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

people CORPORATION®

Experience the Benefits of People

As at and for the quarter ended November 30, 2020

This Management's Discussion and Analysis ("**MD&A**") has been prepared with an effective date of January 27, 2021, 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, 2020, 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, 2020 (the "November 30, 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, general economic conditions and the risk factors set out in the Company's Notice of Special Meeting and Management Information Circular dated January 14, 2021 (the "January 2021 Circular") and set out in the "Risk Factors" section of the Company's annual information form ("AIF") filed in respect of the fiscal year ended August 31, 2020. 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 (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.

PEOPLE CORPORATION

Management's Discussion & Analysis
As at and for the quarter ended November 30, 2020

TABLE OF CONTENTS

The Company is primarily involved in the delivery of employee group benefits 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 months ended November 30, 2020, fully reflect the impact of last year's 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**"). In addition, the partial effect of the current fiscal year acquisitions of Encompass Benefits & HR Solutions Inc. ("**Encompass**"), and Watermark Benefit Consulting Inc. ("**WBC**") are reflected in the current period.

	For the three months ended	
	November 30, 2020	**November 30, 2019**
Revenue	$ 54,227	$ 44,307
Adjusted EBITDA	$ 13,304	$ 10,804
Adjusted net earnings	$ 2,087	$ 1,226
Net loss	$ (4,203)	$ (2,750)
Net loss per share (basic)	$ (0.06)	$ (0.04)
Adjusted net earnings per share (basic)	$ 0.03	$ 0.02

The Company realized revenue growth for the three months ended November 30, 2020 of $9,920 (22.4%) resulting from:

1. Organic growth of $3,085 (7.0%) was primarily the result of gaining new clients and increasing product and service penetration with existing clients; and

2. Acquired growth of $6,835 (15.4%) resulting from the acquired operations of Collage, Apri, RVARC, IBC, Encompass and WBC.

Adjusted EBITDA for the three months ended November 30, 2020 was $13,304, representing an increase of $2,500 (23.1%), as compared to the same period in fiscal year 2020. Growth in Adjusted EBITDA for the first quarter was primarily driven by contributions from acquired operations and organic revenue growth. The factors increasing Adjusted EBITDA were partially offset by higher variable compensation expenses tied directly to the higher revenue and an expanded staff complement to accommodate growth in operations. In addition, the Company incurred higher administration fees related to the continued growth of services launched in the prior fiscal year.

The Company reported Net loss for the three months ended November 30, 2020 of $4,203. Net loss increased by $1,453 as compared to the prior fiscal year due to increased fair value adjustments related to non-controlling interest and contingent consideration obligations included in finance expenses, and higher depreciation and amortization expense. This is partially offset by an increase in Adjusted EBITDA of $2,500 as described above, as well as a decrease in acquisition, integration and reorganization costs.

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 1,146 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 benefits 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 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 January 27, 2021, the Company's business environment continues to be impacted by the COVID-19 pandemic.

Industry

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

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

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

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

OVERVIEW OF OPERATING PERFORMANCE

As it has been well-publicized, measures to contain the COVID-19 pandemic are currently impacting national and global economies, which has led to a contraction in economic activity and higher unemployment levels. Canadian governments began gradually easing containment measures in May 2020 resulting in a rebound of economic activity and lower unemployment levels. Since that time, strict local, regional and national measures to slow the spread of COVID-19 have evolved, which has resulted in a gradual yet uncertain recovery. While the Company experienced lower healthcare claims volumes and related revenues in certain segments since the start of the COVID-19 pandemic, this did not have a material effect on the overall financial results due to other compensating factors. Healthcare claims volumes and the related revenues have continued to improve and are approaching volumes consistent with pre-pandemic levels as plan members and service providers adjust to the new environment. However, the overall impact of the COVID-19 pandemic is still uncertain and dependent on the progression of the virus and actions taken by governments, businesses and individuals and the Company does expect to continue to see an impact on its overall business in the coming months as a result of these measures and the general slowdown of the economy.

The Company has taken appropriate steps to ensure it is well 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 continues to operate with the majority of our employees working remotely to provide service to clients and maintain operations. While we have prepared a plan for a gradual return to the office when conditions are safe to do so, we will continue to operate in this manner as appropriate. We have made adjustments to our operations across each of our businesses to provide clients with extra support for COVID-19 related business matters. The actions taken to date have positioned the Company to successfully navigate the current environment and at the same time to provide clients with the service and support they need.

While most businesses, including People Corporation, will be impacted by an event such as the COVID-19 pandemic, it is important to consider some of the underlying 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 times 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.

- Consolidated statements of financial position - The Company had $37,870 in cash as at November 30, 2020. As at November 30, 2020, the Company has $33,233 of available capacity on the credit facility.

The above attributes, combined with the strong performance of the business through the first quarter of this year, positions the company well to manage the current environment and to continue to leverage opportunities for the future.

Notable Milestones:

Announced the sale of the Company:

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

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

Completed the following strategic acquisitions:

- Encompass, a regional group benefits and group retirement consulting firm headquartered in Kelowna, British Columbia;

- WBC, a group benefits and group retirement solutions provider with deep expertise serving organizations with international employee bases headquartered in Calgary, Alberta; and

- Subsequent to the end of the quarter, on December 1, 2020, Alliance Pour La Santé Etudiante Au Quebec Inc. ("ASEQ"), a provider of student health and dental benefits as well as wellness solutions headquartered in Montreal, Quebec.

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

- Expanded the regional leadership team with enhanced coverage for the Prairies and Western Canada;

- Expanded the multi-employer consulting team to enhance client service in Eastern Canada; and

- Realigned the Group Retirement Services team and appointed new leaders for the consulting team and the actuarial and investment management team.

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

- Broadened our third party consultant solution set by launching the expanded MGA+ offering combining BenefitsHQ, CollageHR, Sirius Small Group and our MGA back office and our Guaranteed Standard Issue disability solution;

- Entered into an agreement with a service provider to integrate and transform our omni-channel client communications solution; and

- Advanced development our new multi-employer and single employer billing and administration platforms to a client ready / pilot state.

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. 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.

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, eleven transactions have been completed.

The following acquisitions were completed during the three months ended November 30, 2020:

On October 2, 2020, the Company acquired Encompass, a regional group benefits and group retirement consulting firm headquartered in Kelowna, British Columbia.

On October 30, 2020, the Company acquired WBC headquartered in Calgary, Alberta. WBC designs and delivers group benefits and group retirement solutions with deep expertise to serving organizations with international employee bases.

The following acquisition was completed subsequent to the period ended November 30, 2020:

On December 1, 2020, the Company acquired ASEQ, a provider of student health and dental benefits as well as wellness solutions headquartered in Montreal, Quebec.

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 businesses 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.

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 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 loss to Adjusted net earnings and Adjusted net earnings per share:

	For the three months ended			
		November 30, 2020		**November 30, 2019**
Net loss	**$**	**(4,203)**	**$**	**(2,750)**
Add (deduct):				
Change in estimated fair value of non-controlling interest put option (non-taxable)		4,368		1,788
Change in estimated fair value of other financing instruments (non-taxable)		1,236		70
Acquisition, integration and reorganization costs (net of tax)		2,545		3,737
Equity-based REI (non-taxable)		(1,859)		(1,619)
Adjusted net earnings	**$**	**2,087**	**$**	**1,226**
Weighted average number of common shares (basic)		71,909,658		64,376,480
Adjusted net earnings per share (basic)	$	0.03	$	0.02

For the three months ended November 30, 2020, Adjusted net earnings increased by $861. The increase is primarily due to an increase in Adjusted EBITDA of $2,500, decrease in income taxes (net) of $321 and share-based compensation of $204, partially offset by an increase in depreciation and amortization expense of ($1,884) and increase in interest on long-term debt and accretion of ($280). The increase in Adjusted net earnings is partially offset by an increase in equity-based REI due to newly acquired entities in the year.

Adjusted EBITDA

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

	For the three months ended November 30, 2020	November 30, 2019
Net loss	**$ (4,203)**	**$ (2,750)**
Add:		
Depreciation, amortization and impairment losses	7,103	5,219
Finance expenses, net	6,855	2,830
Income taxes, net	863	734
Standardized EBITDA	**10,618**	**6,033**
Add:		
Acquisition, integration and reorganization costs	3,465	5,106
Compensation-based REI	420	550
Share-based compensation	1,080	1,284
Adjusted EBITDA before REI	**15,583**	**12,973**
Deduct:		
Compensation-based REI	(420)	(550)
Equity-based REI	(1,859)	(1,619)
Adjusted EBITDA	**13,304**	**10,804**
Adjusted EBITDA before REI as a % of Revenue	28.7 %	29.3 %
Adjusted EBITDA as a % of Revenue	24.5 %	24.4 %

Adjusted EBITDA before REI for the three months ended November 30, 2020 was $15,583, an increase of $2,610, or 20.1%, from $12,973 reported for the same period in the prior year.

Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $9,920 (22.4%), which resulted from the following:
  - Organic revenue growth of $3,085 (7.0%) resulting primarily from gaining new clients and increasing product and service penetration with existing clients;
  - Acquisitive revenue growth of $6,835 (15.4%) from Collage, Apri, RVARC, IBC, Encompass and WBC.
- Increased personnel and compensation expenses of $6,128, primarily attributable to an increased employee count from the acquired operations representing $4,759 of the change, and an increase of $1,369 relating to higher variable compensation expenses tied directly to increased 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 $1,182, primarily as a result of acquired operations and higher administration fees relating to the launch of new services in the prior year, partially offset by an incremental favourable impact from IFRS 16.

For the three months ended November 30, 2020, Adjusted EBITDA before REI as a percentage of Revenue was 28.7%, which has decreased from 29.3% reported for the same period in the prior year. The decrease in adjusted EBITDA before REI, as a percentage of Revenue is partially driven by increased personnel and compensation from acquired operations and tied to an expanded staff complement to accommodate increased revenue, as well as higher administration fees.

Adjusted EBITDA for the three months ended November 30, 2020 was $13,304, an increase of $2,500, or 23.1%, from $10,804 reported for the same period in the prior year. The increase 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, and incremental general and administrative expense reductions during the COVID-19 pandemic that the Company expects will increase in future. The decrease in the Adjusted EBITDA before REI as a percentage of Revenue is primarily driven by increased personnel and compensation tied to an expanded staff complement to accommodate increased revenue and higher administration fees. 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 $240 (14.8%) 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 November 30, 2020	November 30, 2019
Adjusted EBITDA	**$ 13,304**	**$ 10,804**
Add:		
Corporate costs	1,172	1,179
Operating income before corporate costs	**$ 14,476**	**$ 11,983**

Corporate costs for the three months ended November 30, 2020 were $1,172 compared to $1,179 for the same period in the prior year.

Operating income before corporate costs for the three months ended November 30, 2020 was $14,476 compared to $11,983 for the same period in the prior year. The increase of $2,493 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, individual financial services including insurance and wealth management, and subscription fees to access the Company's digital HR service offerings through Collage (Benefits HQ and Collage HR).

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.

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			
	November 30, 2020	**November 30, 2019**	**$ Variance**	**% Variance**
Revenue	$ 54,227	$ 44,307	$ 9,920	22.4 %

For the three months ended November 30, 2020, the Company experienced revenue growth of $9,920 (22.4%). The Company recognized acquired growth of $6,835 (15.4%) resulting from the acquired operations of Collage, Apri, RVARC, IBC, Encompass and WBC. Organic revenue growth of $3,085 (7.0%) is primarily from:

1. The continued growth of revenues relating to the launch of services in the prior fiscal year, including a virtual health solution, a disability management service, a claims product and People Connect, a mental health solution;

2. The addition of new clients across all regions; and

3. Increasing product and service penetration with existing clients.

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			
	November 30, 2020	**November 30, 2019**	**$ Variance**	**% Variance**
Personnel and compensation expenses	$ 33,151	$ 29,148	$ 4,003	13.7 %

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 November 30, 2020, of $4,003 is attributable to an increased employee count resulting from the acquisition of Collage, Apri, RVARC, IBC, Encompass and WBC representing $4,759, and an increase of $1,237 relating to higher variable compensation expenses tied directly to increases in revenue, and an expanded staff complement to accommodate current growth in operations and marginal growth within the Corporate support functions. The increase is partially offset by a decrease in acquisition, integration, and reorganization compensation costs of $1,789 and a decrease in share-based compensation costs of $204 during the period.

For the three months ended November 30, 2020, personnel and compensation costs represent 61.1% of revenues (November 30, 2019 - 65.8%). Adjusting for the favourable impact integration and reorganization compensation costs, and share-based compensation, personnel and compensation costs as a percentage of revenue for the three months ended November 30, 2020 would have been 56.4% (November 30, 2019 - 55.5%).

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			
	November 30, 2020	**November 30, 2019**	**$ Variance**	**% Variance**
General and administrative expenses	$ 7,495	$ 7,217	$ 278	3.9 %

For the three months ended November 30, 2020, general and administrative expenses have increased by $278 (3.9%) compared to the three months ended November 30, 2019, primarily due to the following:

- An increase of $1,062 resulting from a higher general and administrative run rate from the acquisitions;
- An increase of $148 pertaining to acquisition, integration and reorganization costs relating to higher office and computer supplies and professional fees; and
- A decrease of $932 in all other general and administrative expenses as a result of reduced travel and business development costs.

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			
	November 30, 2020	**November 30, 2019**	**$ Variance**	**% Variance**
Depreciation and amortization expenses	$ 7,103	$ 5,219	$ 1,884	36.1 %

Depreciation and amortization expense increased by $1,884 (36.1%) for the three months ended November 30, 2020, as compared to the same period in the prior year. The increase in depreciation and amortization expense pertains primarily to amortization on customer relationships resulting from an increase in the number of executed transactions and increased depreciation of right-of-use assets.

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			
	November 30, 2020	**November 30, 2019**	**$ Variance**	**% Variance**
Administration fees	$ 2,847	$ 1,768	$ 1,079	61.0 %

Administration fees increased by $1,079 (61.0%) for the three months ended November 30, 2020, primarily as a result of continued revenue growth relating to services launched in the prior fiscal year.

Finance Expenses

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

	For the three months ended			
	November 30, 2020	**November 30, 2019**	**$ Variance**	**% Variance**
Interest and other finance costs	$ 626	$ 637	$ (11)	(1.7)%
Accretion on financing instruments	626	335	291	86.9
Change in fair value estimates	5,603	1,858	3,745	201.6
	$ 6,855	$ 2,830	$ 4,025	142.2 %

Finance expenses increased by $4,025 (142.2%) for the three months ended November 30, 2020. The change is primarily due to an increase in fair value estimates related to non-controlling interest put options and contingent consideration obligations.

Public Company Costs

Public Company costs are as follows:

	For the three months ended			
	November 30, 2020	**November 30, 2019**	**$ Variance**	**% Variance**
Public company costs	$ 116	$ 139	$ (23)	(16.5)%

Public company costs have decreased by $23 (16.5%) for the three months ended November 30, 2020 due primarily to reduced directors' fees.

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 - 2021 [1]	Q4 - 2020 [1]	Q3 - 2020 [1]	Q2 - 2020 [1]	Q1 - 2020 [1]	Q4 - 2019	Q3 - 2019	Q2 - 2019
Revenue	$ 54,227	$ 54,315	$ 53,237	$ 58,988	$ 44,307	$ 43,192	$ 42,427	$ 40,533
Operating & corporate expenses	(39,064)	(36,155)	(35,616)	(39,476)	(31,883)	(32,099)	(31,530)	(29,914)
Adjusted EBITDA	13,304	16,076	16,112	17,703	10,804	9,927	9,509	9,210
Finance expenses	(6,855)	(8,086)	(2,272)	(4,861)	(2,830)	783	(3,143)	(5,024)
Depreciation and amortization	(7,103)	(6,998)	(6,892)	(6,133)	(5,219)	(3,815)	(3,940)	(3,495)
Stock-based compensation	(1,080)	(1,023)	(842)	(1,369)	(1,284)	(965)	(919)	(1,178)
Equity-based REI	(1,859)	(2,083)	(1,508)	(1,810)	(1,619)	(1,166)	(1,389)	(1,410)
Income tax expense, net	(863)	(2,090)	(1,949)	(2,407)	(734)	(1,381)	(652)	(1,879)
Acquisition, integration and reorganization costs	(3,465)	(2,777)	(2,827)	(4,262)	(5,106)	(2,784)	(2,889)	(2,418)
Net income (loss)	(4,203)	(2,815)	2,838	481	(2,750)	2,931	(644)	(3,374)
Adjusted net earnings	2,087	4,219	4,295	5,267	1,226	1,733	2,243	1,242
Total assets	536,653	468,322	461,848	451,985	413,512	327,477	292,113	284,236
Total loans and borrowings	161,953	95,081	96,282	118,799	85,648	86,740	67,157	63,321
Total other liabilities	159,813	155,231	146,292	141,441	137,513	110,875	98,990	95,748
Shareholders' equity	214,887	218,010	219,274	191,745	190,350	129,862	125,965	125,168
Net income (loss) per share (basic)	(0.06)	(0.04)	0.04	0.01	(0.04)	0.05	(0.01)	(0.06)
Net income (loss) per share (diluted)	(0.06)	(0.04)	0.04	0.01	(0.04)	0.05	(0.01)	(0.06)
Adjusted net earnings per share (basic)	$ 0.03	$ 0.06	$ 0.06	$ 0.08	$ 0.02	$ 0.03	$ 0.04	$ 0.02

[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.

LIQUIDITY AND CAPITAL RESOURCES

Contractual Obligations

The following table summarizes, as at November 30, 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	$ 44,645	$ 32,946	$ 7,082	$ 4,431	$ 186
Non-controlling interest put options	90,734	23,406	42,409	15,985	8,934
Loans and borrowings	163,068	6,101	155,767	1,200	-
Lease liabilities	17,220	6,573	4,849	3,235	2,563
	$ 315,667	**$ 69,026**	**$ 210,107**	**$ 24,851**	**$ 11,683**

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, 2020:

	For the three months ended			
	November 30, 2020	**November 30, 2019**	**$ Variance**	**% Variance**
Net loss for the period	$ (4,203)	$ (2,750)	$ (1,453)	52.8 %
Add non-cash items, net	2,951	5,752	(2,801)	(48.7)
Changes in non-cash working capital	405	2,307	(1,902)	(82.4)
Net cash from (used by) operating activities	(847)	5,309	(6,156)	(116.0)
Net cash used by investing activities	(19,190)	(48,027)	28,837	(60.0)
Net cash from financing activities	14,828	52,963	(38,135)	(72.0)
Net increase (decrease) in cash	**$ (5,209)**	**$ 10,245**	**$ (15,454)**	**(150.8)%**

Cash used by operating activities for the three months ended November 30, 2020, increased by $6,156 as compared to the prior year. Changes in working capital accounts reflect the inclusion of Collage, Apri, RVARC, IBC, Encompass and WBC 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 $2,610 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 flows to fund working capital needs, service debt obligations, and fund capital expenditures;

- Cash used to fund acquisition, integration and reorganization costs decreased by $1,641 related to non-recurring salaries and wages for reorganizational changes;

- Cash used for income taxes increased by $8,646 as compared to the same period in the prior year primarily due to deferred tax installments and corporate tax owing from the prior fiscal year, which were deferred in the prior year due to the federal program in place related to COVID-19 and subsequently paid in the quarter. Cash used for finance costs decreased by $11 due to lower interest costs on the outstanding loan balances;

- Cash used to pay compensation-based REI decreased by $130 as compared to the same period in the previous fiscal year due to the Company’s increased economic interest and the change in EBITDA; and

- Decrease in cash from changes in working capital accounts of $1,902 is primarily due to the timing of payments from normal operating processes.

Cash used by investing activities for the three months ended November 30, 2020 decreased by $28,837 as compared to the same period in the prior year. The change is primarily due to less cash used to fund current year acquisitions of Encompass and WBC as compared to the acquisitions of Apri and Collage in the first quarter of fiscal year 2020.

Cash generated by financing activities for the three months ended November 30, 2020 decreased by $38,135 as compared to the same period in the prior year. Excluding the impact of $46,580 of funds held in trust in relation to the acquisition of ASEQ, cash generated by financing activities increased by $8,445. Net proceeds from loans and borrowings was $69,277 higher than the prior period after the exercise of the accordion option on the credit facility. This increase is offset by a reduction in net proceeds relating to a private placement in the prior period of $60,164 that did not reoccur in the current period. The remaining change is due to higher cash used for lease payments of $290 and payments relating to non-controlling interest put options of $507, partially offset by a reduction in cash used for dividends on non-controlling interest of $129.

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.

During the first quarter of fiscal year 2021, the Company drew $17,250 on its credit facility to fund the acquisition of Encompass and WBC. In addition, the Company exercised the accordion option on its credit facility to increase the revolving commitment from $125,000 to the maximum of $175,000.

As at November 30, 2020, the balance owing on this total facility was equal to $141,767 (August 31, 2020 - $78,000). Of this amount, $46,580 is in relation to funds held in trust for the acquisition of ASEQ, which was closed subsequent to the quarter on December 1, 2020. Please refer to Note 21(a) of the Company's condensed consolidated interim financial statements for the three months ended November 30, 2020, for details.

Working Capital

The Company's working capital (defined as current assets less current liabilities) as at November 30, 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.

	November 30, 2020	August 31, 2020
Current assets	$ 117,371	$ 73,529
Less:		
Funds held in trust	46,580	-
Current liabilities	73,360	75,832
Working capital	(2,569)	(2,303)
Add back:		
Contract liabilities	13,149	6,743
Operating working capital surplus	**$ 10,580**	**$ 4,440**

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 $10,580 along with a cash balance of $37,870 is sufficient to meet short term obligations as they come due.

As at November 30, 2020, current assets include $46,580 in relation to funds held in trust for the acquisition of ASEQ. Please refer to Note 21(a) of the Company's condensed consolidated interim financial statements for the three months ended November 30, 2020 for details.

The Company maintains a swingline commitment of $5,000 included in its total syndicated facility to manage short-term working capital requirements. As at November 30, 2020, the Company had not utilized the swingline.

Credit Facilities

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

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

In addition, the facility agreement provides for an option to, from time to time, request an increase in the amount of the revolving commitment by an amount of not less than $5,000 and not more than $50,000, subject to the satisfaction of certain terms and conditions. During the first quarter of 2021, the Company exercised the accordion option on its credit facility to increase the revolving commitment from $125,000 to the 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 November 30, 2020, the Company was in compliance with all of its financial and non-financial covenants.

As at November 30, 2020, the balance owing on this total facility was equal to $141,767 (August 31, 2020 - $78,000). Of this amount, $46,580 is in relation to funds held in trust for the acquisition of ASEQ. Please refer to Note 21(a) of the Company's condensed consolidated interim financial statements for the three months ended November 30, 2020, for details.

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, 2020	**August 31, 2020**
Common shares, issued and outstanding	71,909,658	71,909,658
Stock options outstanding	3,030,776	3,030,776
Restricted Stock Units outstanding	467,749	335,887
Deferred Stock Units outstanding	183,134	165,708

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 a description of risk factors associated with the Company, refer to the “Risk Factors” section of the Company’s AIF and the January 2021 Circular, each of which are available on SEDAR at www.SEDAR.com. The Company’s risk factors have not changed significantly from those described in the Company’s AIF and January 2021 Circular.

Since early March 2020 when the World Health Organization declared COVID-19 a pandemic, there has been increased risk as a result of the pandemic itself and the response by governments, businesses and individuals. While the impact of the pandemic remains uncertain, the Company continues to adjust and adapt to the daily changes and continues to provide 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 relating to the COVID-19 pandemic 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 2020 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 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.