

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



As at and for the quarter ended November 30, 2016

PEOPLE CORPORATION

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This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of January 19, 2017 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of People Corporation ("**the Company**"), including the notes thereto, as at and for the year ended August 31, 2016, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**") and the unaudited interim condensed consolidated financial statements as at and for the three months ended November 30, 2016 (the "November 30, 2016 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. Certain totals, subtotals and percentages may not reconcile due to rounding.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Use of words such as "may", "will", "expect", "believe", "intends", "likely", or other words of similar effect may indicate a "forward-looking" statement. These statements are not guarantees of future performance and are subject to numerous 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 net income before finance expense, income tax expense, depreciation and amortization ("**Standardized EBITDA**"), retained economic interest represents the earnings attributable to vendors and/or principals of acquired companies based on prescribed formulas ("**REI**"), Standardized EBITDA before acquisition, integration and reorganization costs; share-based compensation expense; compensation-based REI; and equity-based REI ("**Adjusted EBITDA before REI**") or Standardized EBITDA net of REI before acquisition, integration and reorganization costs, share-based compensation expense ("**Adjusted EBITDA**"), Adjusted EBITDA before corporate costs ("**Operating Income before Corporate Costs**"), corporate costs and Operating Working Capital, hereinafter defined, and other similar terms do not have standardized meanings as prescribed by IFRS and may not be comparable to similar measures presented by other companies. Further, readers are cautioned that Standardized EBITDA, Adjusted EBITDA before REI, Adjusted EBITDA and Operating Income before Corporate Costs should not replace net income or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of the Company's performance. See the "Non-IFRS Financial Measures" section for further commentary.

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The Company is primarily involved in the delivery of employee group benefit consulting, third-party benefits administration services, pension 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 months ended November 30, 2016 fully reflect the effect of fiscal 2016's acquisition of BPA Financial Group Limited ("BPA"); and growth initiatives.

	Nov 30, 2016	Nov 30, 2015
	Three months ended	Three months ended
Revenue	\$ 23,344.7	\$ 16,314.9
Adjusted EBITDA	\$ 3,735.7	\$ 3,204.6
Adjusted EBITDA per share (Basic)	\$ 0.077	\$ 0.071
Net Loss	\$ (275.5)	\$ (149.1)
Net loss per share (Basic)	\$ (0.006)	\$ (0.003)

For the three months ended November 30, 2016, the Company experienced revenue growth of \$7,029.8 (43.1%) due primarily to revenues from the BPA acquisition and organic growth. The Company recognized acquired growth of \$5.6 million (34.2%) and organic growth of \$1.4 million (8.9%). Organic growth is primarily from the addition of new clients from the Company's existing and expanded benefits consulting team and natural inflationary factors.

Quarterly organic growth rates can vary due to timing of renewals and acquisitions and as such, annual organic growth is a better reflection of the company's organic growth rate.

Adjusted EBITDA for the three months ended November 30, 2016 was \$3,735.7, representing an increase of \$531.1 (16.6%), as compared to the same period in fiscal 2016. Growth in Adjusted EBITDA for the three month period was primarily driven by contribution from acquisitions and the increase in first quarter revenue, partially offset by increases in variable compensation expenses tied directly to the higher revenue, expanded leadership to accommodate future growth and associated operating costs and the continued investment in new benefit consultants and related support costs incurred to drive organic growth.

For the three months ended November 30, 2016, the Company reported an increase in net loss of \$126.4 (84.8%) resulting from an increase in finance expenses including accretion of REI liabilities; acquisition related amortization of intangible assets; and income tax expense, partially offset by the increase in Adjusted EBITDA.

BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third party benefits administration (including claims

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

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

CONSULTING SOLUTIONS	BENEFIT SOLUTIONS	SHARED SERVICES	HUMAN RESOURCE SOLUTIONS
    	   	    	 Integrated Solutions Group Retirement Solutions Business Development Strategic Initiatives Talent Acquisition Wellness Solutions

The Company has offices across Canada; each led by a team of 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.

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People Corporation helps businesses:

<i>Attract</i>	The Company's employee benefit, group retirement and HR divisions are led by experts who understand a client's business and can help a client attract the best people for their industry, helping position them as top employers.
<i>Reward</i>	Proprietary solutions offered by the Company's employee group benefit consulting, third party benefits administration, group retirement consulting, pension advisory services, claims processing, disability management and administration services ensures that a client's staff has access to health, wellness, dental, and retirement plans that make financial sense for their families, as well as for the client's business.
<i>Retain</i>	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.

<i>Expertise</i>	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.
<i>Custom Solutions</i>	The Company's broad range of innovative and proprietary group benefit solutions, group pension and disability solutions can be tailored to suit organizations of any size, in any sector. This is achieved through the Company's partner relationships, its ability to leverage its various systems and platforms and through the expertise of its consultants and staff.
<i>Industry Leading Pricing</i>	As a national provider, the Company's buying power allows it to offer clients the best products on the best terms.
<i>Independent Guidance</i>	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.
<i>National Servicing</i>	With offices across the country, the Company can provide clients with servicing on a localized basis.

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

Consulting Solutions

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

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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") service platforms allowing it to provide consulting advice that is highly customized towards the client's needs. The TPA administers benefit plans on behalf of clients and insurance carrier partners. These administration platforms allow the Company to develop specialized, unique and customized benefit solutions for its clients through a plug-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 booklet printing services. In addition, through its various partners, the TPA platforms also provide claims adjudication services and claims management.

The Company serves as an independent data administrator on behalf of the Company's clients, who 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.

Shared Services

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

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BUSINESS ENVIRONMENT AND STRATEGY

As at January 19, 2017, the Company's business environment and strategy remain unchanged from those described in the Company's 2016 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 and the tools they need to provide responsive solutions which address its client's business challenges. The Company wants its clients to experience the benefits that People Corporation professionals bring to the table, to experience the benefits their people can deliver to them, and wants the client relationship to be an experience, not a transaction. The Company continued its positive momentum and strong performance during the quarter.

Operational initiatives include:

- Strengthened the senior leadership team with key strategic hires in the areas of information technology, operations and integration;
- Hired a Senior Vice President to lead the Human Resource Solutions business;
- Continued to invest in benefit consultants;
- Continued to increase acquisition opportunities.

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

Notable milestones include

- Completed a bought deal private placement financing on October 6, 2016 resulting in net proceeds of \$19.0 million to be used to fund growth initiatives and for general corporate purposes;
- Added National Bank as a syndicate lender under the terms of the Company's credit facility;
- Launched new product line to provide self-insured short-term disability insurance services to clients; and
- Enhanced the recently launched proprietary sales management and CRM software technology platform to support organic revenue growth objectives through improved client interaction.

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.

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

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

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

OUTLOOK

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

NON-IFRS FINANCIAL MEASURES

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

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

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OVERVIEW OF FINANCIAL PERFORMANCE

Adjusted EBITDA

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

	for the three months ended	
	Nov 30, 2016	Nov 30, 2015
Net loss	\$ (275.5)	\$ (149.1)
Add:		
Depreciation, amortization and impairment losses	1,922.6	1,854.1
Finance expenses, net	1,848.6	1,293.6
Income taxes, net	354.2	207.6
Standardized EBITDA	3,849.9	3,206.2
Add:		
Acquisition, integration and reorganization costs	260.3	213.4
Compensation-based REI	379.3	453.4
Share-based compensation	246.7	244.8
Adjusted EBITDA before REI	\$ 4,736.2	\$ 4,117.8
Deduct:		
Compensation-based REI	(379.3)	(453.4)
Equity-based REI	(621.2)	(459.8)
Adjusted EBITDA	\$ 3,735.7	\$ 3,204.6
Adjusted EBITDA before REI as a % of Revenue	20.3 %	25.2 %
Adjusted EBITDA as a % of Revenue	16.0 %	19.6 %

Adjusted EBITDA before REI for the three months ended November 30, 2016 was \$4,736.2, an increase of \$618.4, or 15.0% from \$4,117.8 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of \$7,029.8 representing the increase in revenue resulting from the increased contribution to run rates from 2016 acquisitions of \$5.6 million (34.2%) as well as organic growth of \$1.4 million (8.9%) resulting from the addition of new clients and natural inflationary factors;
- Increased personnel and compensation expenses of \$4,022.4 primarily attributable to the increased employee count resulting from the acquisition of BPA, expanded leadership to accommodate future growth and the continued investment in new benefit consultants and related support costs incurred to drive organic growth; and
- Increased other operating costs of \$2,389.0, inclusive of general and administrative expenses, occupancy, administration fees, and public company costs, which is primarily attributable to the acquisition of BPA.

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For the three months ended November 30, 2016, Adjusted EBITDA before REI as a % of Revenue was 20.3% as compared to 25.2% reported for the same period in the prior year. The current period margin was consistent with 21.4% and 20.6% margins reported in the prior two quarters respectively. The margin decrease is directly attributable to the investments related to increased leadership and associated operating costs and the continued investment in new benefit consultants and related support costs incurred to drive organic growth.

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

Adjusted EBITDA for the three months ended November 30, 2016 was \$3,735.7, an increase of \$531.1, or 16.6% from \$3,204.6 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, H+P and Bencom of \$1,000.5.

Equity-based REI represents the share of BPA and Coughlin Adjusted EBITDA attributable to the BPA and Coughlin principals based on a prescribed formula tied to their respective non-voting, dividend-bearing special share holdings. The share of BPA Adjusted EBITDA attributable to equity-based REI will increase as BPA share options are exercised. BPA and Coughlin principals are eligible to receive dividends based on a calculation derived from earnings which includes Equity-based REI. The payment of dividends to the Coughlin and BPA Principals reduces the non-controlling put liability and is not included in the calculation of net income.

Compensation-based REI represents the share of Bencom and H+P Adjusted EBITDA attributable to the Bencom and H+P principals based on a prescribed calculation derived from earnings. Compensation-based REI is included in the calculation of net income.

Operating Income Before Corporate Costs

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

	for the three months ended	
	Nov 30, 2016	Nov 30, 2015
Adjusted EBITDA	\$ 3,735.7	\$ 3,204.6
Add:		
Corporate costs	1,118.7	881.6
Operating income before corporate costs	\$ 4,854.4	\$ 4,086.2

Corporate costs, which represent expenses incurred at the corporate office, such as executive remuneration, public company compliance costs, insurance and corporate development activities, for the three months ended November 30, 2016 were \$1,118.7 versus \$881.6 for the same period in the prior year. The increase of \$237.1 is primarily due to an increase in personnel and compensation expense as a result of the continued investment in leadership positions, as well as an increase in public company costs during fiscal 2017. Operating income before corporate costs for the three months ended November 30, 2016 was \$4,854.4 versus \$4,086.2 for the same period in the prior year. The increase of \$768.2 is primarily due to contributions to Adjusted EBITDA from 2016 acquisitions compared to the same period in the prior year.

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Revenue

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

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

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

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

Revenue is as follows:

For the three months ended	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
	\$ 23,344.7	\$ 16,314.9	\$ 7,029.8	43.1 %

For the three months ended November 30, 2016, the Company experienced revenue growth of \$7,029.8 (43.1%), due primarily to revenues from the BPA acquisition and organic growth. The Company recognized acquired growth of \$5.6 million (34.2%) and organic growth of \$1.4 million (8.9%). Organic growth is primarily from the addition of new clients generated by the Company's existing and expanded benefits consulting team and natural inflationary factors.

Personnel and Compensation Expenses

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

Personnel and compensation expenses are as follows:

For the three months ended	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
	\$ 13,989.8	\$ 9,893.3	\$ 4,096.5	41.4 %

For the three months November 30, 2016, personnel and compensation costs comprised 59.9% of revenues (2015 - 60.6%). The Company believes that investment in its employees and associate consultant networks is key to ensuring successful execution of its strategic plans.

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The increase in personnel and compensation for the three months ended November 30, 2016 of \$4,096.5 from \$9,893.3 to \$13,989.8 is primarily attributable to the increased employee count resulting from the acquisition of BPA during the 2016 fiscal year. Other factors include increased leadership related to managing the larger organization and scaling the business to accommodate further growth and the continued investment in new benefit consultants and related support costs to drive organic growth opportunities.

General and Administrative Expenses

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

General and administrative expenses are as follows:

For the three months ended	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
	\$ 3,138.9	\$ 1,511.7	\$ 1,627.2	107.6 %

General and administrative expenses have increased by \$1,629.7 for the three months ended November 30, 2016 primarily due to incremental costs incurred to support the ongoing growth strategy of the Company, specifically:

- An net increase of \$1,001.7 resulting from a higher general and administrative run-rate due to the acquisition of BPA in the third quarter of fiscal 2016; and
- An increase of \$494.8 in professional fees resulting from growing tax compliance and regulatory costs, partnered with certain key strategic initiatives;
- An increase of \$130.7 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	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
	\$ 1,922.6	\$ 1,854.1	\$ 68.5	3.7 %

Depreciation and amortization expense increased \$68.5 for the three months ended November 30, 2016.

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- Amortization expense on customer relationships, customer contracts and computer software increased by \$199.0 due to additions of customer relationships resulting from the acquisition of BPA during fiscal 2016.
- Depreciation expense on property and equipment decreased by \$130.5 primarily due to computer equipment and leasehold improvements that have become fully depreciated, based on management's estimates of the useful lives of assets, in the current year. This decrease was offset by an increase to property and equipment and the related depreciation expense resulting from the acquisition of BPA during fiscal 2016.

There were no impairment losses recognized during the period.

Occupancy Costs

Occupancy costs are as follows:

For the three months ended	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
	\$ 1,418.5	\$ 891.4	\$ 527.1	59.1 %

Occupancy costs increased by \$527.1 for the three months ended November 30, 2016, which is primarily due to incremental lease costs associated with the acquisition of BPA during the third quarter in fiscal 2016.

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	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
	\$ 819.1	\$ 711.7	\$ 107.4	15.1 %

Administration fees increased by \$107.4 for the three months ended November 30, 2016 due to an increase in claims processing fees. The increase in claims processing fees is volume driven and is a direct result from the increase in TPA revenue in Benefit Solutions from revenue growth.

Finance Expenses

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

For the three months ended	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
	\$ 1,848.6	\$ 1,293.6	\$ 555.0	42.9 %

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Finance expenses increased by \$555.0 for the three months ended November 30, 2016. The change is primarily due to an increase of \$651.6 in the estimated fair value of non-controlling interest put obligations resulting from the acquisition of BPA as well as an annual revaluation of non-controlling interest put obligations from previous acquisitions. In addition, interest and finance costs on long-term debt increased by \$35.1 resulting from the increase in debt to partially fund the acquisition of BPA in 2016, which was offset by a decrease of \$98.5 in accretion expense on vendor take-back notes, long-term liabilities and contingent acquisition consideration and a decrease of \$33.2 relating to other finance costs.

Public Company Costs

Public Company costs are as follows:

For the three months ended	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
	\$ 128.6	\$ 100.5	\$ 28.1	28.0 %

Public company costs have increased by \$28.1 for the three months ended November 30, 2016. The increase can be attributed to timing of TSX-V filing fee payments.

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:

	Q1 - 2017	Q4 - 2016	Q3 - 2016	Q2 - 2016	Q1 - 2016	Q4 - 2015	Q3 - 2015	Q2 - 2015
Revenue	\$ 23,344.7	\$ 24,902.6	\$ 20,248.1	\$ 18,336.6	\$ 16,314.9	\$ 15,767.2	\$ 10,487.6	\$ 11,974.9
Operating & corporate expenses	(18,987.8)	(20,052.7)	(16,073.8)	(14,156.7)	(12,650.4)	(12,967.6)	(8,345.1)	(9,513.9)
Adjusted EBITDA	3,735.7	3,796.2	3,461.4	3,633.2	3,204.6	2,358.3	2,142.5	2,461.0
Finance expenses	(1,549.1)	(1,561.0)	(1,334.3)	(1,069.6)	(1,293.6)	240.1	(631.4)	(584.2)
Depreciation and amortization	(1,922.6)	(2,009.0)	(1,686.3)	(1,426.2)	(1,854.1)	(1,364.7)	(903.9)	(821.6)
Share-based compensation	(246.7)	(63.2)	(152.6)	(133.3)	(244.8)	(62.4)	(70.2)	(40.3)
REI, issued as dividends	621.2	1,053.6	713.0	546.7	459.8	441.3	-	-
Income tax expense, net	(354.2)	(1,201.7)	303.0	(806.3)	(207.6)	60.2	(317.6)	(352.6)
Acquisition, integration and reorganization costs	(260.3)	(291.9)	(1,072.6)	(724.7)	(213.4)	(622.3)	(570.5)	(275.3)
Net income (loss)	24.0	(277.0)	231.6	19.8	(149.2)	1,050.5	(351.1)	387.0
Total assets	143,990.0	149,206.9	146,358.7	112,809.7	113,105.2	114,597.3	69,808.2	57,440.7
Total loans and borrowings	21,934.0	40,477.2	42,015.7	24,343.9	25,285.0	25,409.6	9,773.5	9,986.8
Total other liabilities	58,426.0	64,044.9	59,518.7	44,062.0	43,645.1	45,108.3	19,748.9	20,495.9
Shareholders' equity	63,630.1	44,684.9	44,824.2	44,403.7	44,175.1	44,079.4	40,285.8	26,958.1
Adjusted EBITDA per share	0.083	0.084	0.077	0.081	0.082	0.053	0.052	0.062
Earnings (Loss) per share (basic)	(0.006)	(0.006)	0.005	-	(0.003)	0.023	(0.009)	0.010
Earnings (Loss) per share (diluted)	(0.006)	(0.006)	0.005	-	(0.003)	0.023	(0.009)	0.009

LIQUIDITY AND CAPITAL RESOURCES

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Contractual Obligations

The following table summarizes, as at November 30, 2016, the Company's contractual obligation for the periods specified.

	Payments due by period				
	Total	Less than 1 Year	1 - 3 Years	4 - 5 Years	Thereafter
Accounts payable and accrued liabilities \$	8,088.0	\$ 6,564.7	\$ 695.2	\$ 389.6	\$ 438.5
Operating lease obligations	14,138.6	4,020.5	5,883.5	4,064.4	170.2
Obligations under finance leases	39.2	13.0	26.2	-	-
Vendor-take-back loans	1,445.7	545.7	600.0	300.0	-
Term credit facility	22,744.5	3,108.6	19,635.9	-	-
Acquisition credit facility	-	-	-	-	-
	\$ 46,456.0	\$ 14,252.5	\$ 26,840.8	\$ 4,754.0	\$ 608.7

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 November 30, 2016:

For the three months ended	Nov 30, 2016	Nov 30, 2015	\$ Variance	% Variance
Net loss for the period	\$ (275.5)	\$ (149.1)	\$ (126.4)	84.8 %
Add non-cash items, net	2,998.5	2,529.6	468.9	18.5 %
Changes in non-cash working capital	(5,714.3)	(1,500.3)	(4,214.0)	280.9 %
Net cash (used by) from operating activities	(2,991.2)	880.3	(3,871.5)	(439.8)%
Net cash used by investing activities	(1,100.9)	(618.3)	(482.6)	78.1 %
Net cash from (used by) financing activities	190.2	(158.6)	348.8	(219.9)%
Net decrease in cash	\$ (3,901.9)	\$ 103.4	\$ (4,005.3)	(3,873.6)%

Cash used in operating activities for the three months ended November 30, 2016 was \$2,991.2, a decrease of \$3,871.5 or 439.8% from the \$880.3 of cash generated in the same period in the prior year. Significant influences of cash inflows and outflows related to operating activities for the quarter versus the same period in the prior year include:

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- Decrease in cash resulting from changes in working capital accounts of \$4,214.0 including the effect of trade and other receivables, trade payables, accrued and other liabilities, deferred revenue and income tax payable. The majority of the change in working capital is the decrease in trade payables, accrued and other liabilities of \$4,762.4, which largely relates to the repayment of contingent consideration of the fiscal 2013 acquisition of H+P as well as the payment of certain staff and management bonus for the 2016 fiscal year. This amount was offset by a net increase of \$548.4 in other non-cash working capital items, including deferred revenue and income tax payable.
- Increase in Adjusted EBITDA of \$531.1, as compared to 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 by investing activities for the three months ended November 30, 2016 of \$1,100.9 was primarily used for additions to customer relationships and computer software.

Cash generated by financing activities for the three months ended November 30, 2016, was \$190.2, as compared to cash used of \$158.6 in the prior year. The most significant financing activities during the period included the receipt of net proceed from private equity placement of \$18,946.4, offset by the repayment of loans and borrowings amounting to \$18,558.8.

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 characteristics. The Company has the opportunity to use its Operating Revolver during the year to finance cash flows related to seasonal changes in non-cash working capital items. The Company did not make use of its operating line of credit during the first three months of the year.

Working Capital

Working Capital, defined as current assets less current liabilities, as at November 30, 2016 is set forth in the table below. The Company defines Operating Working Capital as current assets less current liabilities, with the exclusion of deferred revenue.

Deferred revenue represents the excess of retainer amounts billed over costs incurred and revenue earned on service contracts. The amount is amortized into income as services are rendered, in accordance with the revenue recognition policies described in the Company's financial statements. Group benefit commission revenue from clients where advisory services and plan administration services are provided by the Company is generally received in advance and recorded as deferred revenue. Fee revenue that is contingent on certain criteria being met is included in deferred revenue until the criteria have been met.

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

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

	Nov 30, 2016	Aug 31, 2016
Current assets	\$ 21,001.8	\$ 25,750.1
Less:		
Current liabilities	13,561.4	18,811.2
Working capital	7,440.4	6,938.9
Add back:		
Current portion of deferred revenue	4,849.4	5,263.3
Operating working capital	\$ 12,289.8	\$ 12,202.2

Operating Working Capital has increased by \$87.6 to a surplus of \$12,289.8 compared to the surplus of \$12,202.2 at August 31, 2016. The change in Operating Working Capital is due to a decrease in current assets, which was primarily the result of a decrease in cash and cash equivalents of \$3,901.9; a decrease in current liabilities, which was primarily the result of a decrease in trade payables, accrued and other liabilities of \$4,410.1; and a decrease in the current portion of deferred revenue of \$365.7. The increase related to the current portion of loans and borrowings can be attributed to timing for the remaining future payments of vendor-take-back loans.

The Company maintains a revolving operating line of credit of \$5,000.0 to facilitate management of short-term working capital requirements. As at November 30, 2016, the Company had not utilized this facility.

Credit Facilities

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

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

The agreement provides for an option (the "Accordion Feature"), subject to the satisfaction of certain terms and conditions, to increase the acquisition credit facility by up to \$15,000.0 of additional capacity. The exercise of the option would result in the size of the term acquisition credit facility being increased to a maximum of \$49,000.0 and overall credit capacity being increased to a maximum of \$76,215.0.

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

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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.

During the quarter, the Company used a portion of net proceeds from the Offering (see the Share Capital section) to fully repay the term acquisition credit facility. At November 30, 2016, the Company had a balance of \$20,548.9 outstanding on the Term Loan, and was compliant with all financial covenants.

At January 19, 2017, the Company had unutilized and available credit of \$5,000.0 on the Operating Revolver and \$34,000.0 to fund acquisitions on the Acquisition Revolver.

Share Capital

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

	November 30, 2016	August 31, 2016
Common shares issued and outstanding	50,729,550	45,225,050
Stock options outstanding	1,470,070	1,504,897
Restricted Stock Units outstanding	295,637	128,680
Deferred Stock Units outstanding	41,478	26,442

On October 6, 2016, the Company closed a bought deal private placement financing (the "Offering") with a syndicate co-led by Cormark Securities Inc. and Acumen Capital Finance Partners Limited, and including Laurentian Bank Securities (collectively, the "Underwriters"). Pursuant to the Offering, the Company issued 5,439,500 common shares (the "Shares") of the Company at a purchase price of \$3.70 per Share, including 709,500 Shares issued pursuant to the full exercise of the Underwriters' over-allotment option, for gross proceeds to the Company of \$20,126,150. The Company received net proceeds of \$18,946,403 after taking into account a cash commission paid to the Underwriters and other related costs. The Shares issued in connection with the Offering are subject to a restrictive legend which expires on February 7, 2017. The remainder of the change in share capital can be attributed to grants during the three months ended November 30, 2016 under the Company's LTIP program.

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.

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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 2016 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 2016 annual and fourth quarter MD&A.

SEASONALITY

As the Company continues to grow through acquisitions, the revenue trends from quarter to quarter may change depending on the relative significance of acquisitions in a fiscal year and the seasonal variances of the client renewals of those particular acquisitions. As the company continues to grow both organically and through acquisitions, the revenue and Adjusted EBITDA trends from quarter to quarter within a fiscal 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.

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

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FINANCIAL INSTRUMENTS

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

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