people CORPORATION®

Experience the Benefits of People

people, our foundation.

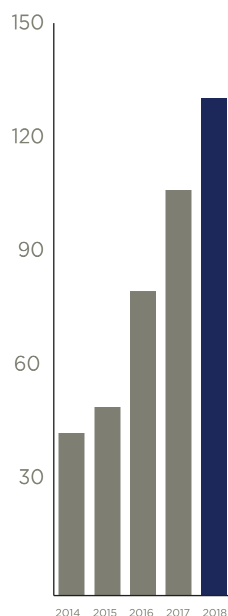
highlights

YEAR ENDED AUGUST 31

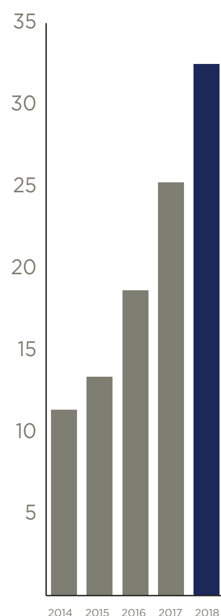
(thousands of dollars except share amounts)

	2018	2017	2016	2015	2014
Revenue	130,518	105,840	79,802	49,293	42,576
Operating income before corporate costs	32,377	25,192	18,586	13,319	11,256
Adjusted EBITDA	27,542	20,109	14,095	9,161	7,542
Total assets	262,555	169,953	147,978	114,597	56,109
Total debt	38,274	36,527	40,477	25,410	9,660
Other liabilities	96,165	65,055	62,816	45,108	20,427
Shareholders' equity	128,116	68,371	44,685	44,079	26,022
Total liabilities and shareholders' equity	262,555	169,953	147,978	114,597	56,109
Cash, end of year	21,119	17,934	14,370	6,515	2,750
Repayment of long-term debt	63,367	20,681	3,270	8,400	11,258
Common shares outstanding at year end	60,640,511	51,001,140	45,225,050	44,958,383	39,551,486

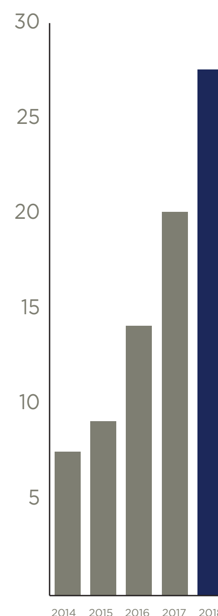
REVENUE
(in $ millions)



OPERATING INCOME BEFORE CORPORATE COSTS
(in $ millions)



ADJUSTED EBITDA
(in $ millions)



Building a bright future on a strong foundation.

People Corporation is a national provider of group benefits, group retirement and human resource solutions. Our fundamental focus has not changed in the 11 years' since People Corporation was founded. In that time, we have built a business of over $130 million in revenue. Today, we are operating from a position of strength as we prepare for the future.

As the leading TPA and group benefits consulting firm in Canada, we have:

- proven operating and integration capabilities;
- a demonstrated track record of organic growth; and
- deep corporate development expertise and experience.

Our team consistently provides our clients with a superior experience and these fundamental strengths position us to further expand and drive shareholder returns by leveraging the foundation we have assembled.

4 key areas of focus in 2018

Sales & Service

During 2018, we further enhanced our sales & service functions, segmenting customers into small, medium and enterprise groups with dedicated leadership. We also launched an enterprise Business Development Solutions Group to address large market opportunities.

Products

Our focus during 2018 was on leveraging the Company's scale and product suite on a more integrated basis. Our team successfully introduced two key products across internal and external distribution networks. We also built and piloted disability management and HR solutions.

Strategic Acquisitions

In 2018, we welcomed four organizations to our group. On the consulting side, we welcomed members from Lane Quinn Benefit Consultants and Silverberg & Associates Inc. We also added one third party administrator, Assurances Dalbec Ltée **("Dalbec")**, and one group retirement firm, Rockwater Benefits Company.

Integration

In 2018, we successfully continued to integrate the operations of acquired companies including Sirius Benefit Plans and Dalbec. We also consolidated our office into a 43,000 square foot state of the art facility in Winnipeg. We are committed to generating returns by looking for opportunities for the measured integration of our platform.

TO THE SHAREHOLDERS OF PEOPLE CORPORATION

By planning for tomorrow, we position ourselves and the organizations we support with impactful and long-standing solutions that anticipate our changing ecosystems, to better attract and retain what drives us all – people.

For centuries, people have been the foundation of any organizational structure – that has not changed regardless of the organization's purpose. Instead, what is changing at an accelerated rate is the social and business ecosystem that surrounds people with increasingly diverse needs. So what does this mean?

Today, an organization must adapt to the hyper-connected world we live in. Lives that used to be delineated into the professional and personal, have now merged. Communication and information, once limited, is boundless and instant. And so are the expectations of the people that make up any organization. These social and business ecosystems, previously separated, have now converged, facilitated by shifts and advancements in such areas as technology, connectivity, work place culture, and organizational design. For many organizations, this convergence remains difficult to navigate. Organizations that adapt and transform to meet the expectations of their diverse people in a world of convergence will be rewarded with a strong foundation of people to drive the organization's purpose.

This is how People Corporation helps. We provide employee benefits, group retirement and talent management solutions that concentrically surround an organization's HR strategy, in turn underpinning its holistic strategy. Our solutions consider and reflect the employee and organization's evolving needs in this new world. We don't simply consider the requirements of today, but we anticipate and plan for the convergent needs of tomorrow. By *planning* for tomorrow, we *position* ourselves and the organizations that we support with impactful and long-standing solutions that anticipate our changing ecosystems, to better attract and retain what drives us all — people.

2018 marked another successful year that reflects such planning and positioning. Our achievements exemplify our commitment to our existing and future clients, the development of our people, and reflect our own transformational initiatives:

- PEOPLE FORWARD: Developed in consultation with a broad array of internal and external stakeholders, our strategic plan, branded *People Forward* is our critical five-year blueprint that will govern our ongoing transformation to meet the diversified needs of solution-minded clients.
- ECONOMIC SCALE: We continued to strengthen our geographic position in all provinces across Canada through targeted acquisitions and organic growth initiatives, yielding economic scale to facilitate differentiated product and partnership development.
- PRODUCT EXPANSION: Continued to expand and service all business market segments and industries with a breadth and depth of product solutions to support our clients' organizations' risk mitigation, talent acquisition and retention strategies.
- PROCESS TRANSFORMATION: The hiring of a Chief Information Officer and the establishment of a Transformation Office will provide governance over our technology integration road map and provide structure to ensure our strategic plan priorities are implemented and measured against our established timelines.
- CLIENT COMMITMENT: Above all, our focus remained, and will remain, our clients. Our collective transformational initiatives help us enhance our product and solution portfolio to meet the clients' needs today, and more importantly their needs for tomorrow. We play a role in the full life cycle of the employee – from recruitment to retirement, and our evolution reflects the clients we service.

Our collective achievements have once again yielded record fiscal results in 2018:

- **Revenue:** Grew 23% from prior year to $130.5 million.
- **Adjusted EBITDA:** Grew 37% from prior year to $27.5 million.
- **Organic Revenue Growth:** Grew 10.1% from prior year.
- **Clients:** Serviced over 1.4 million Canadians across Canada.
- **Our People:** Over 800 professionals across more than 47 locations throughout Canada.
- **Balance Sheet:** Remains strong with ongoing capacity to support transformative acquisitions and strategic growth investments.

As one of the fastest growing publically-traded Canadian company in our industry, our mantra remains unwavering – *Clients Come First.* Our operational and financial performance is the strongest testament of our success as it reflects that clients coast-to-coast continue to choose People Corporation as their strategic business partner, regardless of their size or sector.

As we navigate new territory, our commitment is to maintain our trajectory, to leverage the benefits of being a national organization and to develop our people with the centralized focus of providing our clients with tomorrow's solutions, today. Thank you to our clients, our employees, our partners, our Board and our shareholders for continuing to support us. We embrace your commitment in us and in doing so, we will continue to deepen and broaden our capabilities so that with each passing day, more and more individuals can *Experience the Benefits of People.*

Sincerely,

Laurie Goldberg
Chairman and CEO

AUX ACTIONNAIRES DE PEOPLE CORPORATION :

En planifiant pour demain, nous nous positionnons nous-mêmes et les organisations que nous soutenons avec des solutions qui ont un impact, qui sont durables et qui s'appuient sur l'anticipation de nos écosystèmes changeants, pour mieux attirer et retenir ce qui nous motive tous : les gens.

Depuis des siècles, les gens sont la base de toute structure organisationnelle; cela n'a pas changé, quel que soit le but de l'organisation. Au lieu de cela, ce qui change à un rythme accéléré, c'est l'écosystème social et commercial qui entoure des personnes aux besoins de plus en plus diversifiés. Alors, qu'est-ce que cela signifie?

Aujourd'hui, les organisations doivent s'adapter au monde hyperconnecté dans lequel nous vivons. Les vies qui étaient auparavant délimitées entre le professionnel et le personnel ont maintenant fusionné. La communication et l'information, qui étaient autrefois limitées, ne connaissent dorénavant plus de limites et sont instantanées. Il en va de même pour les attentes des personnes qui composent toute organisation. Ces écosystèmes sociaux et commerciaux, auparavant séparés, ont maintenant convergé, facilités par des changements et des progrès dans des domaines tels que la technologie, la connectivité, la culture du milieu de travail et la conception organisationnelle. Pour de nombreuses organisations, cette convergence demeure difficile à gérer. Celles qui s'adaptent et se transforment pour répondre aux attentes de leur personnel diversifié dans un monde de convergence seront récompensées par une base solide de personnes qui soutiennent l'objectif de l'organisation.

C'est comme ça que People Corporation aide. Nous offrons des avantages sociaux aux employés, des régimes de retraite collectifs et de gestion des talents qui entourent la stratégie des ressources humaines de l'organisation, ce qui sous-tend sa stratégie holistique. Nos solutions prennent en considération et reflètent l'évolution des besoins des employés et des organisations dans ce nouveau monde. Nous ne nous contentons pas de tenir compte des exigences d'aujourd'hui, mais nous anticipons les besoins convergents de demain et planifions en conséquence. En *planifiant* pour demain, nous nous *positionnons* nous-mêmes et les organisations que nous soutenons avec des solutions qui ont un impact, qui sont durables et qui s'appuient sur l'anticipation de nos écosystèmes changeants, pour mieux attirer et retenir ce qui nous motive tous : les gens.

2018 a marqué une autre année réussie qui reflète cette planification et ce positionnement. Nos réalisations illustrent notre engagement envers nos clients actuels et futurs et le perfectionnement de nos employés et ils reflètent nos propres initiatives de transformation :

- LES GENS EN AVANT : Élaboré en consultation avec un large éventail d'intervenants internes et externes, notre plan stratégique, intitulé *Les Gens en avant*, est notre plan quinquennal essentiel qui régira notre transformation continue afin de répondre aux besoins diversifiés de nos clients axés sur les solutions.
- ÉCHELLE ÉCONOMIQUE : Nous avons continué à renforcer notre position géographique dans toutes les provinces du Canada au moyen d'acquisitions ciblées et d'initiatives de croissance interne, ce qui nous permettra de réaliser des économies d'échelle pour faciliter le développement de produits et de partenariats différenciés.
- EXPANSION DE PRODUIT : Poursuite de l'expansion et de la prestation de services à tous les segments du marché et à tous les secteurs d'activité grâce à une gamme complète de solutions de produits à l'appui de nos clients en matière de stratégies d'atténuation des risques, d'acquisition et de rétention en poste des talents.
- TRANSFORMATION DU PROCESSUS : L'embauche d'un directeur de l'information et l'établissement d'un bureau de transformation assureront la gouvernance de notre feuille de route en matière d'intégration de la technologie et fourniront la structure nécessaire pour assurer la mise en œuvre et la mesure des priorités de notre plan stratégique en fonction des échéanciers établis.

- ENGAGEMENT ENVERS LE CLIENT : Par-dessus tout, nous avons continué à nous concentrer sur nos clients et nous continuerons à le faire. Nos initiatives collectives de transformation nous aident à améliorer notre portefeuille de produits et de solutions afin de répondre aux besoins actuels et surtout futurs de nos clients. Nous jouons un rôle dans le cycle de vie complet de l'employé : du recrutement à la retraite, et notre évolution reflète les clients que nous servons.

Nos réalisations collectives ont encore une fois produit des résultats financiers records en 2018 :

- **Bénéfices :** Augmentation de 23 % par rapport à l'exercice précédent pour atteindre 130,5 millions de dollars.
- **BAIIA ajusté :** Augmentation de 37 % par rapport à l'exercice précédent pour atteindre 27,5 millions de dollars.
- **Croissance organique des bénéfices :** Croissance de 10,1 % par rapport à l'exercice précédent.
- **Clients :** Nous avons servi plus de 1,4 million de Canadiens partout au Canada.
- **Nos gens :** Plus de 800 professionnels répartis dans 47 établissements au Canada.
- **Bilan :** Un bilan toujours solide et une capacité continue à soutenir les acquisitions transformatrices et les investissements stratégiques de croissance.

En tant que l'une des sociétés canadiennes cotées en bourse dont la croissance est la plus rapide de notre industrie, notre mantra demeure inébranlable : *Les clients passent avant tout.* Notre rendement opérationnel et financier est le meilleur témoignage de notre succès, car il reflète le fait que nos clients, d'un océan à l'autre, continuent de choisir People Corporation comme partenaire d'affaires stratégique, peu importe leur taille ou leur secteur.

Au fur et à mesure que nous naviguons sur de nouveaux territoires, notre engagement est de maintenir notre trajectoire, de tirer parti des avantages d'être une organisation nationale et de développer notre personnel en mettant l'accent sur l'offre centralisée des solutions de demain à nos clients, aujourd'hui. Merci à nos clients, à nos employés, à nos partenaires, à notre conseil d'administration et à nos actionnaires de continuer à nous appuyer. Nous apprécions votre engagement envers nous et, ce faisant, nous continuerons d'approfondir et d'élargir nos capacités afin que chaque jour qui passe, de plus en plus de personnes puissent *Expérimenter les avantages des gens.*

Cordialement,

Laurie Goldberg
Présidente et directrice générale

PEOPLE CORPORATION
Management's Discussion & Analysis
(Expressed in Canadian Dollars)
For the Quarter and Year ended August 31, 2018

This Management's Discussion and Analysis **("MD&A")** has been prepared with an effective date of November 29, 2018 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of People Corporation (the **"Company"**), including the notes thereto, as at and for the year ended August 31, 2018, which were prepared in accordance with International Financial Reporting Standards (**"IFRS"**), unless otherwise specified. All amounts contained within this MD&A are in Canadian dollars unless otherwise specified. Amounts set forth in this MD&A are stated in thousands of dollars except for per share, issued and outstanding share data, and unless otherwise noted.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

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

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

have the meanings hereinafter set out. Further, readers are cautioned that Standardized EBITDA, Adjusted EBITDA before REI, Adjusted EBITDA and Operating Income before Corporate Costs should not replace net income or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of the Company's performance. See the "Non-IFRS Financial Measures" section for further commentary.

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

FINANCIAL HIGHLIGHTS

The Company's financial results for the three and twelve months ended August 31, 2018 fully reflect the effect of last year's acquisition of Sirius Benefit Plans Inc. (**"Sirius"**) and Skipwith & Associates Insurance Agency Inc. (**"Skipwith"**) and organic growth initiatives. The effect of the previously announced acquisition of the business operations of Assurance Dalbec Ltée (**"Dalbec"**), Rockwater Benefits Company Ltd. (**"Rockwater"**), Lane Quinn Benefit Consultants Ltd. (**"Lane Quinn"**) and Silverberg & Associates Inc. (**"Silverberg"**) are reflected in the current period.

		FOR THE THREE MONTHS ENDED				FOR THE YEAR ENDED		
		AUG 31, 2018		AUG 31, 2017		AUG 31, 2018		AUG 31, 2017
Revenue	$	36,279.5	$	28,927.0	$	130,518.1	$	105,840.0
Adjusted EBITDA	$	7,744.9	$	5,718.4	$	27,542.0	$	20,109.0
Adjusted EBITDA per share (Basic)	$	0.138	$	0.112	$	0.507	$	0.400
Net income	$	(9,478.6)	$	242.1	$	(6,920.6)	$	3,478.8
Net income (loss) per share (Basic)	$	(0.169)	$	0.005	$	(0.127)	$	0.069
Net income (loss) per share (Diluted)	$	(0.169)	$	0.005	$	(0.127)	$	0.068

For the three months ended August 31, 2018, the Company experienced revenue growth of $7,352.5 (25.4%). Organic growth of $3,057.2 (10.6%) was recognized primarily from gaining new clients, increasing product and service penetration with existing clients and natural inflationary factors. The Company recognized acquired growth of $4,295.3 (14.8%) resulting from the acquired operations of Dalbec, Rockwater, Lane Quinn and Silverberg.

Quarterly organic growth rates can vary due to timing of certain revenue streams and the effect of acquisitions and as such, the Company believes annual organic growth is a better reflection of the Company's organic growth rate.

Adjusted EBITDA for the three months ended August 31, 2018 was $7,744.9, representing an increase of $2,026.5 (35.4%), as compared to the same period in fiscal 2017. Growth in Adjusted EBITDA for the three month period was primarily driven by contribution from acquired operations and the increase in fourth quarter revenue, partially offset by increases in variable compensation expenses tied directly to the higher revenue, expanded leadership to accommodate integration and future growth, and the continued investment in recently-hired benefit consultants and related support costs incurred to drive organic growth.

For the three months ended August 31, 2018, the Company reported a Net income (loss) of $(9,478.6), a decrease of $9,720.7 mainly resulting from a revaluation of non-controlling interest put options and contingent acquisition consideration obligations, an increase in amortization of acquired intangible assets and depreciation of leasehold improvements, an increase in acquisition, integration and reorganization expenses; partly offset by increases related to acquired operations and organic growth.

For the year ended August 31, 2018, the Company experienced revenue growth of $24,678.1 (23.3%). The Company recognized acquired growth of $13,941.6 (13.2%) resulting from acquired operations primarily attributable to revenues from Sirius, Dalbec, Lane Quinn, and to a lesser extent, Skipwith and Rockwater. The acquisition of Silverberg occurred late in the fourth quarter resulting in a less significant impact in the twelve month period. Organic growth of $10,736.5 (10.1%) was primarily due to factors similar to those affecting the three month period.

Adjusted EBITDA for the year ended August 31, 2018 was $27,542.0, representing an increase of $7,433.0 (37.0%), as compared to the same period in fiscal 2017 resulting from organic growth and acquired operations, including, Sirius, Dalbec, Lane Quinn and to a lesser extent, Skipwith, Rockwater, and Silverberg.

For the year ended August 31, 2018, the Company reported a Net income (loss) of $(6,920.6), a decrease of $10,399.4 from fiscal 2017. Net income (loss) and comprehensive income has decreased as compared to the prior year as a result of an increase in finance expenses of $10,946.9 related to changes in estimates of non-controlling interest put options and contingent consideration obligation, as well as an increase in depreciation and amortization of $2,207.7, acquisition, integration and reorganization costs of $3,721.6 and income tax expense of $1,503.7; offset partially by an increase in adjusted EBITDA of $7,433.0 as discussed above.

BUSINESS OVERVIEW

The Company delivers employee group benefit consulting, third-party benefits administration services (including claims processing, disability management and administration services), group retirement services (including consulting and advisory services), and human resource consulting services to help companies recruit, retain and reward employees. The Company achieves this through approximately 800 professionals and support staff with 47 offices (includes 19 satellite offices) located across Canada where the Company is registered to do business in all 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 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 attained through acquisition, the Company is organized in such a way so as to leverage the capabilities of the entire organization. People Corporation can help businesses attract the right talent for the job and provide the right incentives to motivate employees to excel, enabling client businesses to prosper.

People Corporation helps businesses:

Attract — The Company's employee benefit, group retirement and human resource practices are led by experts who understand a client's business and can help a client attract the best people for their industry, helping position them as top employers.

Reward — Proprietary solutions offered by the Company's employee group benefit consulting, third party benefits administration, group retirement consulting, group retirement advisory services, claims processing, disability management and administration services ensures that a client's staff has access to health, wellness, dental, and retirement plans that make financial sense for their families, as well as for the client's business.

Retain — The Company can help make a client's organization a place where the best people will want to build their careers while also ensuring cost containment for the client's benefit, HR and group retirement plans.

Whether a client needs a simple benefits package or a comprehensive solution, the Company's experts can customize a program for its clients' unique needs.

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

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

Consulting Solutions

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

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

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

Bencom Financial Group Services Inc.

Bencom Financial Services Group Inc. (**"Bencom"**), established in 1982, provides group benefit, group retirement and individual benefit advisory services to mid-market corporate clients primarily located in Ontario. Bencom's office is located in Kitchener.

Buffett Taylor & Associates

Buffett Taylor & Associates (**"Buffett Taylor"**), established in 1981, provides group benefit advisory services specializing in the public sector and not-for-profit marketplace, with specific expertise with municipal, healthcare and education group plans. Buffett Taylor's office is located in Whitby.

Gallivan Student Health & Wellness

Gallivan Student Health & Wellness (**"Gallivan"**), established in 1993, provides professional advice and service infrastructure to post-secondary student organizations in order to offer group benefit programs to students. Gallivan operates on a national basis with offices and satellite offices across the country.

Hamilton + Partners Inc.

Hamilton + Partners Inc., established in 1984, consists of three operating companies, Employee Benefits Inc. (**"EBI"**), Disability Concepts Inc. (**"DCI"**) and 6814409 Canada Incorporated (**"681"**), (collectively **"H+P"**). EBI is a group benefits consulting firm that provides service predominantly to Alberta-based small to large corporate clients with group benefit plans and group retirement solutions. DCI provides unique disability and critical illness solutions designed to balance employer interests of cost savings and product enhancements with employee concerns and adequate coverage. 681 provides specialized medical insurance products which expedites access to medical imaging and rapid second opinion as well as coverage for private medical treatments. H+P's office is located in Calgary.

JSL

JSL (**"JSL"**), established in 1976, provides group benefit solutions to clients based in southern Ontario and specializes in mid-market corporate clients. JSL's office is located in Toronto.

The Investment Guild

The Investment Guild (**"TIG"**), established in 1981, specializes in mid-market corporate benefits, association plan benefits, group retirement solutions and individual insurance products. TIG's office is located in Toronto.

White Willow Benefit Consultants

White Willow Benefit Consultants (**"White Willow"**), established in 1988, provides group benefit and group retirement advisory services, with specific expertise servicing legal firms and organizations within the financial services sector. White Willow's office is located in Toronto.

Lane Quinn Benefit Consultants

Lane Quinn Benefit Consultants (**"Lane Quinn"**), established in 2001, one of the leading group benefits consulting firms in the Alberta market, servicing mid-market companies and municipalities. Lane Quinn provides group benefit and group retirement advisory services, with a strong focus on value-added consulting advice. Lane Quinn has offices located in Calgary, Edmonton and Vancouver.

Silverberg & Associates Inc.

Silverberg & Associates (**"Silverberg"**), established in 1996, provides specialized employee benefits consulting and group retirement solutions to companies of all sizes from a variety of industries through its broad product portfolio and sophisticated plan design. Silverberg has offices located in Calgary, Edmonton and Lethbridge.

Benefit Solutions

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

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

BPA Financial Group Ltd.

BPA Financial Group Limited (**"BPA"**), established in 1958, provides group benefit and group retirement consulting, advice, trust management, group benefit and pension administration, consulting and claims management services to large multi-employer trust organizations and numerous other organizations across Canada. BPA has offices located throughout Ontario and Eastern Canada.

Coughlin & Associates Ltd.

Coughlin & Associates Ltd. (**"Coughlin"**). Coughlin, established in 1958, provides group benefit and group retirement consulting, advice, trust management, group benefit and pension administration, and claims management services to multi-employer unions and public service organizations, and single-employer corporations. Coughlin has offices in Ottawa and Winnipeg.

HealthSource Plus

HealthSource Plus / SourceSanté Plus (**"HSP"**), established in 1992, provides group benefit consulting, advice, group benefit administration, billing services, reporting services, client communication, employee data management and claims management for small to medium-sized companies across Canada. HSP has offices in Toronto, Montreal, Niagara Falls and Winnipeg.

Prosure Group

Prosure, established in 1987, provides group benefit advisory and administration services specializing in Health Spending Accounts and Cost-Plus Accounts. Prosure's office is located in Toronto.

Skipwith & Associates Insurance Agency Inc.

Skipwith & Associates Insurance Agency Inc. (**"Skipwith"**), established in 1988, provides group benefit and group retirement consulting, advice, group benefit and pension administration, and claims management services to corporations, unions and public service organizations in the Ontario region. Skipwith's office is located in Barrie.

Sirius Benefit Plans Inc.

Sirius Benefit Plans Inc. (**"Sirius"**), established in 1996, administers and provides proprietary employee benefit programs for small to medium-sized employers through a network of independent associate brokers located across Canada. Sirius' office is located in Winnipeg.

Assurances Dalbec

Assurances Dalbec (**"Dalbec"**), established in 1975, administers and provides employee benefit plans for small to medium-sized companies in the Quebec market. Dalbec's office is located in Montreal.

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.

People First HR Services Ltd.

People First HR Services Ltd. (**"PFHR"**), established in 2000, is Manitoba's largest full service human resource provider. PFHR, through its various brands delivers high quality leadership and organizational solutions and contributes to the success of its clients by working with them to: recruit top talent; discover the full potential of each of their employees; realize the collective strength of a highly engaged workforce; and support employees and employers during times of change. PFHR leverages its experience and the efficiency of its processes to create workable and timely solutions that deliver value for clients.

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 with a competitive edge.

Integrated Solutions

Integrated Solutions (**"IS"**) provides group benefit and group retirement advisory services to mid-and large-market corporate clients through a network of independent associate brokers across the country. IS's office is located in Cambridge.

Group Retirement Solutions

Group Retirement Solutions (**"GRS"**) provides group retirement advisory services in collaboration with the Company's other operating divisions to mid- and large-market corporate clients across the country.

Business Development Representatives

The Business Development Representatives (**"BDR"**) division is an inside sales department responsible for generating qualified leads for the Company's benefit consultants. BDR identifies companies and their decision makers in order to qualify, create, and develop sales opportunities. The purpose of the department is to create and heighten People Corporation awareness to potential prospects as well as to generate leads for the consultants to ultimately increase the number of clients.

Talent Acquisition

Talent Acquisition focuses on internally sourcing, attracting, and hiring top talent into the Company. Its mandate is to fill vacant positions in the Company in a timely and cost-effective manner.

Health & Wellness Solutions

Wellness Solutions focuses on providing the Company's corporate clients with a suite of proprietary products and service offerings that will help manage the increasing costs of absenteeism, presenteeism, and loss of productivity. In addition, the Company's Wellness Solutions department serves to help the Company's clients attract, reward, and retain their employees.

Marketing & Communications

The Marketing & Communications division is responsible for both brand awareness and transition across the organization to facilitate the acquisition of new clients, businesses and recruitment prospects. It is further responsible for the Company's online presence, the production of field marketing materials that support our benefit consultants, as well as both internal and external communications.

BUSINESS ENVIRONMENT AND STRATEGY

Industry

Many companies are increasingly utilizing employer-sponsored benefits 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 benefits 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, including matters such as fee disclosure. 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 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 employee skills and expertise and the tools that they need to provide responsive solutions to address the Company's clients' business challenges. The Company continued its positive momentum and strong performance during the year.

Notable Milestones

Completed the following strategic acquisitions:

- Silverberg, a group benefits, group retirement and insurance advisory practice based in Alberta;
- Lane Quinn, a group benefits, group retirement and insurance advisory practice based in Alberta;
- Dalbec, a leading Québec-based TPA and TPP service provider which complements the Company's existing operations in Québec and expands its small group product offering;
- Rockwater Benefits, an established group retirement advisory practice based in Ontario;
- Subsequent to the year end, Benefit Partners Inc., a group benefits, group retirement and insurance advisory practice based in Ontario;

Continued to invest in talent, including:

- Key leadership appointments: Senior Vice President, Enterprise - Benefit Solutions, Vice President Sales and Client Management - Consulting Solutions, Vice President, Finance - Benefit Solutions; Vice President, Health & Wellness - Shared Services;
- Expansion of underwriting and product development talent; and
- Investments in recruiting talent and Benefit Consultants in order to expand organic revenue generating capabilities and prospective client interaction;

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

- Launched a new multi-employer administration platform, a new member portal for clients and a new flexible enrolment tool;
- Continued to expand our third-party consulting network with wholesalers now covering all major markets in Canada;

- Expanded the distribution of the Sirius and HealthSource Plus products and solutions to reach more clients, piloted an HR Solution to enhance our small group offering and a disability management solution;
- Segmented our business into small, medium and enterprise, adding additional leadership talent in our small group and enterprise channels and invested in further developing the enterprise market by launching our Business Development Solutions Group;
- Expanded the wellness offering for post-secondary student organizations with the launch of on-line and video counselling; and
- Established strategic partnerships with leading national pharmacies and retailer brands to provide exclusive benefits to our clients and their employees;

Enhanced the Company's capital position through completion of two bought deal private placement of common shares offerings for combined gross proceeds of $65.6 million and expanded the Company's credit facility with its senior lender to $97.8 million, by exercising the accordion feature option in the fourth quarter; and

Completed the new corporate head office in Winnipeg to accommodate the integration and future growth of three previously separate Winnipeg-based locations into one state of the art facility for staff and clients.

Growth Through Acquisitions

The Company continues to pursue growth opportunities both organically, increasing its existing business by gaining new clients, increasing product and service penetration with existing clients, as well as through transactions in which the Company acquires new operating entities or subsidiaries. Over the past few years, the Company has enhanced its corporate development capabilities to execute transactions, through significant investments in people, technology and other organizational resources, and has developed techniques, processes and other intellectual capital, all with the objective of creating a compelling value proposition for new entities to join People Corporation.

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

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

With a flexible transaction model to address the objectives of vendors, and an operating model to support the ongoing success and growth of the underlying businesses, the Company continues to attract partners who want to join the People Corporation group of companies. In the past three fiscal years, seven transactions have been completed, and there continues to be significant momentum in this component of the Company's overall growth strategy. The following acquisitions were completed during the year ended August 31, 2018:

On August 1, 2018, the Company acquired all of the issued and outstanding shares of Silverberg & Associates Inc., one of the leading group benefits consulting firms in the Alberta market.

On May 23, 2018, the Company acquired all of the issued and outstanding shares of Lane Quinn Benefit Consultants Ltd., one of the leading group benefits consulting firms in the Alberta market.

On February 1, 2018, the Company acquired specific assets, liabilities and business operations of Rockwater, an established group retirement and group benefits insurance advisory practice based in Ontario.

On December 1, 2017, the Company acquired the assets and business operations of Dalbec, an established TPA and TPP which provides group benefit consulting, administrative solutions and claims management services to small-to mid-size corporations and unions in the Québec region.

On November 27, 2018, the Company acquired Benefits Partners Inc. ("BPI"), a leading independent privately-owned employee group benefits and group retirement consulting firm in the Ontario market. The addition of BPI to the People Corporation group of companies enhances the Company's position in the Ontario market, including establishing a presence in regions in which the Company did not formerly have a physical location. The payment of $6,937.5 in cash on closing, subject to post-closing adjustment for working capital, represents the purchase price for an initial 75% economic interest in BPI. The Company has also entered into an agreement with the principals of BPI whereby they will retain a 25% economic interest in the business through the ownership of special shares of BPI. The Company holds a 100% voting interest and holds a 75% economic interest in BPI through ownership of all of the issued dividend-bearing common shares of BPI. The cash payment at closing of $6,937.5 was funded by the Company by drawing on the Acquisition Revolver component of the Company's credit facilities with its senior lenders.

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 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, 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 reorganization operations to position the Company for building additional scale and to enhance operating performance.

OVERVIEW OF FINANCIAL PERFORMANCE

Adjusted EBITDA

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

	FOR THE THREE MONTHS ENDED		FOR THE YEAR ENDED	
	AUG 31, 2018	AUG 31, 2017	AUG 31, 2018	AUG 31, 2017
Net income (Loss)	**$ (9,478.6)**	**$ 242.1**	**$ (6,920.6)**	**$ 3,478.8**
Add:				
Depreciation and amortization	3,606.3	2,625.9	10,659.0	8,451.3
Finance expenses, net	10,464.2	1,791.5	15,925.9	4,979.0
Income taxes, net	967.6	875.0	4,298.3	2,794.6
Standardized EBITDA	**5,559.5**	**5,534.5**	**23,962.6**	**19,703.7**
Add:				
Acquisition, integration and reorganization costs	2,634.2	817.7	6,326.6	2,605.0
Compensation-based REI	950.6	521.6	2,853.6	2,254.6
Share-based compensation	563.6	174.5	1,313.2	788.4
Adjusted EBITDA before REI	**9,707.9**	**7,048.3**	**34,456.0**	**25,351.7**
Deduct:				
Compensation-based REI	(950.6)	(521.6)	(2,853.6)	(2,254.6)
Equity-based REI	(1,012.4)	(808.3)	(4,060.4)	(2,988.1)
Adjusted EBITDA	**$ 7,744.9**	**$ 5,718.4**	**$ 27,542.0**	**$ 20,109.0**
Adjusted EBITDA before REI as a % of Revenue	26.8%	24.4%	26.4%	24.0%
Adjusted EBITDA as a % of Revenue	21.3%	19.8%	21.1%	19.0%

Adjusted EBITDA before REI for the three months ended August 31, 2018 was $9,707.9, an increase of $2,659.6, (37.7%) from $7,048.3 reported for the same period in the prior year. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $7,352.5 representing increased contribution to run-rates from acquisitions as well as organic growth resulting from the addition of new clients and natural inflationary factors;
- Increased personnel and compensation expenses, excluding compensation-based REI, of $3,626.5, primarily attributable to the increased employee count resulting from acquired operations, increases in variable compensation expenses tied directly to the higher revenue and expanded staff complement to accommodate future growth; and
- A net increase in all other operating costs of $1,066.4, inclusive of general and administrative expenses, occupancy, and administration fees.

For the three months ended August 31, 2018, Adjusted EBITDA before REI as a % of Revenue was 26.8%, which has increased from 24.4% reported for the same period in the prior year. The increase in the Adjusted EBITDA before REI as a % of Revenue is due to Adjusted EBITDA contributions of acquired operations, increased revenue growth, natural inflationary factors and the increased ability to leverage the Company's value proposition to existing customers.

Adjusted EBITDA for the three months ended August 31, 2018 was $7,744.9, an increase of $2,026.5 (35.4%) from $5,718.4 reported for the same period in the prior year. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, net of the vendors' interest in Coughlin, BPA, Silverberg, H+P and Bencom of $1,963.0, which increased by $633.1 (47.6%) as compared to the same period in the prior year.

Adjusted EBITDA before REI for the year ended August 31, 2018 was $34,456.0, an increase of $9,104.3 or 35.9% from $25,351.7 reported for the fiscal year ended 2017. Factors influencing the increase in Adjusted EBITDA before REI include:

- Revenue growth of $24,678.1 representing the increase in revenue resulting from the increased contribution to run rates from the 2017 and 2018 acquisitions as well as organic growth resulting from the addition of new clients and natural inflationary factors;
- Increased personnel and compensation expenses of $13,053.5, primarily attributable to the increased employee count resulting from acquired operations in fiscal 2017 and 2018, increases in variable compensation expenses tied directly to the higher revenue, expanded leadership to accommodate integration and future growth, and the continued investment in new benefit consultants; and
- Increased other operating costs of $2,520.3, inclusive of general and administrative expenses, occupancy, administration fees, and public company costs, which is primarily attributable to the incremental costs from acquired operations.

For the year ended August 31, 2018, Adjusted EBITDA before REI as a percentage of Revenue was 26.4%, which has increased from the 24.0% reported for the same period in the prior year was primarily due to factors similar to those affecting the three month period.

The increase in the Adjusted EBITDA before REI as a percentage of Revenue is due to Adjusted EBITDA contributions through current period acquisitions, increased organic revenue growth, natural inflationary factors and the increased ability to leverage the Company's value proposition to existing customers.

For the year ended August 31, 2018, Adjusted EBITDA as a percentage of Revenue was 21.1%, which has increased from the 19.0% reported for the same period in the prior year. Adjusted EBITDA was $27,542.0, an increase of $7,433.0, or 37.0% from $20,109.0. The increase in Adjusted EBITDA is due to the factors affecting Adjusted EBITDA before REI, net of the vendors interest in Coughlin, BPA, Silverberg, H+P and Bencom of $6,914.0 which increased by $1,671.3 (31.9%) as compared to the same period in the prior year.

Equity-based REI represents the share of BPA, Coughlin and Silverberg Adjusted EBITDA attributable to the 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 change as BPA options are exercised. BPA, Coughlin and Silverberg 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, BPA and Silverberg 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 principals based on a prescribed calculation derived from earnings. Compensation-based REI is included in the calculation of net income.

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, incremental costs incurred to develop the Company's administration platform, and non-recurring outlays including consulting and recruiting fees and severance costs associated with reorganization of operations.

See 'Selected Quarterly Financial Information' for Management's discussion of quarterly results.

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		FOR THE YEAR ENDED	
	AUG 31, 2018	AUG 31, 2017	AUG 31, 2018	AUG 31, 2017
Adjusted EBITDA	$ **7,744.9**	$ **5,718.4**	$ **27,542.0**	$ **20,109.0**
Add:				
Corporate costs	1,182.9	1,469.1	4,834.8	5,082.7
Operating income before corporate costs	$ **8,927.8**	$ **7,187.5**	$ **32,376.8**	$ **25,191.7**

Corporate costs, which represent expenses incurred to support executive management of the Company, such as remuneration, public company compliance costs, certain insurance premiums and corporate development activities, were $1,182.9 for the three months ended August 31, 2018 versus $1,469.1 for the same period in the prior year. The decrease of $286.2 (19.5%) is primarily related to a decrease in professional fees incurred during the period as compared to the same period in the prior year, partially offset by an increase in personnel & compensation, occupancy costs, and other expenses related to the expanding operations.

Operating income before corporate costs for the three months ended August 31, 2018 was $8,927.8 versus $7,187.5 for the same period in the prior year. The increase of $1,740.3 (24.2%) is due to primarily organic growth in Adjusted EBITDA and contributions from acquired operations.

Corporate Costs for the year ended August 31, 2018 of $4,834.8 were comparable to those incurred in the prior comparative period of $5,082.7.

Operating income before corporate costs for the year ended August 31, 2018 was $32,376.8 versus $25,191.7 for the same period in the prior year. The increase of $7,185.1 (28.5%) is due to organic growth in Adjusted EBITDA and contributions from acquired operations.

SELECTED ANNUAL INFORMATION

		AUG 31, 2018		AUG 31, 2017		AUG 31, 2016
Revenue	$	130,518.1	$	105,840.0	$	79,802.3
Net income (loss) and comprehensive income (loss)	$	(6,920.6)	$	3,478.8	$	(174.8)
Income (loss) per share (basic)	$	(0.127)	$	0.069	$	(0.004)
Income (loss) per share (diluted)	$	(0.127)	$	0.068	$	(0.004)
Total assets	$	262,555.1	$	169,952.6	$	147,978.1
Total non-current financial liabilities	$	102,425.9	$	79,036.8	$	84,375.9

Net income (loss) for the year ended August 31, 2018 was $(6,920.6), a decrease of $10,399.4 from August 31, 2017 and a decrease of $6,745.8 from August 31, 2016. Net income (loss) and comprehensive income has decreased as compared to the prior year as a result of an increase in finance expenses of $10,946.9 related to changes in estimates of non-controlling interest put options and contingent consideration obligation, as well as an increase in depreciation and amortization of $2,207.7, acquisition, integration and reorganization costs of $3,721.6 and income tax expense of $1,503.7; offset partially by an increase in adjusted EBITDA of $7,433.0 as discussed above. Basic earnings per share is primarily affected by the change in net income, as well as by an increase in the number of outstanding shares from private placements to fund acquisition growth, the exercise of stock options, and the issuance of shares as consideration of an acquisition.

Total assets at August 31, 2018 were $262,555.1, an increase of $92,602.5 and $114,577.0 from August 31, 2017 and 2016, respectively. The increase can primarily be attributed to additions to intangible assets, goodwill and working capital related to acquisition activity in 2018 and leasehold improvements related to the Company's new head office.

Total non-current financial liabilities at August 31, 2018 were $102,425.9, an increase of $23,389.1 and an increase of $18,050.0 from August 31, 2017 and 2016, respectively. Changes in non-current financial liabilities are due to changes in estimates of non-controlling interest put options and deferred taxes related to acquisition activity in 2018.

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 group retirement consulting and administration, and individual financial services including insurance and wealth management.

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

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

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

Revenue is as follows:

FOR THE YEAR ENDED	AUG 31, 2018	AUG 31, 2017	$ VARIANCE	% VARIANCE
	$ 130,518.1	$ 105,840.0	$ 24,678.1	$ 23.3%

For the year ended August 31, 2018, the Company experienced revenue growth of $24,678.1 (23.3%). The Company recognized growth of $13,941.6 (13.2%) resulting mainly from the acquired operations of Sirius, Dalbec, Lane Quinn and, to a lesser extent, Skipwith, Rockwater and Silverberg. Organic growth of $10,736.5 (10.1%) is primarily from the addition of new clients, increasing product and service penetration with existing clients and natural inflationary factors.

Personnel and Compensation Expenses

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

Personnel and compensation expenses are as follows:

FOR THE YEAR ENDED	AUG 31, 2018	AUG 31, 2017	$ VARIANCE	% VARIANCE
	$ 79,739.2	$ 62,977.5	$ 16,761.7	$ 26.6%

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

For the year ended August 31, 2018, personnel and compensation costs represent 61.1% of revenues (August 31, 2017 - 59.5%), driven by increases in acquisition, integration and reorganization resources and increases to compensation-based REI and share-based compensation expense.

The increase in personnel and compensation costs for the year ended August 31, 2018 of $16,761.7 is primarily attributable to the increased employee count resulting from the acquisitions of Sirius, Dalbec, Lane Quinn and, to a lesser extent, Silverberg. In addition, the increase in personnel and compensation costs reflects an expanded non-revenue-generating staff complement to accommodate integration and future growth, representing $2,584.4 of the increase. Other changes in personnel and compensation not affecting EBITDA include compensation-based REI, which increased by $599.0 (26.6%) due to increases in profitability of the underlying businesses and share-based compensation expense, which increased by $524.8 (66.6%).

General and Administrative Expenses

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

General and administrative expenses are as follows:

FOR THE YEAR ENDED	AUG 31, 2018	AUG 31, 2017	$ VARIANCE	% VARIANCE
	$ 16,296.5	$ 13,638.4	$ 2,658.1	$ 19.5%

For the year ended August 31, 2018, general and administrative expenses have increased by $2,658.1 (19.5%) primarily due to the following:

- A net increase of $751.7 resulting from a higher general and administrative run-rates from the acquisition of Sirius, Skipwith, Dalbec, Rockwater, Lane Quinn and Silverberg during the year;
- An increase in general and administrative expenses related to acquisition, integration and reorganization activities of $319.6.
- A net increase of $1,586.8 in all other general and administrative expenses, including office supplies, professional fees, 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 YEAR ENDED	AUG 31, 2018	AUG 31, 2017	$ VARIANCE	% VARIANCE
	$ 10,659.0	$ 8,451.3	$ 2,207.7	$ 26.1%

For the year ended August 31, 2018, depreciation and amortization expense increased by $2,207.7 (26.1%) primarily due to significant customer relationship additions to intangible assets as a result of acquisitions and to a lesser extent higher depreciation due to the increased leasehold improvements and furniture and fixtures related to the Company's new head office.

Occupancy Costs

Occupancy costs are as follows:

FOR THE YEAR ENDED		AUG 31, 2018		AUG 31, 2017		$ VARIANCE		% VARIANCE
	$	6,125.3	$	5,803.6	$	321.7	$	5.5%

For the year ended August 31, 2018, occupancy costs represent 4.7% of revenues (August 31, 2017 - 5.5%), decreasing in proportion to revenue due to an increase in organic revenue.

The increase in occupancy costs of $321.7 (5.5%) for the year ended August 31, 2018 is due to incremental lease costs associated with the acquisition of Sirius during the third quarter of fiscal 2017 and current year acquisitions of Dalbec, Lane Quinn and Silverberg.

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 YEAR ENDED		AUG 31, 2018		AUG 31, 2017		$ VARIANCE		% VARIANCE
	$	4,025.8	$	3,398.1	$	627.7	$	18.5%

The increase in administration fees of $627.7 (18.5%) for the year ended August 31, 2018 is primarily due to an increase in the volume of claims processed as a result of the acquisition of Sirius during the third quarter of the prior fiscal year. For the year ended August 31, 2018, administration fees represent 3.1% of revenues (August 31, 2017 - 3.2%).

Finance Expenses

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

FOR THE YEAR ENDED		AUG 31, 2018		AUG 31, 2017		$ VARIANCE		% VARIANCE
Interest and other finance costs	$	1,907.8	$	1,276.0		631.8		49.5%
Non-cash accretion expenses		268.0		85.7		182.3		212.7%
Change in estimate of contingent consideration		2,013.2		-		2,013.2		DIV/0%
Change in estimate of NCI put options		11,736.9	$	3,617.3	$	8,119.6	$	224.5%
	$	15,925.9	$	4,979.0	$	10,946.9	$	219.9%

Finance expenses increase by $10,946.9 (219.9%) for the year ended August 31, 2018. The change is primarily due to an increase in the fair value estimate of non-controlling interest options and contingent consideration obligations. In 2018, both BPA and Coughlin had strong operating performance resulting in an increase in their respective earnings; this impact increased the value

of their estimated non-controlling interest put options. The increase in contingent consideration is due to a subsidiary's earnings exceeding a threshold triggering an additional earnout payment. In addition, accretion on vendor take-back loans has increased as a result of current year acquisitions.

Public Company Costs

Public Company costs are as follows:

FOR THE YEAR ENDED	AUG 31, 2018	AUG 31, 2017	$ VARIANCE	% VARIANCE
	$ 368.8	$ 318.7	$ 50.1	$ 15.7%

Public company costs have increased by $50.1 (15.7%) for the year ended August 31, 2018. The increase can be attributed mainly to corporate filing and venture exchange 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:

				2018				2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$36,279.5	$33,254.0	$32,514.5	$28,470.1	$28,927.0	$27,965.8	$25,602.5	$23,344.7
Operating & corporate expenses	(27,522.2)	(24,910.2)	(26,637.8)	(24,001.4)	(24,016.9)	(21,763.4)	(19,591.2)	(18,987.8)
Adjusted EBITDA	7,744.9	7,373.9	7,029.4	5,393.8	5,718.4	5,430.0	5,225.2	3,735.7
Finance expenses	(10,464.2)	(1,619.3)	(2,213.6)	(1,628.4)	(1,792.5)	(730.7)	(607.2)	(1,848.6)
Depreciation and amortization	(3,606.3)	(2,515.7)	(2,330.5)	(2,206.7)	(2,625.8)	(1,943.7)	(1,959.2)	(1,922.6)
Share-based compensation	(563.6)	(236.1)	(283.9)	(229.6)	(174.5)	(183.8)	(183.5)	(246.7)
Equity-based REI	(1,012.4)	(969.9)	(1,152.7)	(925.1)	(808.3)	(772.4)	(786.1)	(621.2)
Income tax expense, net	(967.6)	(1,069.8)	(1,359.1)	(901.8)	(875.0)	(446.0)	(1,120.4)	(354.2)
Acquisition, integration and reorganization costs	(2,634.2)	(1,418.9)	(1,384.8)	(888.6)	(817.7)	(1,024.8)	(502.2)	(260.3)
Net income (Loss)	(9,478.6)	1,484.0	610.2	463.8	241.2	1,873.4	1,638.8	(275.5)
Total assets	262,555.1	221,021.6	194,755.6	189,690.8	169,952.6	171,180.5	144,533.3	143,990.0
Total loans and borrowings	38,273.5	54,943.9	38,998.7	35,892.6	36,526.7	37,376.9	21,922.3	21,934.0
Total other liabilities	96,165.6	67,897.4	61,208.9	60,221.5	65,055.0	66,161.8	57,094.8	58,426.0
Shareholders' equity	128,116.0	98,180.3	94,548.1	93,576.8	68,371.0	67,641.7	65,516.2	63,630.1
Adjusted EBITDA per share	0.138	0.134	0.128	0.105	0.112	0.107	0.103	0.083
Income (loss) per share (basic)	(0.169)	0.027	0.011	0.009	0.005	0.037	0.032	(0.006)
Income (loss) per share (diluted)	(0.169)	0.026	0.011	0.009	0.005	0.036	0.032	(0.006)

Adjusted EBITDA for the three months ended August 31, 2018 was $7,744.9, representing an increase of $2,026.5 or 35.4% from $5,718.4 reported for the same period in the prior year.

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

Finance expenses for the fourth quarter of fiscal 2018 were $10,464.2, representing an increase of $8,671.7 or 483.8%, as compared to the same period in fiscal 2017. The increase is primarily due to a revaluation of the estimated fair value of non-controlling interest put obligations and contingent consideration obligations during the quarter.

Depreciation and amortization for the fourth quarter of fiscal 2018 was $3,606.3, representing an increase of $980.5 or 37.3%, as compared to the same period in fiscal 2017, primarily due to additions to customer relationships resulting from acquired operations and leasehold improvements related to the Company's new head office.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity ensures the Company has sufficient financial resources available at all times to meet its obligations. This involves effectively managing assets and liabilities while maintaining an optimal capital structure. The Company manages this risk by ensuring it has adequate cash and access to credit to meet its obligations in the most cost-effective manner possible. Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating and capital expenditure requirements.

The Company also continues to actively investigate acquisition and other growth opportunities. The Company expects to finance future acquisitions from a combination of available cash, unutilized credit available on existing credit facilities, vendor financing, expanded credit facilities, issuance of equity as part of the consideration and equity proceeds from treasury issuance.

Contractual Obligations

The following table summarizes, as at August 31, 2018, the Company's contractual obligations 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	$ 24,334.7	$ 21,456.6	$ 2,318.3	$ 194.8	$ 365.0
Contractual obligations	24,999.0	4,992.5	8,597.6	6,393.9	5,015.0
Obligations under finance leases	16.2	14.1	2.1	-	-
Vendor-take-back loans	12,180.2	3,985.2	8,195.0	-	-
Term credit facilities	26,784.4	3,329.1	23,455.3	-	-
	$ 88,314.5	$ 33,777.5	$ 42,568.3	$ 6,588.7	$ 5,380.0

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 year ended August 31, 2018 and August 31, 2017:

FOR THE YEAR ENDED	AUG 31, 2018	AUG 31, 2017	$ VARIANCE	% VARIANCE
Net income (loss) for the period	$ (6,920.6)	$ 3,478.8	$ (10,399.4)	(298.9)%
Add non-cash items, net	24,607.1	10,272.9	14,334.2	139.5%
Changes in non-cash working capital	(449.7)	(2,795.8)	2,346.1	(83.9)%
Net cash from operating activities	17,236.8	10,955.9	6,280.9	57.3%
Net cash from (used by) investing activities	(65,265.3)	(17,143.8)	(48,121.5)	280.7%
Net cash from (used by) financing activities	51,213.9	9,751.8	41,462.1	425.2%
Net increase in cash	**$ 3,185.4**	**$ 3,563.9**	**$ (378.5)**	**(10.6)%**

Cash from operating activities for the year ended August 31, 2018 increased $6,280.9 as compared to the prior year. Changes in working capital accounts reflect the inclusion of Dalbec, Rockwater, Lane Quinn, and Silverberg operations. Significant influences of cash inflows and outflows related to operating activities for the year-to-date period versus the same period in the prior year end include:

- Cash generated from increased Adjusted EBITDA, before REI, was $9,104.3 higher than was generated in the prior year. Management believes Adjusted EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.
- Cash used to fund acquisitions, integration and reorganization costs increased $3,721.6.
- Finance costs and income taxes used $1,049.2 more cash than as compared to the prior year.
- Cash from changes in non-cash working capital accounts decreased $2,346.1.
- Cash used in other working capital, including the net effect of changes in accounts receivable and accounts payable, increased $398.7 as compared to the prior year.

Cash used by investing activities for the year ended August 31, 2018 increased by $48,121.5 as compared to the same period in the prior year. The change is primarily due to $41,055.0 more cash used to fund current year acquisitions. In the earlier part of the year the Company invested in a new corporate head office which increased the use of cash to acquire property and equipment by $7,982.1 as compared to prior year. Cash used to acquire intangible assets decreased by $915.6.

Cash generated by financing activities for the year ended August 31, 2018 increased by $41,462.1 as compared to the same period in the prior year. The change is primarily due to the Company generating an additional $43,004.5 of cash from the completion of two private placements of shares in the current year as compared to the completion of one private placement of shares in the prior year.

Capital Management

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

The Company includes cash, bank financing, vendor-take-back debt and shareholders' equity in the definition of capital. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares, issue new debt, renegotiate vendor-take-back debt or issue new debt to replace existing debt with different terms & conditions. The Company has the opportunity to use its Operating Revolver during the year to finance cash flows related to seasonal changes in non-cash working capital items. The Company did not make use of its operating line of credit during the year.

Working Capital

The Company's working capital (defined as current assets less current liabilities) as at August 31, 2018 is set forth in the table below. The Company defines "Operating Working Capital" as current assets less current liabilities excluding deferred revenue.

Deferred revenue represents payments received in advance for services which have not yet been performed. Deferred revenues are recognized into income as services are rendered, in accordance with the revenue recognition policies described in the Company's financial statements. 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.

	AUG 31, 2018	AUG 31, 2017
Current assets	$ 36,798.4	$ 31,387.8
Less:		
Current liabilities	32,013.3	22,544.8
Working capital	4,785.1	8,843.0
Add back:		
Deferred revenue	3,288.7	3,997.9
Operating Working Capital	**$ 8,073.8**	**$ 12,840.9**

Operating Working Capital has decreased by $4,767.1 to a surplus of $8,073.8 compared to the surplus of $12,840.9 at August 31, 2017. The change in Operating Working Capital is due to an increase in current liabilities excluding deferred revenue of $10,177.7, offset only partially by an increase in current assets of $5,410.6 from cash balances generated from increased Adjusted EBITDA. The increase in current liabilities is primarily due to acquired liabilities, higher compensation payable and contingent consideration obligations along with an increase to the current portion of long-term debt.

The Company maintains a revolving operating line of credit of $5,000.0 to facilitate management of short-term working capital requirements. As at August 31, 2018, the Company had not utilized this facility.

Credit Facilities

The Company amended its existing credit agreement with a syndicate of Canadian banks effective December 4, 2017, which resulted in the following authorized limits:

1. the $5,000 revolving credit facility to fund operating cash flow needs remained the same (**“Operating Revolver”**);
2. the term acquisition credit facility to fund future acquisitions increased to $48,800 (**“Acquisition Revolver”**);
3. the term credit facility installment loan was increased to $19,500 (**“Term Loan”**);
4. the delayed draw term credit facility to fund leasehold improvements at the Company’s head office of $9,500.0 (**“Real Estate Loan”**).

The credit agreement continues to provide 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 $82,800.0 and overall credit capacity being increased to a maximum of $97,800.0.

During the fourth quarter of fiscal 2018, in conjunction with the acquisition of Silverberg, the Company exercised the Accordion feature of Acquisition revolver facility thereby increasing the facility limit from $48,800.0 to $63,800.0.

The facility matures on October 31, 2019. The Term Loan requires quarterly principal repayments of $486.1 until February 28, 2019 and $583.3 per quarter thereafter, with the balance due at maturity. The Operating Revolver and Acquisition Revolver do not have scheduled principal repayments prior to maturity.

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.

At August 31, 2018, the Company had a balance of $17,998.4 outstanding on the Term Loan, $8,786.0 outstanding on the Real Estate Loan, $nil outstanding on the Acquisition Revolver and was compliant with all financial covenants. At August 31, 2018, the Company had unutilized and available credit of $68,800.0, including $5,000.0 on the Operating Revolver and $63,800.0 to fund acquisitions on the Acquisition Revolver.

On October 31, 2018, the Company negotiated a six month extension to its credit facility with a syndicate of Canadian banks, on similar terms and conditions, which matures on April 30, 2020.

Share Capital

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

	AUG 31, 2018	AUG 31, 2017
Common shares issued and outstanding	60,640,511	51,001,140
Stock options outstanding	3,681,861	1,298,480
Restricted Stock Units outstanding	442,279	325,156
Deferred Stock Units outstanding	69,278	41,478

During the year, the Company raised gross proceeds of $65,558.0 through two bought deal equity offerings, which closed on August 21, 2018 and November 22, 2017 respectively, resulting in the issuance of 9,004,500 common shares. The net proceeds of these offerings were primarily used to fund the current year acquisitions and to repay the outstanding balance on the acquisition revolver.

In connection with the acquisition of Lane Quinn, the Company issued 235,001 common shares to the vendors for an aggregate value of $1,914,315 net of issuance costs.

On August 28, 2018, the Company granted 2,600,000 options to certain senior executives. The options were granted as part of the Company's overall compensation strategy to reward the senior executives for individual and corporate performance, to align their interests with that of the Company and to provide for long-term incentives. Of the 2.6 million options granted, 60% or 1.56 million are performance conditioned options, with a requirement for the Company's share price to reach a threshold of $12 in order for these options to vest. The remaining 40% or 1.04 million are regular options.

The remainder of the change in share capital can be attributed to grants during the year ended August 31, 2018, 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.

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. These factors include, but are not limited to, the following:

Key Personnel

The Company is highly dependent upon the expertise and experience of its personnel, particularly those engaged in generating revenue, including, but not limited to, those involved in benefits plan design and administration, benefits legislative and regulatory issues, group retirement plan design and specialized human resource consulting, recruitment and career management. The Company's operations depend, in part, on the relationships and reputations these individuals have established with clients, often over many years. In the event the Company were to lose a number of key personnel, client relationships could be negatively impacted, which could lead to material adverse effects on the Company's operating and financial results.

The Company currently has many experienced employees who hold senior positions in the Company, who have various professional designations and who have developed deep and trusted relationships with clients. While the Company provides a competitive compensation structure for its employees, including an employee share purchase plan and a security-based compensation plan and has comprehensive employment agreements in place with its employees to protect the Company, the loss of a number of key personnel may have a material adverse effect on the business of the Company. The Company's ability to attract, retain and develop new employees into senior positions could affect the business of the Company.

Client Relationships

Group insurance contracts are generally renegotiated on an annual basis with clients, often resulting in insurance premium pricing increases or decreases. Accordingly, there can be no guarantee that insurance contracts sold through the Company in the past will be renewed on a go forward basis or at the same pricing level. While the Company has several benefit and insurance clients with contracts that extend for one to seven years, the majority of the Company's benefit and pension revenue is derived from contracts that can be cancelled upon thirty days' notice. The Company's experience is that most clients terminate during the renewal process rather than during the policy year. While the Company's clients are diversified both in size and industry, if a number of the Company's largest clients were to terminate their contracts with the Company at the same time, this could result in a significant reduction in revenue, which could have a material adverse effect on the Company's revenues, financial condition and operating results.

Insurance Company Relationships

In certain cases, the Company acts as the advisor to end-user employers to broker group insurance products with insurance companies. There can be no assurance that the Company will be able to maintain its existing relationships with these insurance companies and the failure to do so could have a material adverse effect on the Company's business, financial condition and operating results. In addition, during the renewal process, the Company's benefits consulting teams will provide benefits planning and consulting services based on the availability of insurance products and pricing of such products. Changes in available products could result in decreased benefits coverage and/or decreased premiums which generally would result in decreased revenue for the Company.

Regulation, Policies and Certification

The Company's employee benefits and group retirement consulting and administration services are subject to laws and regulations that are constantly evolving. Changes in such laws or regulations could impact the Company's service delivery processes and/or its client relationships. In addition, the laws and regulations differ from province to province and the Company is required to keep up-to-date with the laws and regulations of each province.

The Canadian Life and Health Insurance Association has recently introduced a guideline to establish industry standards for the disclosure to clients of intermediary compensation for group benefit and group retirement services. These requirements could result in increased competition in the insurance brokerage industry.

The rules and regulations governing income and commodity taxes are complex and wide-ranging, and the calculation of income taxes and applicability of commodity taxes requires judgment in interpreting tax rules and regulations. The Company's tax filings are subject to government audits that could result in material changes to the amount of current and future income taxes and related costs.

Any changes to laws, rules, regulations or policies could have a material adverse effect on the Company's business, financial condition and operating results.

Technology and Information Security

The Company is reliant on computerized operational and reporting systems. The Company makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately and maintains a disaster recovery plan to protect against significant system failures. While a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer system crash or like event would not have a material impact on its financial results in the short term.

Information security risks have increased in recent years due, in part, to the proliferation, sophistication and constant evolution of new technologies used by hackers and external parties. The Company's technologies, systems and networks and third parties providing services to the Company, may be subject to attacks, breaches or other compromises. In the event of such an occurrence, the Company may experience, among other things, financial loss, a loss of customer or business opportunities, disruption to operations, misappropriation or unauthorized release of confidential, financial or personal information, litigation, regulatory penalties or intervention, remediation, investigation or restoration cost and reputational damage.

Access to Capital

The Company relies principally on bank debt, vendor-take-back debt financing and issuance of common shares to fund its acquisitions. The Company may require additional funds to make future acquisitions of group benefit, group retirement and human resource consulting businesses and may require additional funds to market and sell its products into the marketplace. The ability of the Company to arrange such financing in the future, and to repay its existing debt, will depend in part upon the prevailing capital market conditions, as well as on the business performance of the Company. While the Company has been successful in the past, there is no assurance that capital will be available under terms that are satisfactory to the Company.

Pursuant to its articles of incorporation, the Company is authorized to issue an unlimited number of common shares for consideration and on such terms as are established by the Board of Directors without the approval of any shareholders. Further issuance of common shares may dilute the interests of existing shareholders. If additional capital financing is not available on terms favourable to the Company, the Company may be unable to grow or may be required to limit or halt its strategic growth plans. In addition, if the Company experiences financial difficulty, the Company's creditors who have security interests in the Company's assets, may decide to exercise their rights to acquire or dispose of the Company's assets.

Future Growth via Acquisitions

The Company's growth and expansion plans contain a dual approach of generating organic growth by increasing its existing business by gaining new clients and increasing product and service penetration with existing clients, as well as through transactions in which the Company acquires new operating entities or subsidiaries. There can be no assurance that an adequate number of suitable acquisition candidates will be available to the Company to meet this area of focus of its expansion plans, or in the event that such businesses are available for acquisition that they will be available at a price which would allow the Company to operate on a profitable basis. The Company competes for acquisition and expansion opportunities with entities that have substantially greater resources than the Company and these entities may be able to outbid the Company for acquisition targets.

Integration of Future Acquisitions

There can be no assurance that businesses acquired by the Company in the future will achieve acceptable levels of revenue and profitability or otherwise perform as expected. The Company may be unable to successfully integrate businesses that it may acquire in the future, due to diversion of Management attention, strains on the Company's infrastructure, difficulties in integrating operations and personnel, entry into unfamiliar markets, or unanticipated legal liabilities or tax, accounting or other issues. A failure to integrate acquired businesses may be disruptive to the Company's operations and negatively impact the Company's revenue or increase the Company's expenses. Risks related to the integration of acquisitions are mitigated through the Company's due diligence procedures and legal structure of its acquisitions.

Potential Undisclosed Liabilities Associated with Acquisition / Limited Indemnification

In connection with acquisitions completed by the Company, there may be liabilities and contingencies related to the acquired entity that the Company failed to discover or was unable to quantify in its due diligence conducted prior to the execution of the acquisition, and the Company may not be indemnified for some or all of these liabilities and contingencies. The existence of any material liabilities or contingencies could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Interest Rate

Advances under the Company's credit facilities bear interest at variable rates. The Company may incur further indebtedness in the future that also bears interest at variable rates or it may be required to refinance its debt at higher rates. While the Company attempts to manage its interest rate risk, there can be no assurance that it will hedge such exposure effectively or at all in the future. Accordingly, increases in interest rates could adversely affect the Company's cash flows.

Insurance

The Company believes that its professional errors and omissions insurance, director and officer liability insurance, and commercial general liability insurance coverage address all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent operator of a similar business and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the Company's assets or operations.

Canadian Economy and Competitive Conditions

The Company's future success is dependent upon the direction and state of the Canadian economy. The business, operating results and financial condition of the Company could be materially affected by a prolonged and deep recession or downturn in the Canadian economy. There is no assurance that the Company will have sufficient financial resources to withstand a prolonged and deep recession.

The insurance brokerage market is highly competitive and is composed of a large number of companies of varying size and scope of services. Insurance companies themselves also offer their products through other methods, including insurance agents and direct distribution channels, which are competitive with the insurance brokerage industry and the Company.

Brand and Reputation

The Company is dependent, to a large extent, on its client relationships and its reputation with clients. Damage to the Company's brand or reputation could result in the loss of client relationships, which could result in a material adverse effect on the Company's business, financial condition and operating results. There can be no assurance that future incidents will not negatively affect the Company's brand or reputation.

Internal Control

As a venture issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined by National Instrument 52-109 and as such, has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of a certifying officers of a venture issuer to design and implement, on a cost effective basis, DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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, contingent acquisition consideration and non-controlling interest put obligations, as well as income taxes.

Revenue recognition

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients.

Generally, revenue from the rendering of services is recognized when the following criteria are met:

- The amount of revenue can be reliably measured;
- The stage of completion can be reliably measured;
- The receipt of economic benefits is probable; and
- Costs incurred and to be incurred can be reliably measured.

Concurrent with the above general principles, the Company applies the following specific revenue recognition policies:

- 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. Commission advances are recognized in income on a monthly basis based on the number of months for which the commission revenue was advanced, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.
- Group benefit commission revenue from clients where the Company provides only advisory services are recognized in income at the effective or renewal date of the policy, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.
- Fee revenue from administrative and consulting services are recognized on the percentage of completion basis.
- For fee revenue that is contingent on certain criteria being met, the revenue is not recognized until the work is completed.
- All other revenues are recognized upon the completion of services rendered by the Company. Other revenue includes investment income recorded on the accrual basis of accounting.

Business combinations

For acquisitions, the Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Intangible assets

(i) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of subsidiaries over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets consist of acquired customer relationships and contracts. Other intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

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, and the residual values and useful lives of the assets are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are considered to have indefinite lives where Management believes that there is no foreseeable limit to the period over which the intangible assets are expected to generate net cash flows.

Contingent Acquisition Consideration

The Company recognizes liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination. Subsequent changes in the fair value of contingent consideration arrangements are recognized in net income (loss) for the period.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with *IAS 39 Financial Instruments: Recognition and Measurement*, or *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in net income (loss).

Non-controlling Put Liabilities

The Company recognizes non-controlling put liabilities as non-derivative financial liabilities, which are classified as fair value through profit and loss are measured at fair value, with gains and losses recognized in net income (loss). Non-controlling interest put option is classified as fair value through profit and loss.

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 acquisition consideration, non-controlling interest put options and other non-current assets.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Years ended August 31, 2018 and August 31, 2017

Independent Auditors' Report

To the Shareholders of People Corporation and its subsidiaries:

We have audited the accompanying consolidated financial statements of People Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at August 31, 2018 and August 31, 2017, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of People Corporation and its subsidiaries as at August 31, 2018 and August 31, 2017 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Winnipeg, Manitoba

November 29, 2018

Chartered Professional Accountants

PEOPLE CORPORATION

Consolidated Statements of Financial Position

For the years ended August 31, 2018 and 2017

	NOTE	AUG 31, 2018	AUG 31, 2017
Assets			
Current assets:			
Cash		$ 21,119,220	$ 17,933,832
Trade and other receivables	5	13,735,697	11,233,804
Income taxes receivable		112,745	843,724
Prepaid and other current assets		1,830,716	1,376,436
Total current assets		36,798,378	31,387,796
Non-current assets:			
Property and equipment	6	10,667,472	2,666,248
Goodwill and intangible assets	7	213,428,886	134,943,617
Loans receivable	8	1,660,384	954,974
Total non-current assets		225,756,742	138,564,839
Total assets		**$ 262,555,120**	**$ 169,952,635**
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables, accrued and other liabilities	9	$ 21,649,670	$ 14,919,459
Deferred revenue		3,288,650	3,997,864
Current portion of loans and borrowings	12	7,074,946	3,627,518
Total current liabilities		32,013,266	22,544,841
Accrued and other liabilities	9	2,165,489	1,199,871
Non-controlling interest put options	11	52,613,161	34,059,108
Loans and borrowings	12	31,198,602	32,899,207
Deferred tax liability	13	16,448,628	10,878,605
Total liabilities		**134,439,146**	**101,581,632**
Shareholders' equity:			
Share capital	14	124,672,253	58,861,256
Contributed surplus		2,747,472	1,892,859
Retained earnings		696,249	7,616,888
Total shareholders' equity		**128,115,974**	**68,371,003**
Total liabilities and shareholders' equity		**$ 262,555,120**	**$ 169,952,635**

Commitments and contingencies (Note 19)

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

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ "Eric Stefanson"
Director, Chair of the Audit & Risk Committee

/s/ "Laurie Goldberg"
Director, Chief Executive Officer

Consolidated Statements of Comprehensive Income (Loss)

For the years ended in August 31, 2018 and 2017

	NOTE	YEAR ENDED AUG 31, 2018	YEAR ENDED AUG 31, 2017
Revenue		$ 130,518,057	$ 105,839,973
Operating expenses		100,228,915	83,531,240
Depreciation and amortization	6,7	10,659,028	8,451,346
Finance expenses			
Change in estimated fair value of non-controlling interest put option	16	11,736,962	3,617,211
Other finance expenses	16	4,188,947	1,361,747
Acquisition, integration and reorganization costs		6,326,566	2,605,022
	24	133,140,418	99,566,566
Income (loss) before income taxes		**(2,622,361)**	**6,273,407**
Income tax expense (recovery):			
Current	13	5,882,030	5,464,400
Deferred	13	(1,583,752)	(2,669,752)
		4,298,278	2,794,648
Net income (loss) and comprehensive income (loss)		**$ (6,920,639)**	**$ 3,478,759**
(Loss) earnings per share	14(c)		
Basic		$ (0.127)	$ 0.069
Diluted		$ (0.127)	$ 0.068

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

Consolidated Statements of Changes in Equity

For the years ended August 31, 2018 and 2017

	NOTE	SHARE CAPITAL	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
Balance, August 31, 2016		**$ 39,333,725**	**$ 1,213,006**	**$ 4,138,129**	**$ 44,684,860**
Net income and comprehensive income for the year		-	-	3,478,759	3,478,759
Issuance of common shares	14(b)	19,259,036	-	-	19,259,036
Exercise of stock options	14(b)	268,495	(108,569)	-	159,926
Share-based payments	15(b)(c)(d)	-	788,422	-	788,422
		19,527,531	679,853	3,478,759	23,686,143
Balance, August 31, 2017		**$ 58,861,256**	**$ 1,892,859**	**$ 7,616,888**	**$ 68,371,003**
Net loss and comprehensive loss for the year		-	-	(6,920,639)	(6,920,639)
Issuance of common shares	14(b)	62,906,800	-	-	62,906,800
Acquisition-related issuance of shares	14(b)	1,914,315	-	-	1,914,315
Settlement of restricted stock units	14(b)	63,031	(167,594)	-	(104,563)
Exercise of stock options	14(b)	926,851	(291,003)	-	635,848
Share-based payments	15(b)(c)(d)	-	1,313,210	-	1,313,210
		65,810,997	854,613	(6,920,639)	59,744,971
Balance, August 31, 2018		**$ 124,672,253**	**$ 2,747,472**	**$ 696,249**	**$ 128,115,974**

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

PEOPLE CORPORATION

Consolidated Statements of Cash Flows

For the years ended August 31, 2018 and 2017

	NOTE	YEAR ENDED AUG 31, 2018	YEAR ENDED AUG 31, 2017
Operating activities			
Net (loss) income for the year		$ (6,920,639)	$ 3,478,759
Adjustments for:			
Depreciation	6	1,485,045	936,333
Amortization of intangible assets	7	9,173,983	7,515,013
Share-based compensation	15(b)(c)(d)	1,313,210	788,422
Impairment losses on property, equipment and intangible assets	6,7	200,524	-
Change in estimated fair value of non-controlling interest put option	11	11,736,962	3,617,211
Change in estimated fair value of contingent consideration obligations	16	2,013,182	-
Accretive interest expense	16	267,955	85,710
Deferred tax recovery	13	(1,583,752)	(2,669,752)
Net cash from operations		17,686,470	13,751,696
Change in the following:			
Trade and other receivables		(2,343,697)	350,117
Prepaid and other current assets		(289,869)	(117,326)
Trade payables, accrued and other liabilities		2,488,342	(479,166)
Deferred revenue		(709,214)	(1,697,721)
Loans receivable		294,590	-
Income taxes receivable		110,135	(851,687)
Net cash used for working capital items		(449,713)	(2,795,783)
Net cash from operating activities		**17,236,757**	**10,955,913**
Investing activities			
Acquisition of subsidiary, net of cash acquired	4	(53,936,879)	(12,881,805)
Acquisition of property and equipment	6	(9,467,295)	(1,485,314)
Acquisition of intangible assets	7	(1,861,089)	(2,776,702)
Net cash used in investing activities		**(65,265,263)**	**(17,143,821)**
Financing activities			
Proceeds from exercise of stock options	15(b)	635,848	159,926
Settlement of restricted stock units		(104,563)	-
Outflows relating to loan receivables	8	(1,000,000)	(1,044,110)
Proceeds from loans and borrowings		55,662,250	14,500,000
Repayment of loans and borrowings	12	(63,366,897)	(20,680,526)
Proceeds from private placement of shares, net		61,950,909	18,946,403
Payment of dividends on non-controlling interest	11	(2,563,653)	(1,679,008)
Payment of put options on non-controlling interest	11	-	(450,904)
Net cash from financing activities		**51,213,894**	**9,751,781**
Net increase in cash		3,185,388	3,563,873
Cash at beginning of the year		17,933,832	14,369,959
Cash at the end of the year		**$ 21,119,220**	**$ 17,933,832**

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

1. REPORTING ENTITY:

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

2. BASIS OF PRESENTATION:

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 29, 2018.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statements of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- share-based compensation awards are measured at fair value at grant date

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

(d) Use of estimates and judgments

Preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the application of policies and the reported amounts of assets, liabilities at the date of these financial statements and reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Areas of significant accounting estimates and judgments include determination of fair value of financial instruments, impairment of financial instruments, impairment of goodwill and intangible assets, business combinations, and deferred taxes. The Company also uses judgment when determining operating segments, contingencies, acquisition, integration and reorganization costs, non-current assets and the determination of fair value of share-based payments. Details on the estimates and judgments are further described in the relevant accounting policies in these Notes.

Provisions are recognized for present legal or constructive obligations as a result of a past event, if it is probable that they will result in an outflow of economic resources and the amount can be reliably estimated. The amounts recognized for these provisions are the best estimates of the expenditures required to settle the present obligations or to transfer them to a third party at the statement of financial position date, considering all the inherent risks and uncertainties, as well as the time value of money. These provisions are reviewed as relevant facts and circumstances change.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

For acquisitions, the Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net income (loss).

The Company recognizes liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination. Subsequent changes in the fair value of contingent consideration arrangements are recognized in net income (loss) for the period.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is re-measured as subsequent report dates with subsequent changes in the fair value of the contingent consideration recognized in net income (loss). The subsequent re-measurement of contingent consideration is estimated based on pre-determined formulas as defined in the purchase agreements which are generally a multiple of estimated future revenue or earnings of the acquired companies exceeding target thresholds over a specified period.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of acquired subsidiaries to conform their accounting policies to the Company.

Inter-company balances and transactions, and any realized or unrealized revenue and expenses arising from inter-company transactions, are eliminated in preparing these consolidated financial statements.

These consolidated financial statements include the accounts of the Company and its subsidiaries:

	Common Ownership %
People First HR Services Ltd.	100%
Hamilton + Partners Inc., including its subsidiaries:	100%
Employee Benefits Inc. (100%), Disability Concepts Inc. (100%) and 6814407 Canada Corporation (100%)	
Bencom Financial Services Group Inc.	100%
Coughlin & Associates Ltd.	100%
BPA Financial Group Ltd., including its subsidiaries:	100%
Benefit Plan Administrators Ltd. (100%), Benefit Plan Administrators (Atlantic) Ltd. (100%), BPA Consulting Group Ltd. (100%), BPA Internet Connections Ltd. (100%), TAL Insurance Brokers Ltd. (100%), 1739813 Ontario Ltd. (100%), and Alluvus Solutions Inc. (50%)	
Sirius Benefit Plans Inc.	100%
Skipwith & Associates Insurance Agencies Inc.	100%
Lane Quinn Benefit Consultants Ltd.	100%
Silverberg & Associates Inc.	100%

(b) Financial instruments

(i) Non-derivative financial assets

Financial assets classified as fair value through profit and loss are measured at fair value, with gains and losses recognized in net income (loss). Cash is classified as fair value through profit and loss.

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a currently enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables, and other current assets and loans receivable.

(iii) Non-derivative financial liabilities

Financial liabilities classified as fair value through profit and loss are measured at fair value, with gains and losses recognized in net income (loss). Non-controlling interest put options and contingent consideration obligations are classified as fair value through profit and loss.

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a currently enforceable legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings, trade payables, and accrued and other liabilities.

Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(c) Share capital

Common voting shares are classified as equity. Incremental costs directly attributable to the issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

(d) Cash & cash equivalents

Cash and cash equivalents may include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(e) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statements of comprehensive income (loss) in the period in which they are incurred.

(ii) Depreciation

Depreciation is recognized in the consolidated statements of comprehensive income (loss) 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. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Leasehold improvements	Straight-line	Shorter of useful life or term of the lease
Furniture & fixtures	Diminishing balance	20%
Computer equipment	Diminishing balance	30%
Automobiles	Diminishing balance	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Goodwill and intangible assets

(i) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of subsidiaries over the fair value of the net tangible and intangible assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Intangible assets

Intangible assets consist of internally-developed software, acquired customer relationships and brands, customer contracts and acquired software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to the fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Internally-developed software is recognized at the aggregate cost of all eligible development costs, when the following criteria are met: (i) technically feasible; (ii) management intention to complete development; (iii) the Company is able to use the software once implemented; (iv) future benefits associated with the software can be demonstrated; (v) adequate technical, financial, and other resources to complete development and to use the software are available; and (vi) expenditures attributable to the software during its development can be reliably measured. Eligible expenditures capitalized as part of internally-developed software include external direct costs of materials and services consumed in development, and payroll and payroll-related costs for employees who are directly associated with and who devote time to the development of the software.

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 in the consolidated statements of comprehensive income (loss) on a straight-line basis over the estimated useful life of the asset, and the residual values and useful lives of the assets are reviewed at each financial year-end and adjusted if appropriate. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Acquired customer relationships and brands	Straight-line	8 - 10 years
Customer contracts	Straight-line	term of the contract
Computer software (including internally developed)	Straight-line	4 - 10 years

(g) Impairment

(i) Financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against assets. Interest on the impaired asset continues to be recognized using the effective interest rate method. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed up to the amount of original cost through net income (loss).

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets (that have indefinite useful lives or that are not yet available for use) the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income (loss). Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Trade payables, accrued and other liabilities

Trade payables include obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less and are recognized initially at fair value and subsequently measured at amortized cost.

Accrued liabilities include accruals for salaries and compensation, and other obligations incidental to the Company's normal business operations. They are classified as current when it is expected to be settled within one year of the reporting period date, and are recognized initially at fair value and subsequently measured at amortized cost.

(i) Deferred revenue

Deferred revenue represents payments received in advance for services which have not yet been performed. Deferred revenues are recognized into income as services are rendered, in accordance with the revenue recognition policies described below.

(j) Insurance premium liabilities and related cash

In its capacity as third party administrators, the Company collects premiums from clients and remits premiums and claim payments, net of agreed deductions, such as taxes, administrative fees and commissions, to insurance carriers. As the Company is acting in its capacity as third party administrators to collect and remit premiums to insurance underwriters and claim payments to individuals, the Company is considered to have a legal right to offset premiums collected and corresponding liabilities. As such, the cash and investment balances relating to these liabilities have been offset against the related liability in the Company's consolidated statements of financial position.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Share-based payment transactions

Share-based payments are comprised of equity-settled Employee Share Purchase Plan ("ESPP"), equity-settled stock options, equity-settled performance-conditioned Restricted Stock Units and equity-settled Deferred Stock Units (collectively, "Equity-Settled Awards"). Equity-Settled Awards granted to employees and directors of the Company are measured at the fair value of the equity instruments at the grant date. The grant date fair value of Equity-Settled Awards are recognized as compensation expense, with a corresponding increase in equity, over the period that the awards vest. The amount recognized as an expense is adjusted to reflect the number of Equity-Settled Awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of Equity-Settled Awards that do meet the related service and non-market performance conditions at the vesting date. For Equity-Settled Awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no reconciliation for differences between expected and actual outcomes.

The Company's contributions under its ESPP are expensed as incurred.

Equity-Settled Awards to non-employees are measured at the fair value of the goods and services received unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted and measured at the date the Company obtains the good or the counterparty renders the service.

(l) Revenue recognition

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients.

Generally, revenue from the rendering of services is recognized when the following criteria are met:

- The amount of revenue can be reliably measured;
- The stage of completion of services can be reliably measured;
- The receipt of economic benefits is probable; and
- Costs incurred and to be incurred can be reliably measured.

Concurrently with the above general principles, the Company applies the following specific revenue recognition policies:

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. Commission advances are recognized in income on a monthly basis based on the number of months for which the commission revenue was advanced, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.

Group benefit commission revenue from clients where the Company provides only advisory services is recognized in income at the effective or renewal date of the policy, net of a provision for return commissions due to policy cancellation and adjustments. The provision is determined based on historical data.

Fee revenue from administrative and consulting services is recognized as services are provided.

For fee revenue that is contingent on certain criteria being met, the revenue is not recognized until such criteria has been met.

All other revenues are recognized as services are rendered by the Company. Other revenue includes investment income recorded on the accrual basis of accounting.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in net income (loss), using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in net income (loss) using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income (loss) except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Earnings per share

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

Diluted earnings per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise stock options, tandem stock appreciation rights, restricted stock units and deferred stock units.

(p) New standards and interpretations adopted or not yet adopted

The Company has adopted the following new and revised Standards and Interpretations issued by IASB:

IFRS 2, Share-based Payment ("IFRS 2")

The IASB amended IFRS 2 on June 20, 2016 effective for annual periods beginning on or after January 1, 2018. The amendment allows for a share-based payment transaction with employees to be accounted for as equity-settled when the transaction is settled on a net basis in order to meet statutory withholding requirements and the transaction would otherwise be classified as equity-settled if there were no net settlement feature. The Company adopted the amendments to IFRS 2 on September 1, 2016 on a retrospective basis. The early adoption of this amendment did not have an impact on the recognized amounts or measurements in the consolidated financial statements.

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

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

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard contains a single model that applies to contracts with customers and two approaches

to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. It applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company will adopt IFRS 15 and the related Clarifications to IFRS 15 in its financial statements for the annual period beginning on September 1, 2018. The Company intends to adopt IFRS 15 using the cumulative effect method (using the practical expedient of recognizing the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset the Company otherwise would have recognized is one year or less), with the effect of initially applying this standard recognized at the date of initial application.

The Company is in the process of determining the impact, if any, to its retained earnings as at September 1, 2018, and to its revenue and net income for future periods. Although IFRS 15 introduces significant new guidance, particularly around identification of separate performance obligations based on whether services are distinct, its application is not expected to have a material impact on the timing or amount of revenue recognized by the Company.

Revenue includes fees and commissions generated from administrative, advisory and consulting services provided to clients. Revenue and related costs from these services is recognized in accordance with the five-step model in IFRS 15:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price, which is the total consideration provided by the customer.
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each performance obligation.

IFRS 15 also contains additional presentation and disclosure requirements. Concurrently with the above general principles, the Company expects to apply the following changes to its current revenue recognition policies and disclosures under IFRS 15:

- The incremental costs of obtaining contracts for new clients, the renewal of contracts and the fulfillment of the contracts for these customers were previously expensed. Under IFRS 15, incremental costs of obtaining and renewing customer contracts with terms in excess of 12 months, and certain qualifying fulfillment costs will be recognized as contract assets and amortized over the expected term of the related contract, if the Company expects to recover those costs.
- Group benefit commission advances previously recorded as deferred revenue in the consolidated statement of financial position will be reclassified to contract liabilities.
- Revenue recognized from contracts with customers will be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Company continues to evaluate the systems, internal controls, policies and procedures necessary to collect and disclose the required information under IFRS 15.

IFRS 9, *Financial Instruments* ("IFRS 9")

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard

introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

The Company will adopt IFRS 9 on September 1, 2018, which replaces IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39").

(i) Classification of financial assets and liabilities
IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard replaces the previous classification categories of held to maturity, loans and receivables, and available for sale under IAS 39. The two principal classification categories for financial liabilities under IFRS 9 are amortized cost, and FVTPL. The adoption of the IFRS is not expected to have a material impact on the Company's classification and measurement of financial assets and financial liabilities.

(ii) Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets carried at amortized cost and contract assets. The adoption of the new ECL impairment model is not expected to have a material impact on the Company's measurement of impairment losses on its financial assets carried at amortized cost and contract assets.

IFRS 16, *Leases* ("IFRS 16")

On January 13, 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17 Leases.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company is currently in the process of implementing a transition plan and evaluating the impact of adopting IFRS 16 on its financial statements, but expects this standard will have a significant impact on its consolidated statement of financial position, along with a change to the recognition, measurement and presentation of lease expenses in the consolidated statement of comprehensive income.

4. BUSINESS ACQUISITIONS:

During the period the company acquired the following businesses:

Effective August 1, 2018, the Company acquired Silverberg & Associates Inc. ("Silverberg"), an independent privately-owned employee group benefits consulting firm in Western Canada. Total consideration paid for the acquisition of Silverberg included cash, subject to final adjustments for working capital and non-controlling interest put options. The Company holds a 100% voting interest and holds a 75% economic interest in Silverberg through ownership of all of the issued dividend-bearing common shares of Silverberg.

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

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

Effective May 23, 2018, the Company acquired all of the issued and outstanding shares of Lane Quinn Benefit Consultants Ltd. ("Lane Quinn"), a group benefits consulting firm in the Alberta market. Total consideration paid for the acquisition of Lane Quinn included cash, subject to final adjustments for working capital, vendor take-back notes, common shares of the Company and contingent consideration. Vendor take back notes payable are subject to claw back adjustments tied to achievement of certain financial metrics. The contingent consideration recorded is based on Lane Quinn exceeding predetermined EBITDA targets, over the three annual periods from August 1, 2018 to July 31, 2021, multiplied by the transaction multiple. The present value of the estimated contingent consideration has been determined using a 15.8% discount rate.

Effective February 1, 2018, the Company acquired specific assets, liabilities and business operations of Rockwater Benefits Company ("Rockwater"), an established group retirement and group benefits insurance advisory practice based in Ontario. Total consideration paid for the acquisition of Rockwater included cash and vendor take-back notes. Vendor take back notes payable are subject to claw back adjustments tied to achievement of certain revenue metrics.

Effective December 1, 2017, the Company acquired specific assets, liabilities and business operations of Assurances Dalbec Ltée ("Dalbec"), a Third Party Administrator (TPA) and Third Party Payor (TPP) service provider for employee benefit plans of small and medium sized companies in the Québec market. Total consideration paid for the acquisition of Dalbec included cash, subject to final adjustments for working capital, vendor take-back notes and contingent consideration. Vendor take back notes payable are subject to claw back adjustments tied to achievement of certain revenue metrics. The contingent consideration recorded is based on Dalbec exceeding predetermined revenue targets, over the three annual periods from December 4, 2017 to December 3, 2020, multiplied by a multiple. The present value of the estimated contingent consideration has been determined using a 5.0% discount rate.

These acquisitions enable the Company to continue execution of its growth strategy and expansion of its national presence.

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

	DALBEC	ROCKWATER	LANE QUINN	SILVERBERG	TOTAL
Assets acquired and liabilities assumed					
Goodwill (including assembled workforce)	$ 7,462,986	$ 1,225,773	$ 12,482,106	$ 24,114,013	$ 45,284,878
Customer relationships and other intangible assets	8,692,126	1,726,966	11,083,900	19,164,600	40,667,592
Property and equipment	-	-	39,441	25,750	65,191
Deferred tax liabilities	-	-	(3,024,803)	(5,078,619)	(8,103,422)
Liabilities assumed	-	-	(1,068,363)	-	(1,068,363)
Net working capital	(152,180)	-	(319,481)	(587,341)	(1,059,002)
Cash	-	-	300,443	945,978	1,246,421
	16,002,932	2,952,739	19,493,243	38,584,381	77,033,295
Consideration paid or payable					
Cash payment on closing	11,270,000	2,000,000	12,931,637	29,045,000	55,246,637
Cash received on closing for negative working capital		-	-	-	(185,419)
Working capital adjustment due to / (from) vendors	33,239	-	(69,794)	158,637	122,082
Vendor take-back notes payable	4,332,131	952,739	3,919,551	-	9,204,421
Contingent consideration obligation	552,981	-	789,541	-	1,342,522
Common shares issued by the Company	-	-	1,922,308	-	1,922,308
Non-controlling interest put options	-	-	-	9,380,744	9,380,744
	16,002,932	2,952,739	19,493,243	38,584,381	77,033,295

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

The Company's consolidated statements of comprehensive income (loss) include the results of operations for Dalbec, Rockwater, Lane Quinn and Silverberg from their dates of acquisition to August 31, 2018. The acquisitions contributed the following revenue and net income during the year ended August 31, 2018.

	AUGUST 31, 2018 AS REPORTED
Operating revenues	
Dalbec	4,550,991
Rockwater	332,595
Lane Quinn	1,364,989
Silverberg	596,853
Net income (loss) and comprehensive income (loss)	
Dalbec	1,235,930
Rockwater	19,539
Lane Quinn	(45,223)
Silverberg	56,112

If the acquisitions had occurred on September 1, 2017, management estimates that consolidated revenue would have been $145,835,127 and consolidated net income (loss) for the year would have been $(5,319,578). In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on September 1, 2017. Acquisition-related costs amounting to $1,928,807 (2017 - $1,215,918) are not included as part of the consideration transferred and have been recognized as acquisition, integration and reorganization costs in the consolidated statements of comprehensive income (loss).

Effective April 12, 2017, the Company acquired all of the issued and outstanding shares of Sirius Benefit Plans Inc. (“Sirius”), a Third Party Administrator (TPA) and Third Party Payer (TPP) administering employee benefit programs for small to medium-sized companies across Canada.

Effective May 1, 2017, the Company acquired all of the issued and outstanding shares of Skipwith & Associates Insurance Agency Inc. (“Skipwith”), an established TPA and TPP providing group benefit consulting, administrative solutions and claims management services to corporations, unions and public service organizations in the Ontario region.

These acquisitions enable the Company to continue execution of its growth strategy and expansion of its national presence.

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

	SIRIUS	SKIPWITH	TOTAL
Assets acquired and liabilities assumed			
Goodwill	$ 8,747,958	$ 251,635	$ 8,999,593
Customer relationships and other intangible assets	8,357,453	1,878,421	10,235,874
Property and equipment	155,809	7,477	163,286
Deferred tax assets	93,664	-	93,664
Above-market lease agreement	(353,448)	-	(353,448)
Net working capital	(1,887,271)	116,021	(1,771,250)
Deferred tax liabilities	(2,202,808)	(490,884)	(2,693,692)
	12,911,357	1,762,670	14,674,027
Consideration paid or payable			
Cash payment on closing	13,500,000	1,000,000	14,500,000
Working capital adjustment due from vendors	(2,037,271)	46,424	(1,990,847)
Vendor take-back notes payable	1,448,628	716,246	2,164,874
	$ 12,911,357	$ 1,762,670	$ 14,674,027

Total consideration paid was subject to final adjustments for working capital which were settled subsequent to the end of the year. Net working capital includes $1,618,195 of operating cash acquired. Vendor take-back notes payable are subject to claw back adjustments tied to achievement of certain financial metrics.

A significant part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce and the operating know-how of key personnel. However, no intangible assets qualified for separate recognition in this respect.

The Company's consolidated statements of comprehensive income (loss) include the results of operations for Sirius and Skipwith from its date of acquisition to August 31, 2018.

5. TRADE AND OTHER RECEIVABLES:

The Company had the following trade and other receivables:

	AUG 31, 2018	AUG 31, 2017
Trade receivables	$ 13,646,854	$ 9,242,957
Working capital adjustment due from vendors	88,843	1,990,847
	$ 13,735,697	$ 11,233,804

The Company's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 20.

6. PROPERTY AND EQUIPMENT:

The Company had the following property and equipment:

	LEASEHOLD IMPROVEMENTS	FURNITURE & FIXTURES	COMPUTER EQUIPMENT	AUTOMOBILES	TOTAL
Cost					
Balance, August 31, 2016	$ 1,959,420	$ 2,450,310	$ 2,712,087	$ 119,181	**$ 7,240,998**
Additions	1,054,946	86,309	344,059	-	**1,485,314**
Write down and disposal	-	(2,668)	-	-	**(2,668)**
Acquisition through business combination	-	69,138	94,148	-	**163,286**
Balance, August 31, 2017	3,014,366	2,603,089	3,150,294	119,181	**8,886,930**
Additions	6,757,528	2,195,953	513,814	-	**9,467,295**
Write down and disposal	(1,153,021)	(433,710)	(608,630)	(96,836)	**(2,292,197)**
Acquisition through business combination	5,585	57,624	1,982	-	**65,191**
Balance, August 31, 2018	$ 8,624,458	$ 4,422,956	$ 3,057,460	$ 22,345	**$ 16,127,219**
Depreciation					
Balance, August 31, 2016	$ (1,140,816)	$ (1,846,705)	$ (2,265,824)	$ (33,667)	**$ (5,287,012)**
Depreciation for the year	(398,234)	(176,958)	(335,487)	(25,654)	**(936,333)**
Write down and disposal	-	2,663	-	-	**2,663**
Balance, August 31, 2017	(1,539,050)	(2,021,000)	(2,601,311)	(59,321)	**(6,220,682)**
Depreciation for the year	(722,058)	(387,231)	(363,763)	(11,993)	**(1,485,045)**
Write down and disposal	1,153,013	425,732	608,630	58,605	**2,245,980**
Balance, August 31, 2018	$ (1,108,095)	$ (1,982,499)	$ (2,356,444)	$ (12,709)	**$ (5,459,747)**
Carrying amounts					
Balance, August 31, 2017	$ 1,475,316	$ 582,089	$ 548,983	$ 59,860	**$ 2,666,248**
Balance, August 31, 2018	$ 7,516,363	$ 2,440,457	$ 701,016	$ 9,636	**$ 10,667,472**

During the year ended August 31, 2018, the Company wrote off property and equipment with an original cost of $2,292,197 and a net book value of $46,217 primarily in connection with the move to the Company's new head office building.

7. GOODWILL AND INTANGIBLE ASSETS:

The Company had the following goodwill and intangible assets:

	GOODWILL	ACQUIRED CUSTOMER RELATIONSHIPS & BRANDS	CUSTOMER CONTRACTS	COMPUTER SOFTWARE	TOTAL
Cost					
Balance, August 31, 2016	$ 70,734,590	$ 60,993,722	$ 3,837,994	$ 3,665,216	**$ 139,231,522**
Additions	-	1,090,049	42,006	1,817,147	**2,949,202**
Acquisition through business combination	8,999,592	10,164,876	-	70,998	**19,235,466**
Balance, August 31, 2017	79,734,182	72,248,647	3,880,000	5,553,361	**161,416,190**
Additions	-	228,696	97,849	1,534,544	**1,861,089**
Write down and disposal	-	(154,200)	-	(290,783)	**(444,983)**
Acquisition through business combination	45,284,878	40,667,592	-	-	**85,952,470**
Balance, August 31, 2018	$ 125,019,060	$ 112,990,735	$ 3,977,849	$ 6,797,122	**$ 248,784,766**
Amortization					
Balance, August 31, 2016	$ -	$ (13,717,645)	$ (2,821,274)	$ (2,418,641)	**$ (18,957,560)**
Amortization for the year	-	(6,248,644)	(474,355)	(792,014)	**(7,515,013)**
Balance, August 31, 2017	-	(19,966,289)	(3,295,629)	(3,210,655)	**(26,472,573)**
Amortization for the year	-	(8,140,349)	(79,739)	(953,895)	**(9,173,983)**
Write down and disposal	-	-	-	290,676	**290,676**
Balance, August 31, 2018	$ -	$ (28,106,638)	$ (3,375,368)	$ (3,873,874)	$ **(35,355,880)**
Carrying amounts					
Balance, August 31, 2017	$ 79,734,182	$ 52,282,358	$ 584,371	$ 2,342,706	**$ 134,943,617**
Balance, August 31, 2018	$ 125,019,060	$ 84,884,097	$ 602,481	$ 2,923,248	**$ 213,428,886**

During the year ended August 31, 2018, the Company wrote off computer software with an original cost of $290,783 and a net book value of $107 in connection with the move to the Company's new head office building.

Included in computer software additions is $1,130,466 (2017 - $1,683,276) of internally developed assets.

The Company completed its annual impairment tests for goodwill and concluded that there was no impairment. For impairment test purposes, the carrying value of goodwill has been allocated as follows:

	NOTE	AUG 31, 2018	AUG 31, 2017
Coughlin & Associates Ltd.		$ 25,930,637	$ 25,930,637
BPA Financial Group Ltd.		14,665,972	14,665,972
Hamilton & Partners Ltd.		11,600,184	11,600,184
Sirius Benefit Plans Inc.	(Note 4)	8,747,958	8,747,958
Bencom Financial Services Group Inc.		3,913,752	3,913,752
Assurances Dalbec Ltée	(Note 4)	7,462,986	-
Lane Quinn Benefit Consultants Ltd.	(Note 4)	12,482,106	-
Silverberg & Associates Inc.	(Note 4)	24,114,013	-
Other		16,101,452	14,875,679
		$ 125,019,060	**$ 79,734,182**

The key assumptions used to calculate the value in use are those regarding discount rates, growth rates and expected changes in margins. The values of these assumptions reflect past experience.

The after tax weighted average cost of capital was determined to be 16.0% (August 31, 2017 - 16.0%) and is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on the Company's financing arrangements and the capital structure of comparable publicly traded companies.

Cash flow projections have been discounted using rates of return derived from the Company's after-tax weighted average cost of capital considering specific risks relating to each CGU. At August 31, 2018, the after-tax discount rate used in the recoverable amount calculations was 16.0% (August 31, 2017 - 16.0%). The pre-tax discount rate was 21.9% (August 31, 2017 - 21.0%).

The Company included five years of cash flows in its discounted cash flow model. The cash flow forecasts were extrapolated beyond the five year period using estimated average long term growth rate of 5.0% (August 31, 2017 - 2.0%).

8. LOANS RECEIVABLE:

The Company had the following loans receivable:

	AUG 31, 2018	AUG 31, 2017
Loans receivable	$ 1,892,110	$ 1,044,110
Less current portion of loans receivable	(231,726)	(89,136)
Total non-current loans receivable	**$ 1,660,384**	**$ 954,974**

The Company made an interest-bearing loan to facilitate the transfer of certain economic interest through the ongoing right to earn performance-based commissions and fees and ownership of non-voting, non-dividend earning special shares in a subsidiary.

During the year, the Company entered into an agreement with an employee in which it provided a $1,000,000 interest-bearing loan forgivable over ten years subject to certain conditions. In addition, the agreement provides for future additional advances subject to certain conditions.

9. TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES:

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

	AUG 31, 2018	AUG 31, 2017
Trade payables and other liabilities	$ 18,763,502	$ 14,487,049
Provision for onerous contracts	1,315,821	1,277,904
Post-retirement benefits and contingent consideration obligations	3,735,836	354,377
	23,815,159	16,119,330
Less current portion of trade payables, accrued and other liabilities	21,649,670	14,919,459
Total non-current accrued and other liabilities	**$ 2,165,489**	**$ 1,199,871**

The fair value of the contingent consideration liability is subsequently revalued by discounting the estimated future payment obligations at each reporting date. The changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statements of net income. Significant unobservable assumptions include: 1) projected revenue and EBITDA of the practices, 2) growth rates based on historical results, and 3) discount rates ranging from 5% to 15.8%.

10. INSURANCE PREMIUM LIABILITIES AND RELATED CASH:

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

	AUG 31, 2018	AUG 31, 2017
Payable to carriers and insured individuals or groups	$ 90,448,848	$ 79,161,415
Less related cash balances	90,448,848	79,161,415
	$ -	**$ -**

11. NON-CONTROLLING INTEREST PUT OPTIONS:

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

	NOTE	AUG 31, 2018	AUG 31, 2017
Balance, beginning of year		$ 34,059,108	$ 32,571,809
Acquisition through business combination	4	9,380,744	-
Change in estimated fair value	16	11,736,962	3,617,211
Less payment of dividends on non-controlling interest		(2,563,653)	(1,679,008)
Less non-controlling interest put options exercised		-	(450,904)
Balance, end of year		**$ 52,613,161**	**$ 34,059,108**

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

(i) Silverberg

In connection with the Silverberg acquisition, the Company entered into various agreements whereby the Silverberg Principals, through their Silverberg Principal Shares, hold an aggregate 25% economic interest in Silverberg ("Silverberg Retained Economic Interest").

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

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

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

(ii) BPA

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

economic interest in BPA ("BPA Retained Economic Interest"). Effective September 1, 2017, the BPA Principals held a 16.2% (2016 - 10.2%) of aggregate BPA Retained Economic Interest. The remaining 16.8% of BPA Share Options will vest evenly on an annual basis over the next three years.

Commencing November 29, 2016, the issued Company Shares and BPA Principal Shares have an ongoing contractual right to receive quarterly dividends based on a calculation derived from BPA's earnings. All classes of non-voting, non-cumulative, dividend-bearing shares of BPA have an ongoing contractual right to receive dividends based on a calculation derived from BPA's earnings. The Company is entitled to a priority on the payment of dividends declared on the Company Shares to the extent of a specified earnings amount. BPA dividend entitlements are paid in arrears on a quarterly basis.

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

The liability recognized in connection with the BPA Retained Economic Interest, which includes the fair value of future dividend entitlements of the BPA Principal Shares and the BPA Put Options, has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of BPA, the estimated future exercise dates of BPA Put Options and other factors. Individual BPA Principals are restricted from exercising their respective BPA Put Options until dates on or after August 31, 2019, subject to certain terms and conditions including restrictions requiring a minimum time period between individual exercise dates.

(iii) Coughlin

In connection with the Coughlin acquisition, the Company entered into various agreements whereby the former Coughlin shareholders (the "Coughlin Vendors") retained an initial 34% minority economic interest ("Coughlin Retained Economic Interest") through a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Vendor Shares"). In addition, certain of the Coughlin Vendors were issued a class of non-voting, non-cumulative, dividend-bearing shares of Coughlin ("Coughlin Spring Shares") in which the aggregate Coughlin Retained Economic Interest can increase to 40% in five years, subject to certain specified terms and conditions having been met and subject to Coughlin achieving certain financial performance targets over the next five years, and thereby reducing the Company's economic interest in Coughlin to 60%.

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

In addition, the Company has the right to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares ("Coughlin Call Options") and individual Coughlin Vendors have the right to require the Company to purchase the Coughlin Vendor Shares and the Coughlin Spring Shares (the "Coughlin Put Options") by giving notice to the Company. On the effective date of exercise of the Coughlin Call Options or the Coughlin

Put Options, the Coughlin Vendor's right to earn earnings-based dividends will be terminated.

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

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

(iv) H+P

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

The liability recognized in connection with the H+P Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of H+P, the estimated future exercise dates and other factors. The H+P Put Option was restricted until July 2016, which was three years from the effective date of the agreement, and is exercisable at any time by the non-controlling shareholder(s), subject to certain terms and conditions.

The agreement also includes a provision for contingent consideration payable to the vendors if the growth of contractually-defined earnings exceed certain thresholds during the first five years following the close of the transaction. Amounts relating to this obligation are revalued in contingent consideration obligations.

(v) Bencom

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

The liability recognized in connection with the Bencom Put Option has been determined based on a pre-determined formula defined in an agreement which is based on a multiple of estimated future earnings of Bencom, the estimated future exercise dates and other factors. The Bencom Put Option was restricted until December 2015, which was three years from the effective date of the agreement, and is exercisable at any time by the non-controlling shareholder(s), subject to certain terms and conditions.

The fair value of the liability associated with the non-controlling put options is determined by discounting the estimated future payment obligation at each reporting date, and changes in fair value of the estimated liability in future periods will be recorded in finance costs in subsequent consolidated statements of comprehensive income. As no non-controlling put options were exercised and unsettled as at August 31, 2018, the Company had no specific contractual cash flows payable.

Significant unobservable inputs assumptions include: (i) put option exercises over periods ranging from 6 to 60 months; (ii) Contractually-defined earnings of BPA, Coughlin, Silverberg, H+P and Bencom before considering the retained economic interest attributable the respective vendors generated ("Put Earnings") as at August 31, 2018 equal to $25.5 million; (iii) growth rates applied to Put Earnings ranging from 0.7% to 10.0% annually based on historical results; and (iv) discount rate of 16%. An increase in the Put Earnings would result in an increase to the liability associated with the non-controlling put options. A 1% change in the discount rate would decrease or increase the liability associated with the non-controlling put options by $1.4 million.

12. LOANS AND BORROWINGS:

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

	AUG 31, 2018	AUG 31, 2017
Term and revolving credit facility		
(a) Term 1: A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, repayable in quarterly installments equal to 2.00% to 3.00% of the opening principal balance throughout the term of the agreement. The loan matures October 31, 2019 unless extended pursuant to the agreement.	$ 17,998,430	$ 18,882,750
(b) Term 2: A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, repayable in quarterly installments equal to 2.00% to 3.00% of the opening principal balance throughout the term of the agreement. The loan matures October 31, 2019 unless extended pursuant to the agreement.	$ 8,786,000	$ -
(c) Revolver: A bank loan bearing interest of bankers' acceptance rates plus an amount equal to 1.75% to 3.50% per annum subject to certain terms, secured by the assets of the Company, to the extent not previously paid, the principal shall be due and payable on the maturity date. The loan was repaid in the fourth quarter of fiscal 2018.	$ -	$ 14,500,000
Total term and revolving credit facility	**26,784,430**	**33,382,750**
Vendor take-back loans		
(d) A vendor take-back loan bearing no interest per annum, unsecured, payable in three annual installments of $100,000. The amortized cost of the loan has been discounted using a rate equal to 5.80%. The loan was repaid on March 12, 2018.	-	99,040
(e) A vendor take-back loan bearing no interest per annum, unsecured, payable in two annual installments of $750,000. The amortized cost of the loan has been discounted using a rate of 2.56%. The loan matures on April 12, 2019.	738,451	1,459,912
(f) A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments: $325,000 in the first year and $425,180 in the second year. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 2.56%. The loan matures on July 31, 2019.	740,348	722,366
(g) A vendor take-back loan bearing no interest per annum, unsecured, payable in five payments: $150,000 in the first year and $300,000 annually thereafter. The amortized cost of the loan has been discounted using a rate of 4.40%. The loan matures on June 12, 2020.	568,191	834,762
(h) A vendor take-back loan bearing no interest per annum, unsecured, payable in two payments of $575,000 and $425,000 on the date that is 15 and 27 months following acquisition date, respectively. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 2.90%. The loan matures on May 31, 2020.	966,638	-
(i) A vendor take-back loan bearing no interest per annum, unsecured, payable in two annual installments of $2,125,000. The loan is subject to certain performance conditions set out in the share purchase agreement. The amortized cost of the loan has been discounted using a rate of 4.75%. The loan matures on September 1, 2020.	3,965,288	-

	2018	2017
(j) A vendor take-back loan bearing no interest per annum, secured by the assets of the Company, payable in three annual installments of $1,610,000. The loan is subject to certain performance conditions set out in the asset purchase agreement. The amortized cost of the loan has been discounted using a rate of 5.00%. The loan matures on February 28, 2021.	4,493,291	-
Total vendor take-back loans	**11,472,207**	**3,116,080**
Finance lease liabilities		
(k) A finance lease repayable in monthly installments of $1,082 and secured by the assets to which the obligation relates. The lease expires December 13, 2019 and includes an implicit interest rate equal to 4.71%.	16,911	27,895
Total finance lease liabilities	**16,911**	**27,895**
	38,273,548	36,526,725
Less current portion of:		
Term loans	3,329,132	2,221,500
Vendor take-back loans	3,733,311	1,394,089
Finance lease liabilities	12,503	11,929
	7,074,946	3,627,518
	$ 31,198,602	**$ 32,899,207**

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

1. $5,000,000 revolving credit facility to fund operating cash flow needs. As at August 31, 2018, the Company had not utilized this facility (August 31, 2017 - nil).
2. $19,500,000 term credit facility installment loan which was used to refinance the acquisition facility balance outstanding under the previous agreement and fund acquisitions. As at August 31, 2018, the balance owing on this facility was equal to $17,998,430 (August 31, 2017 - $18,882,750).
3. $63,800,000 term acquisition credit facility to fund future acquisitions. The accordion feature was exercised on August 1, 2018, resulting in the term acquisition credit facility increasing by $15,000,000 to $63,800,000 from $48,800,000. As at August 31, 2018, the balance on this facility was nil (August 31, 2017 - $14,500,000).
4. $9,500,000 delayed draw term credit facility to fund leasehold improvements at the Company's head office. As at August 31, 2018, the balance owing on this facility was equal to $8,786,000 (August 31, 2017 - nil).

The facility is secured by a general security agreement over the assets of the Company and its subsidiaries and is subject to covenants (Note 21).

The following table provides details on the changes in the Company's Loans and Borrowings during the year.

	TERM 1	TERM 2	REVOLVER	VTB	FINANCE LEASES	TOTAL
Balance, Aug 31, 2017	$ 18,882,750	$ -	$ 14,500,000	$ 3,116,080	$ 27,895	$ 36,526,725
Proceeds	1,117,250	9,500,000	45,045,000	9,204,421	-	64,866,671
Repayment	(2,001,570)	(714,000)	(59,545,000)	(1,094,398)	(11,929)	(63,366,897)
Amortization/ Other	-	-	-	246,104	945	247,049
Balance, Aug 31, 2018	$ 17,998,430	$ 8,786,000	$ -	$ 11,472,207	$ 16,911	$ 38,273,548

13. INCOME TAXES:

Income taxes recognized in net income (loss) comprise the following:

	AUG 31, 2018	AUG 31, 2017
Income (loss) before income taxes	$ (2,622,361)	6,273,407
Statutory tax rate	26.84%	26.81%
Income tax provision (recovery) at statutory tax rates	(703,842)	1,681,900
Adjustments to income taxes		
Non-deductible items	3,988,952	1,405,030
Prior period current tax provision (recovery), net	(448,687)	(143,765)
Prior period deferred tax provision (recovery) and other	1,461,855	(148,517)
	4,298,278	2,794,648
Current taxes	5,882,030	5,464,400
Deferred taxes	(1,583,752)	(2,669,752)
	$ 4,298,278	$ 2,794,648

Significant components of deferred tax assets and liabilities are as follows:

	AUG 31, 2018	AUG 31, 2017
Deferred tax assets		
Property and equipment	$ 240,543	$ -
Onerous leases	352,771	455,442
Equity issue and financing costs	1,144,351	390,883
Non-capital losses carried forward	1,906,273	1,938,555
Other	-	72,557
	3,643,938	2,857,437
Deferred tax liabilities		
Intangible assets	(19,978,205)	(13,736,042)
Other	(114,361)	-
	(20,092,566)	(13,736,042)
Net deferred tax liabilities	$ (16,448,628)	$ (10,878,605)

Movement in net deferred tax liabilities:

	AUG 31, 2018	AUG 31, 2017
Balance, August 31, 2017	$ (10,878,605)	$ (11,667,033)
Recognized in the statement of income and comprehensive income	1,583,752	2,669,752
Recognized in business acquisitions	(8,103,422)	(2,693,692)
Recognized in equity	955,891	312,633
Other	(6,244)	499,735
Balance, August 31, 2018	$ (16,448,628)	$ (10,878,605)

14. SHARE CAPITAL:

(a) Authorized

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

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	NUMBER OF COMMON VOTING SHARES	AMOUNT
Balance, August 31, 2016	$ 45,225,050	$ 39,333,725
Private placement of shares	5,439,500	19,259,036
Exercise of stock options	336,590	268,495
Balance, August 31, 2017	51,001,140	58,861,256
Private placement of shares	9,004,500	62,906,800
Acquisition-related issuance of shares	235,001	1,914,315
Exercise of stock options	384,534	926,851
Settlement of restricted stock units	15,336	63,031
Balance, August 31, 2018	**$ 60,640,511**	**$ 124,672,253**

On August 21, 2018, the Company closed a private placement offering of 5,227,900 shares at a price of $7.70 per share, for gross proceeds of $40,254,830. The offering resulted in net proceeds of $38,654,611 after share issuance and commission costs, including a deferred tax asset of $576,948 relating to share issuance and commission costs.

On November 22, 2017, the Company closed a private placement offering of 3,776,600 shares at a price of $6.70 per share, for gross proceeds of $25,303,220. The offering resulted in net proceeds of $24,252,189 after share issuance and commission costs, including a deferred tax asset of $378,943 relating to share issuance and commission costs.

On October 6, 2016, the Company closed a private placement offering of 5,439,500 shares at a price of $3.70 per share, for gross proceeds of $20,126,150. The offering resulted in net proceeds of $19,259,036 after share issuance and commission costs, including a deferred tax asset of $312,633 relating to share issuance and commission costs.

In connection with the acquisition of Lane Quinn, the Company issued 235,001 common shares to the vendors for an aggregate value of $1,914,315 net of issuance costs.

(c) Earnings per share

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

Diluted earnings per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the potentially dilutive effect of the total number of additional common shares related to grants outstanding at August 31, 2018 that would have been issued by the Company under its Security Based Compensation Plan.

The following details the earnings per share, basic and diluted, calculations for the years ended August 31, 2018 and August 31, 2017.

	AUG 31, 2018	AUG 31, 2017
Net (loss) income attributable to common shares (basic and diluted)	$ (6,920,639)	$ 3,478,759
Weighted average number of common shares (basic)	54,353,322	50,321,853
Add: Dilutive effect of stock options	-	715,271
Add: Dilutive effect of deferred stock units	-	39,789
Add: Dilutive effect of restricted stock units	-	296,508
Weighted average number of common shares (diluted)	54,353,322	51,373,421
(Loss) earnings per share (basic)	$ (0.127)	$ 0.069
(Loss) earnings per share (diluted)	$ (0.127)	$ 0.068

The average market value of the Company's shares for the purposes of calculating the dilutive effect of stock options was based on quoted market prices for the period during which the options were outstanding.

15. SHARE-BASED PAYMENTS:

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

Under the Security Based Compensation Plan, awards may be granted to any director, officer, employee or consultant of the Company or of any of its affiliates by the Company's Board of Directors. Subject to the adjustment provisions provided for in the Security Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which the Company is subject (including the TSX Venture Exchange), the aggregate number of common shares reserved for issuance pursuant to the Security Based Compensation Plan cannot exceed 5,986,222, which number takes into account the common shares that are available for issuance under the Company's Security Based Compensation Plan.

(a) Employee share purchase plan

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

At August 31, 2018, there were 338 participants (August 31, 2017 – 274) in the plan. The total number of shares purchased during the year ended August 31, 2018 on behalf of participants, including the Company contribution, was 226,560 shares (August 31, 2017 – 245,720 shares). During the year ended August 31, 2018, the Company's matching contributions totaled 45,312 shares (August 31, 2017 – 49,144 shares).

For the year ended August 31, 2018 the Company recorded an expense to recognize the matching contribution equal to $330,728 (August 31, 2017 – $242,258).

(b) Stock option plans

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

Changes in the number of options outstanding during the years ended August 31, 2018 and 2017, were as follows:

		AUG 31, 2018		AUG 31, 2017
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	1,298,480	$ 2.73	1,504,897	$ 2.08
Granted	2,774,847	7.78	130,173	4.37
Exercised	(384,534)	1.65	(336,590)	0.48
Forfeited and expired	(6,932)	2.94	-	-
Balance, end of year	**3,681,861**	**$ 6.64**	**1,298,480**	**$ 2.73**
Options exercisable, end of year	**569,197**		**600,927**	

For the year ended August 31, 2018, the Company received proceeds equal to $635,848 (2017 - $159,926) from the exercise of 384,534 (2017 - 336,590) options. Related to these transactions, the Company transferred $291,003 (2017 - $108,569) from contributed surplus to share capital.

Options outstanding at August 31, 2018 consisted of the following:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE
$ 1.00 - $ 2.00	84,000	0.46 years	$ 1.70	84,000
$ 2.01 - $ 3.00	434,270	4.65 years	2.88	182,245
$ 3.01 - $ 4.00	274,712	5.35 years	3.59	168,920
$ 4.01 - $ 5.00	214,032	5.65 years	4.28	134,032
$ 7.01 - $ 7.93	2,674,847	5.06 years	7.91	-
$ 1.00 - $ 7.93	3,681,861	4.96 years	$ 6.64	569,197

For the year ended August 31, 2018, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to $441,940 (2017 - $359,397).

On August 28, 2018, the Company granted 2,600,000 options to certain senior executives. The options were granted as part of the Company's overall compensation strategy to reward the senior executives for individual and corporate performance, to align their interests with that of the Company and to provide for long-term incentives. Except in certain circumstances, all of the options vest on the third anniversary of the issuance. Of the 2.6 million options granted,

60% or 1.56 million are performance conditioned options, with a requirement for the Company's share price to reach a threshold of $12 in order for these options to vest. The remaining 40% or 1.04 million are regular options. All of the options have an exercise price of $7.93 per share, have a term of 5 years and otherwise are subject to the terms of the Plan. The stock option compensation expense for options issued to certain senior executives was determined based on the fair value of the options at the grant date using a Monte Carlo simulation approach using the following assumptions:

Expected life time vesting options	4.00 years
Expected life performance vesting options	4.06 years
Risk-free interest rate	2.21%
Dividend yield	nil
Forfeiture rate	nil
Volatility factor of expected market price of the Company's shares	40.10%

The stock option compensation expense for options issued in normal course to employees was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model (Note 18) with the following weighted average assumptions:

	AUG 31, 2018	AUG 31, 2017
Expected option life	5.00 years	5.00 years
Risk-free interest rate	1.85%	0.72%
Dividend yield	nil	nil
Forfeiture rate	7.44%	7.78%
Volatility factor of expected market price of the Company's shares	27.20%	31.74%

For awards that vest at the end of a vesting period, compensation cost is recognized on a straight-line basis over the period of service. For awards subject to graded vesting, each installment is treated as a separate award with separate fair value and a separate vesting period. The estimated forfeiture rate is adjusted to actual forfeiture experience as information becomes available.

For recently granted stock options, the expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. Volatility is determined based on the five-year share price history of the Company. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected volatility of previously granted stock options was determined based on the five-year share price history of the Company and comparable listed entities.

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

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

For the year ended August 31, 2018, the Company conditionally granted 151,814 RSUs related to the current fiscal year; the RSUs, if earned, are scheduled to vest on or after November 30, 2019, conditional upon continued employment with the Company until such date.

Changes in the number of RSUs outstanding during the years ended August 31, 2018 and August 31, 2017, were as follows:

		AUG 31, 2018		AUG 31, 2017
	NUMBER OF RSUs	GRANT PRICE $	NUMBER OF RSUs	GRANT PRICE $
Balance, beginning of year	325,156	$ 3.87	128,680	$ 3.73
Granted	151,814	6.60	199,942	3.96
Settled	(31,203)	4.11	-	-
Forfeited	(3,488)	6.59	(3,466)	4.11
Balance, end of year	**442,279**	$ **4.77**	**325,156**	**$** **3.87**

The fair value of RSU's awarded is determined at grant date calculated based on the closing price of the Company's common shares for the ten business days preceding grant date and the related stock compensation expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are satisfied. The number of RSUs awarded is determined based on the fair market value of those RSUs on the date credited.

For the year ended August 31, 2018, the Company recorded an expense to recognize vesting of RSUs granted to employees and directors of the Company equal to $622,773 (2017 - $369,024).

On January 8, 2018, the Company settled 31,203 fully vested RSUs and recorded a fair value adjustment of $39,350 (2017 - $nil) to recognize the incremental stock compensation expense incurred to net settle the RSUs.

(d) Deferred Stock Units ("DSUs")

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

Changes in the number of DSUs outstanding during the years ended August 31, 2018 and August 31, 2017, were as follows:

		AUG 31, 2018		AUG 31, 2017
	NUMBER OF DSUs	GRANT PRICE $	NUMBER OF DSUs	GRANT PRICE $
Balance, beginning of year	41,478	$ 3.86	26,442	$ 3.78
Granted	27,800	7.68	15,036	3.99
Balance, end of year	**69,278**	**5.79**	**41,478**	**3.86**

The fair value of DSU's awarded is determined at grant date calculated with reference to the closing price of the Company's common shares for the ten business days preceding grant date and the related stock compensation expense is recognized over the vesting period which is the period over which all of the specified vesting conditions are satisfied, if any. The number of DSUs awarded is determined based on the fair market value of those DSUs on the date credited. A portion of the DSUs were granted subsequent to year end.

For the year ended August 31, 2018, the Company recorded an expense relating to DSUs totaling $209,147 (2017 - $60,000) for annual awards covering the 2018 fiscal year.

For the year ended August 31, 2018 the Company recorded non-cash expense to recognize Stock Option, RSU and DSU grants to employees and directors of the Company equal to $1,313,210 (2017 – $788,422).

16. FINANCE EXPENSES:

The Company's finance expenses for the years ended August 31, 2018 and August 31, 2017 were comprised of the following:

	NOTE	AUG 31, 2018	AUG 31, 2017
Interest and finance costs on long-term debt	12	$ 1,756,432	$ 1,212,266
Other finance costs, net		151,378	63,771
Non-cash finance costs			
Accretion expense on vendor take-back loans and long-term liabilities		267,955	85,710
Change in estimated fair value of contingent consideration obligations	9	2,013,182	-
Change in estimated fair value of non-controlling interest put option	11	11,736,962	3,617,211
		14,018,099	3,702,921
		$ 15,925,909	$ 4,978,958

17. FINANCIAL INSTRUMENTS:

Fair value measurement

The Company's financial instruments measured at fair value through profit or loss include cash, contingent consideration obligations, and non-controlling interest put options. The valuation techniques used to measure level 2 and level 3 financial instruments are described in the referenced notes.

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

	NOTE	(QUOTED PRICES IN AN ACTIVE MARKET FOR IDENTICAL ASSETS) LEVEL 1	(SIGNIFICANT OTHER OBSERVABLE INPUTS) LEVEL 2	(SIGNIFICANT OTHER UNOBSERVABLE INPUTS) LEVEL 3
August 31, 2017:				
Cash		$ 17,933,832	$ -	$ -
Non-controlling interest put options	11	-	-	34,059,108
August 31, 2018				
Cash		$ 21,119,220	$ -	$ -
Contingent consideration obligations	9	-	-	3,355,703
Non-controlling interest put options	11	-	-	52,613,161

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

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

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

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

Fair value through profit or loss financial instruments are measured at fair value using Level 1 inputs for cash and Level 3 inputs for non-controlling interest put options and contingent consideration obligations.

18. DETERMINATION OF FAIR VALUES:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial instruments and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property and equipment

The fair value of property and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(b) Intangible assets

The fair value of customer contracts and customer relationships is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Share-based payment transactions

The fair value of the employee share options are measured using the Black-Scholes and Monte Carlo valuation models. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Restricted Stock Units are conditionally granted and subject to achievement performance goals. The fair value of each Restricted Stock Unit is estimated in accordance with IFRS 2 on the grant date based on the volume-weighted average of the closing prices of common shares on the stock exchange for the 10 immediately preceding trading sessions, and are amortized over the vesting period, subject to the terms of the plan. Dependent on the expected nature of settlement, the Company may periodically re-value RSUs.

The fair value of Deferred Stock Units are estimated in accordance with IFRS 2 on the grant date based on the volume-weighted average of the closing prices of common shares on the stock exchange for the 10 immediately preceding trading sessions. Deferred Stock Units vest immediately and are expensed in the period granted.

(d) Non-controlling interest put option

The fair value of the non-controlling interest put option has been determined by discounting estimated future cash flows based on an appropriate discount rate. The estimated future cash flows are calculated based on pre-determined formulas as defined in the purchase agreements which are based on a multiple of estimated future earnings, estimated future exercise dates and other factors.

19. COMMITMENTS AND CONTINGENCIES:

(a) Lease obligations

The Company leases premises and various office equipment under agreements which expire on various dates up to December 2027. Future minimum lease payments as at August 31, 2018 are as follows:

Next 12 months	$	4,992,504
13 - 24 months		4,590,036
25 - 36 months		4,007,553
37 - 48 months		3,382,342
49 - 60 months		3,011,516
Thereafter		5,014,987
	$	**24,998,938**

Included in operating expenses for the year ended August 31, 2018 are operating lease expenses, primarily in respect of leased premises and equipment of $4,329,449 (2017 - $3,469,801).

(b) Contingencies

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

20. FINANCIAL RISK MANAGEMENT:

The Company has exposure to the following risks from its use of financial instruments:

- Interest risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's term loans bear interest at variable rates and vendor take-back loans are non-interest bearing. The carrying value of the long term debt approximates its fair value as the interest rates are consistent with the current rates offered to the Company for debt with similar terms.

The Company has identified an exposure to cash flows relating to variable interest rate loans. The Company does not use financial derivatives to decrease its exposure to interest risk. For the year ended August 31, 2018, a change in interest rate relating to loans and borrowings of

1% would have increased or decreased finance expense by approximately $300,800 (2017 - $385,000).

(b) Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against "general and administrative operating expenses" in the consolidated statement of comprehensive income. The Company recorded an expense for bad debt during the year ended August 31, 2018 of $10,413 (2017 - $45,780).

Pursuant to their respective payment terms, consolidated trade receivables were aged as follows as at August 31, 2018:

Current	$	12,268,682
31 - 60 days past due		543,084
61 - 90 days past due		520,490
Over 91 days past due		622,824
		13,955,080
Allowance for doubtful accounts		(219,383)
	$	13,735,697

(c) Liquidity Risk

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come to maturity or can only do so at excessive costs. Based on the Company's ability to generate cash flows through its ongoing operations, management believes that cash flows are sufficient to cover its known operating and capital requirements, as well as its debt servicing costs. The Company manages its cash resources through ongoing financial forecasts and anticipated cash flows.

Contractual obligations

The maturity dates of the Company's financial liabilities as at August 31, 2018 are as follows:

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	MATURING IN THE NEXT 12 MONTHS	MATURING IN 13 TO 36 MONTHS	MATURING IN 37 TO 60 MONTHS	MATURING IN MORE THAN 60 MONTHS
Trade payables and accrued liabilities	$ 23,815,159	$ 24,334,757	$ 21,456,603	$ 2,318,320	$ 194,833	$ 365,000
Loans and borrowings	38,273,548	38,980,845	7,328,382	31,652,463	-	-
	$ 62,088,707	$ 63,315,602	$ 28,784,985	$ 33,970,783	$ 194,833	$ 365,000

21. CAPITAL MANAGEMENT:

The Company views its capital as the combination of its cash, loans and borrowings, and shareholders' equity, which as at August 31, 2018 was equal to $145,270,302 (2017 - $86,963,896). The Company's primary objective when managing capital is to safeguard the entity's ability to continue as a going concern while supporting the growth of the Company's business through organic growth and new acquisitions.

The Company manages the capital structure and makes adjustments to it in accordance with the aforementioned objective, as well as taking into consideration changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new or repurchase existing shares and assume new or repay existing debt.

The credit facilities require the Company to maintain certain financial covenants. Management also uses these ratios as key indicators in managing the Company's capital. The Company complied with all the required financial covenants at August 31, 2018.

22. OPERATING SEGMENTS:

The Company offers human resource consulting, recruitment services, pension advisory services, group benefits insurance, benefits and pension administration. As at August 31, 2018, the Company applied the aggregation criteria on the basis of type of services provided across all the segments is similar and in accordance with IFRS 8, *Operating Segments*, the Company was represented by and had one reportable segment. The Company operates exclusively within Canada.

23. RELATED PARTIES:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Officers are key management personnel. In addition to their compensation paid or payable, the Company also provides non-cash benefits and participation in the Employee Share Purchase Plan (Note 15(a)) and Security Based Compensation Plan (Note 15(b)(c),(d)).

The following table details the compensation paid to key management personnel during the years ended August 31, 2018 and 2017:

	AUG 31, 2018	AUG 31, 2017
Salaries, fees and short-term employee benefits	$ 2,245,121	$ 2,217,330
Share-based payments	594,551	481,198
	$ 2,839,672	$ 2,698,528

(b) Key management personnel and director transactions

As at August 31, 2018, directors and key management personnel owned 14.58% (August 31, 2017 - 17.31%) of the voting shares of the Company.

24. EXPENSES BY NATURE:

The Company's expenses for the years ended August 31, 2018 and August 31, 2017 were comprised of the following:

	AUG 31, 2018	AUG 31, 2017
Personnel and compensation	$ 79,739,189	$ 62,977,492
General and administrative	16,296,494	13,638,403
Occupancy	6,125,276	5,803,598
Administration fees	4,025,752	3,398,085
Public company costs	368,770	318,684
	106,555,481	86,136,262
Depreciation and amortization	10,659,028	8,451,346
Finance expenses	15,925,909	4,978,958
	$ 133,140,418	$ 99,566,566

The Company's operating expenses and acquisition, integration and reorganization costs, as reported on the statements of comprehensive income, for the years ended August 31, 2018 and August 31, 2017 were comprised of the following:

	AUG 31, 2018	AUG 31, 2017
Operating expenses	$ 100,228,915	$ 83,531,240
Acquisition, integration and reorganization costs	6,326,566	2,605,022
	$ 106,555,481	$ 86,136,262

Certain employees of the Company participate in a defined contribution pension plan. Contributions to the plan by the Company totaled $1,040,701 for the year ended August 31, 2018 (2017 – $489,713).

For the year ended August 31, 2018 the Company incurred $6,326,566 (2017 – $2,605,022) of acquisition, integration and reorganization costs. 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, incremental costs incurred to develop the Company's administration platform, and non recurring outlays including consulting and recruiting fees and severance costs associated with reorganization of operations.

25. SUBSEQUENT EVENTS:

(a) Extension of Credit Facility Agreement

On October 31, 2018, the Company negotiated a six month extension to its credit facility with a syndicate of Canadian banks, on similar terms and conditions, which extends the facility from October 31, 2019 to April 30, 2020.

(b) Acquisition of Benefit Partners Inc.

Effective November 27th, 2018, the Company acquired Benefits Partners Inc. (“BPI”), a Company providing group benefit consulting and group retirement solutions to clients based primarily in Ontario. The payment of $6,937,000 in cash on closing, subject to post-closing adjustment for working capital, represents the purchase price for an initial 75% economic interest in BPI. The Company has also entered into an agreement with the BPI Principals whereby they will retain a 25% economic interest in the business through the ownership of non-voting, non-cumulative, dividend-bearing special shares of BPI (“BPI Special Shares”). The Company holds a 100% voting interest and holds a 75% economic interest in BPI through ownership of all of the issued dividend-bearing common shares of BPI.

The BPI Principals collectively hold a 25% economic interest in BPI through ownership of BPI Special Shares. Both the Company’s common shares and the BPI Special Shares have an ongoing contractual right to receive quarterly dividends based on a calculation derived from BPI’s earnings. The Company is entitled to a priority on the payment of dividends declared on the BPI dividend-bearing shares to the extent of a specified earnings amount.

In addition, the Company has a future right to purchase the BPI Special Principal Shares and individual BPI Principals have a future right to require the Company to purchase the BPI Special Shares, subject to the satisfaction of certain terms and conditions and by giving notice to the Company.

The cash payment at closing of $6,937,500 was funded by the Company from by drawing on the Acquisition Revolver component of the Company’s credit facilities with its senior lenders.

As this transaction has recently closed, a complete determination of the purchase consideration and the purchase price allocation to the net assets acquired will be fully disclosed in the Q1 2019 consolidated financial statements.

CORPORATE INFORMATION

EXECUTIVE MANAGEMENT TEAM:	Laurie Goldberg, Chief Executive Officer Bonnie Chwartacki, President Dennis Stewner, Chief Financial Officer & Chief Operating Officer Brevan Canning, Executive Vice President, Benefit Solutions Paul Asmundson, Executive Vice-President & Chief Corporate Development Officer
BOARD OF DIRECTORS:	Laurie Goldberg, Chairman Scott Anderson, Lead Director Richard Leipsic, Director Eric Stefanson, Director
CORPORATE OFFICES:	Executive Head Office: 1403 Kenaston Boulevard Winnipeg, Manitoba R3P 2T5 Canada Registered Office: c/o McMillan LLP, 181 Bay Street, Suite 4400 Toronto, Ontario M5J 2T3 Canada
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LISTING:	Stock Exchange: TSX-V Symbol: PEO
ANNUAL GENERAL MEETING	February 26, 2019 3:00 PM Central Standard Time 1403 Kenaston Boulevard Winnipeg, Manitoba R3P 2T5 Canada

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