IBI Group 2022
First-Quarter Management Discussion and Analysis

THREE MONTHS ENDED
March 31, 2022

IBI GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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 three months ended March 31, 2022 should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2021, including the notes thereto and the December 31, 2021 MD&A. Additional information relating to the Company, including its Annual Information Form for the year ended December 31, 2021 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 40 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, 2021. 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 May 4, 2022.

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 over 60 offices in major urban centres across the globe.

IBI's Consulting services business is concentrated in three practice areas;

INTELLIGENCE	BUILDINGS	INFRASTRUCTURE
• Software • Systems design • Systems integration • Operations • End-user services	• Architecture • Interior design • Mechanical, Structural & Electrical engineering	• 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 and lighting. Work to deliver new solutions that can be introduced to clients is underway in the areas of smart cities, asset management (including the InForm by IBI Group solution), traveller information systems (including TravelIQ), parking and curbside management (Curb IQ), workplace management solution (NSpace) and data analytics.

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 $473 million in total net revenue for the year ended December 31, 2022. The Company currently has $661 million of 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 that the Company has achieved during the 12 months ended March 31, 2021). 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 (Unaudited)		
	MARCH 31, 2022	MARCH 31, 2021	% Change
Number of working days	**62**	62	
Gross revenue	**140,454**	**$132,932**	**6%**
Less: Subconsultants and direct costs	**19,698**	**$24,030**	**-18%**
Net revenue	**$120,756**	$108,902	**11%**
Net income	**$7,966**	$4,297	**85%**
Basic earnings per share	**$ 0.21**	$ 0.11	**91%**
Diluted earnings per share	**$ 0.21**	$ 0.11	**91%**
Cash flows provided by (used in) operating activities	**($262)**	$12,008	**-102%**
Recurring Billings[1]	**$6,020**	$5,327	**13.0%**
Days Sales Outstanding[1]	**57**	63	**-10%**
Backlog ($ millions)	**$661**	586	**13%**
Backlog (months)	**17**	17	**0%**
Net Debt[1]	**$30,968**	$52,605	**-41%**
Net Debt[1] / Adj. EBITDA Ratio	**0.6**	1.1	**-49%**
Net Revenue			
Intelligence	**20,969**	19,891	**5%**
Buildings	**61,957**	53,292	**16%**
Infrastructure	**37,365**	35,242	**6%**
Corporate	**465**	477	**-2%**
Total	**120,756**	108,902	**11%**
Adjusted EBITDA[1]			
Intelligence	**4,232**	**4,463**	**-5%**
Buildings	**14,187**	**10,850**	**31%**
Infrastructure	**5,179**	**5,290**	**-2%**
Corporate	**(4,713)**	**(4,234)**	**-11%**
Total	**18,885**	**16,369**	**15%**
Adjusted EBITDA[1] as a % of Net Revenue			
Intelligence	**20%**	**22%**	**-10%**
Buildings	**23%**	**20%**	**12%**
Infrastructure	**14%**	**15%**	**-8%**
Corporate	**0%**	**0%**	
Total	**15.6%**	15.0%	**4.0%**

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

OVERVIEW

KEY EVENTS

- Net revenue increased to $120.8 million for the three months ended March 31, 2022 compared to $108.9 million for the same period in 2021, which reflects an increase of $11.9 million or 10.9%. $9.9 million or 9.3% of the increase was attributable to organic growth.

- Adjusted EBITDA[1] increased to $18.9 million (or 15.6% of revenue) for the three months ended March 31, 2022 compared to $16.4 million (or 15.0% of revenue) for the same period in 2021, which reflects an increase of $2.5 million or 15.4%. The following tables represent the revenue and Adjusted EBITDA[1] by sector for the three months ended March 31, 2022 and 2021.

(in thousands of Canadian dollars)	THREE MONTHS ENDED MARCH 31, 2022									
(unaudited)	INTELLIGENCE		BUILDINGS		INFRASTRUCTURE		CORPORATE		TOTAL	
Gross revenues	$	25,649	$	71,229	$	43,105	$	471	$	140,454
Less: subconsultants and direct expenses		4,680		9,272		5,740		6		19,698
Net revenue	$	20,969	$	61,957	$	37,365	$	465	$	120,756
Percentage of total revenue		17.4%		51.3%		30.9%		0.4%		100.0%
Adjusted EBITDA[1]	$	4,232	$	14,187	$	5,179	$	(4,713)	$	18,885
Adjusted EBITDA[1] as a percentage of revenue		20.2%		22.9%		13.9%				15.6%

(in thousands of Canadian dollars)	THREE MONTHS ENDED MARCH 31, 2021									
(unaudited)	INTELLIGENCE		BUILDINGS		INFRASTRUCTURE		CORPORATE		TOTAL	
Gross revenues	$	23,652	$	67,716	$	41,020	$	544	$	132,932
Less: subconsultants and direct expenses		3,761		14,424		5,778		67		24,029
Net revenue	$	19,891	$	53,292	$	35,242	$	477	$	108,902
Percentage of total revenue		18.3%		48.9%		32.4%		0.4%		100.0%
Adjusted EBITDA[1]	$	4,463	$	10,850	$	5,290	$	(4,234)	$	16,369
Adjusted EBITDA[1] as a percentage of revenue		22.4%		20.4%		15.0%				15.0%

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

- Net income for the three months ended March 31, 2022 was $8.0 million, an increase of $3.7 million compared to the same period in 2021.

- For the three months ended March 31, 2022, net revenue in the Intelligence sector was $21.0 million, an increase of $1.1 million compared to the same period in 2021.

- As a result of an improved pace of securing future work, the Company has an increase in backlog to be completed relative to March 31, 2021 of 13% across the firm. Backlog at March 31, 2022 was $661 million or 17 months.

- On March 31, 2022, the Company acquired 100% of the issued and outstanding shares in RLC Architects (RLC). The consideration paid was $9.5 million with $6.2 million paid in cash on closing and an estimated $3.3 million to be paid through a deferred payment structure in the form of vendor notes payable over the next two years after transaction.

- The change in non-cash working capital is $14.2 million for the three months ended March 31, 2022 compared to $4.3 million for the same period in 2021. Historically, the Company has used working capital in the first two quarters of the year and generated positive working capital in the final two quarters of the year with large collections trending in the latter portion of quarter four and payouts to subcontractors in the first quarter. A number of the Company's computer software costs are prepaid in the fist quarter of the year resulting in a larger cash outflow and an increase in prepaid and other assets.

- For the three months ended March 31, 2022 the Company billed $6.0 million to clients relating to recurring software support and maintenance[1]. For the same period in 2021, the Company billed $5.3 million. The impact of foreign exchange resulted in a decrease of $0.07 million or 1.2%.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Net revenue for the three months ended March 31, 2022 was $120.8 million, compared with $108.9 million in the same period in 2021, an increase of $11.9 million or 10.9%. The increase in revenue for the three months ended March 31, 2022 compared to the same period in 2021 is a result of improved performance across all business units.

As a result of an improved pace of securing future work, the Company has an increase in backlog to be completed relative to March 31, 2021 of 13% across the firm.

Basic and diluted earnings per share is $0.21 for the three months ended March 31, 2022, compared to $0.11 per share for the same period in 2021. Basic and diluted earnings per share increased primarily due

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

to an increase in net income of $3.7 million offset slightly by an increase in the weighted average number of common shares outstanding which totaled 31,279,574 as at March 31, 2022 compared to 31,265,733 for the same period in 2021. The increase in common shares outstanding is a result of the exercise of stock options subsequent to March 31, 2021.

RESULTS OF OPERATIONS

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

(thousands of Canadian dollars, except per share amounts)	THREE MONTHS ENDED MARCH 31, 2022	2021
Revenue		
Gross Revenue	$ 140,454	$ 132,932
Less: Subconsultants and direct costs	19,698	24,030
NET REVENUE	$ 120,756	$ 108,902
Expenses		
Salaries, fees and employee benefits	86,987	79,108
Variable lease expense	2,252	2,774
Other operating expenses	11,968	10,415
Foreign exchange loss	180	494
Amortization of intangible assets	1,214	869
Depreciation of property, equipment, and other assets	1,322	1,398
Depreciation of right of use assets	2,988	3,027
Change in fair value of other financial liabilities	-	908
Impairment of financial assets	701	819
	107,612	99,812
OPERATING INCOME	$ 13,144	$ 9,090
Interest expense, net	1,729	1,983
Other finance costs	225	235
FINANCE COSTS	$ 1,954	$ 2,218
NET INCOME BEFORE TAX	$ 11,190	$ 6,872
Current tax expense	2,933	1,228
Deferred tax expense	291	1,347
INCOME TAX EXPENSE	$ 3,224	$ 2,575
NET INCOME	$ 7,966	$ 4,297
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	(1,485)	(984)
OTHER COMPREHENSIVE INCOME	(1,485)	(984)
TOTAL COMPREHENSIVE INCOME	$ 6,481	$ 3,313
NET INCOME ATTRIBUTABLE TO:		
Common shareholders	6,633	3,578
Non-controlling interests	1,333	719
NET INCOME	$ 7,966	$ 4,297
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Common shareholders	5,397	2,759
Non-controlling interests	1,084	554
TOTAL COMPREHENSIVE INCOME	$ 6,481	$ 3,313
EARNINGS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS		
Basic earnings per share	$ 0.21	$ 0.11
Diluted earnings per share	$ 0.21	$ 0.11

DESCRIPTION OF VARIANCES IN OPERATING RESULTS

i) REVENUE

Net revenue for the three months ended March 31, 2022 was $120.8 million, compared with $108.9 million in the same period in 2021, an increase of $11.9 million or 10.9%. The increase in revenue for the three months ended March 31, 2022 compared to the same period in 2021 is a result of improved performance across all business units when compared to the same period in 2021. Intelligence increased by $1.1 million (5.4%), Buildings increase by $8.7 million (16.3%), Infrastructure increased by $2.1 million (6.0%) and Corporate remained consistent compared to the same period in 2021.

As a result of an improved pace of securing future work, the Company has an increase in backlog to be completed relative to March 31, 2021 of 13% across the firm.

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

	MARCH 31	DECEMBER 31,	SEPTEMBER 30,	JUNE 30,	MARCH 31,	DECEMBER 31,	SEPTEMBER 30,	JUNE 30,
(unaudited)	2022	2021	2021	2021	2021	2020	2020	2020
Number of working days	62	63	63	63	62	63	63	63

ii) SALARIES, FEES, AND EMPLOYEE BENEFITS

Salaries, fees, and employee benefits for the three months ended March 31, 2022 was $87.0 million compared to $79.1 million in the same period in 2021. As a percentage of net revenues, salaries, fees and employee benefits for the three months ended March 31, 2022 was 72.0% compared to 72.6% for the same period.

The impact of foreign exchange on salaries, fees and employee benefits for the three months ended March 31, 2022 was a decrease in expense of $0.2 million compared to the same period in 2021.

The following table is a summary of salaries, fees and employee benefits for the three months ended March 31, 2022 and 2021:

	THREE MONTHS ENDED MARCH 31	
	2022	**2021**
Salaries and wages	$ 77,126	$ 69,886
Benefits	9,335	8,153
Performance share units	112	106
Change in fair value of deferred share units	138	808
Stock options expense	276	155
TOTAL SALARIES , FEES AND EMPLOYEE BENEFITS	**$ 86,987**	**$ 79,108**

iii) VARIABLE LEASE EXPENSE

Variable lease expenses for the three months ended March 31, 2022 was $2.3 million compared to $2.8 million in the same period in 2021. 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). The Company is implementing a plan to reduce it's office footprint as part of it's adoption of a hybrid working model. This resulted in lower rental rates for the three months ended March 31, 2022.

iv) OTHER OPERATING EXPENSES

Other operating expenses for the three months ended March 31, 2022 totaled $12.0 million compared with $10.4 million in the same period in 2021, an increase of $1.6 million or 14.9%. As a percentage of net revenues, operating expenses for the three months ended March 31, 2022 were 9.9% compared to 9.6% for the same period in 2021. For the three months ended March 31, 2022 there were increases in computer costs due to vendor increased rates compared to the same period in 2021.

The impact of foreign exchange on other operating expenses for the three months ended March 31, 2022 was a decrease in expenses of $0.03 million compared to the same period in 2021

v) FOREIGN EXCHANGE GAIN & LOSS

Foreign exchange loss for the three months ended March 31, 2022 was $0.2 million compared to $0.5 million for the same period in 2021.

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.

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 March 31, 2022 was $nil compared to a loss of $0.9 million for the same period in 2021. The movement is related to redemption of the 5.5% debentures on January 15, 2021.

vii) AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets for the three months ended March 31, 2022 was $1.2 million compared to $0.9 million for the same period in 2021. The increase in amortization of intangible assets for the three months ended March 31, 2022 is due to additions to intangible assets from the acquisitions and bringing new processes and assets into use subsequent to the prior period.

DEPRECIATION OF PROPERTY AND EQUIPMENT

Depreciation of property and equipment for the three months ended March 31, 2022 was $1.3 million compared to $1.4 million for the same period in 2021.

viii) IMPAIRMENT OF FINANCIAL ASSETS

Impairment of financial assets for the three months ended March 31, 2022 was $0.7 million compared to $0.8 million for the same period in 2021. This is based on the Company's historical collection and loss experience and incorporates forward looking factors, where appropriate.

ix) DEPRECIATION OF RIGHT-OF-USE ASSET

Depreciation of right-of-use assets for the three months ended March 31, 2022 was $3.0 million consistent with the same period in 2021.

INTEREST EXPENSE & OTHER FINANCE COSTS

Interest expense for the three months ended March 31, 2022 was $1.7 million compared to $2.0 million for the same period in 2021.

Other finance costs for the three months ended March 31, 2022 were $0.2 million consistent with the same period in 2021.

Following is a summary of finance costs for the three months ended March 31, 2022 and 2021:

	THREE MONTHS ENDED MARCH 31,	
	2022	2021
Interest on credit facilities	$ 79	$ 84
Interest on debentures	737	880
Non-cash accretion of debentures	125	115
Interest on lease liability	719	882
Interest on lease receivable	(37)	(60)
Other	106	82
INTEREST EXPENSE	$ 1,729	$ 1,983
Amortization of deferred financing costs	$ 116	$ 129
Other	109	106
OTHER FINANCE COSTS	$ 225	$ 235
FINANCE COSTS	$ 1,954	$ 2,218

x) INCOME TAXES

Income taxes for the three months ended March 31, 2022 was $3.2 million compared to $2.6 million for the same period in 2021. The effective income tax rate for the three months ended March 31, 2022 was 28.8% compared to 37.5% for the three months ended March 31, 2021. The change in the effective income tax rate was primarily due to the redemption of the 5.5% debentures in January 2021 where the cash premium paid on settlement was non-deductible. This was a one-time occurrence in 2021 and is not applicable in 2022. Another factor is a higher amount of non-deductible deferred share plan expense in 2021 in comparison to 2022.

NET INCOME

Net income for the three months ended March 31, 2022 was $8.0 million, compared to $4.3 million, respectively, for the same period in 2021. The factors impacting this have been set out in the description of individual line items above.

SUMMARY OF FOREIGN EXCHANGE IMPACT

The following is a summary of the foreign exchange impact on revenue and total expenses for the three months ended March 31, 2022 and 2021:

(in thousands of Canadian dollars)	**THREE MONTHS ENDED MARCH 31** 2022	2021	**CHANGE**	**FOREIGN EXCHANGE IMPACT**	**OPERATING CHANGE**
Gross revenue	140,454	132,932	7,522	(361)	7,883
Less: Subconsultants and direct costs	19,698	24,030	(4,332)	77	(4,409)
Net revenue	120,756	108,902	11,854	(438)	12,292
Total operating expenses, net of foreign exchange gain & loss	107,432	99,318	8,114	21	8,093

RECONCILIATION OF NON-IFRS MEASURES

ADJUSTED EBITDA[1] FOR BANK COVENANT PURPOSES

All of the factors outlined above have been adjusted for the discussion in the non-IFRS measure, Adjusted EBITDA[1] for bank covenant purposes. The following tables provide revenue and Adjusted EBITDA[1] for bank covenant purposes by Business unit for the three months ended March 31, 2022 and 2021:

(in thousands of Canadian dollars) *(unaudited)*	THREE MONTHS ENDED MARCH 31, 2022 INTELLIGENCE	BUILDINGS	INFRASTRUCTURE	CORPORATE	TOTAL
Gross revenues	$ 25,649	$ 71,229	$ 43,105	$ 471	$ 140,454
Less: subconsultants and direct expenses	4,680	9,272	5,740	6	19,698
Net revenue	$ 20,969	$ 61,957	$ 37,365	$ 465	$ 120,756
Adjusted EBITDA[1]	$ 3,572	$ 12,229	$ 3,873	$ (4,720)	$ 14,954
Items excluded in calculation of Adjusted EBITDA[1]:					
Interest expense, net	125	388	275	941	1,729
Amortization and depreciation	1,515	2,309	1,694	6	5,524
Foreign exchange (gain) loss	167	691	(143)	(535)	180
Change in fair value of deferred share units	-	-	-	138	138
Payment of DSP	-	-	-	(380)	(380)
Stock based compensation	35	49	83	109	276
Performance share units	-	-	-	112	112
Deferred financing charges	-	-	-	116	116
IFRS 16 lease accounting adjustment	(660)	(1,958)	(1,306)	(7)	(3,931)
Net income before tax	$ 2,390	$ 10,750	$ 3,270	$ (5,220)	$ 11,190

1 As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income.

(in thousands of Canadian dollars)	THREE MONTHS ENDED MARCH 31, 2021									
(unaudited)	INTELLIGENCE		BUILDINGS		INFRASTRUCTURE		CORPORATE		TOTAL	
Gross revenues	$	23,652	$	67,716	$	41,020	$	544	$	132,932
Less: subconsultants and direct expenses		3,761		14,424		5,778		67		24,030
Net revenue	$	19,891	$	53,292	$	35,242	$	477	$	108,902
Adjusted EBITDA[1]	$	3,909	$	9,195	$	4,239	$	(4,458)	$	12,885
Items excluded in calculation of Adjusted EBITDA[1]:										
Interest expense, net		132		412		306		1,133		1,983
Amortization and depreciation		1,013		2,332		1,697		252		5,294
Foreign exchange (gain) loss		(60)		683		201		(330)		494
Change in fair value of other financial liabilities		-		-		-		908		908
Change in fair value of deferred share units		-		-		-		808		808
Payment of DSP		-		-		-		(380)		(380)
Stock based compensation		19		22		21		93		155
Performance share units		-		-		-		106		106
Payment of performance share units		-		-		-		-		-
Deferred financing charges		-		-		-		129		129
IFRS 16 lease accounting adjustment		(554)		(1,655)		(1,051)		(224)		(3,484)
Net income before tax	$	3,359	$	7,401	$	3,065	$	(6,953)	$	6,872

1 As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income.

ADJUSTED EBITDA[1] AND ADJUSTED EBITDA[1] FOR BANK COVENANT PURPOSES FOR THE PREVIOUS EIGHT QUARTERS

The following table summarizes the impact of the IFRS 16 adjustment on Adjusted EBITDA[1] and as a percentage of net revenue for the previous eight quarters.

(in thousands of Canadian dollars (unaudited)	**MARCH 31, 2022**	**DECEMBER 31, 2021**	**SEPTEMBER 30, 2021**	**JUNE 30, 2021**	**MARCH 31, 2021**	**DECEMBER 31, 2020**	**SEPTEMBER 30, 2020**	**JUNE 30, 2020**
Adjusted EBITDA[1] for bank covenant purposes	14,954	10,988	14,607	14,398	12,885	10,640	12,727	13,148
Adjusted EBITDA[1] for bank covenant purposes as a percentage of revenue	12.4%	9.7%	13.3%	12.7%	11.8%	10.8%	13.0%	13.2%
IFRS 16 lease accounting adjustment	3,931	3,916	4,115	3,603	3,484	3,039	3,492	3,945
Adjusted EBITDA[1]	18,885	14,904	18,722	18,001	16,369	13,679	16,219	17,093
Adjusted EBITDA[1] as a percentage of revenue	15.6%	13.2%	17.1%	15.9%	15.0%	13.9%	16.5%	17.1%

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

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 EBITDA[1] for bank covenant purposes. 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)	**MARCH 31, 2022**	**DECEMBER 31, 2021**	**SEPTEMBER 30, 2021**	**JUNE 30, 2021**	**MARCH 31, 2021**	**DECEMBER 31, 2020**	**SEPTEMBER 30, 2020**	**JUNE 30, 2020**
Gross revenue	140,454	145,872	136,350	141,356	132,932	135,641	124,355	123,915
Less: Subconsultants and direct costs	19,698	33,096	26,748	28,147	24,030	37,058	26,307	24,017
Net revenue	120,756	112,776	109,602	113,209	108,902	98,583	98,048	99,898
Net Income	7,966	4,473	8,176	8,301	4,297	(929)	6,270	6,756
Add:								
Interest expense, net	1,729	2,066	1,932	2,042	1,983	6,986	2,512	2,547
Current and deferred tax expense (recovery)	3,224	2,009	3,038	3,085	2,575	776	1,639	2,008
Amortization and Depreciation	5,524	5,611	5,461	5,451	5,294	5,322	5,348	5,445
	10,477	9,686	10,431	10,578	9,852	13,084	9,499	10,000
EBITDA	**18,443**	**14,159**	**18,607**	**18,879**	**14,149**	**12,155**	**15,769**	**16,756**
EBITDA as a percentage of revenue	**15.3%**	**12.6%**	**17.0%**	**16.7%**	**13.0%**	**12.3%**	**16.1%**	**16.8%**
Items excluded in calculation of Adjusted EBITDA[1] for bank covenant purposes								
Foreign exchange loss	180	227	(188)	190	494	(77)	367	(628)
Gain on sale of investment	-	-	-	(866)				
Change in fair value of other financial liabilities	-	-	-	-	908	465	(999)	484
Change in fair value of deferred share units	138	461	153	8	808	803	897	440
Stock based compensation expenses	276	237	294	227	155	161	157	215
Performance share units expenses	112	104	104	110	106	97	98	96
Payment of deferred share units expenses	(380)	(380)	(380)	(380)	(380)	-	(184)	-
Payment of performance share units expenses	-	-	-	(299)	-	-	-	(383)
Deferred financing charges	116	96	132	132	129	75	114	113
IFRS 16 lease accounting adjustment	(3,931)	(3,916)	(4,115)	(3,603)	(3,484)	(3,039)	(3,492)	(3,945)
	(3,489)	(3,171)	(4,000)	(4,481)	(1,264)	(1,515)	(3,042)	(3,608)
Adjusted EBITDA[1] for bank covenant purposes	**14,954**	**10,988**	**14,607**	**14,398**	**12,885**	**10,640**	**12,727**	**13,148**
Adjusted EBITDA[1] for bank covenant purposes as a percentage of revenue	**12.4%**	**9.7%**	**13.3%**	**12.7%**	**11.8%**	**10.8%**	**13.0%**	**13.2%**
Adjusted EBITDA[1]	**18,885**	**14,904**	**18,722**	**18,001**	**16,369**	**13,679**	**16,219**	**17,093**
Adjusted EBITDA[1] as a percentage of revenue	**15.6%**	**13.2%**	**17.1%**	**15.9%**	**15.0%**	**13.9%**	**16.5%**	**17.1%**
Basic and diluted earnings per share attributed to common shareholders	0.21	0.12	0.22	0.22	0.11	(0.02)	0.17	0.18
Diluted earnings per share attributed to common shareholders	0.21	0.12	0.21	0.22	0.11	(0.02)	0.17	0.18
Weighted average share outstanding	31,279,574	31,298,038	31,295,588	31,298,280	31,265,733	31,257,544	31,246,674	31,240,044

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

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). The number of working days remained consistent for the three months ended March 31, 2022 and 2021.

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)	**MARCH**	**DECEMBER**	**SEPTEMBER**	**JUNE**	**MARCH**	**DECEMBER**	**SEPTEMBER**	**JUNE**
(unaudited)	**31, 2022**	**31, 2021**	**30, 2021**	**30, 2021**	**31, 2021**	**31, 2020**	**30, 2020**	**30, 2020**
Gain (loss) of foreign exchange on gross revenue	(361)	(1,636)	(2,583)	(5,413)	(2,421)	(379)	2,807	1,879
Loss (gain) of foreign exchange on subconsultants and direct costs	77	449	812	1,647	789	82	(766)	(519)
Gain (loss) of foreign exchange on net revenue	(438)	(2,085)	(3,395)	(7,060)	(3,210)	(461)	3,573	2,398

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 EBITDA[1] for bank covenant purposes table.

iii) ADJUSTED EBITDA[1]

Adjusted EBITDA[1] was $18.9 million for the three months ended March 31, 2022 compared to $16.4 million for the same period in 2021. Refer to the adjusted EBITDA[1] table for bank covenant purposes table for the changes in the factors which affect the balance period over period.

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

SEGMENTED ADJUSTED EBITDA[1] FOR BANK COVENANT PURPOSES

	THREE MONTHS ENDED MARCH 31, 2022					
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS[1]	TOTAL
Gross Revenues	$ 85,903	$ 38,627	$ 8,884	$ 7,040	$ -	$ 140,454
Less: subconsultants and direct expenses	8,166	7,815	1,718	1,999	-	19,698
Net revenue	$ 77,737	$ 30,812	$ 7,166	$ 5,041	$ -	$ 120,756
Adjusted EBITDA[2]	$ 11,000	$ 3,983	$ 316	$ (345)	$ -	$ 14,954
Items excluded in calculation of Adjusted EBITDA[2]:						
Interest expense, net	571	172	34	12	940	1,729
Amortization and depreciation	3,349	1,548	350	277	-	5,524
Foreign exchange (gain) loss	(176)	11	200	145	-	180
Change in fair value of deferred share units	-	-	-	-	138	138
Payment of DSP	-	-	-	-	(380)	(380)
Stock based compensation	244	17	9	6	-	276
Performance share units	112	-	-	-	-	112
Deferred financing charges	-	-	-	-	116	116
IFRS 16 lease accounting adjustment	(2,196)	(1,383)	(233)	(119)	-	(3,931)
Net income (loss) before tax	$ 9,096	$ 3,618	$ (44)	$ (666)	$ (814)	$ 11,190

	THREE MONTHS ENDED MARCH 31, 2021					
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS[1]	TOTAL
Gross revenues	$ 76,387	$ 41,008	$ 8,951	$ 6,586	$ -	$ 132,932
Less: subconsultants and direct expenses	7,985	12,780	1,363	1,902	-	24,030
Net revenue	$ 68,402	$ 28,228	$ 7,588	$ 4,684	$ -	$ 108,902
Adjusted EBITDA[2]	$ 8,463	$ 3,637	$ 638	$ 147	$ -	$ 12,885
Items excluded in calculation of Adjusted EBITDA[2]:						
Interest expense, net	634	224	28	17	1,080	1,983
Amortization and depreciation	2,944	1,652	391	307	-	5,294
Foreign exchange (gain) loss	386	(61)	(24)	193	-	494
Change in fair value of other financial liabilities	-	-	-	-	908	908
Change in fair value of deferred share units	-	-	-	-	808	808
Payment of DSP	-	-	-	-	(380)	(380)
Stock based compensation	83	33	11	28	-	155
Performance share units	106	-	-	-	-	106
Deferred financing charges	-	-	-	-	129	129
IFRS 16 lease accounting adjustment	(1,637)	(1,388)	(316)	(143)	-	(3,484)
Net income (loss) before tax	$ 5,947	$ 3,177	$ 548	$ (255)	$ (2,545)	$ 6,872

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

[2] As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

The following table represents the working capital information:

(in thousands of Canadian dollars)		MARCH 31, 2022		DECEMBER 31, 2021		CHANGE
Current assets	**$**	**250,120**	$	244,998	$	5,122
Current liabilities		**(150,302)**		(145,779)		(4,523)
WORKING CAPITAL	**$**	**99,818**	$	99,219	$	599

Current assets increased by $5.1 million as at March 31, 2022 when compared with December 31, 2021. This was due to an increase in accounts receivable of $10.5 million, an increase in contract assets of $1.7 million and an increase in prepaid expenses and other current assets of $2.1 million. This is offset by a decrease in cash of $8.7 million and a decrease in income tax recoverable of $0.4 million.

There was a decrease in current assets due to foreign exchange as at March 31, 2022 of $1.7 million.

Current liabilities increased by $4.5 million as at March 31, 2022 when compared with December 31, 2021. This was due to an increase of $1.3 million in contract liabilities, an increase in bank indebtedness of $8.3 million and an increase in deferred consideration of $1.1 million offset by a decrease in accounts payable and accrued liabilities of $2.9 million and a decrease in income taxes payable of $2.9 million

There was a decrease in current liabilities due to foreign exchange as at March 31, 2022 of $1.0 million.

WORKING CAPITAL MEASURED IN NUMBER OF DAYS OF GROSS BILLINGS[1]

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] (unaudited)	***MARCH 31, 2022***	***DECEMBER 31, 2021***	***SEPTEMBER 30, 2021***	***JUNE 30, 2021***	***MARCH 31, 2021***
Accounts receivable	*60*	*58*	*57*	*55*	*61*
Contract assets	*26*	*25*	*29*	*31*	*32*
Contract liabilities	*(29)*	*(29)*	*(29)*	*(28)*	*(30)*
	57	*54*	*57*	*58*	*63*

The days sales outstanding as at March 31, 2022 has decreased by six days compared to March 31, 2021. 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)	***MARCH 31, 2022*** *(unaudited)*	***DECEMBER 31, 2021***	***SEPTEMBER 30, 2021*** *(unaudited)*	***JUNE 30, 2021*** *(unaudited)*	***MARCH 31, 2021*** *(unaudited)*
Accounts receivable	*150.6*	*140.1*	*132.7*	*124.7*	*132.9*
Contract assets	*62.0*	*60.3*	*66.6*	*69.6*	*68.9*
Contract liabilities	*(71.0)*	*(69.7)*	*(67.3)*	*(63.1)*	*(64.4)*
	141.6	*130.7*	*132.0*	*131.2*	*137.4*

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

i) Accounts Receivable

The table below demonstrates the aging of receivables:

Accounts receivable aging (net of allowance)	*MARCH*		*DECEMBER*		*SEPTEMBER*		*JUNE*		*MARCH*	
	31, 2022	*%*	*31, 2021*	*%*	*30, 2021*	*%*	*30, 2021*	*%*	*30, 2021*	*%*
(in thousands of Canadian dollars)	*(unaudited)*				*(unaudited)*		*(unaudited)*		*(unaudited)*	
Current	54,103	35	57,571	40	55,812	40	50,964	39	56,734	40
30 to 90 days	42,211	27	36,368	25	33,726	25	32,746	25	37,238	27
Over 90 days	59,245	38	50,759	35	47,475	35	48,408	36	45,992	33
Gross Accounts Receivable	155,559	100	144,698	100	137,013	100	132,118	100	139,964	100
Allowance for impairment losses	(5,006)		(4,634)		(4,279)		(7,420)		(7,114)	
TOTAL	150,553		140,064		132,734		124,698		132,850	

The table below demonstrates the impact of foreign exchange on the change in gross receivables from December 31, 2021 to March 31, 2022:

(in thousands of Canadian dollars)	***CURRENT***	***30 TO 90 DAYS***	***OVER 90 DAYS***	***TOTAL***
March 31, 2022 gross accounts receivable	54,103	42,211	59,245	155,559
December 31, 2021 gross accounts receivable	57,571	36,368	50,759	144,698
Change in gross accounts receivable in period	(3,468)	5,843	8,486	10,861
March 31, 2022 impact of foreign exchange	(445)	(313)	(255)	(1,013)
December 31, 2021 impact of foreign exchange	(571)	(216)	(325)	(1,112)
Increase (decrease) due to foreign exchange in period	126	(97)	70	99
Increase (decrease) due to operations in period	(3,594)	5,940	8,417	10,762

Gross accounts receivable has increased by $10.9 million since December 31, 2021. There was a decrease in accounts receivable due to foreign exchange as at March 31, 2022 of $1.0 million compared to a decrease due to foreign exchange of $1.1 million as at December 31, 2021. As at March 31, 2022, the Company had $34.4 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, 2021 was $36.4 million, of which $22.4 million in 2022 and $20.2 million in 2021 were in the over 90 days gross receivable bucket.

ii) Contract Assets

Contract assets increase by $1.7 million since December 31, 2021. There was a decrease of $0.6 million in contract assets due to foreign exchange as at March 31, 2022 compared to an increase due to foreign exchange of $0.2 million as at December 31, 2021. As at March 31, 2022, the Company had $13.1 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, 2021 totaled $11.5 million.

iii) Contract Liabilities

Contract liabilities has increased by $1.3 million since December 31, 2021. There was a decrease in contract liabilities due to foreign exchange as at March 31, 2022 of $0.6 million compared to a decrease due to foreign exchange of $0.9 million as at December 31, 2021. The balance is monitored on a regular basis to ensure that amounts are appropriately recognized in fee revenue.

TOTAL ASSETS AND LIABILITIES

TOTAL ASSETS

Total assets have increased by $10.4 million since December 31, 2021. This is primarily due to an increase in current assets of $5.1 million which is described above in working capital, an increase in goodwill of $3.2 million, an increase of $4.1 million in intangible assets, both related to the RLC Architects acquisition and increase in property and equipment of $0.9 million. This is offset by a decrease in right of use assets of $2.7million.

TOTAL LIABILITIES

Total liabilities have increased by $3.7 million since December 31, 2021. This is primarily due to an increase in current liabilities of $4.5 million which is described above in working capital, an increase in deferred consideration of $1.9 million, an increase in deferred tax liabilities of $0.3 million and an increase of $0.1 million in senior unsecured debentures. This is offset by a decrease in lease liabilities of $3.1 million.

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)	THREE MONTHS ENDED MARCH 31		
	2022	2021	***CHANGE***
Cash flows provided by (used in) provided by operating activities	**(262)**	12,008	(12,270)
Cash flows provided by (used in) financing activities	***4,723***	*(15,384)*	*20,107*
Cash flows used in investing activities	***(9,468)***	*(2,583)*	*(6,885)*

OPERATING ACTIVITIES

Cash flows used in operating activities for the three months ended March 31, 2022 were $0.3 million, a decrease of $12.3 million compared to cash flows provided by operating activities of $12.0 million for the same period in 2021. The increase in operating cash flows used is mainly attributable to an increase in taxes paid of $5.1 million and the change in non-cash working capital of $9.8 million, offset by the increase the underlying cash operating performance.

FINANCING ACTIVITIES

Cash flows provided by financing activities for the three months ended March 31, 2022 were $4.7 million, an increase of $20.1 million compared with cash flows used in financing activities of $15.4 million for the same period in 2021. The increase in cash flows provided by financing activities is mainly attributable to the draws on bank indebtedness of $8.3 million compare to draws on the credit facility of $35.0 million, offset by the redemption of the 5.5% convertible debenture of $47.7 million in 2021.

INVESTING ACTIVITIES

Cash flows used in investing activities for the three months ended March 31, 2022 were $9.5 million, an increase of $6.9 million compared to cash flows used in investing activities $2.6 million for the same period in 2021. The increase in cash flows used in investing activities is mainly attributable to acquisitions of $5.7 million, an increase in capital expenditure of property and equipment and intangible assets of $0.7 million and $0.3 million respectively and increase in investments of $0.3 million.

CREDIT FACILITY

On September 29, 2021, IBI Group entered into an amended agreement on its credit facilities extending the maturity date to September 29, 2025 maintaining the maximum amount available on the swing line facility to $20 million. The total revolver facility remains unchanged at $130 million. As at March 31, 2022, the interest on Canadian borrowings was 2.70% (March 31, 2021 – 2.45%).

The definitions and financial covenants under the new facility are substantially the same.

Facility interest margins:

		Applicable Margin		
Level	R is the Leverage Ratio	for Floating Rate Loans is	for Libor Loans, Acceptances and Standby Instruments is	for the Commitment Fee is
I	R ≤ 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 March 31, 2022, IBI Group has borrowings of $nil (December 31, 2021 - $nil) under the credit facilities, which has been recognized net of deferred financing costs of $nil (December 31, 2021 - $nil).

As at March 31, 2022, IBI Group has bank indebtedness of $10.7 million (December 31, 2021 - $2.3 million).

As at March 31, 2022, IBI Group has letters of credit outstanding of $9.9 million (December 31, 2021 - $9.0 million), of which $8.8 million (December 31, 2021 - $8.1 million) are issued under a $20 million facility which matures on June 30, 2022 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, US dollar base rate, CDOR, SOFR or Banker's Acceptance rates plus, in each case, an applicable margin. As at March 31, 2022, $nil was outstanding under Bankers' Acceptance (December 31, 2021 - $nil).

As at March 31, 2022, IBI Group has surety bonds outstanding of $4.6 million (December 31, 2021 - $4.6 million), 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 March 31, 2022

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. During the three months ended, March 31, 2022 no waivers were sought.

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.

DEBENTURES

The carrying value of the convertible debentures as at March 31, 2022 is as follows:

		LIABILITY COMPONENT	TOTAL
6.5% Debentures (matures on December 31, 2025)			
Balance at December 31, 2021	$	43,663 $	43,663
Accretion of 6.5% Debentures		125	125
BALANCE, MARCH 31, 2022	$	43,788 $	43,788

6.5% DEBENTURES ($46.0 MILLION PRINCIPAL, MATURES ON DECEMBER 31, 2025)

On October 02, 2020, the Company issued 6.5% senior, unsecured Debentures of $46.0 million with a maturity date of December 31, 2025. The Debentures bear interest at the rate of 6.5% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2020. The use of the net proceeds was to repay the previously issued 5.5% Debentures.

On or after December 31, 2023, but prior to December 31, 2024, the 6.5% Debentures are redeemable, in whole or in part from time to time at the option of the Company at a price equal to 103.25% of the principal amount of the Debentures redeemed plus accrued and unpaid interest . On or after December 31, 2024 but prior to the maturity date of December 31, 2025, the Debentures are redeemable at a price equal to their principal amount plus accrued and unpaid interest.

On redemption or at maturity on December 31, 2025, the Company has the option to repay the debentures in either cash or freely tradable voting shares of the Company obtained by dividing $1 by 95% of the current market price of the share on the date fixed for redemption or the maturity date.

In the event of a change in control, as defined in the indenture, on or after December 31, 2023 but before December 31, 2024, the Company will be required to make an offer to the holders of the debentures to repurchase the debentures at a price equal to 103.25% of the principal amount plus accrued and unpaid interest. On or after December 31, 2024 the price is equal to the principal plus accrued and unpaid interest.

Each embedded feature was evaluated separately, and it was determined that the economic and risk characteristics are not closely related to the host contract. It has been assessed that the identified embedded derivative as at the date of issuance and March 31, 2022 had nominal value and therefore were not accounted for as separate financial instruments.

The 6.5% Debentures were therefore recorded as a financial instrument. The debt was recorded at carrying value of $46.0 million, net of deferred financing costs of $2.9 million on the date of issuance.

The 6.5% Debentures are measured subsequently at amortized cost using the effective interest method over the life of the debenture.

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, our 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 our employees, customers, partners, and vendors.

INTEREST RATE RISK

The Company's credit facilities have floating-rate debt, which subjects it to interest rate cash flow risk. Advances under these credit facilities bear interest at a rate based on the Canadian dollar, US dollar base rate, CDOR, SOFR 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 March 31, 2022, had been 50 basis points higher or lower, with all other variables held constant, net income for the three months ended March 31, 2022 would have decreased or increased by a nominal amount.

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 March 31, 2022, with all other variables held constant, total comprehensive income would have increased or decreased by a nominal amount for the three months ended March 31, 2022. If the exchange rates had been 100 basis points higher or lower as at March 31, 2022, with all other variables held constant, net income would also have increased or decreased by a nominal amount for the three months ended March 31, 2022.

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). As at March 31, 2022 there were 62 working days of revenue in accounts receivable, one day less from December 31, 2021. 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 our customers to assess whether additional impairments and reserves are required. The Company has not identified any increased risk in collections at this time.

The Company, upon entering 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 three months ended March 31, 2022, 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 the Company's existing cash and cash equivalents may fluctuate as a result of increased collection risk and the risk of a slowdown in work to be completed and billed. However, based on the Company's current business plan and revenue prospects, the Company believes that the existing cash and cash equivalents, anticipated cash flows from operations, and available credit facility will be sufficient to meet the working capital and operating resource expenditure requirements.

On September 29, 2021, 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 March 31, 2022, 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 $2.9 million (December 31, 2021 – CAD $2.9 million). The Company has pledged U.S $2.3 million (December 31, 2021 – 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 March 31, 2022, 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, 2021 – nominal CAD amount). The Company has pledged INR 0.7 million (December 31, 2021 – INR 0.7 million) of cash as security for these letters of credit issued by a foreign financial institution on behalf of the foreign subsidiary.

As at March 31, 2022, the Company has letters of credit outstanding of $9.9 million (December 31, 2021 - $9.0 million), of which $1.1 million (December 31, 2021 - $0.8 million) are outstanding to foreign institutions with the remaining $8.8 million (December 31, 2021 – $8.1 million) being issued under a $20.0 million facility which matures on June 30, 2022 and supports letters of credit backed by Export Development Canada.

As at March 31, 2022, IBI Group has surety bonds outstanding of $4.6 million (December 31, 2021 - $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 March 31, 2022:

Contractual Obligations	*Payment Due by Period*				
(in millions of Canadian dollars) (unaudited)	***TOTAL***	***LESS THAN 1 YEAR***	***1-3 YEARS***	***4-5 YEARS***	***AFTER 5 YEARS***
Accounts payable and accrued liabilities	$ 50.8	$ 50.8	$ -	$ -	$ -
Credit facilities[1]	-	-	-	-	-
Interest on credit facilities[1,2]	-	-	-	-	-
Senior unsecured debentures	46.0	-	-	46.0	-
Interest on senior unsecured debentures[3]	11.2	3.0	6.0	2.2	-
Lease liabilities	75.4	15.4	24.3	19.6	16.1
IFRS 16 exempt obligations	4.6	2.6	1.8	0.2	-
TOTAL CONTRACTUAL OBLIGATIONS	$ 188.0	$ 71.8	$ 32.1	$ 68.0	$ 16.1

[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, U.S dollar base rate, CDOR, SOFR 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

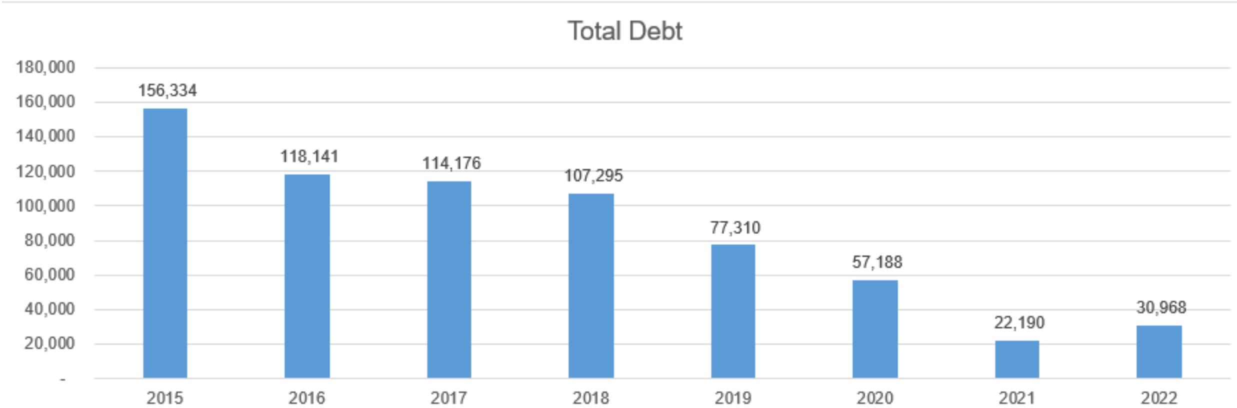
The Company's objective in managing capital is to maintain a capital base that will maintain investor, creditor, and market confidence and to sustain future growth within the business. The Company defines its capital as the aggregate of credit facilities, convertible debentures, and equity.

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 EBITDA[1] for bank covenant purposes in each of the last eight quarters which demonstrates the improvements made to maximize value and returns to stakeholders while minimizing debt held.

(in thousands of Canadian dollars)	**MARCH 31, 2022**	**DECEMBER 31, 2021**	**SEPTEMBER 30, 2021**	**JUNE 30, 2021**	**MARCH 31, 2021**	**DECEMBER 31, 2020**	**SEPTEMBER 30, 2020**	**JUNE 30, 2020**
Credit facilities	-	-	33,836	34,342	34,210	-	28,206	46,492
Debentures	43,788	43,663	43,540	43,419	43,301	89,186	41,915	41,180
Other financial liabilities	-	-	-	-	-	730	265	1,264
Less: unrestricted cash	(12,820)	(21,473)	(44,168)	(33,607)	(24,906)	(32,728)	(9,343)	(13,491)
Net debt	30,968	22,190	33,208	44,154	52,605	57,188	61,043	75,445
Adjusted EBITDA[1] for bank covenant purposes (Trailing 12 months)	54,948	52,879	52,530	50,650	49,400	45,734	41,903	41,474
Net debt as a multiple of adjusted EBITDA[1] for bank covenant purposes	0.6	0.4	0.6	0.9	1.1	1.3	1.5	1.8

The following graph represents the Company's debt at the end of each of the last seven complete annual fiscal periods and three months ended March 31, 2022.



	2015	2016	2017	2018	2019	2020	2021	2022
Debt as a multiple of Adjusted EBITDA[1] for bank covenant purposes *(trailing 12 months)*	4.5	3.0	2.8	2.9	1.8	1.3	0.4	0.6

[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 29, 2021, 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. DEBENTURES

As outlined above, the Company has one series of debentures as at March 31, 2022 that provides a basis of capital which requires repayment or refinancing on December 2025.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. As at May 9, 2022, the Company's common share capital consisted of 31,262,814 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 March 31, 2022 the units issued on such exchange would have represented a 16.73% interest in the Company.

Class B partnership units do not entitle the holder to voting rights at the meetings of shareholders. The holders of the Class B partnership units hold an equal number of non-participating voting shares which entitle the holder to voting rights at the meetings of shareholders of the Company.

The Class B partnership units have been recorded as a non-controlling interest in these consolidated financial statements as at March 31, 2022.

On June 14, 2021 The Company received approval from the TSX for a normal course issuer bid (NCIB) to purchase up to 750,000 of its issued and outstanding shares during the period of June 21, 2021 to June 20, 2022. During the three months ended March 31, 2022 , the Company repurchased 34,921 common shares at a cost of $0.5 million, of which all were cancelled pursuant to the NCIB.

SHARE ISSUANCES

During the three months ended March 31, 2022, 52,800 shares were issued as a result of exercises of stock options. Proceeds to the Company were $0.2 million.

ACCUMULATED OTHER COMPREHENSIVE LOSS

During the three months ended March 31, 2022, the Company incurred a $1.5 million loss related to the translation of financial statements of foreign operations, of which 83.27% 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 months ended March 31, 2022 was $2.6 million (three months ended March 31, 2021 - $3.3 million). As at March 31, 2022, there were 36 partners (March 31, 2021 – 41 partners). As at March 31, 2022, the amount payable to the Management Partnership was $nil million (December 31, 2021 - $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.

Reference to the Conceptual Framework (Amendments to IFRS 3)

On May 14, 2020, the IASB issued References to the Conceptual Framework (Amendments to IFRS 3). The announcements update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with early adoption permitted. The extent of the impact of the change has not yet been determined.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measure uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The extent of the impact of the change has not yet been determined.

Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued Disclosure Initiative-Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements).

The amendments help companies provide useful accounting policy disclosures. The key amendments include:

requiring companies to disclose their material accounting policies rather than their significant accounting policies;

clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The extent of the impact of the change has not yet been determined.

Annual Improvements to IFRS Standards 2018–2020

On May 14, 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020.

The amendments relate to the following:

– IFRS 1 First-time Adoption of International Financial Reporting Standards

Simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS later than its parent.

– IFRS 9 Financial Instruments

Clarifies which fees are included for the purpose of performing the '10 per cent test' for derecognition of financial liabilities.

– IFRS 16 Leases

Removes the illustration of payments from the lessor relating to leasehold improvements in the Illustrative Example 13.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted. The extent of the impact of the change has not yet been determined.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

On May 7, 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier adoption is permitted. The extent of the impact of the change has not yet been determined.

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 designed, or caused to have designed under their supervision, the Company's ICFR and disclosure controls and DC&P as at March 31, 2022 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2022, and ended March 31, 2022 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 FOR BANK COVENANT PURPOSES

The Company believes that Adjusted EBITDA for bank covenant purposes, 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 for bank covenant purposes 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 for bank covenant purposes 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 for bank covenant purposes in accordance with what is required in its lending agreements with its senior lenders.

References in this MD&A to Adjusted EBITDA for bank covenant purposes 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 for bank covenant purposes 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 for bank covenant purposes may differ from the methods used by other similar entities. Accordingly, Adjusted EBITDA for bank covenant purposes may not be comparable to similar measures used by such entities. Reconciliations of net income (loss) to adjusted EBITDA for bank covenant purposes have been provided under the heading "Reconciliation of Non-IFRS measures".

2. ADJUSTED EBITDA

The Company defines Adjusted EBITDA as Adjusted EBITDA for bank covenant purposes (as defined above) net of IFRS 16 adjustments. Adjusted EBITDA is a non-IFRS measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Adjusted EBITDA is quantified under the heading "Reconciliation of Non-IFRS measures".

3. NET DEBT

Net debt is a non-IFRS measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company calculates net debt as the balance of the credit facilities, debentures and other financial liabilities less the company's unrestricted cash.

Net debt as a multiple of adjusted EBITDA is determined as net debt as defined divided by adjusted EBITDA (as defined in point 1 above). There is no directly comparable measures for Net debt as a multiple of adjusted EBITDA. Net debt as a multiple of adjusted EBITDA is quantified under the heading "Capital Management"

3. WORKING CAPITAL

Working Capital is a non-IFRS measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company use working capital as a measure of assessing overall liquidity and is calculated by subtracting current liabilities from current assets. There is no directly comparable IFRS measure for working capital. Working capital is quantified under the heading “Liquidity and Capital resources”.

4. 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, contract assets and contract liabilities 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. There is no directly comparable IFRS measure. Working capital measured in number of Days of Gross Billings is quantified under the heading “Liquidity and Capital resources”.

5. 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 accounts receivable and contract assets balances in the statement of financial position. There is no directly comparable IFRS measure.