



IBI Group 2020 Third-Quarter Management Discussion and Analysis

THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2020

IBI GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

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The following Management Discussion and Analysis (“MD&A”) of operating results and financial position of IBI Group Inc. and its subsidiaries (the “Company”) for the nine months ended September 30, 2020 should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2019, including the notes thereto. Additional information relating to the Company, including its Annual Information Form for the year ended December 31, 2019 is available on SEDAR at www.sedar.com.

The financial information and tables presented herein have been prepared on the basis of International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), for financial statements and are expressed in thousands of Canadian dollars except for per share amounts. Certain information in this MD&A are based on non-IFRS measures, which have been defined on page 45 of this MD&A.

FORWARD-LOOKING STATEMENTS

This report includes certain forward-looking statements that are based on the available information and management’s judgements as at the date of this report. The forward-looking statements are subject to risks and uncertainties that may cause the actual results to differ materially from those anticipated in the discussion. See “Forward-Looking Statements and Risk Factors” below for more information.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements in this MD&A may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary entities, including IBI Group Partnership (“IBI Group”) or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements use words such as “may”, “will”, “expect”, “believe”, “plan” and other similar terminology. These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties, including those related to: (i) the Company’s ability to maintain profitability and manage its growth; (ii) the Company’s reliance on its key professionals; (iii) competition in the industry in which the Company operates; (iv) timely completion by the Company of projects and performance by the Company of its obligations; (v) fixed-price contracts; (vi) the general state of the economy; (vii) risk of future legal proceedings against the Company; (viii) the international operations of the Company; (ix) reduction in the Company’s backlog; (x) fluctuations in interest rates; (xi) fluctuations in currency exchange rates; (xii) upfront risk of time invested in participating in consortia bidding on large projects and projects being contracted through private finance initiatives; (xiii) limits under the Company’s insurance policies; (xiv) the Company’s reliance on distributions from its subsidiary entities and, as a result, its susceptibility to fluctuations in their performance; (xv) unpredictability and volatility in the price of Common Shares (defined below); (xvi) the degree to which the Company is leveraged and the effect of the restrictive and financial covenants in the Company’s credit facilities; (xvii) the possibility that the Company may issue additional Common Shares (defined below) diluting existing Shareholders’ interests; (xviii) income tax matters. These risk factors are discussed in detail under the heading “Risk Factors” in the Company’s Annual Information Form for the year ended December 31, 2019. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be

materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of November 4, 2020.

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 million 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 million. Through CIBC Capital Markets and National Bank Financial Inc., on behalf of a syndicate of underwriters and agents, respectively, \$23.2 million 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 \$22.8 million 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”).

The factors used to develop the Company’s revenue forecast in this MD&A include the total amount of work the Company has signed an agreement with its clients to complete, the timeline in which that work will be completed based on the current pace of work the Company achieved over the last 12 months and which it expects to achieve over the next 12 months. The Company updates these assumptions at each reporting period and adjusts its forward-looking information as necessary.

COMPANY PROFILE

The business of the Company is conducted through IBI Group, a technology-driven design firm providing clients globally with architecture, engineering, planning, systems and technology services operating out of 63 offices in 11 countries across the world.

IBI’s one operating segment, consulting services, is concentrated in three practice areas:

INTELLIGENCE	BUILDINGS	INFRASTRUCTURE
<ul style="list-style-type: none">• Software• Systems design• Systems integration• Operations• End-user services	<ul style="list-style-type: none">• Architecture• Interior design• Mechanical, Structural & Electrical engineering	<ul style="list-style-type: none">• Civil engineering• Landscape architecture• Planning• Transportation• Urban design

By integrating productivity tools, processes and technology innovations developed through IBI’s Intelligence practice, the Company has been able to drive incremental growth in its traditional Buildings and Infrastructures practices, while generating more efficient results for IBI clients. IBI’s track record of

delivering premium, technology-driven results is a key firm differentiator and when combined with rising urbanization, is expected to contribute to the Company's continued growth across all three practice areas.

IBI Group's professionals have a broad range of professional backgrounds and experience in urban design and planning, architecture, civil engineering, transportation engineering, traffic engineering, systems engineering, urban geography, real estate analysis, landscape architecture, communications engineering, software development, and many other areas of expertise, all contributing to the three areas in which IBI Group practices.

The firm's clients include national, provincial, state, and local government agencies and public institutions, as well as leading companies in the real estate building, land and infrastructure development, transportation and communication industries, as well as other business areas.

CORE BUSINESS OVERVIEW

IBI markets its services and technologies through the three practice areas outlined above and manages business operations both by geographic region, in Canada and international locations, and by sector in the United States and the United Kingdom.

Intelligence

The skills and solutions within IBI's Intelligence practice are key elements that support IBI's position as a technology-driven design firm. The consulting practice includes advisory services, the design of systems, strategic advice on systems operation, deployment and assistance through to the implementation of industry solutions. IBI provides complete systems solutions in tolling, traffic and transit management, airport groundside management, lighting, and Supervisory Control And Data Acquisition (SCADA) applications for control of water and waste-water systems. Work to deliver new solutions that can be introduced to clients is underway in the areas of smart cities (including CurbIQ), asset management (including the InForm and Nspace by IBI Group solution), energy optimization (including BlueIQ) and traveller information systems (including TravellIQ).

Buildings

The Company's expertise in architecture, interior design and mechanical, structural & electrical engineering support IBI's Buildings sector, which includes projects across a variety of building types, including social infrastructure in health care, design for education, including schools, colleges, and universities; high density, high rise residential and mixed-use developments, low-rise buildings; industrial facilities, high-rise office buildings, retail space, institutional buildings, recreation, hotel and resort facilities. While the IBI Buildings practice covers a wide range of projects, the majority of the Company's practice is focused on four building types: mixed-use and residential development, healthcare, education and transportation facilities. Continued urbanization in global centres is expected to provide a growing portfolio of potential projects.

Infrastructure

The Company's expertise in civil engineering, landscape architecture, planning, transportation and urban design support IBI's Infrastructure practice. Services provided within the Infrastructure practice support transportation development, deployment and management - within and between urban areas - including all modes of private and public transportation for passengers (bus, light rail transit, heavy commuter rail, subway, heavy rail, high-speed rail, airports, marine transportation, and highway and road systems) and for freight transportation (trucks, rail, air, and marine). While the Infrastructure business is quite diverse, the majority of the Company's practice is focused on three core areas: land engineering covering all municipal utilities (sewer, power, water, and roads); placemaking services related to brownfield redevelopment in major metropolitan areas; and transportation planning and engineering.

OUTLOOK

The following represents forward-looking information and users are cautioned that actual results may vary.

Management is forecasting approximately \$386 million in total net revenue for the year ended December 31, 2020. As at September 30, 2020 the Company has \$536 million in work that is committed and under contract for the next five years, and at the same date has 17 months of backlog (calculated on the basis of the current pace of work the Company has achieved during the 12 months ended September 30, 2020). The Company is also in a strong position to meet its current and future working capital needs with its current cash reserves and available credit facility borrowings.

The Company bases its view of industry performance on their results in relation to their direct competitors and by reports published by market analysts.

Ongoing efforts to improve the monitoring of financial results, identify synergies and implement cost management initiatives, as well as strengthen the billings and collections process continue to be an area of focus as the Company continues to seek out opportunities to enhance profitability. In addition, the Company remains committed to strengthening its balance sheet by directing free cash flow to ongoing debt reduction, with the ultimate goal of increasing capital allocation flexibility.

FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars except for per share amounts)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Number of working days	63	63	189	188
Gross revenue	\$ 124,355	\$ 114,821	\$ 369,436	\$ 346,255
Less: Subconsultants and direct costs	26,307	20,201	74,809	61,082
Net revenue	\$ 98,048	\$ 94,620	\$ 294,627	\$ 285,173
Net income	\$ 6,270	\$ 8,690	\$ 18,610	\$ 14,957
Net income from operating activities ¹	\$ 5,819	\$ 6,706	\$ 16,879	\$ 19,871
Basic earnings per share	\$ 0.17	\$ 0.23	\$ 0.50	\$ 0.40
Diluted earnings per share	\$ 0.17	\$ 0.23	\$ 0.49	\$ 0.40
Basic earnings per share from operating activities ¹	\$ 0.16	\$ 0.18	\$ 0.45	\$ 0.53
Diluted earnings per share from operating activities ¹	\$ 0.15	\$ 0.18	\$ 0.45	\$ 0.53
Adjusted EBITDA ¹	\$ 12,727	\$ 12,297	\$ 35,094	\$ 35,217
Adjusted EBITDA ¹ as a percentage of net revenue	13.0%	13.0%	11.9%	12.3%
Adjusted EBITDA ¹ net of IFRS 16 impacts	\$ 16,219	\$ 16,731	\$ 47,347	\$ 46,698
Adjusted EBITDA ¹ net of IFRS 16 impacts as a percentage of net revenue	16.5%	17.7%	16.1%	16.4%
Cash flows (used in) provided by operating	\$ 18,230	\$ 8,076	\$ 33,393	\$ 18,208

¹ See "Definition of Non-IFRS Measures".

OVERVIEW

KEY EVENTS

- Net revenue increased to \$98.0 million for the three months ended September 30, 2020 compared to \$94.6 million for the same period in 2019, which reflects an increase of \$3.4 million or 3.6%. Net revenue increased to \$294.6 million for the nine months ended September 30, 2020 compared to \$285.2 million for the same period in 2019, which reflects an increase of \$9.4 million or 3.3%.
- Adjusted EBITDA¹ increased to \$12.7 million (or 13.0% of net revenue) for the three months ended September 30, 2020 compared to \$12.3 million (or 13.0% of net revenue) for the same period in 2019, which reflects an increase of \$0.4 million or 3.3%. Adjusted EBITDA¹ decreased to \$35.1 million (or 11.9% of net revenue) for the nine months ended September 30, 2020 compared to \$35.2 million (or 12.3% of net revenue) for the same period in 2019, which represents a decrease of \$0.1 million or 0.3%. The tables below represent the revenue and Adjusted EBITDA¹ by sector for the three and nine months ended September 30, 2020 and 2019.
- As a result of an improved pace of securing future work, the Company has an increase in backlog to be completed relative to September 30, 2019 of 30% across the firm. The Company realized strong increases in backlog across their three main business units with the Buildings, Infrastructure, and Intelligence business realizing increases of 32.0%, 31.0%, and 22.0%, respectively.
- The Company has expensed amounts during the year to introduce and market new technology products. For the three and nine months ended September 30, 2020 the Company has expensed \$0.5 million and \$1.2 million respectively.

(in thousands of Canadian dollars)

THREE MONTHS ENDED SEPTEMBER 30, 2020

(unaudited)

	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
Percentage of total revenue	19.8%	51.0%	28.9%	0.3%	100.0%
Adjusted EBITDA ¹	\$ 3,211	\$ 8,987	\$ 3,576	\$ (3,047)	\$ 12,727
Adjusted EBITDA ¹ as a percentage of revenue	16.5%	18.0%	12.7%		13.0%

(in thousands of Canadian dollars)

THREE MONTHS ENDED SEPTEMBER 30, 2019

(unaudited)

	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
Percentage of total revenue	17.1%	53.0%	29.4%	0.5%	100.0%
Adjusted EBITDA ¹	\$ 2,131	\$ 9,263	\$ 3,168	\$ (2,265)	\$ 12,297
Adjusted EBITDA ¹ as a percentage of revenue	13.1%	18.5%	11.4%		13.0%

¹ See "Definition of Non-IFRS Measures".

(in thousands of Canadian dollars)

NINE MONTHS ENDED SEPTEMBER 30, 2020

(unaudited)

	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
Percentage of total revenue	20.5%	50.9%	28.4%	0.2%	100.0%
Adjusted EBITDA ¹	\$ 10,972	\$ 23,001	\$ 8,444	\$ (7,323)	\$ 35,094
Adjusted EBITDA ¹ as a percentage of revenue	18.2%	15.3%	10.1%		11.9%

(in thousands of Canadian dollars)

NINE MONTHS ENDED SEPTEMBER 30, 2019

(unaudited)

	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
Percentage of total revenue	17.8%	53.4%	28.5%	0.3%	100.0%
Adjusted EBITDA ¹	\$ 6,340	\$ 28,354	\$ 7,586	\$ (7,063)	\$ 35,217
Adjusted EBITDA ¹ as a percentage of revenue	12.5%	18.6%	9.3%		12.3%

- Payments on lease liabilities net of receipts on lease receivables decreased to \$2.6 million for the three months ended September 30, 2020 compared to \$2.8 million for the same period in 2019, which reflects a decrease of \$0.2 million. The decrease in payments is primarily a result of part of the natural movement of the scheduled lease payments. Payments on leases liabilities net of receipts on lease receivables increased to \$9.9 million for the nine months ended September 30, 2020 compared to \$4.2 million for the same period in 2019, which reflects an increase of \$5.7 million. The increase in payments is primarily a result of \$1.2 million in tenant inducements paid to subtenants for the nine months ended September 30, 2020, compared to \$3.8 million in tenant inducements received from landlords in the same period in 2019 with the remaining increase part of the natural movement of the scheduled lease payments. Tenant inducements are included as part of the net present value of the related lease calculated at the time a lease is entered acting as contra amounts to the schedule amounts either received from sub-tenants or paid to landlords. Excluding these amounts from the net lease payments, the net lease payments for the nine months ended September 30, 2020 would be \$8.7 million, compared to \$8.0 million for the same period in 2019.
- To conform with the definitions within its lending agreement, the Company's adjustments to Adjusted EBITDA¹ includes the impact of net cash rent paid which is reflected below EBITDA as interest and amortization of right-of-use assets due to the implementation of IFRS 16. As a result,

¹ See "Definition of Non-IFRS Measures".

the impact to Adjusted EBITDA¹ for the three and nine months ended September 30, 2020 is a reduction of \$3.5 million and \$12.3 million, respectively, compared to a reduction of \$4.4 million and \$11.5 million, respectively, for the same period in 2019. If the Company did not adjust for these items and conformed to the industry practice, Adjusted EBITDA¹ for the three and nine months ended September 30, 2020 would be \$16.2 million (or 16.5% of net revenue) and \$47.3 million (or 16.1% of net revenue), respectively, compared to \$16.7 million (or 17.7% of net revenue) and \$46.7 million (or 16.4% of net revenue), respectively, for the same period in 2019. The following table represents the impact on each of the previous five quarters:

<i>(in thousands of Canadian dollars)</i>	SEPTEMBER	JUNE	MARCH	DECEMBER	SEPTEMBER
<i>(unaudited)</i>	30, 2020	30, 2020	31, 2020	31, 2019	30, 2019
Adjusted EBITDA ¹	12,727	13,148	9,219	6,809	12,297
Adjusted EBITDA ¹ as a percentage of revenue	13.0%	13.2%	9.5%	7.4%	13.0%
IFRS 16 lease accounting adjustment	3,492	3,945	4,816	4,015	4,434
Adjusted EBITDA ¹ net of IFRS 16 impacts	16,219	17,093	14,035	10,824	16,731
Adjusted EBITDA ¹ net of IFRS 16 impacts as a percentage of revenue	16.5%	17.1%	14.5%	11.8%	17.7%

- For the three months ended September 30, 2020 the Company billed \$5.1 million to clients relating to recurring software support and maintenance¹, an increase of \$nil compared to \$5.1 million for the same period in 2019. For the nine months ended September 30, 2020 the Company billed \$15.4 million to clients relating to recurring software support and maintenance¹, an increase of \$0.4 million or 2.7% compared to \$15.0 million for the same period in 2019. The increase is a result of additional clients and subscriptions obtained subsequent to September 30, 2019.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Net revenue for the three months ended September 30, 2020 was \$98.0 million, compared with \$94.6 million in the same period in 2019, an increase of \$3.4 million or 3.6%. The increase in revenue for the three months ended September 30, 2020 compared to the same period in 2019 is a result of improved performance within the Intelligence and Infrastructure business units with increases in revenue of \$3.2 million and \$0.5 million, respectively, when compared to the same period in 2019. Revenues in the Buildings and Corporate business units decreased by \$0.1 million and \$0.1 million, respectively, when comparing the same period in 2019.

Net revenue for the nine months ended September 30, 2020 was \$294.6 million, compared with \$285.2 million in the same period in 2019, an increase of \$9.4 million or 3.3%. The increase in revenue for the nine months ended September 30, 2020 compared to the same period in 2019 is a result of improved performance within the Intelligence and Infrastructure business units with increases in revenue of \$9.7 million and \$2.4 million, respectively, when compared to the same period in 2019. Revenues in the

¹ See "Definition of Non-IFRS Measures".

Buildings and Corporate business units decreased by \$2.4 million and \$0.3 million, respectively, when comparing the same periods.

As a result of an improved pace of securing future work, the Company has an increase in backlog to be completed relative to September 30, 2019 of 30% across the firm. The Company realized strong increases in backlog across their three main business units with the Buildings, Infrastructure, and Intelligence business realizing increases of 32.0%, 31.0%, and 22.0%, respectively.

For the three months ended September 30, 2020, the Company had net income of \$6.3 million, compared to \$8.7 million in the same period of 2019. Net income for the three months ended September 30, 2020 is inclusive of the following: a pre-tax gain in fair value of other financial liabilities of \$1.0 million compared to \$2.2 million in the same period in 2019, and a pre-tax foreign exchange loss of \$0.4 million compared to \$0.1 million in the same period in 2019. The change in both the fair value of other financial liabilities and foreign exchange gain and loss is a result of changing market conditions.

For the nine months ended September 30, 2020, the Company had net income of \$18.6 million, compared to \$15.0 million in the same period in 2019. Net income for the nine months ended September 30, 2020 is inclusive of the following: a pre-tax gain in fair value of other financial liabilities of \$2.6 million, compared to \$0.4 million in the same period in 2019 a result of changing market conditions and a foreign exchange loss of \$1.3 million compared to a loss of \$1.4 million in prior period

Basic and diluted earnings per share is \$0.17 for the three months ended September 30, 2020, compared to \$0.23 per share for the same period in 2019. Basic and diluted earnings per share decreased primarily due to a decrease in net income of \$2.4 million and an increase in the weighted average number of common shares outstanding which totaled 31,246,674 for the three months ended September 30, 2020 compared to 31,225,220 for the same period in 2019. The increase in common shares outstanding is a result of the exercise of stock options in the three months ended September 30, 2020

Basic and diluted earnings per share is \$0.50 and \$0.49 respectively for the nine months ended September 30, 2020, compared to \$0.40 per share for the same period in 2019. Basic and diluted earnings per share increased primarily due to an increase in net income of \$3.6 million offset slightly by an increase in the weighted average number of common shares outstanding which totaled 31,242,254 nine months ended September 30, 2020 compared to 31,225,220 for the same period in 2019. The increase in common shares outstanding is a result of the exercise of stock options in the nine months ended September 30, 2020

For the three months ended September 30, 2020, the Company had net income from operations¹ attributable to common shareholders of \$4.8 million, compared to \$5.6 million in the same period in 2019, which reflects a decrease of \$0.8 million or 14.3%. Basic and diluted earnings per share from operations¹ is \$0.16 and \$0.15 respectively for the three months ended September 30, 2020 compared to \$0.18 in the same period in 2019.

For the nine months ended September 30, 2020, the Company had net income from operations¹ attributable to common shareholders of \$14.1 million, compared to \$16.5 million in the same period in 2019, which reflects a decrease of \$2.4 million or 14.5%. Basic and diluted earnings per share from operations¹ is \$0.45 for the nine months ended September 30, 2020 compared to \$0.53 in the same period in 2019.

¹ See "Definition of Non-IFRS Measures".

The following table provides the calculation of net income from operations¹ and earnings per share from operations¹ for the three and nine months ended September 30, 2020 respectively:

<i>(in thousands of Canadian dollars)</i>	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2020	2019	2020	2019
<i>(unaudited)</i>				
Net income	\$ 6,270	\$ 8,690	\$ 18,610	\$ 14,957
Adjustments net of tax ¹ :				
Change in fair value of other financial liabilities	(999)	(2,171)	(2,577)	(447)
Foreign exchange loss	301	113	1,078	990
Depreciation of right-of-use assets	5,660	2,577	11,290	8,171
Payment of lease liabilities	(5,413)	(2,377)	(11,522)	(4,068)
Impairment on right-of-use assets	-	(126)	-	268
Net income from operating activities ¹	\$ 5,819	\$ 6,706	\$ 16,879	\$ 19,871
Net income from operating activities attributable to common shareholders ¹	\$ 4,845	\$ 5,584	\$ 14,053	\$ 16,545
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 share from operating activities ¹	\$ 0.16	\$ 0.18	\$ 0.45	\$ 0.53
Diluted earnings per share from operating activities ¹	\$ 0.15	\$ 0.18	\$ 0.45	\$ 0.53

¹ See "Definition of Non-IFRS Measures".

RESULTS OF OPERATIONS

The results of operations presented below should be read in conjunction with the applicable annual audited consolidated financial statements and related notes thereto, prepared in accordance with IFRS.

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
<i>(thousands of Canadian dollars, except per share amounts)</i>				
Revenue				
Gross Revenue	\$ 124,355	\$ 114,821	\$ 369,436	\$ 346,255
Less: Subconsultants 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	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 loss	367	72	1,273	1,353
Amortization of intangible assets	714	525	1,997	1,479
Depreciation of property, equipment, and other assets	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	(999)	(2,171)	(2,577)	(447)
Impairment of financial assets	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	2,512	3,177	7,898	9,396
Other finance costs	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 TAX EXPENSE	\$ 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 on translating financial statements of foreign operations, from continuing operations, net of tax	(1,268)	346	1,971	(3,603)
OTHER COMPREHENSIVE INCOME	(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	1,050	1,455	3,116	2,505
NET INCOME	\$ 6,270	\$ 8,690	\$ 18,610	\$ 14,957
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Common shareholders	4,165	7,522	17,136	9,452
Non-controlling interests	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	\$ 0.17	\$ 0.23	\$ 0.50	\$ 0.40
Diluted earnings per share	\$ 0.17	\$ 0.23	\$ 0.49	\$ 0.40

DESCRIPTION OF VARIANCES IN OPERATING RESULTS

i) REVENUE

The Company presents revenue on a gross basis as it represents the contract values earned during the period.

Net revenue for the three months ended September 30, 2020 was \$98.0 million, compared with \$94.6 million in the same period in 2019, an increase of \$3.4 million or 3.6%. The increase in revenue for the three months ended September 30, 2020 compared to the same period in 2019 is a result of improved performance within the Intelligence and Infrastructure business units with increases in revenue of \$3.2 million and \$0.5 million, respectively, when compared to the same period in 2019. Revenues in the Buildings and Corporate business units decreased by \$0.1 million and \$0.1 million, respectively, when comparing the same period in 2019.

Net revenue for the nine months ended September 30, 2020 was \$294.6 million, compared with \$285.2 million in the same period in 2019, an increase of \$9.4 million or 3.3%. The increase in revenue for the nine months ended September 30, 2020 compared to the same period in 2019 is a result of improved performance within the Intelligence and Infrastructure business units with increases in revenue of \$9.7 million and \$2.4 million, respectively, when compared to the same period in 2019. Revenues in the Buildings and Corporate business units decreased by \$2.4 million and \$0.3 million, respectively, when comparing the same periods.

As a result of an improved pace of securing future work, the Company has an increase in backlog to be completed relative to September 30, 2019 of 30% across the firm. The Company realized strong increases in backlog across their three main business units with the Buildings, Infrastructure, and Intelligence business realizing increases of 32.0%, 31.0%, and 22.0%, respectively.

The following table provides quarterly historical financial working days for the Company for each of the eight most recently completed quarters:

	SEPTEMBER 30,	JUNE 30,	MARCH 31,	DECEMBER 31,	SEPTEMBER 30,	JUNE 30,	MARCH 31,	DECEMBER 31,
<i>(unaudited)</i>	2020	2020	2020	2019	2019	2019	2019	2018
Number of working days	63	63	63	63	63	63	62	63

ii) SALARIES, FEES, AND EMPLOYEE BENEFITS

Salaries, fees, and employee benefits for the three months ended September 30, 2020 was \$69.5 million compared to \$64.7 million in the same period in 2019. As a percentage of net revenues, salaries, fees and employee benefits for the three months ended September 30, 2020 was 70.9% compared to 68.4% for the same period in 2019.

The impact of foreign exchange on salaries, fees and employee benefits for three months ended September 30, 2020 was an increase in expense of \$0.5 million compared to the same period in 2019.

Salaries, fees, and employee benefits for the nine months ended September 30, 2020 was \$208.2 million compared to \$197.5 million in the same period in 2019. As a percentage of net revenues, salaries, fees and employee benefits for the nine months ended September 30, 2020 was 70.7% compared to 69.3% for the same period in 2019.

The impact of foreign exchange on salaries, fees and employee benefits for the nine months ended September 30, 2020 was an increase in expense of \$1.4 million compared to the same period in 2019

Following is a summary of salaries, fees and employee benefits for the three and nine months ended September 30, 2020 and 2019

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2020	2019	2020	2019
Salaries and wages	61,859	58,895	185,528	177,935
Benefits	6,492	5,577	21,432	18,225
Performance share units	98	111	291	488
Change in fair value of deferred share units	897	(61)	356	184
Stock options expense	157	210	571	707
TOTAL SALARIES , FEES AND EMPLOYEE BENEFITS	\$ 69,503	\$ 64,732	\$ 208,178	\$ 197,539

iii) VARIABLE LEASE EXPENSE

Variable lease expenses for the three months ended September 30, 2020 was \$2.5 million compared to \$1.9 million in the same period in 2019. Variable lease expenses for the nine months ended September 30, 2020 was \$7.8 million compared to \$6.6 million in the same period in 2019. Variable lease expenses include items such as utilities, property taxes, and other common area maintenance costs on real estate contracts, as well as any real estate contracts where the practical expedient was applied under IFRS 16 (short-term leases or low-dollar value leases).

iv) OTHER OPERATING EXPENSES

Other operating expenses for the three months ended September 30, 2020 totaled \$9.8 million compared with \$10.6 million in the same period in 2019, a decrease of \$0.8 million or 7.5%. As a percentage of net revenues, operating expenses for the three months ended September 30, 2020 were 10.0% compared to 11.2% for the same period in 2019.

The impact of foreign exchange on other operating expenses for the three months ended September 30, 2020 was an increase of \$0.3 million compared with the same period in 2019.

Other operating expenses for the nine months ended September 30, 2020 totaled \$29.8 million compared with \$33.3 million in the same period in 2019, a decrease of \$3.5 million or 10.5%. As a percentage of net revenues, operating expenses for the nine months ended September 30, 2020 were 10.1% compared to 11.7% for the same period in 2019.

The impact of foreign exchange on other operating expenses for the nine months ended September 30, 2020 was an increase in expense of \$0.4 million compared to the same period in 2019

v) FOREIGN EXCHANGE GAIN & LOSS

Foreign exchange loss for the three months ended September 30, 2020 was \$0.4 million compared to a foreign exchange loss of \$0.1 million for the same period in 2019. Foreign exchange loss for the nine months ended September 30, 2020 was \$1.3 million compared to \$1.4 million for the same period in 2019.

The foreign exchange loss is primarily attributable to foreign exchange rate movements between the Canadian dollar, U.S dollar and British pound as functional currencies of the Company's subsidiaries and other local currencies of international subsidiaries, intercompany loans made by the Canadian parent company in the functional currencies of foreign subsidiaries that are not considered part of the permanent investment in those foreign subsidiaries as well as the exchange impact of its U.S dollar drawings on its credit facilities. During the period the Canadian dollar dropped in value significantly relative to the global market primarily as a result of the falling oil prices.

Although the Company strives to minimize its exposure to foreign exchange fluctuations on the translation of foreign-denominated intercompany loans held in the Company's Canadian operations by matching U.S dollar liabilities when possible, the Company's primary objective is to ensure it has sufficient cash flow to meet its short and long-term obligations. As such, the Company closely monitors the available liquidity of its credit facilities which is impacted by foreign exchange rate fluctuations between the Canadian and U.S dollar, and strives to ensure that tax efficiencies continue to exist in order to meet its short and long-term cash obligations.

vi) CHANGE IN FAIR VALUE OF OTHER FINANCIAL LIABILITIES

The change in fair value of other financial liabilities for the three months ended September 30, 2020 was a gain of \$1.0 million compared to a gain of \$2.2 million for the same period in 2019. The change in fair value of other financial liabilities for the nine months ended September 30, 2020 was a gain of \$2.6 million compared to a gain of \$0.4 million for the same period in 2019. The movement is related to the revaluation of the derivative liability, which was set up in September 2016 as a result of the issuance of the 5.5% Debentures. The movement in fair value is impacted by several factors, which include IBI's share price, the Canadian risk free interest rate, and IBI's credit risk. For the three months ended September 30, 2020 the movement in the period reflects the market activity including the closing of the IBI Hybrid financial instrument subsequent to September 30, 2020.

vii) AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets for the three months ended September 30, 2020 was \$0.7 million compared to \$0.5 million for the same period in 2019. Amortization of intangible assets for the nine months ended September 30, 2020 was \$2.0 million compared to \$1.5 million for the same period in 2019. The increase in amortization of intangible assets for the three and nine months ended September 30, 2020 is due to additions to intangible assets and bringing new processes and assets into use.

AMORTIZATION OF PROPERTY AND EQUIPMENT

Amortization of property and equipment for the three months ended September 30, 2020 was \$1.5 million compared to \$1.3 million for the same period in 2019. Amortization of property and equipment for the nine months ended September 30, 2020 was \$4.3 million compared to \$3.7 million for the same period in 2019.

The increase in amortization of property and equipment for the three and nine months ended September 30, 2020 is due to additions to property and equipment.

viii) IMPAIRMENT OF FINANCIAL ASSETS

Impairment of financial assets for the three months ended September 30, 2020 was \$0.9 million compared to \$0.9 million for the same period in 2019. Impairment of financial assets for the nine months ended September 30, 2020 was \$1.9 million compared to \$1.9 million for the same period in 2019.

ix) IMPAIRMENT OF RIGHT-OF-USE ASSET

Impairment of right-of-use asset for the three and nine months ended September 30, 2020 was \$nil million compared to (\$0.1 million) and \$0.3 million respectively, for the three and nine months ended September 30, 2019. The impairment was a result of a real estate sublease during the period that impacted the recovery of the right-of-use asset for the nine months ended September 30, 2019.

x) DEPRECIATION OF RIGHT-OF-USE ASSET

Depreciation of right-of-use assets for the three months ended September 30, 2020 was \$3.2 million compared to \$3.2 million for the same period in 2019. Depreciation of right-of-use assets for the nine months ended September 30, 2020 was \$9.8 million compared to \$9.6 million for the same period in 2019.

xi) INTEREST EXPENSE & OTHER FINANCE COSTS

Interest expense for the three months ended September 30, 2020 was \$2.5 million compared to \$3.2 million for the same period in 2019. Interest expense for the nine months ended September 30, 2020 was \$7.9 million compared to \$9.4 million for the same period in 2019. Relative to the same period in 2019, three and nine months ended September 30, 2020, interest on credit facilities decreased by \$0.6 million and \$1.6 million, respectively. The decrease is a result of a lower average amount borrowed under the facility for the three and nine months ended September 30, 2020 compared to the same period in 2019 as a result of repayments to the facility. In addition, the lower average amount borrowed has led to a reduction in interest rates.

Other finance costs for the three months ended September 30, 2020 was \$0.3 million compared to \$0.2 million for the same period in 2019. Other finance costs for the nine months ended September 30, 2020 was \$0.7 million compared to \$0.6 million for the same period in 2019.

Following is a summary of finance costs for the three and nine months ended September 30, 2020 and 2019:

	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

xii) 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 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.

xiii) NET INCOME

Net income for the three months ended September 30, 2020 was \$6.3 million compared to \$8.7 million for the same period in 2019. Net income for the nine months ended September 30, 2020 was \$18.6 million compared to \$15.0 million for the same period in 2019. The factors impacting this have been set out in the description of individual line items above.

Adjusted EBITDA¹ for the three and nine months ended September 30, 2020 increased by \$0.4 million and decreased by \$0.1 million, respectively, when compared to the same period in 2019 (see table for Adjusted EBITDA¹ for the previous eight quarters in this MDA).

SUMMARY OF FOREIGN EXCHANGE IMPACT

The following is a summary of the foreign exchange impact on revenue and total expenses for the three and nine months ended September 30, 2020:

<i>(in thousands of Canadian dollars)</i> <i>(unaudited)</i>	THREE MONTHS ENDED			FOREIGN	
	SEPTEMBER 30,			EXCHANGE OPERATING	
	2020	2019	CHANGE	IMPACT	CHANGE
Gross revenue	124,355	114,821	9,534	928	8,606
Less: Subconsultants and direct costs	26,307	20,201	6,106	(246)	6,352
Net revenue	98,048	94,620	3,428	1,174	2,254
Total operating expenses, net of foreign exchange gain & loss	86,996	80,912	6,084	566	5,518

<i>(in thousands of Canadian dollars)</i>	NINE MONTHS ENDED			FOREIGN	
	SEPTEMBER 30,			EXCHANGE OPERATING	
	2020	2019	CHANGE	IMPACT	CHANGE
Gross revenue	369,436	346,255	23,181	2,807	20,374
Less: Subconsultants and direct costs	74,809	61,082	13,727	(766)	14,493
Net revenue	294,627	285,173	9,454	3,573	5,881
Total operating expenses, net of foreign exchange gain & loss	261,125	253,982	7,143	1,682	5,461

ADJUSTED EBITDA¹

All of the factors outlined above have been adjusted for the discussion in the non-IFRS measure, Adjusted EBITDA¹. The following tables provide revenue and Adjusted EBITDA¹ by Business unit for the three and nine months ended September 30, 2020 and 2019:

¹ See "Definition of Non-IFRS Measures".

(in thousands of Canadian dollars)

THREE MONTHS ENDED SEPTEMBER 30, 2020

(unaudited)	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
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Items excluded in calculation of Adjusted EBITDA¹:

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

(in thousands of Canadian dollars)

THREE MONTHS ENDED SEPTEMBER 30, 2019

(unaudited)	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
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Items excluded in calculation of Adjusted EBITDA¹:

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 See "Definition of Non-IFRS Measures"

(in thousands of Canadian dollars)

NINE MONTHS ENDED SEPTEMBER 30, 2020

(unaudited)	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

(in thousands of Canadian dollars)

NINE MONTHS ENDED SEPTEMBER 30, 2019

(unaudited)	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 See "Definition of Non-IFRS Measures".

ADJUSTED EBITDA¹ FOR THE PREVIOUS EIGHT QUARTERS

The following table summarizes quarterly historical financial results for the Company for each of the eight most recently completed quarters and outlines the items which comprise the difference between net income (loss) and Adjusted EBITDA¹. This information should be read in conjunction with the applicable unaudited and annual audited consolidated financial statements and related notes thereto, prepared in accordance with IFRS.

¹ See “*Definition of Non-IFRS Measures*”.

(in thousands of Canadian dollars
except for per share amounts)
(unaudited)

	SEPTEMBER 30, 2020	JUNE 30, 2020	MARCH 31, 2020	DECEMBER 31, 2019	SEPTEMBER 30, 2019	JUNE 30, 2019	MARCH 31, 2019	DECEMBER 31, 2018
Gross revenue	124,355	123,915	121,166	114,203	114,821	117,760	113,674	115,878
Less: Subconsultants and direct costs	26,307	24,017	24,485	22,523	20,201	20,940	19,941	23,491
Net revenue	98,048	99,898	96,681	91,680	94,620	96,820	93,733	92,387
Net Income	6,270	6,756	5,584	1,892	8,690	3,917	2,351	3,685
Add:								
Interest expense, net	2,512	2,547	2,839	3,030	3,177	3,133	3,086	2,149
Current and deferred tax expense (recovery)	1,639	2,008	1,422	1,022	1,544	2,082	1,255	1,398
Amortization and Depreciation	5,348	5,445	5,291	4,862	5,045	4,886	4,905	1,753
	9,499	10,000	9,552	8,914	9,766	10,101	9,246	5,300
EBITDA	15,769	16,756	15,136	10,806	18,456	14,018	11,597	8,985
EBITDA as a percentage of revenue	16.1%	16.8%	15.7%	11.8%	19.5%	14.5%	12.4%	9.7%
Items excluded in calculation of Adjusted EBITDA ¹								
Foreign exchange loss	367	(628)	1,534	(75)	72	467	814	615
Change in fair value of other financial liabilities	(999)	484	(2,062)	(705)	(2,171)	851	872	(917)
Change in fair value of deferred share units	897	440	(981)	383	(61)	(33)	278	(82)
Stock based compensation	157	215	199	190	210	260	237	252
Performance share units expenses	98	96	97	111	111	116	261	68
Payment of performance share units expenses	(184)	(383)	-	-	-	-	-	-
Deferred financing charges	114	113	112	114	114	113	117	108
Change in onerous lease provision	-	-	-	-	-	-	-	(867)
IFRS 16 lease accounting adjustment	(3,492)	(3,945)	(4,816)	(4,015)	(4,434)	(3,616)	(3,430)	-
	(3,042)	(3,608)	(5,917)	(3,997)	(6,159)	(1,842)	(851)	(823)
Adjusted EBITDA¹	12,727	13,148	9,219	6,809	12,297	12,176	10,746	8,162
Adjusted EBITDA¹ as a percentage of revenue	13.0%	13.2%	9.5%	7.4%	13.0%	12.6%	11.5%	8.8%
Adjusted EBITDA¹ net of IFRS 16 impacts	16,219	17,093	14,035	10,824	16,731	15,792	14,176	8,162
Adjusted EBITDA¹ net of IFRS 16 impacts as a percentage of revenue	16.5%	17.1%	14.5%	11.8%	17.7%	16.3%	15.1%	8.8%
Earnings per share attributed to common shareholders	0.17	0.18	0.15	0.05	0.23	0.10	0.06	0.10
Weighted average share outstanding	31,246,674	31,240,044	31,240,044	31,238,359	31,225,220	31,225,044	31,222,312	31,220,877

¹ See "Definition of Non-IFRS Measures".

To conform with the definitions reflected within its lending agreement, the Company's adjustments to Adjusted EBITDA¹ includes the impact of net cash rent paid which is now included reflected below EBITDA as interest and amortization of right-of-use assets due to the implementation of IFRS 16. As a result, the impact to Adjusted EBITDA¹ for the three and nine months ended September 30, 2020 is a reduction of \$3.5 million and \$12.3 million, respectively, compared to a reduction of \$4.4 million and \$11.5 million, respectively, for the same period in 2019. If the Company did not adjust for these items and conformed to the industry practice, Adjusted EBITDA¹ for the three and nine months ended September 30, 2020 would be \$16.2 million (16.5% of net revenue) and \$47.3 million (16.1% of net revenue), respectively, compared to \$16.7 million (17.7% of net revenue) and \$46.7 million (16.4% of net revenue) for the same period in 2019.

IMPACT OF TRENDS ON QUARTERLY RESULTS

i) REVENUE

Consolidated quarterly revenue is impacted by the available chargeable hours which are typically lowest in the third quarter due to staff taking vacation during the summer months. Chargeable hours are also impacted by the number of working days in the quarter (see historical working days table in the Description of Variances in Operating Results section of this MD&A). There was one additional working day for the nine months ended September 30, 2020 compared to the same period in 2019 while there was no additional working days for the three months ended September 20, 2020 compared to the same period in 2019.

Net revenue is also impacted by the movement in foreign exchange rates. For the eight most recently completed quarters, the following table provides the impact foreign exchange on net revenue when compared to the same period in the previous year:

(in thousands of Canadian dollars)	SEPTEMBER 30, 2020	JUNE 30, 2020	MARCH 31, 2020	DECEMBER 31, 2019	SEPTEMBER 30, 2019	JUNE 30, 2019	MARCH 31, 2019	DECEMBER 31, 2018
Gain (loss) of foreign exchange on gross revenue	2,807	1,879	482	76	124	1,169	2,087	1,947
Loss (gain) of foreign exchange on subconsultants and direct costs	(766)	(519)	(124)	155	(92)	(345)	(543)	(558)
Gain (loss) of foreign exchange on net revenue	3,573	2,398	606	(79)	216	1,514	2,630	2,505

ii) NET INCOME (LOSS)

Net income (loss) is impacted by the fluctuations of foreign exchange and the fair value in other financial liabilities. The impact of these gains (losses) are noted in the adjusted EBITDA¹ table.

iii) ADJUSTED EBITDA¹

¹ See "Definition of Non-IFRS Measures".

Adjusted EBITDA¹ was \$12.7 million for the three compared to \$12.3 million for the same period in 2019. Adjusted EBITDA¹ was \$35.1 million for the nine months ended September 30, 2020 compared to \$35.2 million for the same period in 2019. Refer to the adjusted EBITDA¹ table above for the changes in the factors which affect the balance period over period.

¹ See *"Definition of Non-IFRS Measures"*.

SEGMENTED ADJUSTED EBITDA¹

The following tables provide financial data for the three and nine months ended September 30, 2020 and 2019 for the following geographic segments of the Company: Canada, U.S., U.K., and Other International.

¹ See “Definition of Non-IFRS Measures”.

THREE MONTHS ENDED SEPTEMBER 30, 2020

	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS	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 ¹	\$ 9,254	\$ 3,551	\$ 686	\$ (763)	\$ (1)	\$ 12,727
Items excluded in calculation of Adjusted EBITDA ¹ :						
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	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 ¹	\$ 8,611	\$ 3,437	\$ 637	\$ (388)	\$ -	\$ 12,297
Items excluded in calculation of Adjusted EBITDA ¹ :						
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 See "Definition of Non-IFRS Measures".

NINE MONTHS ENDED SEPTEMBER 30, 2020

	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS	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 ¹	\$ 24,023	\$ 9,575	\$ 1,367	\$ 129	\$ -	\$ 35,094
Items excluded in calculation of Adjusted EBITDA ¹ :						
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	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 ¹	\$ 25,369	\$ 6,748	\$ 891	\$ 2,209	\$ -	\$ 35,217
Items excluded in calculation of Adjusted EBITDA ¹ :						
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 See "Definition of Non-IFRS Measures".

Adjusted EBITDA¹ in the U.S segment for the three months ended September 30, 2020 was \$3.6 million compared to \$3.4 million for the same period in 2019. Adjusted EBITDA¹ in the U.S segment for the nine months ended September 30, 2020 was \$9.6 million compared to \$6.7 million for the same period in 2019. The increase in Adjusted EBITDA¹ for the three and nine months ended September 30, 2020 for the U.S segment compared to the same period in 2019 is a result of increased revenues and improved operating performance.

As a result of an improved pace of securing future work, the Company has an increase in backlog to be completed relative to September 30, 2019 of 30% across the firm. The Company realized strong increases in backlog across their three main business units with the Buildings, Infrastructure, and Intelligence business realizing increases of 32.0%, 31.0%, and 22.0%, respectively.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

The following table represents the working capital information:

<i>(in thousands of Canadian dollars)</i>		SEPTEMBER 30, 2020	DECEMBER 31, 2019	CHANGE
Current assets	\$	221,698	204,927	16,771
Current liabilities		(116,531)	(101,126)	(15,405)
WORKING CAPITAL	\$	105,167	103,801	1,366

Current assets increased by \$16.8 million as at September 30, 2020 when compared with December 31, 2019. This was due to an increase of \$11.3 million in accounts receivable, an increase of \$5.2 million in contract assets, an increase of \$4.7 million in prepaid and other assets, an increase of \$1.2 million in lease receivables, and an increase in income taxes recoverable of \$0.7 million offset by a decrease of \$6.3 million in cash.

There was an increase in current assets due to foreign exchange as at September 30, 2020 of \$2.1 million.

Current liabilities increased by \$15.4 million as at September 30, 2020 when compared with December 31, 2019. This was due to an increase of \$4.6 million in accounts payable and accrued liabilities, an increase of \$0.7 million in lease liability, and an increase in contract liabilities of \$8.6 million.

There was an increase in current liabilities due to foreign exchange as at September 30, 2020 of \$0.1 million.

¹ See "Definition of Non-IFRS Measures".

WORKING CAPITAL MEASURED IN NUMBER OF DAYS OF GROSS BILLINGS¹

Included in working capital of the Company are amounts reflecting project costs and sub-consultant expenses. The Company only reports its net fee volume as revenue, which would not include the billings for the recovery of these incurred costs. Therefore, to measure number of days outstanding of working capital, the gross billings, which include the billings for recovery of project expenses, would result in a more consistent calculation.

The table below calculates working days on a trailing twelve month basis, measured as days outstanding on gross billings.

WORKING DAYS OF GROSS BILLINGS OUTSTANDING ¹	SEPTEMBER 30, 2020	JUNE 30, 2020	MARCH 31, 2020	DECEMBER 31, 2019	SEPTEMBER 30, 2019
(unaudited)					
<i>Accounts receivable</i>	56	55	57	53	56
<i>Contract assets</i>	32	33	33	31	35
<i>Contract liabilities</i>	(23)	(23)	(23)	(20)	(18)
	65	65	67	64	73

The days sales outstanding as at September 30, 2020 has decreased by 8 days compared to September 30, 2019. The Company continues to carry out regular comprehensive reviews of its contract assets and accounts receivable. Improving the days outstanding in contract assets and accounts receivable is a significant area of focus for the Company. There are ongoing programs and initiatives to accelerate billings and to reduce days outstanding.

COMPONENTS OF WORKING CAPITAL

(in millions of Canadian dollars)	SEPTEMBER 30, 2020	JUNE 30, 2020	MARCH 31, 2020	DECEMBER 31, 2019	SEPTEMBER 30, 2019
	(unaudited)	(unaudited)	(unaudited)		(unaudited)
<i>Accounts receivable</i>	120.9	117.1	120.6	109.6	112.5
<i>Contract assets</i>	68.6	70.6	69.2	63.4	69.8
<i>Contract liabilities</i>	(50.0)	(48.2)	(48.2)	(41.4)	(37.2)
	139.5	139.5	141.6	131.6	145.1

¹ See "Definition of Non-IFRS Measures".

i) *Accounts Receivable*

The table below demonstrates the aging of receivables:

<i>Accounts receivable aging (net of allowance)</i>	SEPTEMBER		JUNE		MARCH		DECEMBER		SEPTEMBER	
	30, 2020	%	30, 2020	%	31, 2020	%	31, 2019	%	30, 2019	%
<i>(in thousands of Canadian dollars)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>		<i>(unaudited)</i>				<i>(unaudited)</i>	
Current	49,196	39	46,413	38	49,186	39	43,838	39	40,839	34
30 to 90 days	34,010	27	32,038	27	35,713	29	36,642	32	33,013	27
Over 90 days	42,632	34	43,039	35	40,200	32	33,166	29	47,920	39
Gross Accounts Receivable	125,838	100	121,490	100	125,099	100	113,646	100	121,772	100
Allowance for impairment losses	(4,944)		(4,358)		(4,548)		(4,065)		(9,230)	
TOTAL	120,894		117,132		120,551		109,581		112,542	

The table below demonstrates the impact of foreign exchange on the change in gross receivables from December 31, 2019 to September 30, 2019:

<i>(in thousands of Canadian dollars)</i>	CURRENT	30 TO 90 DAYS	OVER 90 DAYS	TOTAL
September 30, 2020 gross accounts receivable	49,196	34,010	42,632	125,838
December 31, 2019 gross accounts receivable	43,838	36,642	33,166	113,646
Change in gross accounts receivable in period	5,358	(2,632)	9,466	12,192
September 30, 2020 impact of foreign exchange	280	289	410	979
December 31, 2019 impact of foreign exchange	(582)	(511)	(788)	(1,881)
Increase (decrease) due to foreign exchange in period	862	800	1,198	2,860
Increase (decrease) due to operations in period	4,496	(3,432)	8,268	9,332

Accounts receivable has increased by \$11.3 million since December 31, 2019. There was an increase in accounts receivable due to foreign exchange as at September 30, 2020 of \$1.0 million compared to a decrease due to foreign exchange of \$1.9 million as at December 31, 2019. As at September 30, 2020, the Company had \$13.9 million in accounts receivable outstanding on large transit projects which are expected to be collected in the normal course of business. The accounts receivable outstanding on the same projects as at December 31, 2019 was \$10.3 million.

ii) *Contract Assets*

Contract assets increased by \$5.2 million since December 31, 2019. There was an increase of \$0.9 million in contract assets due to foreign exchange as at September 30, 2020 compared to a decrease due to

foreign exchange of \$1.4 million as at December 31, 2019. As at September 30, 2020, the Company had \$15.2 million in contract assets outstanding on large transit projects which are expected to be billed and collected in the normal course of business. The contract assets outstanding on the same projects as at December 31, 2019 totaled \$16.7 million.

For the nine months ended September 30, 2020 Day Sales outstanding has decreased by 8 days compared to prior period, therefore the timing that the Company can bill clients has reduced. This is also evident by the increase in current receivables, with a decrease in 30 to 90 day receivables balance.

iii) Contract Liabilities

Contract liabilities has increased by \$8.6 million since December 31, 2019. There was an increase in contract liabilities due to foreign exchange as at September 30, 2020 of \$0.1 million compared to a decrease due to foreign exchange of \$0.5 million as at December 31, 2019. The balance is monitored on a regular basis to ensure that amounts are appropriately recognized in fee revenue.

CASH FLOWS

Cash flows from operating, financing, and investing activities, as reflected in the Consolidated Statement of Cash Flows, are summarized in the following table:

(in thousands of Canadian dollars) (unaudited)	THREE MONTHS ENDED		
	SEPTEMBER 30,		
	2020	2019	CHANGE
<i>Cash flows provided by operating activities</i>	18,230	8,076	10,154
<i>Cash flows used in financing activities</i>	(20,962)	(4,878)	(16,084)
<i>Cash flows used in investing activities</i>	(719)	(4,028)	3,309

(in thousands of Canadian dollars)	NINE MONTHS ENDED		
	SEPTEMBER 30,		
	2020	2019	CHANGE
<i>Cash flows (used in) provided by operating activities</i>	33,293	18,208	15,085
<i>Cash flows used in financing activities</i>	(33,689)	(7,296)	(26,393)
<i>Cash flows used in investing activities</i>	(5,026)	(9,683)	4,657

OPERATING ACTIVITIES

Cash flows provided by operating activities for the three months ended September 30, 2020 were \$18.2 million, an increase of \$10.2 million compared to cash flows provided by operating activities of \$8.1 million for the same period in 2019. The increase in operating cash flows provided is mainly attributable to a decrease in non-cash working capital of \$9.5 million, a decrease of net income net of items not affecting

cash of \$1.6 million, a decrease in income taxes paid of \$0.1 million, and a decrease in interest paid of \$2.1 million.

Cash flows provided by operating activities for the nine months ended September 30, 2020 were \$33.3 million, an increase of \$15.1 million compared to cash flows provided by operating activities of \$18.2 million for the same period in 2019. The increase in operating cash flows provided is mainly attributable to a decrease in non-cash operating working capital of \$13.4 million, an increase in net income net of items not affecting cash of \$0.4 million, and a decrease in interest paid of \$1.9 million, offset by an increase in taxes paid of \$0.5 million.

FINANCING ACTIVITIES

Cash flows used in financing activities for the three months ended September 30, 2020 were \$21.0 million, an increase of \$16.1 million compared with cash flows used in financing activities of \$4.9 million for the same period in 2019. The increase in cash flows used in financing activities is mainly attributable to an increase in payments on credit facilities of \$16.3 million, offset by a decrease in payments on lease liabilities of \$0.2 million.

Cash flows used in financing activities for the nine months ended September 30, 2020 were \$33.7 million, an increase of \$26.4 million compared with cash flows used in financing activities of \$7.3 million for the same period in 2019. The increase in cash flows used in financing activities is mainly attributable to, an increase of \$20.4 million in payments on credit facilities, an increase of \$5.7 million in payments on principal of lease liability, and an increase in redemption of performance share units of \$0.4 million.

INVESTING ACTIVITIES

Cash flows used in investing activities for the three months ended September 30, 2020 were \$0.7 million, a decrease of \$3.3 million compared with cash flows used in investing activities of \$4.0 million for the same period in 2019. The decrease in cash caused is mainly attributable to a decrease in capital expenditures of \$3.4 million

Cash flows used in investing activities for the nine months ended September 30, 2020 were \$5.0 million, a decrease of \$4.7 million compared to cash flows used in investing activities \$9.7 million for the same period in 2019. The decrease in cash flows used in investing activities is mainly attributable to a decrease in capital expenditures of \$4.8 million.

CREDIT FACILITY

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 maximum amount available on the swing line facility to \$20 million. The total revolver facility remains unchanged at \$130 million. As at September 30, 2020, the interest on Canadian borrowings was 2.45% (September 30, 2019 – 4.95%). As at September 30, 2020, The Company had no U.S Dollar borrowings, (September 30, 2019 interest rate on borrowings was 6.00%)

The definitions under the new facility are substantially the same. The financial covenants outlined in the new facility are also substantially the same except for the references to the 7% Convertible Debentures which have now been redeemed.

Facility interest margins:

Level	R is the Leverage Ratio	Applicable Margin		
		for Floating Rate Loans is	for Libor Loans, Acceptances and Standby Instruments is	for the Commitment Fee is
I	$R \leq 1.00:1$	0%	+1.45%	+0.29%
II	$1.00:1 < R < 1.50:1$	+0.75%	+1.70%	+0.34%
III	$1.50:1 < R < 2.00:1$	+1.00%	+2.00%	+0.45%
IV	$2.00:1 < R < 2.50:1$	+1.25%	+2.25%	+0.50625%
V	$R > 2.50:1$	+1.50%	+2.50%	+0.5625%

As at September 30, 2020, IBI Group has borrowings of \$29.1 million (December 31, 2019 - \$51.6 million) under the credit facilities, which has been recognized net of deferred financing costs of \$0.9 million (December 31, 2019 - \$1.2 million). Included within the \$29.1 million borrowings, the Company has borrowed \$nil million USD (December 31, 2019 - \$10.0 million USD) under a swing line facility with a carrying value as at September 30, 2020 of \$nil CAD (December 31, 2018 - \$13.1 million CAD).

As at September 30, 2020, IBI Group has letters of credit outstanding of \$8.2 million (December 31, 2019 - \$4.0 million), of which \$7.8 million (December 31, 2018 - \$3.5 million) are issued under a \$20 million facility which matures on June 30, 2021 and supports letters of credit backstopped 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, 2018 - \$51.6 million), with the remaining borrowed as prime rate debt (December 31, 2018 - \$nil).

As at September 30, 2020, IBI Group has surety bonds outstanding of \$4.6 million (December 31, 2019 - \$4.6), 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, profitability, reducing costs and continued improvements in 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, the Company will

carefully monitor its compliance with the covenants and will seek waivers, subject to lender approval, as may become necessary from time to time.

SECURITY INTEREST OF SENIOR LENDERS

Guarantees from certain subsidiaries of IBI Group as well as IBI Group Architects (Ontario), and a first ranking security interest in all of the assets of IBI Group and the guarantors, subject to certain permitted encumbrances, have been pledged as security for the indebtedness and obligations of IBI Group under the credit facilities. The indebtedness secured by these security interests will rank senior to all other security over the assets of IBI Group and the guarantors, subject to certain permitted encumbrances.

CONVERTIBLE DEBENTURES

The carrying value of the convertible debentures as at September 30, 2020 is as follows:

		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 (\$46.0 MILLION PRINCIPAL, MATURES ON DECEMBER 31, 2021)

In September 2016, the Company issued 5.5% Debentures of \$46.0 million 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% Debenture, plus accrued and unpaid interest. The 5.5% Debentures bear interest from the date of issue at 5.5% per annum, payable in equal semi-annual payments in arrears on June 30th and December 31st of each year, commencing June 30, 2017.

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 \$32.5 million which was net of deferred financing costs of \$2.6 million, 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 \$10.9 million 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 \$0.3 million (December 31, 2019 - \$2.8 million).

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 audited consolidated statement of financial position, comprehensive income (loss) 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.

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 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 the

Company, customers, suppliers, and third party business partners conduct business. The Company may experience curtailed customer demand that could have a material adverse impact 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 the Company's 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 \$0.1 million.

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 a \$0.1 million value 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 a \$nil value for the nine months ended September 30, 2020.

CREDIT RISK

Financial instruments that subject the Company to credit risk consist primarily of accounts 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 was the same for the same period in 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.

As a result of the COVID-19 pandemic the Company is closely monitoring its outstanding receivables and unbilled effort and working with 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 in 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 and nine months ended September 30, 2020, no changes in credit risk were identified.

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 the condensed consolidated interim financial statements Note 4 – Financial Instruments) and access to capital markets.

As a result of COVID-19, 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, it is believed that existing cash and cash equivalents, anticipated cash flows from operations, and available credit facility will be sufficient to meet 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 the condensed consolidated interim financial statements Note 4 – Financial Instruments).

As at September 30, 2020, a foreign subsidiary of the Company had issued letters of credit in the amount of U.S \$2.3 million, which is equal to CAD \$3.1 million (December 31, 2019 – CAD \$3.0 million). The Company has pledged U.S \$2.3 million (December 31, 2018 – U.S \$2.3 million) 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 0.7 million, which is equal to a nominal CAD amount (December 31, 2019 - \$nil). The Company has pledged INR 0.7 million (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 \$8.2 million (December 31, 2019 - \$4.0 million), of which \$0.4 million (December 31, 2019 - \$0.4 million) are outstanding to foreign institutions with the remaining \$7.8 million (December 31, 2019 – \$3.5 million) being issued under a \$20 million facility which matures on June 30, 2021 and supports letters of credit backed by Export Development Canada.

As at September 30, 2020, IBI Group has surety bonds outstanding of \$4.6 million (December 31, 2019 - \$4.6 million), with Liberty Mutual Insurance. These bonds are security agreements necessary to backstop certain Intelligence projects in the U.S segment.

CONTRACTUAL OBLIGATIONS

As part of continuing operations, the Company enters into contractual obligations from time to time. The table below summarizes the material changes to the contractual obligations due on financial liabilities and commitments as of September 30, 2020:

<i>Contractual Obligations</i>	<i>Payment Due by Period</i>				
<i>(in millions of Canadian dollars) (unaudited)</i>	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	AFTER 5 YEARS
<i>Accounts payable and accrued liabilities</i>	\$ 49.8	\$ 49.8	-	-	-
<i>Credit facilities¹</i>	29.1	-	29.1	-	-
<i>Interest on credit facilities^{1,2}</i>	1.8	0.9	0.9	-	-
<i>Convertible debentures</i>	46.0	-	46.0	-	-
<i>Interest on convertible debentures³</i>	3.1	2.5	0.6	-	-
<i>Gross leases</i>	87.5	18.1	30.4	37.0	2.0
TOTAL CONTRACTUAL OBLIGATIONS	\$ 217.3	\$ 71.3	107.0	\$ 37.0	2.0

¹ See liquidity risk section of this MD&A.

² 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.

³ Includes the amount of cash interest due on the convertible debentures and does not include non-cash accretion.

CAPITAL MANAGEMENT

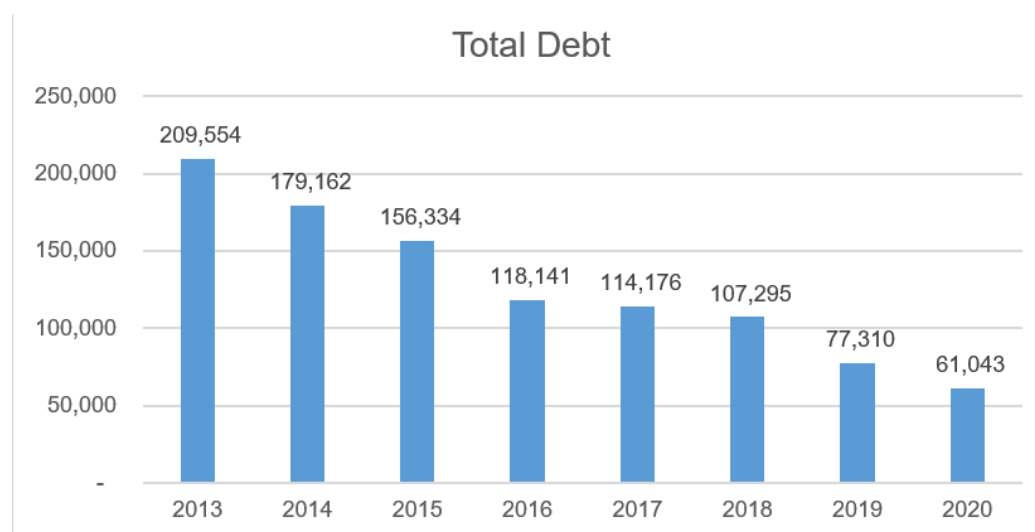
The Company's objective in managing capital is to maintain a capital base that will maintain investor, creditor, and market confidence and to sustain future growth within the business. The Company defines its capital as the aggregate of credit facilities, convertible debentures, and equity.

The Company has reviewed its anticipated revenues and costs over future years and has determined that the business has the ability to generate sufficient cash resources to fund its activities. A downturn in the economy or other unfavourable events may cause this situation to change. In conjunction with this analysis, 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 continues to improve their processes and procedures to maximize liquidity and minimize operational debt. The following table presents the Company's debt as a ratio of the trailing twelve months Adjusted EBITDA¹ in each of the last eight quarters which demonstrates the improvements made to maximize value and returns to stakeholders while minimizing debt held.

	SEPTEMBER	JUNE	MARCH	DECEMBER	SEPTEMBER	JUNE	MARCH	DECEMBER
<i>(in thousands of Canadian dollars)</i>	30, 2020	30, 2020	31, 2020	31, 2019	30, 2019	30, 2019	31, 2019	31, 2018
Credit facilities	28,206	46,492	50,486	50,328	72,386	74,241	73,774	75,548
Convertible debentures	41,915	41,180	40,462	39,768	39,102	38,458	37,829	37,213
Other financial liabilities	265	1,264	780	2,842	3,547	5,718	4,866	3,994
Less: unrestricted cash	(9,343)	(13,491)	(7,172)	(15,628)	(11,093)	(11,169)	(9,729)	(9,460)
Net debt	61,043	75,445	84,556	77,310	103,942	107,248	106,740	107,295
Adjusted EBITDA ¹ (Trailing 12 months)	41,903	41,474	40,501	42,028	43,381	41,237	38,141	36,539
Net debt as a multiple of adjusted EBITDA ¹	1.5	1.8	2.1	1.8	2.4	2.6	2.8	2.9

The following graph represents the Company's debt at the end of each of the last seven complete annual fiscal periods.



	2013	2014	2015	2016	2017	2018	2019	2020
Debt as a multiple of Adjusted EBITDA ¹ (trailing 12 months)	10.1	7.6	4.5	3.0	2.8	2.9	1.8	1.5

¹ See "Definition of Non-IFRS Measures".

FUTURE CASH GENERATION

Specific items of consideration in future cash generation are as follows:

1. ABILITY TO GENERATE SUFFICIENT CASH

The Company's existing business plan indicates that future earnings and cash flow generated will be sufficient to pay down and re-finance existing amounts outstanding within current thresholds acceptable to lenders. Reference should be made to commentary on forward looking statements in this document.

2. CIRCUMSTANCES THAT COULD AFFECT FUNDING

In the event that capital markets deteriorate or the Company does not execute on its business plan this will affect ability to attract and / or generate sufficient funds.

3. WORKING CAPITAL REQUIREMENTS

In the short term the business has sufficient financing to fund its working capital requirements. Procedures and systems are being implemented that are expected to assist management in achieving their objective to reduce the level of working capital on the balance sheet. If achieved, this will reduce existing borrowing amounts.

4. SITUATIONS INVOLVING EXTENDED PAYMENT

There are situations where arrangements with clients result in extended payment arrangements on projects. Management is implementing procedures and systems to improve cash flow forecasting before contracts are signed with clients to continue to ensure that sufficient cash flow is generated from each project.

5. CIRCUMSTANCES THAT IMPACT ESSENTIAL TRANSACTIONS

Certain larger projects in the architecture and engineering marketplace require capital investment to participate in the business opportunity. While the Company will continue to participate in these activities it will continue to do so only where probability of sufficient cash flow generation is determined at the beginning of the project.

6. SOURCES OF FUNDS TO MEET CAPITAL EXPENDITURE REQUIREMENTS

The Company does not have significant capital needs in relation to its cash generating ability. In the event that capital markets deteriorate or the Company does not execute on its business plan this situation may change. Reference should be made to commentary on forward looking statements in this document.

7. CREDIT FACILITY

On September 27, 2018, IBI Group entered into an amended agreement to its Credit Facilities under the existing banking arrangement with its senior lenders. See liquidity risk section of this MD&A.

8. CONVERTIBLE DEBENTURES

As outlined above, the Company has one series of debentures that provide a basis of capital which requires repayment or refinancing on December 2021.

Subsequent to September 30, 2020, the Company closed on the issuance of \$46 million principal, 6.5% Hybrid debenture with a maturity date of December 31, 2025. The Company intends to use the net proceeds of the issuance to fund the redemption of the Company's 5.5% debentures maturing December 31, 2021

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. As at November 4, 2020, the Company's common share capital consisted of 31,250,044 shares issued and outstanding.

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. The Class B partnership units have been recorded as a non-controlling interest in these consolidated financial statements as at September 30, 2020.

SHARE ISSUANCES

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

ACCUMULATED OTHER COMPREHENSIVE LOSS

During the three and nine months ended September 30, 2020, the Company incurred a \$2.7 million and \$5.4 million loss, respectively, related to the translation of financial statements of foreign operations, of which 83.26% is attributable to common shareholders.

TRANSACTIONS WITH RELATED PARTIES

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 the three and nine months ended September 30, 2020 was \$3.4 million and \$10.6 million, respectively (three and nine months ended September 30, 2019 - \$3.7 million and \$11.0 million, 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in accordance with IFRS requires management to exercise judgement 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

consolidated statement of financial position, and the reported amounts of revenue and expenses for the period covered by the consolidated statement of comprehensive income (loss). Actual amounts may differ from these estimates.

ACCOUNTING DEVELOPMENTS

FUTURE ACCOUNTING POLICY CHANGES

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 of September 30, 2020 the Company has not applied this practical expedient.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As required by National Instrument 52-109 of the Canadian Securities Administrators, the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") will be making certifications related to the information contained in the Company's quarterly filings. As part of certification, the CEO and CFO must certify as to the design of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR").

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company is processed and reported on a timely basis to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions with respect to required disclosure. The Company has adopted or formalized such controls as it believes are necessary and consistent with its business and internal management and supervisory practices. ICFR is a process designed to provide reasonable assurances regarding the reliability of the Company's financial reporting and of the preparation of financial statements for external purposes in compliance with generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of the financial reporting and of the preparation of the financial statements.

The Company's CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's ICFR and disclosure controls and DC&P as at September 30, 2020, and

have concluded that such controls and procedures are effective. There have been no changes in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2020, and ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

DEFINITION OF NON-IFRS MEASURES

Non-IFRS measures do not have a standardized meaning within IFRS and are therefore unlikely to be comparable to additional measures presented by other issuers. In commentary and tables within this document IFRS measures are presented along with non-IFRS measures. Where non-IFRS measures are used, there is a reconciliation to IFRS amounts provided. Any changes in the definition of non-IFRS are disclosed and quantified.

1. ADJUSTED EBITDA

The Company believes that Adjusted EBITDA, defined below, is an important measure for investors to understand the Company's ability to generate cash to honour its obligations. Management of the Company believes that in addition to net income (loss), Adjusted EBITDA is a useful supplemental measure as it provides readers with an indication of cash available for debt service, capital expenditures, income taxes and dividends. Readers should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indicator of the Company's performance or to cash flows from operating activities as a measure of liquidity and cash flows.

The Company defines Adjusted EBITDA in accordance with what is required in its lending agreements with its senior lenders.

References in this MD&A to Adjusted EBITDA are based on EBITDA adjusted for the following items:

- Gain/loss arising from extraordinary, unusual or non-recurring items, such as debt extinguishments
- Acquisition costs and deferred consideration revenue (i.e. restructuring costs, integration costs, compensation expenses, transaction fees and expenses)
- Non-cash expenses (i.e. grant of stock options, restricted share units or Capital stock to employees as compensation)
- Gain/Loss realized upon the disposal of capital property
- Gain/loss on foreign exchange translation
- Gain/loss on purchase or redemption of securities issued by that person or any subsidiary
- Gain/loss on fair valuation of financial instruments
- Amounts attributable to minority equity investments
- 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. Accordingly, Adjusted EBITDA may not be comparable to similar measures used by such entities. Reconciliations of net income (loss) to adjusted EBITDA have been provided under the heading "Results of Operations".

2. NET INCOME AND EARNINGS PER SHARE FROM OPERATIONS

The Company believes that net income and earnings per share from operations is an important measure for investors to understand the Company's ability to generate earnings and return value to their shareholders through their operating activities. The Company defines net income from operations as net income excluding accounting gains and losses derived from market conditions and other factors outside of the Company's operating activities. The following are the adjusting items:

- Gains and losses from foreign exchange
- Change in fair value of other financial liabilities
- Depreciation of right of use assets
- Payments made on IFRS 16 lease liabilities
- Payments received on IFRS 16 lease receivables
- Impairment of right of use assets

For the purposes of calculating net income from operations the adjustments above are adjusted net of tax:

<i>(in thousands of Canadian dollars)</i>	THREE MONTHS ENDED SEPTEMBER 30, 2020			NINE MONTHS ENDED SEPTEMBER 30, 2020		
	Impact on			Impact on		
<i>(unaudited)</i>	Pre-Tax	Tax	Net of Tax	Pre-Tax	Tax	Net of Tax
Change in fair value of other financial liabilities	\$ (999)	\$ -	\$ (999)	\$ (2,577)	\$ -	\$ (2,577)
Foreign exchange loss	367	(66)	301	1,273	(195)	1,078
Depreciation of right-of-use assets	3,180	2,480	5,660	9,805	1,485	11,290
Payment of lease liabilities	(2,597)	(2,816)	(5,413)	(9,941)	(1,581)	(11,522)

<i>(in thousands of Canadian dollars)</i>	THREE MONTHS ENDED SEPTEMBER 30, 2019			NINE MONTHS ENDED SEPTEMBER 30, 2019		
	Impact on			Impact on		
<i>(unaudited)</i>	Pre-Tax	Tax	Net of Tax	Pre-Tax	Tax	Net of Tax
Change in fair value of other financial liabilities	\$ (2,171)	\$ -	\$ (2,171)	\$ (447)	\$ -	\$ (447)
Foreign exchange loss	72	41	113	1,353	(363)	990
Depreciation of right-of-use assets	3,207	(630)	2,577	9,638	(1,467)	8,171
Payment of lease liabilities	(2,792)	415	(2,377)	(4,236)	168	(4,068)
Impairment on right of use assets	(126)	-	(126)	268	-	268

3. WORKING CAPITAL MEASURED IN NUMBER OF DAYS OF GROSS BILLINGS

Included in working capital of the Company are amounts reflecting project costs and sub-consultant expenses. The Company only reports its net fee volume as revenue, which would not include the billings for the recovery of these incurred costs. Therefore to measure number of days outstanding of working capital, the gross billings, which include the billings for recovery of project expenses, would result in more consistent calculations.

The information included is calculated based on working days on a twelve month trailing basis, measured as days outstanding on gross billings, which is estimated to be approximately 30% greater than net fee volume.

The Company believes that informing investors of its progress in managing its accounts receivable, work-in-process and deferred revenue is important for investors to anticipate cash flows from the business and to compare the Company with other businesses that operate in the same industry.

4. BILLING FROM RECURRING SOFTWARE SUPPORT AND MAINTENANCE

The amount of recurring software support and maintenance gross billings represents the annualized invoice amount the Company is able to charge clients and is recognized to revenue in accordance with the Company's accounting policy through the movement in the lock-up balances in the statement of financial position.