



IBI Group 2020 Third-Quarter Financial Statements

THREE AND TWELVE MONTHS ENDED
SEPTEMBER 30, 2020 AND 2019

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

IBI GROUP INC.

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

IBI GROUP INC.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited)

<i>(thousands of Canadian dollars)</i>	NOTES	SEPTEMBER 30, 2020	DECEMBER 31, 2019
ASSETS			
Current Assets			
Cash	4(c)	\$ 9,343	\$ 15,628
Accounts receivable	4(c), 7(b)	120,894	109,581
Contract assets		68,554	63,385
Prepaid expenses and other current assets		19,093	14,436
Lease receivable	4(c)	1,686	476
Income taxes recoverable		2,128	1,421
Total Current Assets		\$ 221,698	\$ 204,927
Restricted cash	4(c), 7	3,132	3,047
Property and equipment		21,381	21,620
Intangible assets		8,818	9,620
Lease receivable	4(c)	4,615	6,252
Right-of-use assets	4(c)	55,693	63,390
Investment		333	199
Deferred tax assets		8,942	9,248
TOTAL ASSETS		\$ 324,612	\$ 318,303
LIABILITIES AND DEFICIT			
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	4(c), 7	49,794	45,180
Contract liabilities	7	49,962	41,387
Income taxes payable		2,228	780
Lease liability	4(c)	13,990	13,289
Deferred consideration	4(c)	557	490
Total Current Liabilities		\$ 116,531	\$ 101,126
Credit facilities	4(a)	28,206	50,328
Convertible debentures	4(b)	41,915	39,768
Lease liability	4(c)	58,193	66,758
Other financial liabilities	4(b)	265	2,842
Deferred consideration	4(c)	1,241	1,241
Deferred tax liabilities		5,640	4,702
TOTAL LIABILITIES		\$ 251,991	\$ 266,765
EQUITY			
Shareholders' Equity			
Share capital	6	280,028	279,993
Capital reserve	6	4,672	4,205
Contributed surplus	6	7,958	7,958
Deficit		(233,413)	(248,907)
Accumulated other comprehensive loss		(3,786)	(5,427)
Total Shareholders' Equity		\$ 55,459	\$ 37,822
Non-controlling interest	6	17,162	13,716
TOTAL EQUITY		\$ 72,621	\$ 51,538
TOTAL LIABILITIES AND EQUITY		\$ 324,612	\$ 318,303

See accompanying notes to the interim condensed consolidated financial statements.

IBI GROUP INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(unaudited)

		THREE MONTHS ENDED		NINE MONTHS ENDED	
	NOTES	SEPT 30,2020	SEPT 30,2019	SEPT 30,2020	SEPT 30,2019
<i>(thousands of Canadian dollars, except per share amounts)</i>					
Revenue					
Gross Revenue		\$ 124,355	\$ 114,821	\$ 369,436	\$ 346,255
Less: Subcontractants and direct costs		26,307	20,201	74,809	61,082
NET REVENUE		\$ 98,048	\$ 94,620	\$ 294,627	\$ 285,173
Expenses					
Salaries, fees and employee benefits	5,11	69,503	64,732	208,178	197,539
Variable lease expense		2,474	1,940	7,762	6,624
Other operating expenses		9,775	10,589	29,823	33,252
Foreign exchange (gain) loss	7(a)	367	72	1,273	1,353
Amortization of intangible assets		714	525	1,997	1,479
Depreciation of property and equipment		1,454	1,313	4,282	3,719
Depreciation of right-of-use assets		3,180	3,207	9,805	9,638
Change in fair value of other financial liabilities	4(b)	(999)	(2,171)	(2,577)	(447)
Impairment of financial assets	7(b)	895	903	1,855	1,910
Impairment of right-of-use assets		-	(126)	-	268
		87,363	80,984	262,398	255,335
OPERATING INCOME		\$ 10,685	\$ 13,636	\$ 32,229	\$ 29,838
Interest expense, net	7(a),9	2,512	3,177	7,898	9,396
Other finance costs	9	264	225	652	604
FINANCE COSTS		\$ 2,776	\$ 3,402	\$ 8,550	\$ 10,000
NET INCOME BEFORE TAX		\$ 7,909	\$ 10,234	\$ 23,679	\$ 19,838
Current tax expense		1,735	418	3,639	2,878
Deferred tax expense		(96)	1,126	1,430	2,003
INCOME TAXES		\$ 1,639	\$ 1,544	\$ 5,069	\$ 4,881
NET INCOME		\$ 6,270	\$ 8,690	\$ 18,610	\$ 14,957
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit or loss					
Gain (loss) on translating financial statements of foreign operations		(1,268)	346	1,971	(3,603)
OTHER COMPREHENSIVE INCOME (LOSS)		(1,268)	346	1,971	(3,603)
TOTAL COMPREHENSIVE INCOME		\$ 5,002	\$ 9,036	\$ 20,581	\$ 11,354
NET INCOME ATTRIBUTABLE TO:					
Common shareholders		5,220	7,235	15,494	12,452
Non-controlling interests	6	1,050	1,455	3,116	2,505
NET INCOME		\$ 6,270	\$ 8,690	\$ 18,610	\$ 14,957
TOTAL COMPREHENSIVE INCOME					
Common shareholders		4,165	7,522	17,136	9,452
Non-controlling interests	6	837	1,514	3,445	1,902
TOTAL COMPREHENSIVE INCOME		\$ 5,002	\$ 9,036	\$ 20,581	\$ 11,354
EARNINGS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS					
Basic earnings per share	7	\$ 0.17	\$ 0.23	\$ 0.50	\$ 0.40
Diluted earnings per share	7	\$ 0.17	\$ 0.23	\$ 0.49	\$ 0.40

See accompanying notes to the interim condensed consolidated financial statements.

IBI GROUP INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

		THREE MONTHS ENDED		NINE MONTHS ENDED	
	NOTES	SEPT 30, 2020	SEPT 30, 2019	SEPT 30, 2020	SEPT 30, 2019 as adjusted
<i>(thousands of Canadian dollars)</i>					
CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Net income		\$ 6,270	\$ 8,690	\$ 18,610	14,957
Items not affecting cash:					
Depreciation of property, equipment, and other assets		1,454	1,313	4,282	3,719
Amortization of intangible assets		714	525	1,997	1,479
Depreciation of right of use assets		3,180	3,207	9,805	9,638
Amortization of deferred financing costs	9	114	114	339	343
Impairment of financial assets	7(b)	895	903	1,855	1,910
Impairment of right of use assets		-	(126)	-	268
Foreign exchange loss	7(a)	367	72	1,273	1,353
Interest expense, net	9	2,512	3,177	7,898	9,396
Deferred tax expense		(96)	1,126	1,430	2,003
Share based compensation	11	243	310	850	1,179
Deferred share units issued		94	117	300	327
Change in fair value of deferred share units		897	(61)	356	184
Loss on disposal of property and equipment		-	-	-	46
Non-cash change in lease receivable		-	-	349	-
Change in fair value of other financial liabilities	4(b)	(999)	(2,171)	(2,577)	(447)
Interest paid		(1,049)	(3,132)	(5,029)	(6,877)
Income taxes received (paid)		(673)	(797)	(2,896)	(2,361)
Change in non-cash operating working capital	8	4,307	(5,191)	(5,549)	(18,909)
NET CASH FLOWS PROVIDED BY (USED IN)		\$ 18,230	\$ 8,076	\$ 33,293	18,208
OPERATING ACTIVITIES					
CASH FLOWS PROVIDED BY (USED IN)					
FINANCING ACTIVITIES					
Draws (Payments) on principal of credit facilities	4(a)	(18,400)	(2,120)	(23,400)	(3,025)
Deferred financing costs	4(a)	-	-	-	(84)
Payment of lease liabilities		(2,597)	(2,792)	(9,941)	(4,236)
Redemption of performance share units		-	-	(383)	-
Proceeds from shares issued	6	35	34	35	49
NET CASH FLOWS USED IN		\$ (20,962)	\$ (4,878)	\$ (33,689)	(7,296)
FINANCING ACTIVITIES					
CASH FLOWS PROVIDED BY (USED IN)					
INVESTING ACTIVITIES					
Purchase of property and equipment		(216)	(3,032)	(3,673)	(7,947)
Purchase of intangible assets		(369)	(996)	(1,231)	(1,736)
Increase in investment		(134)	-	(134)	-
Restricted cash	7(c)	-	-	12	-
NET CASH FLOWS USED IN		\$ (719)	\$ (4,028)	\$ (5,026)	(9,683)
INVESTING ACTIVITIES					
Effects of currency translation on cash and cash equivalents	7(b)	(697)	754	(863)	404
NET (DECREASE) INCREASE IN CASH		\$ (4,148)	\$ (76)	\$ (6,285)	1,633
Cash, beginning of period		13,491	11,169	15,628	9,460
CASH, END OF PERIOD		\$ 9,343	\$ 11,093	\$ 9,343	11,093

See accompanying notes to the interim condensed consolidated financial statements.

IBI GROUP INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIT)

(unaudited)

		THREE MONTHS ENDED		NINE MONTHS ENDED	
	NOTES	SEPT 30,2020	SEPT 30,2019	SEPT 30,2020	SEPT 30,2019
<i>(thousands of Canadian dollars)</i>					
SHARE CAPITAL					
Share capital, beginning of period		\$ 279,993	\$ 279,941	\$ 279,993	\$ 279,926
Shares issued	6	35	34	35	49
SHARE CAPITAL, END OF PERIOD		\$ 280,028	\$ 279,975	\$ 280,028	\$ 279,975
CAPITAL RESERVE					
Capital reserve, beginning of period		\$ 4,429	\$ 3,600	\$ 4,205	\$ 2,731
Stock options granted	11	157	210	571	707
Stock options exercised	11	(12)	(11)	(12)	(16)
Performance share units granted	11	98	111	291	488
Performance share units redeemed	11	-	-	(383)	-
CAPITAL RESERVE, END OF PERIOD		\$ 4,672	\$ 3,910	\$ 4,672	\$ 3,910
CONTRIBUTED SURPLUS					
Contributed surplus, beginning of period		\$ 7,958	\$ 7,958	\$ 7,958	\$ 7,958
CONTRIBUTED SURPLUS, END OF PERIOD		\$ 7,958	\$ 7,958	\$ 7,958	\$ 7,958
DEFICIT					
Deficit, beginning of period, as reported		\$ (238,633)	\$ (252,987)	\$ (248,907)	\$ (258,204)
Adjustments from prior period		-	(4,731)	-	(4,731)
Deficit, beginning of period, as adjusted		\$ (238,633)	\$ (257,718)	\$ (248,907)	\$ (262,935)
Net income attributable to common shareholders		5,220	7,235	15,494	12,452
DEFICIT, END OF PERIOD		\$ (233,413)	\$ (250,483)	\$ (233,413)	\$ (250,483)
ACCUMULATED OTHER COMPREHENSIVE LOSS					
Accumulated other comprehensive loss, Other comprehensive income (loss) attributable to common shareholders		\$ (2,730)	\$ (5,285)	\$ (5,427)	\$ (1,998)
		(1,056)	287	1,641	(3,000)
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF PERIOD		\$ (3,786)	\$ (4,998)	\$ (3,786)	\$ (4,998)
TOTAL SHAREHOLDERS' EQUITY		\$ 55,459	\$ 36,362	\$ 55,459	\$ 36,362
NON-CONTROLLING INTEREST					
Non-controlling interest, beginning of period		\$ 16,324	\$ 11,973	\$ 13,716	\$ 11,585
Total comprehensive income attributable to non-controlling interests	6	838	1,514	3,446	1,902
NON-CONTROLLING INTEREST, END OF PERIOD		\$ 17,162	\$ 13,487	\$ 17,162	\$ 13,487
TOTAL EQUITY, END OF PERIOD		\$ 72,621	\$ 49,849	\$ 72,621	\$ 49,849

See accompanying notes to the interim condensed consolidated financial statements.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

NOTE 1: ORGANIZATION AND DESCRIPTION OF THE BUSINESS

IBI Group Inc. (the “Company”) is a company incorporated pursuant to the provisions of the Canada Business Corporations Act (the “CBCA”) on September 30, 2010 and is the successor to IBI Income Fund (the “Fund”), an unincorporated, open-ended limited purpose trust established under the laws of Ontario.

The Fund was created on July 23, 2004, to indirectly acquire the outstanding Class A partnership units of IBI Group Partnership (“IBI Group”), a general partnership formed and carrying on business under the laws of the Province of Ontario. As at September 30, 2020, the Company’s common share capital consisted of 31,250,044 (December 31, 2019– 31,240,044) issued and outstanding shares. Each common share entitles the holder to one vote at all meetings of shareholders.

IBI Group also issued Class B partnership units to IBI Group Management Partnership (the “Management Partnership”), the entity that carried on the operations of the Fund prior to its acquisition by the Fund. The Class B partnership units of IBI Group are indirectly exchangeable for common shares on the basis of one share of the Company for each Class B partnership unit. Class B partnership units do not entitle the holder to voting rights at the meetings of shareholders of the Company.

If all of the outstanding Class B partnership units were converted to common shares, the number of outstanding common shares as at September 30, 2020 would be 37,532,266 (December 31, 2019 – 37,522,266). If the Class B partnership units were converted, the Management Partnership and affiliated partnerships would hold 35.9% of the voting shares as at September 30, 2020 (December 31, 2019 – 35.7%).

The table below summarizes the ownership of the Company by the Management Partnership and affiliated partnerships as at September 30, 2020:

	NUMBER OF UNITS HELD	PERCENTAGE OF TOTAL OWNERSHIP
Class B partnership units and non-participating voting shares held by the Management Partnership	6,282,222	16.74%
Common shares held by the Management Partnership and affiliated partnerships	7,184,701	19.14%

Through IBI Group, the Company is a global design and technology firm, who provides a broad range of professional services focused on the physical development of cities. IBI Group’s business is concentrated in three main areas of development, being intelligence, buildings and infrastructure. The professional services provided by IBI Group include planning, design, implementation, analysis of operations and other consulting and technology services related to these three main areas of development.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(in thousands of Canadian dollars, except per share and share amounts)

The table below summarizes the trading symbols of the Company's securities which are listed on the Toronto Stock Exchange ("TSX") as at September 30, 2020:

SECURITY	TRADING SYMBOL
Common shares	"IBG"
5.5% convertible debentures, \$46,000 principal, convertible at \$8.35 per share, matures on December 31, 2021 ("5.5% Debentures")	"IBG.DB.D"

The Company's registered head office is 55 St. Clair Ave. West, 7th Floor, Toronto, Ontario, M4V 2Y7.

NOTE 2: BASIS OF PREPARATION**(a) STATEMENT OF COMPLIANCE**

These unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (the "consolidated group") have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board and accounting policies described in the Company's audited consolidated financial statements as at and for the year ended December 31, 2019 other than those described in (c) below. Certain information and footnote disclosures which are considered material to the understanding of the Company's interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in these notes. The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019.

These unaudited interim condensed consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on November 4, 2020.

(b) USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these interim financial statements requires management to exercise judgment and make estimates and assumptions that affect the application of accounting policies on reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the interim condensed consolidated statement of financial position ("interim statement of financial position"), and the reported amounts of revenue and expenses for the period covered by the interim condensed consolidated statement of income and comprehensive income ("interim statement of income and comprehensive income"). Actual amounts may differ from these estimates.

The significant judgements made by management in applying the Company's policies and key sources of estimation uncertainty were the same as those described in the last annual financial statements.

(c) FUTURE ACCOUNTING POLICIES

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods on or after January 1, 2023 with early adoption permitted. The extent of the impact of the change has not yet been determined.

COVID-19 Related Rent Concessions (Amendment to IFRS 16)

On May 28, 2020, the IASB issued COVID-19 Related Rent Concessions, to update IFRS 16 to exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. The standard applies to COVID-19 related rent concessions to reduce lease payments due on or before June 30, 2021. As at September 30, 2020 the Company has not applied this practical expedient.

NOTE 3: SEGMENT INFORMATION

The Company is a global design and technology firm, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities. The Company considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments.

(a) OPERATING SEGMENTS

Operating segments of the Company are defined as components for which separate financial information is available that is evaluated regularly in allocating resources and assessing performance.

(b) GEOGRAPHIC SEGMENTS

The following table demonstrates certain information contained in the consolidated statement of financial position segmented geographically as at September 30, 2020, with comparatives as at December 31, 2019:

	AS AT SEPTEMBER 30, 2020				
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	TOTAL
Property and equipment	\$ 15,090	\$ 4,959	\$ 705	\$ 627	\$ 21,381
Intangible assets	7,877	797	144	-	8,818
Contract assets	33,008	15,585	4,093	15,868	68,554
Contract liabilities	26,849	15,520	4,184	3,409	49,962
Total assets	178,027	84,268	17,201	45,116	324,612
Right-of-use assets	35,505	17,103	1,751	1,334	55,693
Lease receivable	4,152	2,149	-	-	6,301
Total assets excluding the impact of IFRS 16 transition	138,370	65,016	15,450	43,782	262,618

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

	AS AT DECEMBER 31, 2019				
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	TOTAL
Property and equipment	\$ 14,833	\$ 5,112	\$ 888	\$ 787	\$ 21,620
Intangible assets	8,356	1,035	229	-	9,620
Contract assets	28,901	14,325	3,808	16,351	63,385
Contract liabilities	26,913	8,263	3,559	2,652	41,387
Total assets	163,668	85,129	19,094	50,412	318,303
Right-of-use assets	40,024	19,039	2,582	1,745	63,390
Lease receivable	4,056	2,672	-	-	6,728
Total assets excluding the impact of IFRS 16 transition	119,588	63,418	16,512	48,667	248,185

The following table demonstrates certain information contained in the unaudited interim condensed consolidated statement of income and comprehensive income segmented geographically for the three and nine months ended September 30, 2020 and 2019. The unallocated amounts pertain to interest on convertible debentures, accretion expense on convertible debentures, amortization of deferred financing cost, long term debt interest, change in fair value of other financial liabilities, and change in fair value of deferred share units.

IBI GROUP INC.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian dollars, except per share and share amounts)

THREE MONTHS ENDED SEPTEMBER 30, 2020							
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS ¹	TOTAL	
Gross revenues	\$ 65,713	\$ 43,650	\$ 8,819	\$ 6,173	\$ -	\$ 124,355	
Less: subconsultants and direct expenses	8,031	14,178	2,012	2,086	-	26,307	
Net revenue	\$ 57,682	\$ 29,472	\$ 6,807	\$ 4,087	\$ -	\$ 98,048	
Adjusted EBITDA ²	\$ 9,254	\$ 3,551	\$ 686	\$ (763)	\$ (1)	\$ 12,727	
Items excluded in calculation of Adjusted EBITDA ² :							
Interest expense, net	565	253	25	22	1,647	2,512	
Amortization and depreciation	2,847	1,856	378	267	-	5,348	
Foreign exchange (gain) loss	294	(178)	49	202	-	367	
Change in fair value of other financial liabilities	-	-	-	-	(999)	(999)	
Change in fair value of deferred share units	-	-	-	-	897	897	
Payment of DSP	-	-	-	-	(184)	(184)	
Stock based compensation	144	5	3	5	-	157	
Performance share units	98	-	-	-	-	98	
Payment of performance share units	-	-	-	-	-	-	
Deferred financing charges	-	-	-	-	114	114	
IFRS 16 lease accounting adjustment	(1,909)	(1,138)	(280)	(165)	-	(3,492)	
Net income (loss) before tax	\$ 7,215	\$ 2,753	\$ 511	\$ (1,094)	\$ (1,476)	\$ 7,909	

THREE MONTHS ENDED SEPTEMBER 30, 2019							
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS ¹	TOTAL	
Gross Revenues	\$ 61,803	\$ 37,839	\$ 7,762	\$ 7,417	\$ -	\$ 114,821	
Less: subconsultants and direct expenses	6,915	9,262	1,074	2,950	-	20,201	
Net revenue	\$ 54,888	\$ 28,577	\$ 6,688	\$ 4,467	\$ -	\$ 94,620	
Adjusted EBITDA ²	\$ 8,611	\$ 3,437	\$ 637	\$ (388)	\$ -	\$ 12,297	
Items excluded in calculation of Adjusted EBITDA ² :							
Interest expense, net	634	318	37	34	2,154	3,177	
Amortization and depreciation	2,626	1,734	424	261	-	5,045	
Foreign exchange (gain) loss	50	140	(91)	(27)	-	72	
Change in fair value of other financial liabilities	-	-	-	-	(2,171)	(2,171)	
Change in fair value of deferred share units	-	-	-	-	(61)	(61)	
Payment of DSP	-	-	-	-	-	-	
Stock based compensation	186	11	3	10	-	210	
Performance share units	111	-	-	-	-	111	
Deferred financing charges	-	-	-	-	114	114	
IFRS 16 lease accounting adjustment	(2,398)	(1,636)	(229)	(171)	-	(4,434)	
Net income (loss) before tax	\$ 7,402	\$ 2,870	\$ 493	\$ (495)	\$ (36)	\$ 10,234	

¹ Unallocated corporate costs represent costs not associated with a particular operating segment and are borne by the Company as a whole. These costs include interest on credit facility, interest and accretion on convertible debentures, the change in fair value on other financial liabilities, the change in fair value in deferred share units, and the amortization of deferred financing costs associated with the credit facilities.

² As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities

IBI GROUP INC.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian dollars, except per share and share amounts)

NINE MONTHS ENDED SEPTEMBER 30, 2020						
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS ¹	TOTAL
Gross Revenues	\$ 200,449	\$ 121,982	\$ 24,913	\$ 22,092	\$ -	\$ 369,436
Less: subconsultants and direct expenses	28,563	33,869	4,877	7,500	-	74,809
Net revenue	\$ 171,886	\$ 88,113	\$ 20,036	\$ 14,592	\$ -	\$ 294,627
Adjusted EBITDA ²	\$ 24,023	\$ 9,575	\$ 1,367	\$ 129	\$ -	\$ 35,094
Items excluded in calculation of Adjusted EBITDA ² :						
Interest expense, net	1,790	855	85	73	5,095	7,898
Amortization and depreciation	8,139	5,681	1,200	1,064	-	16,084
Foreign exchange (gain) loss	934	370	92	(123)	-	1,273
Change in fair value of other financial liabilities	-	-	-	-	(2,577)	(2,577)
Change in fair value of deferred share units	-	-	-	-	356	356
Payment of DSP	-	-	-	-	(184)	(184)
Stock based compensation	515	26	8	22	-	571
Performance share units	291	-	-	-	-	291
Payment of performance share units	(383)	-	-	-	-	(383)
Deferred financing charges	-	-	-	-	339	339
IFRS 16 lease accounting adjustment	(6,606)	(4,178)	(959)	(510)	-	(12,253)
Net income (loss) before tax	\$ 19,343	\$ 6,821	\$ 941	\$ (397)	\$ (3,029)	\$ 23,679
NINE MONTHS ENDED SEPTEMBER 30, 2019						
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS ¹	TOTAL
Gross Revenues	\$ 188,053	\$ 109,968	\$ 23,619	\$ 24,615	\$ -	\$ 346,255
Less: subconsultants and direct expenses	21,704	27,899	3,174	8,305	-	61,082
Net revenue	\$ 166,349	\$ 82,069	\$ 20,445	\$ 16,310	\$ -	\$ 285,173
Adjusted EBITDA ²	\$ 25,369	\$ 6,748	\$ 891	\$ 2,209	\$ -	\$ 35,217
Items excluded in calculation of Adjusted EBITDA ² :						
Interest expense, net	1,840	1,006	128	85	6,337	9,396
Amortization and depreciation	7,392	5,358	1,374	712	-	14,836
Foreign exchange (gain) loss	173	(350)	(168)	1,698	-	1,353
Change in fair value of other financial liabilities	-	-	-	-	(447)	(447)
Change in fair value of deferred share units	-	-	-	-	184	184
Payment of DSP	-	-	-	-	-	-
Stock based compensation	622	45	7	33	-	707
Performance share units	488	-	-	-	-	488
Deferred financing charges	-	-	-	-	343	343
IFRS 16 lease accounting adjustment	(5,356)	(4,764)	(902)	(459)	-	(11,481)
Net income (loss) before tax	\$ 20,210	\$ 5,453	\$ 452	\$ 140	\$ (6,417)	\$ 19,838

¹ Unallocated corporate costs represent costs not associated with a particular operating segment and are borne by the Company as a whole. These costs include interest on credit facility, interest and accretion on convertible debentures, the change in fair value on other financial liabilities, the change in fair value in deferred share units, and the amortization of deferred financing costs associated with the credit facilities.

² As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities

IBI GROUP INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars, except per share and share amounts)

(c) BUSINESS UNIT SEGMENTS

The following table demonstrates certain information contained in the consolidated statement of income and comprehensive income segmented by business unit for three and nine months ended September 30, 2020 and 2019.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

<i>(in thousands of Canadian dollars)</i>	THREE MONTHS ENDED SEPTEMBER 30, 2020					
<i>(unaudited)</i>	INTELLIGENCE	BUILDINGS	INFRASTRUCTURE	CORPORATE	TOTAL	
Gross revenues	\$ 22,465	\$ 67,434	\$ 34,160	\$ 296	\$ 124,355	
Less: subconsultants and direct expenses	3,018	17,384	5,905	-	26,307	
Net revenue	\$ 19,447	\$ 50,050	\$ 28,255	\$ 296	\$ 98,048	
Adjusted EBITDA ¹	\$ 3,211	8,987	3,576	(3,047)	\$ 12,727	
Items excluded in calculation of Adjusted EBITDA ¹ :						
Interest expense, net	106	434	266	1,706	2,512	
Amortization and depreciation	628	2,848	1,538	334	5,348	
Foreign exchange (gain) loss	19	453	73	(178)	367	
Change in fair value of other financial liabilities	-	-	-	(999)	(999)	
Change in fair value of deferred share units	-	-	-	897	897	
Payment of DSP	-	-	-	(184)	(184)	
Stock based compensation	18	21	18	100	157	
Performance share units	-	-	-	98	98	
Payment of performance share units	-	-	-	-	-	
Deferred financing charges	-	-	-	114	114	
IFRS 16 lease accounting adjustment	(457)	(1,793)	(999)	(243)	(3,492)	
Net income before tax	2,897	7,024	2,680	(4,692)	7,909	

<i>(in thousands of Canadian dollars)</i>	THREE MONTHS ENDED SEPTEMBER 30, 2019					
<i>(unaudited)</i>	INTELLIGENCE	BUILDINGS	INFRASTRUCTURE	CORPORATE	TOTAL	
Gross revenues	\$ 20,097	\$ 62,380	\$ 31,896	\$ 448	\$ 114,821	
Less: subconsultants and direct expenses	3,888	12,207	4,086	20	20,201	
Net revenue	\$ 16,209	\$ 50,173	\$ 27,810	\$ 428	\$ 94,620	
Adjusted EBITDA ¹	\$ 2,131	9,263	3,168	(2,265)	\$ 12,297	
Items excluded in calculation of Adjusted EBITDA ¹ :						
Interest expense, net	188	388	386	2,215	3,177	
Amortization and depreciation	990	1,951	1,853	251	5,045	
Foreign exchange (gain) loss	13	(266)	119	206	72	
Change in fair value of other financial liabilities	-	-	-	(2,171)	(2,171)	
Change in fair value of deferred share units	-	-	-	(61)	(61)	
Payment of DSP	-	-	-	-	-	
Stock based compensation	28	24	41	117	210	
Performance share units	-	-	-	111	111	
Deferred financing charges	-	-	-	114	114	
IFRS 16 lease accounting adjustment	(709)	(1,452)	(1,498)	(775)	(4,434)	
Net income before tax	\$ 1,621	\$ 8,618	\$ 2,267	\$ (2,272)	\$ 10,234	

¹ As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

<i>(in thousands of Canadian dollars)</i>	NINE MONTHS ENDED SEPTEMBER 30, 2020					
<i>(unaudited)</i>	INTELLIGENCE	BUILDINGS	INFRASTRUCTURE	CORPORATE	TOTAL	
Gross revenues	\$ 71,564	\$ 192,804	\$ 104,526	\$ 542	\$ 369,436	
Less: subconsultants and direct expenses	11,129	42,805	20,851	24	74,809	
Net revenue	\$ 60,435	\$ 149,999	\$ 83,675	\$ 518	\$ 294,627	
 Adjusted EBITDA ¹	 \$ 10,972	 23,001	 8,444	 (7,323)	 \$ 35,094	
Items excluded in calculation of Adjusted EBITDA ¹ :						
Interest expense, net	413	1,356	857	5,272	7,898	
Amortization and depreciation	3,245	7,100	4,845	894	16,084	
Foreign exchange (gain) loss	(56)	43	277	1,009	1,273	
Change in fair value of other financial liabilities	-	-	-	(2,577)	(2,577)	
Change in fair value of deferred share units	-	-	-	356	356	
Payment of DSP	-	-	-	(184)	(184)	
Stock based compensation	71	69	90	341	571	
Performance share units	-	-	-	291	291	
Payment of performance share units	-	-	-	(383)	(383)	
Deferred financing charges	-	-	-	339	339	
IFRS 16 lease accounting adjustment	(1,931)	(6,113)	(3,630)	(579)	(12,253)	
Net income before tax	\$ 9,230	\$ 20,546	\$ 6,005	\$ (12,102)	\$ 23,679	

<i>(in thousands of Canadian dollars)</i>	NINE MONTHS ENDED SEPTEMBER 30, 2019					
<i>(unaudited)</i>	INTELLIGENCE	BUILDINGS	INFRASTRUCTURE	CORPORATE	TOTAL	
Gross revenues	\$ 62,807	\$ 187,121	\$ 95,507	\$ 820	\$ 346,255	
Less: subconsultants and direct expenses	12,072	34,718	14,228	64	61,082	
Net revenue	\$ 50,735	\$ 152,403	\$ 81,279	\$ 756	\$ 285,173	
 Adjusted EBITDA ¹	 \$ 6,340	 28,354	 7,586	 (7,063)	 \$ 35,217	
Items excluded in calculation of Adjusted EBITDA ¹ :						
Interest expense, net	495	1,380	1,013	6,508	9,396	
Amortization and depreciation	2,728	6,534	4,884	690	14,836	
Foreign exchange (gain) loss	719	(534)	704	464	1,353	
Change in fair value of other financial liabilities	-	-	-	(447)	(447)	
Change in fair value of deferred share units	-	-	-	184	184	
Payment of DSP	-	-	-	-	-	
Stock based compensation	94	81	150	382	707	
Performance share units	-	-	-	488	488	
Deferred financing charges	-	-	-	343	343	
IFRS 16 lease accounting adjustment	(1,862)	(5,019)	(3,619)	(981)	(11,481)	
Net income before tax	\$ 4,166	\$ 25,912	\$ 4,454	\$ (14,694)	\$ 19,838	

¹ As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities.

NOTE 4: FINANCIAL INSTRUMENTS**(a) INDEBTEDNESS**

On September 27, 2018, IBI Group entered into an amended agreement on its credit facilities extending the maturity date to September 27, 2022, and increasing the swing line facility maximum available amount to \$20,000. The total revolver facility remains unchanged at \$130,000. As at September 30, 2020, the interest rate on Canadian dollar borrowings was 2.45% (September 30, 2019 – 4.95%). As at September 30, 2020, the Company has no U.S. dollar borrowings, (September 30, 2019 interest rate on borrowings was 6.00%).

As at September 30, 2020, IBI Group has borrowings of \$29,105 (December 31, 2019 - \$51,566) under the credit facilities, which has been recorded on the balance sheet net of deferred financing costs of \$899 (December 31, 2019 - \$1,238). Included within the \$29,105 borrowings, the Company has borrowed \$nil USD (December 31, 2019 - \$10,000 USD) under a swing line facility with a carrying value as at September 30, 2020 of \$nil CAD (December 31, 2019 - \$13,066).

As at September 30, 2020, IBI Group has letters of credit outstanding of \$8,245 (December 31, 2019 - \$3,953), of which \$7,819 (December 31, 2019 - \$3,537) is issued under a \$20,000 facility which matures on June 30, 2021 and supports letters of credit back stopped by Export Development Canada. Advances under the revolver facility bear interest at a rate based on the Canadian dollar prime rate or U.S dollar base rate, LIBOR or Banker's Acceptance rates plus, in each case, an applicable margin. At September 30, 2020, \$nil was outstanding under Bankers' Acceptance (December 31, 2019 - \$51,566), with the remaining borrowed as prime rate debt.

As at September 30, 2020, IBI Group has surety bonds outstanding of \$4,554 (December 31, 2019 - \$4,554), with Liberty Mutual Insurance. These bonds are security agreements necessary to backstop certain Intelligence projects in the U.S segment.

This facility is subject to compliance with certain financial, reporting and other covenants. The financial covenants under the agreement include a leverage ratio, interest coverage ratio, and restrictions on distributions, if certain conditions are not met. IBI Group was in compliance with its credit facility covenants as at September 30, 2020.

Continued compliance with the covenants under the amended credit facilities is dependent on IBI Group achieving revenue forecasts, continued profitability, executing contracts for clients and continued monitoring of working capital. Market conditions are difficult to predict and there is no assurance that IBI Group will achieve its forecasts. In the event of non-compliance, IBI Group's lenders have the right to demand repayment of the amounts outstanding under the lending agreements or pursue other remedies if IBI Group cannot reach an agreement with its lenders to amend or waive the financial covenants. As in the past, IBI Group will carefully monitor its compliance with the covenants and will seek waivers, subject to lender approval, as may become necessary from time to time.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

	AS AT	
	SEPTEMBER 30,	SEPTEMBER 30,
	2020	2019
Balance at January 1	\$ 50,328	\$ 75,548
Payments on principal of credit facilities	(23,400)	(3,025)
Deferred financing capitalization	-	(84)
Amortization of deferred financing costs	339	343
Impact of foreign exchange	939	(396)
Ending Balance	\$ 28,206	\$ 72,386

(b) CONVERTIBLE DEBENTURES

	LIABILITY COMPONENT	OTHER FINANCIAL LIABILITY COMPONENT	TOTAL
5.5% Debentures (matures on December 31, 2021)			
Balance at December 31, 2019	\$ 39,768	\$ 2,842	\$ 42,610
Accretion of 5.5% Debentures	2,147	-	2,147
Change in fair value of other financial liabilities	-	(2,577)	(2,577)
BALANCE, SEPTEMBER 30, 2020	\$ 41,915	\$ 265	\$ 42,180

5.5% DEBENTURES (\$46,000 PRINCIPAL, MATURES ON DECEMBER 31, 2021)

In September 2016, the Company issued 5.5% Debentures of \$46,000 with a maturity date of December 31, 2021. The 5.5% Debentures are convertible into common shares of the Company at the option of the holder at a conversion price of \$8.35 per common share. The 5.5% Debentures are not redeemable at the option of the Company before December 31, 2019. The 5.5% Debentures are redeemable by the Company at a price of \$1,000 per 5.5% Debenture, plus accrued and unpaid interest, on or after December 31, 2019 and prior to December 31, 2020 (provided that the volume weighted average trading price of the shares of the Company on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given, is not less than 125% of the conversion price of \$8.35 per share). On or after December 31, 2020 and prior to the maturity date, the 5.5% Debentures are redeemable by the Company at a price of \$1,000 per 5.5%

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

Debenture, plus accrued and unpaid interest. The 5.5% Debentures bear at 5.5% per annum, payable in equal semi-annual payments in arrears on June 30th and December 31st of each year.

The 5.5% Debentures are recorded as a hybrid financial instrument. The non-derivative debt (interest and principal portion) was recorded at fair value on the date of issue and was recognized at \$32,498 which was net of deferred financing costs of \$2,594, estimated using discounted future cash flows at an estimated discount rate of 11.5%. Subsequently the non-derivative debt component is measured at amortized cost using the effective interest method over the life of the debenture.

The derivative component of this hybrid financial instrument representing the conversion feature of the 5.5% Debentures was measured at fair value of \$10,908 at the date of issuance, and recorded as part of other financial liabilities in the consolidated statement of financial position. This conversion feature is unique to this issuance of convertible debt given IBI has the right to settle any request to convert debentures to IBI shares by the Debenture holders for an equivalent amount of cash. As at September 30, 2020, the fair value of the derivative component was \$265 (December 31, 2019 - \$2,842). The movement in fair value is impacted by several factors which include IBI share price, the Canadian risk free rate and IBI's credit risk.

The fair value of the convertible debentures as at September 30, 2020, based on a Level 1 quoted market price, is as follows:

	Carrying Value	Fair Value
5.5% Debentures	\$ 41,915	\$ 46,069
BALANCE, SEPTEMBER 30, 2020	\$ 41,915	\$ 46,069

The fair value of the convertible debentures as at December 31, 2019, based on a Level 1 quoted market price, is as follows:

	Carrying Value	Fair Value
5.5% Debentures	\$ 39,768	\$ 46,598
BALANCE, DECEMBER 31, 2019	\$ 39,768	\$ 46,598

(c) FINANCIAL ASSETS AND LIABILITIES

The fair values of accounts receivable, current and non-current lease receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-term maturity. The lease liability approximates the fair value as the incremental borrowing rate used at the time the lease was entered to determine the liability did not materially change during the period. The fair value of the credit facilities approximate its carrying amount due to the variable rate of interest.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

The carrying amount of the Company's financial instruments as at September 30, 2020 are as follows:

	FINANCIAL ASSETS AND LIABILITIES AT FVTPL		AMORTIZED COST	TOTAL
FINANCIAL ASSETS				
Cash	\$	9,343	\$ -	9,343
Restricted cash		3,132	-	3,132
Accounts receivable		-	120,894	120,894
Investment		333	-	333
TOTAL	\$	12,808	\$ 120,894	133,702
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	\$	-	\$ 46,519	46,519
Deferred share plan liability		3,275	-	3,275
Credit facilities		-	28,206	28,206
Convertible debentures		-	41,915	41,915
Other financial liabilities		265	-	265
Deferred consideration		1,798	-	1,798
TOTAL	\$	5,338	\$ 116,640	121,978

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

The carrying amount of the Company's financial instruments as at December 31, 2019 are as follows:

	FINANCIAL ASSETS AND LIABILITIES AT FVTPL		AMORTIZED COST	TOTAL
FINANCIAL ASSETS				
Cash	\$	15,628	\$ -	15,628
Restricted cash		3,047	-	3,047
Accounts receivable		-	109,581	109,581
Investment		199	-	199
TOTAL	\$	18,874	\$ 109,581	128,455
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	\$	-	\$ 42,471	42,471
Deferred share plan liability		2,709	-	2,709
Credit facilities		-	50,328	50,328
Convertible debentures		-	39,768	39,768
Other financial liabilities		2,842	-	2,842
Deferred consideration		1,731	-	1,731
TOTAL	\$	7,282	\$ 132,567	139,849

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

The following tables summarize the Company's fair value hierarchy for those assets and liabilities that are measured at fair value on a recurring basis as at September 30, 2020 and December 31, 2019:

AS AT SEPTEMBER 30, 2020				
	LEVEL 1	LEVEL 2	LEVEL 3	
Cash	\$ 9,343	\$ -		-
Restricted cash	3,132	-		-
Investment	-	-		333
Deferred share plan liability	-	(3,275)		-
Other Financial Liabilities	-	(265)		-
Deferred consideration	-	-		(1,798)
	\$ 12,475	\$ (3,540)		\$(1,465)

AS AT DECEMBER 31, 2019				
	LEVEL 1	LEVEL 2	LEVEL 3	
Cash	\$ 15,628	\$ -		-
Restricted cash	3,047	-		-
Investment	-	-		199
Deferred share plan liability	-	(2,709)		-
Other Financial Liabilities	-	(2,842)		-
Deferred consideration	-	-		(1,731)
	\$ 18,675	\$ (5,551)		\$(1,532)

NOTE 5: RELATED PARTY TRANSACTIONS

Pursuant to the Administration Agreement, IBI Group and certain of its subsidiaries are paying to the Management Partnership an amount representing the base compensation for the services of the partners of the Management Partnership. The amount paid for such services during three and nine months ended September 30, 2020 was \$3,366 and \$10,630, respectively (three and nine months ended September 30, 2019 - \$3,661 and \$10,984, respectively). As at September 30, 2020, there were 41 partners (September 30, 2019 – 46 partners). As at September 30, 2020, the amount payable to the Management Partnership was \$Nil (December 31, 2019 - \$Nil).

IBI Group from time to time makes a monthly distribution to each Class B partnership unit holder equal to the dividend per share (on a pre-tax basis) declared to each shareholder. All of the Class B partnership units are held by the Management Partnership.

NOTE 6: EQUITY

(a) SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares. As at September 30, 2020, the Company's common share capital consisted of 31,250,044 shares issued and outstanding (December 31, 2019 –31,240,044 shares).

Each share entitles the holder to one vote at all meetings of shareholders.

The 6,282,222 Class B partnership units of IBI Group are indirectly exchangeable for common shares of the Company on the basis of one share of the Company for each Class B partnership unit. If all such Class B partnership units of IBI Group had been exchanged for shares on September 30, 2020, the units issued on such exchange would have represented a 16.74% interest in the Company.

Class B partnership units do not entitle the holder to voting rights at the meetings of shareholders, although the holder also holds an equal number of non-participating voting shares in the Company. The Class B partnership units have been recorded as a non-controlling interest in these unaudited interim condensed consolidated financial statements as at September 30, 2020.

SHARE ISSUANCES

During the three and nine months ended September 30, 2020 there were 10,000 common shares issued respectively, as a result of exercises of stock options granted in January 2016.

EARNINGS PER SHARE

For the purposes of calculating diluted earnings per share, any impact of the convertible rights on the convertible debentures are not included in the calculation of net income per common share or weighted average number of common shares outstanding as they would be anti-dilutive.

For the purposes of calculating diluted earnings per share, any impact of the dilutive stock options are included in the calculation of net income per common share or weighted average number of common shares outstanding.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2020	2019	2020	2019
Net income	\$ 6,270	\$ 8,690	\$ 18,610	\$ 14,957
Net income attributable to common shareholders	\$ 5,220	\$ 7,235	\$ 15,494	\$ 12,452
Weighted average common shares outstanding	31,247	31,225	31,242	31,225
Dilutive effect of Class B partnership units	6,282	6,282	6,282	6,282
Dilutive effect of stock options granted	247	251	267	251
Diluted weighted average common shares outstanding	37,776	37,758	37,791	37,758
Basic earnings per common share	\$ 0.17	\$ 0.23	\$ 0.50	\$ 0.40
Diluted earnings per common share	\$ 0.17	\$ 0.23	\$ 0.49	\$ 0.40

(b) NON-CONTROLLING INTEREST

Non-controlling interest in the Company's subsidiaries is exchangeable into the common shares of the Company on a one for one basis, subject to certain conditions. The movement in non-controlling interest is shown in the unaudited interim condensed consolidated statement of changes in equity (deficit) for the three months ended September 30, 2020.

The calculation of net income and total comprehensive income attributable to non-controlling interest is set out below:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2020	2019	2020	2019
Net income	\$ 6,270	\$ 8,690	\$ 18,610	\$ 14,957
Non-controlling interest share of ownership	16.74%	16.75%	16.74%	16.75%
Net income attributable to non-controlling interest	\$ 1,050	\$ 1,455	\$ 3,116	\$ 2,505

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2020	2019	2020	2019
Total comprehensive income	\$ 5,002	\$ 9,036	\$ 20,581	\$ 11,354
Non-controlling interest share of ownership	16.74%	16.75%	16.74%	16.75%
Total comprehensive income attributable to non-controlling interest	\$ 837	\$ 1,514	\$ 3,445	\$ 1,902

NOTE 7: FINANCIAL RISK MANAGEMENT

The Company has exposure to market, credit and liquidity risk. The Company's primary risk management objective is to protect the Company's consolidated statement of financial position, income and comprehensive income and cash flow in support of sustainable growth and earnings. The Company's financial risk management activities are governed by financial policies that cover risk identification, tolerance, measurement, authorization levels, and reporting.

(a) MARKET RISK

In December 2019, a novel coronavirus disease ("COVID-19") was reported and in January 2020, the World Health Organization ("WHO") declared it as a Public Health Emergency of International Concern. On February 28, 2020 the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, on March 11, 2020, the WHO characterized COVID-19 as a pandemic.

To date the Company has been able to operate under normal business conditions, however the broader implications of COVID-19 on the Company's results of operations and overall financial performance remain uncertain. The COVID-19 pandemic and its adverse effects have become more prevalent in the locations where IBI Group, the Company's customers, suppliers, and third party business partners conduct business. The Company may experience curtailed customer demand that could have a material adverse impact on the business, results of operations, and overall financial performance of future periods, specifically the Company may experience impacts from customers delaying consulting services and reduced market spending.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions, and the impact of these and other factors on our employees, customers, partners, and vendors.

INTEREST RATE RISK

The Company's credit facilities have floating-rate debt, which subjects it to interest rate cash flow risk. Advances under these credit facilities bear interest at a rate based on the Canadian dollar or U.S dollar prime rate, LIBOR or banker's acceptance rates, plus, in each case, an applicable margin.

In response to the COVID-19 pandemic the Canadian dollar and US dollar prime rates were drastically decreased by the respective governing bodies.

If the interest rate on the Company's variable rate loan balance as at September 30, 2020, had been 50 basis points higher or lower, with all other variables held constant, net income for the nine months ended September 30, 2020 would have decreased or increased by approximately \$107.

CURRENCY RISK

The Company's foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company's policy has been to economically hedge foreign exchange exposures rather than purchasing currency swaps and forward foreign exchange contracts.

Foreign exchange gains or losses in the Company's net income arise on the translation of foreign-denominated intercompany loans held in the Company's Canadian operations and financial assets and liabilities held in the Company's foreign operations. The Company minimizes its exposure to foreign exchange fluctuations on these items by matching U.S dollar liabilities when possible.

If the exchange rates had been 100 basis points higher or lower as at September 30, 2020, with all other variables held constant, total comprehensive income would have increased or decreased by \$133 for the nine months ended September 30, 2020. If the exchange rates had been 100 basis points higher or lower as at September 30, 2020, with all other variables held constant, net income would have increased or decreased by \$56 for the nine months ended September 30, 2020.

(b) CREDIT RISK

Financial instruments that subject the Company to credit risk consist primarily of accounts receivable and lease receivable. The Company maintains an allowance for estimated credit losses on accounts receivable. The estimate is based on the best assessment of the ultimate collection of the related accounts receivable balance based, in part, on the age of the outstanding accounts receivable and on its historical impairment loss experience.

The Company provides services to diverse clients in various industries and sectors of the economy, and its credit risk is not concentrated in any particular client, industry, economic or geographic sector. In addition, management reviews accounts receivable past due on an ongoing basis with the objective of identifying matters that could potentially delay the collection of funds (at an early stage). The Company monitors accounts receivable with an internal target of working days of revenue in accounts receivable (a non-IFRS measure). At September 30, 2020 there were 63 working days of revenue in accounts receivable, which remained unchanged from December 31, 2019. The maximum exposure to credit risk, at the date of the consolidated statement of financial position to recognized financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position.

A significant portion of the accounts receivable are due from government and public institutions. Receivables that are neither past due nor impaired are considered by management to have no significant collection risk. The liquidity of customers and their ability to pay receivables are considered in assessing the impairment of such assets. No collateral is held in respect of impaired assets or assets that are past due but not impaired.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

The aging of the accounts receivable are detailed below:

	AS AT	
	SEPTEMBER 30,	DECEMBER 31,
	2020	2019
Current	\$ 49,196	\$ 43,838
30 to 90 days	34,010	36,642
Over 90 days	42,632	33,166
Gross accounts receivable	125,838	113,646
Allowance for impairment losses	(4,944)	(4,065)
Total	\$ 120,894	\$ 109,581

Changes in the allowance for impairment losses were as follows:

	AS AT	
	SEPTEMBER 30,	DECEMBER 31,
	2020	2019
Balance at beginning of year	\$ (4,065)	\$ (10,148)
Provision for doubtful accounts	(1,855)	(2,375)
Amounts written-off	1,031	8,236
Effect of foreign currency exchange rate changes	(55)	222
Total	\$ (4,944)	\$ (4,065)

Impairment loss provision of contract assets is determined by applying a weighted average loss rate based on the Company's historical experience and informed credit assessment. The weighted average loss rate as at September 30, 2020 was 2.25% on contract assets for impairment loss of \$1,580 (December 31, 2019 – loss rate of 2.04% and impairment loss of \$1,323).

As a result of the COVID-19 pandemic the Company is closely monitoring its outstanding receivables and unbilled effort and working with our customers to assess whether additional impairments and reserves are required. The Company has not identified any increased risk in collections at this time.

The Company, upon entering into a contract as the lessor assesses the credit risk of the lease receivable balance at the inception of the contract. The impact of the credit risk is included as part of the discount rate upon recording the asset on the statement of financial position. The Company assesses the asset for changes in the credit risk at each reporting period, with the impact of any gains and losses recognized

on the statement of financial position. For the three months ended September 30, 2020, no changes in credit risk were identified.

(c) LIQUIDITY RISK

The Company strives to maintain sufficient financial liquidity to withstand sudden adverse changes in economic circumstances. Management forecasts cash flows for its current and subsequent fiscal years to identify financing requirements. These requirements are then addressed through a combination of committed credit facilities (as described in Note 4 – Financial Instruments) and access to capital markets.

As a result of COVID-19 our existing cash and cash equivalents may fluctuate as a result of increased collection risk and the risk of a slowdown in work to be completed and billed. However, based on the Company's current business plan and revenue prospects, the Company believes that the existing cash and cash equivalents, anticipated cash flows from operations, and available credit facility will be sufficient to meet the working capital and operating resource expenditure requirements.

On September 27, 2018, IBI Group signed an amendment to refinance its credit facilities with its senior lenders. (refer to Note 4 – Financial Instruments).

As at September 30, 2020, a foreign subsidiary of the Company issued letters of credit in the amount of U.S \$2,300, which is equal to CAD \$3,120 (December 31, 2019 – CAD \$3,047). The Company has pledged U.S \$2,300 (December 31, 2019 – U.S \$2,300) of cash as security for these letters of credit issued by a foreign financial institution on behalf of the foreign subsidiary.

As at September 30, 2020, a foreign subsidiary of the Company issued letters of credit in the amount of INR 650,000, which is equal to CAD \$12 (December 31, 2019 – CAD \$nil). The Company has pledged INR 650,000 (December 31, 2019 – INR \$nil) of cash as security for these letters of credit issued by a foreign financial institution on behalf of the foreign subsidiary.

As at September 30, 2020, the Company has letters of credit outstanding of \$8,245 (December 31, 2019 - \$3,953), of which \$426 (December 31, 2019 - \$416) are outstanding with foreign institutions with the remaining \$7,819 (December 31, 2019 - \$3,537) being issued under a \$20,000 facility which matures on June 30, 2021 and supports letters of credit back stopped by Export Development Canada.

As at September 30, 2020, IBI Group has surety bonds outstanding of \$4,554 (December 31, 2019 - \$4,554), with Liberty Mutual Insurance. These bonds are security agreements necessary to backstop certain Intelligence projects in the U.S segment.

(d) CAPITAL MANAGEMENT

The Company's objective in managing capital is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future growth within the business. The Company defines its capital as the aggregate of credit facilities, convertible debentures and equity.

The Company's financing strategy is to access capital markets to raise debt and equity financing and utilize the banking market to provide committed term and operating credit facilities to support its short-term and long-term cash flow needs.

The Company has used the credit facilities to fund working capital. The credit facilities contain financial covenants including a leverage ratio, interest coverage ratio, minimum Adjusted EBITDA¹ threshold, and restrictions on distributions, if certain conditions are not met. The Company was in compliance with the credit facility covenants as at September 30, 2020.

(e) FAIR VALUE MEASUREMENTS

The fair values of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, and finance lease obligation approximate their carrying amounts due to their short-term maturity.

The fair value of the Company's credit facilities (net of deferred financing costs) approximate carrying value due to the variable rate of interest of the debt.

IFRS 7 *Financial Instruments – Disclosures*, requires disclosure of all financial instruments at fair value other than short term and carried at amortized cost, grouped in Levels 1 to 3, in the fair value hierarchy, based on the degree to which the fair value is observable. The three levels of the fair value hierarchy are:

- Level 1 – inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – fair value derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

¹ As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities.

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For financial instruments recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period. There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2020 or year ended December 31, 2019.

NOTE 8: CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2020	2019	2020	2019
Accounts receivable	\$ (5,562)	\$ (305)	(12,189)\$	(783)
Contract assets	1,686	876	(4,253)	(9,619)
Prepaid expenses and other assets	2,880	(1,228)	(4,806)	(2,690)
Accounts payable and accrued liabilities	1,543	(2,326)	3,618	(2,485)
Contract liabilities	1,965	(1,721)	8,443	(2,612)
Net income taxes payable	1,795	(487)	3,638	(720)
Change in non-cash operating working capital	\$ 4,307	\$ (5,191)	(5,549)\$	(18,909)

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)***NOTE 9: FINANCE COSTS**

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2020	2019	2020	2019
Interest on credit facilities	\$ 275	\$ 872	\$ 1,048	\$ 2,555
Interest on convertible debentures	638	637	1,899	1,892
Non-cash accretion of convertible debentures	735	644	2,147	1,889
Interest on lease liability	942	1,087	2,995	3,256
Interest on lease receivable	(80)	(97)	(240)	(303)
Other	2	34	49	107
INTEREST EXPENSE	\$ 2,512	\$ 3,177	\$ 7,898	\$ 9,396
Amortization of deferred financing costs	\$ 114	\$ 114	\$ 339	\$ 343
Other	150	111	313	261
OTHER FINANCE COSTS	\$ 264	\$ 225	\$ 652	\$ 604
FINANCE COSTS	\$ 2,776	\$ 3,402	\$ 8,550	\$ 10,000

NOTE 10: CONTINGENCIES**(a) LEGAL MATTERS**

In the normal course of business, the Company is a defendant in a number of lawsuits. The potential liability, if any, is not determinable and in management's opinion, it would not have a material effect on these unaudited interim condensed consolidated financial statements, therefore no provisions have been recorded. During the quarter, the Company recognized income related to the settlement of historical litigations.

(b) INDEMNIFICATIONS

The Company provides indemnifications and, in very limited circumstances, bonds, which are often standard contractual terms, to counterparties in transactions such as purchase and sale contracts for assets or shares, service agreements, and leasing transactions. The Company also indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. These indemnifications may require the Company to compensate the counterparty for costs incurred as a result of various events, including

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(in thousands of Canadian dollars, except per share and share amounts)

changes in or in the interpretation of laws and regulations, or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnifications will vary based upon the contract, the nature of which prevents the Company from making a reasonable estimate of the maximum potential amount that it could be required to pay to counterparties. The Company carries liability insurance, subject to certain deductibles and policy limits that provides protection against certain insurable indemnifications. Historically, the Company has not made any significant payments under such indemnifications, and no provisions have been accrued in the accompanying unaudited interim condensed consolidated financial statements with respect to these indemnifications as it is not probable that there will be an outflow of resources.

NOTE 11: SHARE-BASED COMPENSATION**EQUITY SETTLED TRANSACTIONS***Stock Options*

The Company has an equity-settled stock option plan. The grant-date fair value of the stock options is recognized as salaries, fees and employee expenses, with a corresponding increase to capital reserve over the vesting period of the stock options. Market conditions are reflected in the initial measurement of fair-value, with no subsequent true-up for differences between expected and actual outcomes.

Under the terms of the Company's stock option plan, the options vest evenly over a three year period on each of the first, second and third anniversary dates of the grant, and expire on the tenth anniversary of the date of the grant, and are measured using the Black-Scholes model.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

The following inputs were used in the measurement of the fair values at the grant date of the options:

Grant date	Options issued	Fair value at grant date	Share price at grant date	Exercise price	Expected volatility (weighted average)	Expected life (weighted average)	Expected dividends	Risk-free interest rate
January 15, 2016	535,000	\$ 1.14 - 1.17	\$ 2.13	\$ 2.33	60.2 - 64.2%	5.5 - 6.5 years	0%	0.64 - 0.81%
May 25, 2016	99,213	\$ 2.63 - 6.67	\$ 4.53	\$ 4.49	62.3 - 66.9%	5.5 - 6.5 years	0%	0.86 - 0.99%
May 12, 2017	69,107	\$ 4.31 - 4.39	\$ 7.30	\$ 7.01	62.8 - 67.1%	5.5 - 6.5 years	0%	1.07 - 1.20%
July 17, 2017	316,500	\$ 3.88 - 3.97	\$ 6.63	\$ 6.63	62.8 - 67.0%	5.5 - 6.5 years	0%	1.55 - 1.64%
August 9, 2017	77,315	\$ 3.97 - 4.05	\$ 6.77	\$ 6.79	62.8 - 67.0%	5.5 - 6.5 years	0%	1.57 - 1.66%
March 20, 2018	71,942	\$ 4.26 - 4.37	\$ 7.24	\$ 7.24	62.7 - 66.6%	5.5 - 6.5 years	0%	2.00 - 2.03%
May 9, 2018	69,500	\$ 4.56 - 4.66	\$ 7.65	\$ 7.49	62.4 - 66.6%	5.5 - 6.5 years	0%	2.22 - 2.26%
March 6, 2019	156,464	\$ 2.47 - 2.70	\$ 4.41	\$ 4.49	61.2 - 63.7%	5.5 - 6.5 years	0%	1.70 - 1.72%
May 9, 2019	90,500	\$ 2.68 - 2.97	\$ 4.96	\$ 4.98	60.3 - 63.1%	5.5 - 6.5 years	0%	1.56 - 1.59%
March 4, 2020	131,485	\$ 2.49	\$ 5.12	\$ 5.16	50.3%	6 years	0%	1.28%
May 6, 2020	139,000	\$ 1.79 - 2.25	\$ 4.00	\$ 4.11	48.3 - 58.2%	5.5 - 6.5 years	0%	0.43 - 0.44%
May 13, 2020	15,000	\$ 1.72 - 2.19	\$ 3.76	\$ 4.00	47.6 - 58.2%	5.5 - 6.5 years	0%	0.38 - 0.39%

Expected volatility is based on an evaluation of the historical volatility of the Company's share price over the historical period commensurate with the expected term. The expected term of the instruments has been based on general option-holder behavior.

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***(in thousands of Canadian dollars, except per share and share amounts)*

For the three and nine months ended September 30, 2020, the Company has recognized an expense of \$157 and \$571, respectively (three and nine months ended September 30, 2019 - \$210 and \$707, respectively) in salaries, fees and employee benefits for stock options in the consolidated statement of income and comprehensive income.

The following stock option arrangements were in existence as at September 30, 2020:

Grant date	Expiry date	Options issued	Options exercised	Options cancelled/ forfeited	Options outstanding	Options exercisable	Exercise price	Fair value at grant date
15-Jan-16	15-Jan-26	535,000	34,167	27,500	473,333	468,333	\$ 2.33	\$ 618,816
25-May-16	25-May-26	99,213	-	-	99,213	99,213	\$ 4.49	\$ 262,253
16-May-17	16-May-27	69,107	-	-	69,107	69,107	\$ 7.01	\$ 300,846
17-Jul-17	17-Jul-27	316,500	-	17,834	298,666	199,111	\$ 6.63	\$ 1,245,954
9-Aug-17	9-Aug-27	77,315	-	-	77,315	51,543	\$ 6.79	\$ 310,550
20-Mar-18	20-Mar-28	71,942	-	-	71,942	47,961	\$ 7.24	\$ 310,550
9-May-18	9-May-28	69,500	-	-	69,500	46,333	\$ 7.49	\$ 320,627
6-Mar-19	6-Mar-29	156,464	-	-	156,464	52,155	\$ 4.49	\$ 406,650
9-May-19	9-May-29	90,500	-	-	90,500	30,167	\$ 4.98	\$ 257,110
4-Mar-20	4-Mar-30	131,485	-	-	131,485	-	\$ 5.16	\$ 327,398
6-May-20	6-May-30	139,000	-	-	139,000	-	\$ 4.11	\$ 278,371
13-May-20	13-May-30	15,000	-	-	15,000	-	\$ 4.00	\$ 29,050
		1,771,026	34,167	45,334	1,691,525	1,063,923	\$ 4.75	\$ 4,668,175

Performance share units

On August 9, 2017, the Company adopted a PSU plan for senior executives. Under that plan, the Board of Directors may grant PSUs to participants which entitles them to receive one common share for each PSU. The vesting and performance conditions are determined by the Board of Directors at the time of each grant.

The Company has recognized for the three and nine months ended September 30, 2020 an expense of \$98 and \$291, respectively (three and nine months ended September 30, 2019 – \$111 and \$488, respectively) in salaries, fees and employee benefits for PSUs in the consolidated statement of income and comprehensive income.

NOTE 12: INCOME TAXES

Income taxes for the three and nine months ended September 30, 2020 was \$1,639 and \$5,069 respectively (three and nine months ended September 30, 2019 - \$1,544 and \$4,881, respectively). The

IBI GROUP INC.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(in thousands of Canadian dollars, except per share and share amounts)

effective income tax rate for the three and nine months ended September 30, 2020 was 20.7% and 21.4%, respectively (three and nine months ended September 30, 2019 – 15.1% and 24.6%, respectively). The change in the effective income tax rate was primarily due to non-deductible items and result of operations in various jurisdictions.

NOTE 13: SUBSEQUENT EVENTS**6.50% HYBRID DEBENTURE ISSUE**

On September 15, 2020 the Company entered into an agreement with CIBC Capital Markets and National Bank Financial Inc., on behalf of a syndicate of underwriters and agents, respectively, pursuant to which the Company would issue \$46,000 aggregate principal amount of 6.50% senior unsecured debentures (the “Debentures”) due December 31, 2025 at a price of \$1,000 per Debenture. The Debentures bear interest at the rate of 6.50% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2020.

On October 2, 2020 the Company closed the offering for the total gross proceeds of \$46,000. Through CIBC Capital Markets and National Bank Financial Inc., on behalf of a syndicate of underwriters and agents, respectively, \$23,175 principal amount of the Debentures (inclusive of the over-allotment option granted to the underwriters) were issued on a bought deal basis (the “Public Offering”) and \$22,825 principal amount of the Debentures were issued to select institutional investors on a private placement basis (the “Private Placement”, and together with the Public Offering, the “Offering”).