practices.

Cash used by investing activities for the six months ended February 29, 2020, increased by $49,506 as compared to the prior year. The change is primarily due to more cash used to fund current year acquisitions and the acquisition of intangible assets, primarily software, partially offset by less cash used to fund property and equipment.

Cash generated by financing activities for the six months ended February 29, 2020, increased by $55,945 as compared to the same period in the prior year. The change is primarily due to $60,164 of cash generated from private placement proceeds, offset by $10,536 of cash used primarily for payments related to lease liabilities, dividends on non-controlling interest and acquisition of non-controlling interests. Cash generated from loans and borrowings (net) of $27,501 in the current year, is an increase of $6,317, compared to the cash generated from loans and borrowings (net) of $21,183 in the prior period.

Capital Management

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

The Company includes cash, loans and borrowings, and shareholders’ equity in the definition of capital. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares, issue new debt, renegotiate vendor-take back loans or issue new debt to replace existing debt with different terms and conditions. The Company has the opportunity to use its swingline commitment during the year to finance cash flows related to seasonal changes in non-cash working capital items. The Company did not make use of this facility during the period.

Subsequent to the end of the quarter, Management has been monitoring the economic impact of the COVID-19 pandemic and undertook measures to better position the Company to weather the uncertainty. In alignment with a strategy undertaken by many other companies, and out of an abundance of caution, the Company drew an additional $21,000 on its credit facility on March 20, 2020.

In addition, on April 16, 2020, the Company completed a bought deal private placement common share offering, raising gross proceeds of $25,025. The proceeds from the offering will be used to better position the Company to resume growth initiatives, including acquisitions, as the COVID 19 pandemic subsides and there is further stability in the market.

Working Capital

The Company's working capital (defined as current assets less current liabilities) as at February 29, 2020, is set forth in the table below. The Company defines "Operating Working Capital" as current assets less current liabilities excluding contract liabilities.

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

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

	February 29, 2020	August 31, 2019
Current Assets	$ 51,890	$ 35,798
Less:		
Current Liabilities	61,546	48,840
Working capital	(9,656)	(13,042)
Add back:		
Contract liabilities	13,252	5,207
Operating Working Capital Surplus (Deficiency)	**$ 3,596**	**$ (7,835)**

The Company's strategy to managing working capital is in conjunction with its overall capital structure. Due to the acquisitive nature of the Company and the Company's continual use of cash to complete acquisitions, the Company will generally carry sufficient cash balances, at any point in time, in order to meet its short term obligations. The Company has access to a credit facility and therefore the cash balances are minimized, with any excess cash used to pay down loans and borrowings in order to reduce financing costs. The Company's working capital balance of $3,596 along with a cash balance of $26,972 is sufficient to meet short term obligations as they come due.

The Company maintains a swingline commitment of $5,000 included in its total syndicated facility to manage short-term working capital requirements. As at February 29, 2020, the Company had not utilized the swingline.

Credit Facilities

On June 25, 2019, the Company amended and restated its existing credit agreement with a syndicate of Canadian banks which includes a $125,000 revolving commitment which has been used to refinance the acquisition facility under the previous agreement and to fund future acquisitions. As at February 29, 2020, the balance owing on this facility was equal to $98,742 (August 31, 2019 - $71,241). As at February 28, 2019, the balance owing on the now fully-extinguished term and revolver credit facilities was $48,300. The total syndicated facility includes a $5,000 swingline commitment to fund operating cash flow needs. As at February 29, 2020, the Company had not utilized the swingline (August 31, 2019 - $71,241).

In addition, the facility agreement provides for an option, from time to time, to request an increase in the amount of the revolving commitment by an amount of not less than $5,000 and not more than $50,000, subject to the satisfaction of certain terms and conditions. The exercise of the option would result in the size of the revolving commitment increasing from $125,000 to a maximum of $175,000. The loan matures on June 1, 2022, unless extended pursuant to the terms of the agreement. The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants. As at February 29, 2020, the Company was in compliance with all of its financial and non-financial covenants.

As previously noted, on March 20, 2020, the Company drew an additional $21,000 on its revolving credit facility.

Share Capital

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

	February 29, 2020	August 31, 2019
Common shares, issued and outstanding	68,277,988	60,918,514
Stock options outstanding	3,184,113	3,498,872
Restricted Stock Units outstanding	341,204	454,340
Deferred Stock Units outstanding	133,506	109,385

On October 16, 2019, the Company closed a bought deal private placement equity offering with a syndicate of underwriters. The Company issued 6,983,500 common shares at a purchase price of $9.10 per share for gross proceeds to the Company of $63,550. The offering resulted in net proceeds of $61,071 after a cash commission equal to 5% of gross proceeds paid to the underwriters, other share issuance costs, and a deferred tax asset of $908 relating to share issuance and commission costs.

On November 28, 2019, in connection with the acquisition of Apri, the Company issued 208,695 common shares as part of the total consideration for the transaction. The remainder of the change in share capital during the three and six months ended February 29, 2020, can be attributed to stock options granted, exercised or cancelled and the settlement of Restricted Stock Units under the Company's Security Based Compensation Plan.

On April 16, 2020, the Company closed a bought deal private placement equity offering with a syndicate of underwriters. The Company issued 3,500,000 common shares at a purchase price of $7.15 per share for gross proceeds to the Company of $25,025. Additional information relating to the bought deal private placement equity offerings can be found in the Company's financial statements for the quarter ended February 29, 2020.

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. For the quarter ended February 29, 2020, the risk and uncertainties remain substantially unchanged from those disclosed in the Company's 2019 annual and fourth quarter MD&A.

Subsequent to the quarter, there has been increased risk due to the COVID-19 pandemic, and Management considers the pandemic as an additional risk factor to its operations. While the impact of the pandemic remains uncertain, the Company is adjusting and adapting to the daily changes and is continuing its operations given that the Company provides services that have been deemed as essential. As this situation continues to evolve, Management will continue to monitor the impact on operations. See Overview of Operating Performance section above for further detail on the Company's assessment of risk factors and Management's response.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

The critical accounting estimates are substantially unchanged from those identified in the Company's 2019 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 16, Leases

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

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

As permitted by IFRS 16, on the date of initial application, the Company measures ROU assets for leases previously classified as operating lease under IAS 17 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application. At September 1, 2019, ROU assets of $12,423 were recognized within property and equipment and lease liabilities of $13,151 were recognized within lease liabilities. The ROU asset was recorded net of the provision for onerous leases of $728 which was previously recognized within trade and other liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at September 1, 2019. The weighted average rate applied is 4.00%.

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

Future minimum lease payments at August 31, 2019	$	14,868
Add: Extension options reasonably certain to be exercised		293
Less: Short-term leases		(130)
Less: Low-value leases		(426)
Additional lease liabilities on adoption of IFRS 16 at September 1, 2019		14,605
Discounting		(1,458)
Finance lease liabilities at August 31, 2019 (IAS 17)		4
Lease liabilities at September 1, 2019	$	13,151

SEASONALITY

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

OFF-BALANCE SHEET ARRANGEMENTS

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

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

FINANCIAL INSTRUMENTS

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