Unaudited Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars)

MORNEAU SHEPELL INC.

Three and nine months ended September 30, 2020 and 2019
(Unaudited)

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
September 30, 2020 and December 31, 2019

	September 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash	$ 5,419	$ 9,469
Trade and other receivables	109,605	112,484
Unbilled fees	99,670	104,993
Finance lease receivables	1,509	1,641
Prepaid expenses and other	15,346	16,334
Cash and investments held in trust	12,273	11,984
Deferred implementation costs	13,084	13,633
Interest rate swaps (note 5)	–	95
Total current assets	256,906	270,633
Non-current assets:		
Deferred implementation costs	61,329	49,145
Finance lease receivables	2,367	3,375
Capital assets (note 13)	165,032	116,288
Intangible assets	455,962	477,892
Goodwill	594,346	607,151
Investments in joint ventures	6,138	5,734
Total non-current assets	1,285,174	1,259,585
Total assets	$ 1,542,080	$ 1,530,218

See accompanying notes to the unaudited condensed consolidated interim financial statements.

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
September 30, 2020 and December 31, 2019

	September 30, 2020	December 31, 2019
Liabilities and Equity		
Current liabilities:		
Bank indebtedness	$ 146	$ 5,818
Trade and other payables	92,194	101,365
Income taxes payable	3,807	3,927
Deferred revenue	17,493	12,487
Insurance premium liabilities	12,273	11,984
Interest rate and currency swaps (note 5)	2,923	4,683
Future consideration related to acquisitions	16,167	23,611
Dividends payable	4,453	4,325
Convertible debenture payable (note 6)	–	40,699
Lease liabilities	25,323	18,572
Total current liabilities	174,779	227,471
Non-current liabilities:		
Deferred revenue	28,543	25,409
Long-term debt (note 5)	424,028	470,456
Future consideration related to acquisitions	51	255
Interest rate swaps (note 5)	4,771	1,920
Provisions (note 13)	12,755	2,873
Deferred tax liability	106,590	102,891
Lease liabilities	120,198	80,555
Total non-current liabilities	696,936	684,359
Equity:		
Share capital	918,067	872,981
Contributed surplus	28,038	27,667
Equity component of convertible debentures (note 6)	–	495
Accumulated other comprehensive income	2,687	796
Deficit	(278,427)	(283,551)
Total equity	670,365	618,388
Total liabilities and equity	$ 1,542,080	$ 1,530,218

See accompanying notes to the unaudited condensed consolidated interim financial statements.

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)
For the three and nine months ended September 30, 2020 and 2019

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Operating revenue (note 12)	$ 240,300	$ 223,980	$ 729,517	$ 641,341
Operating expenses:				
Salaries, benefits and contractors	167,162	153,305	496,113	429,491
Other operating expenses	29,538	35,590	104,375	97,091
Depreciation and amortization (note 13)	28,931	24,155	81,392	68,613
Sublease loss provision (note 13)	10,300	–	10,300	–
Total operating expenses	235,931	213,050	692,180	595,195
Finance costs	6,665	7,578	20,962	21,540
Gain on business divestiture (note 4)	–	–	39,843	–
Transaction costs	–	719	–	719
Share of income (loss) of joint ventures	367	(75)	469	399
Profit (loss) before income taxes	(1,929)	2,558	56,687	24,286
Income taxes expense (recovery):				
Current	3,939	4,429	11,604	13,431
Deferred	(3,799)	(3,203)	(12)	(5,465)
Total income taxes	140	1,226	11,592	7,966
Profit (loss) for the period	(2,069)	1,332	45,095	16,320
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit:				
Effective portion of change in interest rate cash flow hedges	668	562	(5,066)	(2,419)
Foreign currency translation differences for foreign operations	(5,554)	1,877	5,555	(15,335)
Income taxes (expense) recovery on the above items	(178)	(156)	1,342	648
	(5,064)	2,283	1,831	(17,106)
Items that will not be reclassified to profit:				
Actuarial gain (loss) on post-employment benefit plans	(21)	(29)	82	(265)
Income taxes on the above item	6	10	(22)	70
	(15)	(19)	60	(195)
Other comprehensive income (loss), net of tax effect	(5,079)	2,264	1,891	(17,301)
Comprehensive income (loss) for the period	$ (7,148)	$ 3,596	$ 46,986	$ (981)
Earnings (loss) per share (note 8):				
Basic	$ (0.03)	$ 0.02	$ 0.65	$ 0.25
Diluted	$ (0.03)	$ 0.02	$ 0.64	$ 0.25

See accompanying notes to the unaudited condensed consolidated interim financial statements.

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Equity
(In thousands of Canadian dollars)
For the nine months ended September 30, 2020 and 2019

2020	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income	Equity component of convertible debentures	Total equity
Balance, January 1, 2020	$ 872,981	$ 27,667	$ (283,551)	$ 796	$ 495	$ 618,388
Long-term incentive plan – issuance	–	5,537	–	–	–	5,537
Long-term incentive plan – redemption, net of taxes	5,414	(5,166)	–	–	–	248
Shares issued upon conversion of Convertible Debentures (note 6)	39,672	–	–	–	(495)	39,177
Profit for the period	–	–	45,095	–	–	45,095
Dividends (note 7)	–	–	(39,971)	–	–	(39,971)
Other comprehensive income	–	–	–	1,891	–	1,891
Balance, September 30, 2020	$ 918,067	$ 28,038	$ (278,427)	$ 2,687	$ –	$ 670,365

2019	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Equity component of convertible debentures	Total equity
Balance, December 31, 2018	$ 820,792	$ 27,141	$ (252,482)	$ 9,908	$ 1,045	$ 606,404
Adjustment on initial application of IFRS 16	–	–	417	–	–	417
Balance, January 1, 2019, restated	820,792	27,141	(252,065)	9,908	1,045	606,821
Long-term incentive plan- issuance	–	4,513	–	–	–	4,513
Long-term incentive plan – redemption	4,564	(4,564)	–	–	–	–
Shares issued upon conversion of Convertible Debentures (note 6)	79	–	–	–	–	79
Profit for the period	–	–	16,320	–	–	16,320
Dividends (note 7)	–	–	(37,715)	–	–	(37,715)
Other comprehensive loss	–	–	–	(17,301)	–	(17,301)
Balance, September 30, 2019	$ 825,435	$ 27,090	$ (273,460)	$ (7,393)	$ 1,045	$ 572,717

See accompanying notes to the unaudited condensed consolidated interim financial statements.

MORNEAU SHEPELL INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
For the nine months ended September 30, 2020 and 2019

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Operating activities		
Profit for the period	$ 45,095	$ 16,320
Items not involving cash:		
Depreciation and amortization	81,392	68,613
Finance costs	20,962	21,540
Long-term incentive plan expense	5,537	4,513
Income taxes	11,592	7,966
Change in provisions	9,882	(365)
Gain on business divestiture (note 4)	(39,843)	–
Other	(38)	636
	134,579	119,223
Change in non-cash operating working capital (note 10)	(12,333)	(40,048)
Cash generated from operating activities	122,246	79,175
Finance costs paid	(18,474)	(18,727)
Income taxes paid	(7,041)	(2,602)
Cash provided by operating activities	96,731	57,846
Financing activities:		
Change in revolving loan	(50,708)	85,494
Payment of loan modification fees	(400)	–
Principal payment of lease liabilities	(11,880)	(10,233)
Redemption of convertible debentures (note 6)	(1,521)	–
Dividends paid	(39,844)	(37,688)
Cash provided by (used in) financing activities	(104,353)	37,573
Investing activities:		
Deferred and contingent acquisition payments	(10,207)	–
Business acquisitions	–	(59,154)
Business divestiture (note 4)	68,810	–
Principal payment received from finance leases	1,235	1,471
Additions to intangible assets	(33,393)	(18,692)
Additions to capital assets	(17,201)	(11,988)
Cash provided by (used in) investing activities	9,244	(88,363)
Increase in cash for the period	1,622	7,056
Cash (Bank indebtedness, net of cash), beginning of period	3,651	(9,141)
Cash (Bank indebtedness, net of cash), end of period (note 10)	$ 5,273	$ (2,085)

See accompanying notes to the unaudited condensed consolidated interim financial statements.

1. Organization and nature of the business:

Morneau Shepell Inc. was incorporated pursuant to the laws of the Province of Ontario on October 19, 2010 and is a continuation of Morneau Sobeco Income Fund, which was converted from an income trust structure into Morneau Shepell Inc., effective January 1, 2011.

Morneau Shepell Inc., its subsidiaries, and joint ventures (the "Company") provide an integrated approach to employee well-being through its cloud-based platform. The Company provides services in employee and family assistance, health and wellness, recognition, pension and benefits administration, retirement consulting, actuarial and investment services. The Company's principal and head office is located at One Morneau Shepell Centre, 895 Don Mills Road, Suite 700, Toronto, Ontario, M3C 1W3. The Company offers its services to organizations that are situated in Canada, in the United States and internationally.

References herein to the Company represent the financial position, results of operations, cash flows and disclosures of Morneau Shepell Inc. and its subsidiaries on a consolidated basis.

These unaudited condensed consolidated interim financial statements ("interim financial statements") were approved by the Company's Board of Directors on November 10, 2020.

2. Basis of preparation:

These interim financial statements for the three and nine months ended September 30, 2020 and 2019 have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

These interim financial statements do not include all the disclosures required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 prepared in accordance with IFRS as issued by the IASB.

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported assets, liabilities, revenue and expenses, consistent with those described in the 2019 annual consolidated financial statements and as described in these interim financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained. The future impact of uncertainties around the outbreak of the novel coronavirus ("COVID-19") pandemic could generate, in future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the consolidated financial statements. Examples of accounting estimates and judgments that may be impacted by the pandemic include: revenue recognition, impairment of goodwill and intangible assets, allowance for expected credit losses, corporate income taxes, provisions and contingent consideration related to acquisitions.

3. Significant accounting policies:

The accounting policies applied by the Company in these interim financial statements are consistent with those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2019; except for the following new accounting policies:

(a) Definition of a business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 – *Business Combinations*. The objective of the amendments is to assist entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments apply prospectively to acquisitions that occur in annual periods beginning on or after January 1, 2020, with earlier application permitted. The adoption of the IFRS 3 amendments did not have a material impact on these interim financial statements.

(b) Definition of material

In October 2018, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of “material” across the standards and to clarify certain aspects of the definition. The objective of this amendment is to improve disclosure effectiveness in the financial statements by improving the understanding of the existing requirements rather than to significantly impact an entity’s materiality judgments. The amendments apply prospectively to annual periods beginning on or after January 1, 2020, with earlier application permitted. The adoption of the IAS 1 amendments did not have a material impact on these interim financial statements.

(c) Conceptual framework for financial reporting

In March 2018, the IASB issued a comprehensive set of concepts for financial reporting: the revised Conceptual Framework for Financial Reporting (“Conceptual Framework”), which replaces its previous version. It assists companies in developing accounting policies when no IFRS standard applies to a particular transaction and it helps stakeholders more broadly to better understand the standards.

The revised Conceptual Framework’s effective date is January 1, 2020, with earlier application permitted. The adoption of this revised Conceptual Framework did not have a material impact on these interim financial statements.

(In thousands of Canadian dollars)

(d) Interest rate benchmark reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 – *Financial Instruments: Disclosures*. The objective of these amendments is to support the provision of useful financial information during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates. The amendments enable entities to use hedge accounting despite the uncertainties surrounding the use of interbank offered rates and require entities to provide additional information about their hedging relationships which are directly affected by these uncertainties.

The amendments apply retrospectively to annual periods beginning on or after January 1, 2020, with earlier application permitted. The adoption of these amendments did not have a material impact on these interim financial statements.

4. Business divestiture:

On March 1, 2020, the Company sold its benefits consulting business to HUB International Limited for a purchase price of $70,000 subject to working capital adjustments and holdback conditions being satisfied. $67,535 was received on closing, $1,275 was settled when the working capital adjustments were finalized during the third quarter, and the remaining $1,190 will be received over the following 24 months.

The benefits consulting business represented approximately 3% of the Company's consolidated revenue for the year ended December 31, 2019. The divested business was part of the Health & Productivity Solutions operating segment.

The assets and liabilities disposed were comprised of the following:

Capital assets	$	114
Intangible assets		5,263
Goodwill		18,047
Net working capital		2,286
Total	$	25,710

Total selling costs (including reserves) for the divestiture were approximately $4,447. The pre-tax gain on business divestiture of $39,843 ($33,436 after tax) was recorded in the unaudited condensed consolidated interim statements of income and comprehensive income.

(In thousands of Canadian dollars)

5. Long-term debt:

The Company's long-term debt obligations can be broken down as follows:

	September 30, 2020	December 31, 2019
Revolving loans	$ 426,371	$ 473,200
Less: debt issuance costs, net of accumulated amortization	(2,343)	(2,744)
	$ 424,028	$ 470,456

On April 17, 2020 the Company entered into an amended and restated Credit Facility Agreement (the "Amended and Restated Credit Facility Agreement"). The key changes to the Amended and Restated Credit Facility Agreement include:

- The Company obtained an incremental $100,000 of committed capacity ("Incremental Facility") which matures 364 days from closing.
- The debt to Adjusted EBITDA financial covenant will remain at 4:1 until maturity of the credit agreement.

As a result of the above amendment, as at September 30, 2020 the Company had a revolving facility of $600,000 (including a swing line of $14,000) which matures on July 27, 2023 and the $100,000 Incremental Facility that matures on April 16, 2021.

As at September 30, 2020, the Company had $315,657 borrowed in Canadian dollars (December 31, 2019 - $235,000), $110,714 (US$ 83,000) borrowed in US dollars (December 31, 2019 - $238,200, US$ 183,400), and had not utilized the swing line available (December 31, 2019 - $2,860 utilized, which is included in bank indebtedness). Borrowings under the Amended and Restated Credit Facility Agreement bear interest at CDOR or Canadian Prime plus a specified margin for borrowings in Canadian dollars. Borrowings in US dollars under the Amended and Restated Credit Facility Agreement bear interest at US Base Rate or LIBOR plus a specified margin.

As at September 30, 2020, the Company complied with all the required financial covenants.

Interest rate swaps:

The Company uses interest rate swap agreements to hedge against the variable interest rate component on amounts borrowed under the Credit Facility Agreement. These swaps have been designated as cash flow hedges for hedge accounting treatment under IFRS 9 and they were considered effective as at September 30, 2020 and December 31, 2019.

The Company did not enter into any new interest rate swaps during the quarter. The fair value of the existing interest rate swaps at September 30, 2020 was a liability of $7,694 (December 31, 2019 - net liability of $2,629).

6. Convertible Debentures:

On January 9, 2020, the Company converted all of the remaining convertible debentures being $39,177, at the holders' request, into 1.6 million common shares of the Company at a conversion price of $25.10 per common share. The Company recorded $495 of the equity component of convertible debentures in share capital. The remaining $1,521 principal amount was redeemed for cash at a price of one thousand dollars per debenture, plus accrued and unpaid interest.

7. Dividends:

The monthly dividend rate, approved by the Board of Directors, was $0.065 for the three and nine months ended September 30, 2020 (2019 - $0.065). Dividends declared for the nine months ended September 30, 2020 were $39,971 (2019 - $37,715).

8. Earnings per share:

Basic earnings per share was calculated by dividing profit attributable to common shareholders by the sum of the weighted average number of common shares outstanding during the period, plus vested LTIP awards.

Diluted earnings per share was calculated using the basic calculation described above, and adjusting for the potentially dilutive effect of total number of additional common shares that would have been issued by the Company on unvested LTIP awards and the conversion of the convertible debentures.

The following details the earnings per share, basic and diluted, calculations for the three and nine months ended September 30, 2020 and 2019:

(In thousands of Canadian dollars)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Profit (Loss) attributable to common shareholders (basic and diluted)	$ (2,069)	$ 1,332	$ 45,095	$ 16,320
Weighted average number of common shares (in number of shares):				
Outstanding beginning of period	68,491,180	64,580,928	66,542,725	64,205,330
Issued on redemption of LTIP[1]	6,467	9,317	205,156	227,869
Issued on conversion of convertible debenture[2] (note 6)	–	379	1,511,073	169
Vested LTIP awards	1,459,377	1,600,640	1,509,533	1,617,365
Outstanding end of period – Basic	69,957,024	66,191,264	69,768,487	66,050,733
Dilutive effect of unvested LTIP awards	–	501,874	377,981	472,565
Diluted	69,957,024	66,693,138	70,146,468	66,523,298
Earnings (loss) per share:				
Basic	$ (0.03)	$ 0.02	$ 0.65	$ 0.25
Diluted	$ (0.03)	$ 0.02	$ 0.64	$ 0.25

[1] During the three months ended September 30, 2020, 14,511 shares (2019 – 12,233 shares) were issued on redemption of LTIP units. During the nine months ended September 30, 2020, 402,092 shares (2019 – 406,683 shares) were issued on redemption of LTIP units.

[2] During the three months ended September 30, 2020, nil shares (2019 – 3,107 shares) were issued on conversion of convertible debentures. During the nine months ended September 30, 2020, 1,560,874 shares (2019 – 3,226 shares) were issued on conversion of convertible debentures.

9. Segmented information:

The Company provides services in employee and family assistance, health and wellness, recognition, pension and benefits administration, retirement consulting, actuarial and investment services. The Company has four operating segments, consistent with the Company's four lines of business, that have been aggregated under IFRS 8, to determine that the Company had only one reportable segment.

The Company operates primarily within two geographical areas: Canada and the United States. The following details the revenue and total assets by geographical area, reconciled to the Company's interim financial statements:

(In thousands of Canadian dollars)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenue:				
Canada	$ 139,195	$ 144,705	$ 424,113	$ 444,980
United States	87,653	68,929	268,474	164,394
International	13,452	10,346	36,930	31,967
Consolidated total	$ 240,300	$ 223,980	$ 729,517	$ 641,341

	September 30, 2020	December 31, 2019
Total assets:		
Canada	$ 879,870	$ 857,455
United States	541,669	565,701
International	120,541	107,062
Consolidated total	$ 1,542,080	$ 1,530,218

10. Supplementary cash flow information:

Change in non-cash operating working capital for the nine months ended September 30, 2020 and 2019 was as follows:

	2020	2019
Trade and other receivables	$ 1,131	$ (4,613)
Unbilled fees	5,126	(9,632)
Prepaid expenses and other	988	(7,554)
Deferred implementation costs	(10,585)	(3,868)
Trade and other payables	(16,740)	(22,213)
Deferred revenue	7,747	7,832
	$ (12,333)	$ (40,048)

(In thousands of Canadian dollars)

Cash, net of bank indebtedness reconciliation as at September 30, 2020 and December 31, 2019 was as follows:

	September 30, 2020	December 31, 2019
Bank indebtedness	$ (146)	$ (5,818)
Cash	5,419	9,469
Cash, net of bank indebtedness	$ 5,273	$ 3,651

11. Financial instruments:

Financial instruments carried at fair value:

Fair value represents management's estimates at a given point in time. The fair value of the Company's financial assets and liabilities, with the exception of convertible debentures and long-term debt, approximate their carrying values due to their short-term nature.

The following table summarizes information regarding the carrying value, fair value and level used to determine the fair value measurement of the Company's financial assets and liabilities carried at fair value:

	Carrying Value and Fair Value		
	September 30, 2020	December 31, 2019	Level
Assets carried at fair value:			
Interest rate swaps	$ –	$ 95	2
	$ –	$ 95	
Liabilities carried at fair value:			
Interest rate and currency swaps	$ 7,694	$ 6,603	2
Future consideration related to acquisitions (contingent portion)	16,218	14,912	3
	$ 23,912	$ 21,515	

During the three and nine months ended September 30, 2020, there were no transfers between any levels.

The interest rate swaps are financial instruments designated as cash flow hedges. The cross currency swaps are financial instruments. The fair values of the interest rate swaps and currency swaps are based on valuations received from the derivative counterparties, which management evaluates for reasonability. The Company maximizes the use of observable inputs within the valuation model, and the valuation is classified as Level 2. Fair values reflect the credit risks of the instruments and include adjustments to take account of the credit risk of the Company and the derivative counterparties when appropriate. The Company had no cross currency swaps outstanding as at September 30, 2020.

(In thousands of Canadian dollars)

The future consideration related to acquisitions is a financial instrument carried at fair value through profit or loss. Contingent consideration arose on the acquisitions of Longpré, Mercer and MorningStar as a result of a clause that entitles the seller to an additional amount that is contingent on future business results. The fair value is determined considering the estimated payment, discounted to present value (Level 3).

Financial instruments carried at amortized cost:

Trade and other receivables, cash and investments held in trust, bank indebtedness, trade and other payables, insurance premium liabilities, and dividends payable are carried at amortized cost and approximate their fair value because of their short-term nature.

The Long-term debt represents financial instruments carried at amortized cost and carrying values do not equal their fair market values. The long-term debt has a carrying value of $424,028 (December 31, 2019 - $470,456) and a fair value of $426,371 (December 31, 2019 - $473,200). The fair value is determined based on the cost of borrowing for a company with a similar risk profile (Level 2).

Credit Risk:

The Company's exposure to credit risk is limited to the carrying amount of cash, investments held in trust, unbilled fees (which are contract assets), and accounts receivable recognized at the reporting date.

12. Revenue:

The following shows the disaggregation of revenue by the Company's lines of business:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Well-Being Solutions	$ 91,474	$ 88,016	$ 275,291	$ 269,052
Administrative Solutions	97,587	81,284	296,070	204,861
Retirement Solutions	28,937	28,057	90,999	88,433
Health and Productivity Solutions	22,302	26,623	67,157	78,995
	$ 240,300	$ 223,980	$ 729,517	$ 641,341

13. Sublease loss provision:

The Company signed a lease agreement for a new Toronto head office location which became effective in July 2020. The new location will replace the current head office and two other offices in the Greater Toronto Area. As a result, the Company incurred a penalty to terminate one lease early and plans to exit the other leases prior to the end of their respective lease terms. Due to the planned relocation, the Company recognized a loss provision, net of estimated sublease income, of $10,300 associated with leases of excess office space and other related lease exit costs. The Company will also record accelerated depreciation of the right-of-use assets and fixed assets related to these locations of $7,620 ($1,402 for the three months ended September 30, 2020) from this quarter until the end of 2021, when the move is expected be completed.

These charges require management to make certain judgments and estimates regarding the amount and timing of restructuring charges or sublease recoveries. The estimated provision could change subsequent to its recognition, requiring adjustments to the expense and liability recorded.