Think Research Corp. (formerly AIM4 Ventures Inc.)

Consolidated Financial Statements
For the Three Months Ended December 31, 2020 and Year Ended September 30, 2020

MNP LLP

Independent Auditor's Report

To the Shareholders of Think Research Corp. (formerly AIM4 Ventures Inc.):

Opinion

We have audited the consolidated financial statements of Think Research Corp. (formerly AIM4 Ventures Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and September 30, 2020, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' deficiency and cash flows for the three-month period ended December 31, 2020 and for the year ended September 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and September 30, 2020, and its consolidated financial performance and its consolidated cash flows for the three-month period ended December 31, 2020 and for the year ended September 30, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is John Muffolini.

MNP LLP

Toronto, Ontario
April 27, 2021

Chartered Professional Accountants
Licensed Public Accountants

MNP

Think Research Corp. (formerly AIM 4 Ventures Inc.)

Consolidated Statements of Financial Position

(In thousands of Canadian dollars, except per share amounts)

	December 31 2020	September 30 2020
	$	$
Assets		
Current		
Cash	10,875	1,377
Accounts receivable and other (Note 5, 20)	2,054	2,603
Investment tax credits (Note 6)	1,281	1,134
Prepaid expenses and other	2,127	3,003
Contract assets	71	98
Total current assets	**16,408**	**8,215**
Non-current		
Accounts receivable and other (Note 5)	129	134
Property and equipment (Note 7)	511	348
Right-of-use-assets (Note 14)	2,830	2,613
Intangible assets (Note 8)	2,281	383
Goodwill (Note 9)	12,344	527
Total assets	**34,503**	**12,220**
Liabilities		
Current		
Bank line of credit (Note 11)	-	7,846
Accounts payable and accrued liabilities (Note 12)	7,833	3,830
Deferred revenue	3,661	5,082
Government financing (Note 13)	214	500
Derivative Liability (Note 4)	981	-
Current portion of contingent consideration (Note 25)	136	102
Current portion of lease liability (Note 14)	2,116	1,785
Current portion of license agreement payable (Note 15)	201	201
Current portion of Class A Preferred shares (Note 16)	-	276
Total current liabilities	**15,142**	**19,622**
Deferred revenue	298	340
Deferred tax liabilty (Note 18)	440	98
Contingent consideration (Note 25)	95	75
Government financing (Note 13)	633	-
Lease liabilities (Note 14)	1,052	1,152
License agreement payable (Note 15)	326	375
Class A Preferred shares (Note 16)	-	3,931
Total liabilities	**17,986**	**25,593**
Commitments and Contingencies (Note 17)		
Subsequent events (Note 30)		
Equity		
Common shares (Note 16)	106,567	64,171
Class B Preferred shares (Note 16)	-	1
Contributed surplus (Note 16)	2,588	1,978
Warrants (Note 16)	137	92
Deficit	(92,775)	(79,615)
Total shareholders' equity (deficiency)	**16,517**	**(13,373)**
Total liabilities and shareholders' equity (deficiency)	**34,503**	**12,220**

The accompanying notes are an integral part of these consolidated financial statements

On behalf of the Board:

"Signed" Director - Sachin Aggarwal

"Signed" Director - Richard Wells

Think Research Corp. (formerly AIM 4 Ventures Inc.)

Consolidated Statements of Operations and Comprehensive Income (Loss)

Unless noted otherwise, all amounts shown are in thousands, except share and per share amounts

	Three months ended December 31, 2020	**Year ended September 30, 2020**
	$	$
Revenue (Note 15, 20, 24)	**3,555**	**19,444**
Cost of Sales (Note 21)	**(2,006)**	**(7,514)**
Gross Margin	**1,549**	**11,930**
Operating Expenses (Note 21)		
General and administration (Note 17, 20, 21)	(3,859)	(10,678)
Research and development (Note 6, 10)	(1,278)	(4,452)
Sales and marketing	(1,186)	(3,701)
Depreciation and amortization (Note 7, 8, 14)	(541)	(1,956)
Total operating expenses	**(6,864)**	**(20,787)**
Loss before other income (expenses)	**(5,315)**	**(8,857)**
Other income (expenses)		
Acquisition, restructuring and other costs (Note 4, 28)	(5,922)	-
Rent concessions (Note 14)	120	309
Finance costs (Note 11, 13, 23)	(639)	(1,488)
Premium on redemption of Class A Preferred shares (Note 16)	(1,271)	-
Foreign exchange loss	(67)	(4)
Total other income (expenses)	**(7,779)**	**(1,183)**
Net income before income tax	(13,094)	(10,040)
Income tax recovery (Note 18)	6	24
Net income and comprehensive income for the year	**(13,088)**	**(10,016)**
Net loss and comprehensive loss per share - basic and diluted (Note 27)	(0.49)	(0.40)
Weighted average number of common shares - basic and diluted (Note 27)	26,593	25,354

The accompanying notes are an integral part of these consolidated financial statements

Think Research Corp. (formerly AIM 4 Ventures Inc.)

Consolidated Statement of Changes in Shareholders' Deficiency

(In thousands of Canadian dollars)

	Common shares	Class B Preferred shares	Contributed Surplus	Warrants	Deficit	Total shareholders equity (deficiency)
	$	$	$	$	$	$
Balance, September 30, 2019	**51,091**	**1**	**755**	**287**	**(69,060)**	**(16,926)**
Issuance of common shares (Note 16)	10,090	-	-	-	-	10,090
Shares issued on exercise of options (Note 16)	3,031	-	(3,025)	-	-	6
Shares issued on exercise of warrants (Note 16)	288	-	-	(287)	-	1
Share issuance costs (Note 16)	(679)	-	-	92	-	(587)
Dividends paid	-	-	-	-	(539)	(539)
Issuance of common shares as consideration for the acquisition of AirMed Trials Inc. (Note 4)	350	-	-	-	-	350
Stock-based compensation (Note 16)	-	-	4,248	-	-	4,248
Net loss and comprehensive loss	-	-	-	-	(10,016)	(10,016)
Balance, September 30, 2020	**64,171**	**1**	**1,978**	**92**	**(79,615)**	**(13,373)**
Issuance of common shares as part of private placement, net of issuance costs (Note 16)	28,491	-	-	-	-	28,491
Shares issued on exercise of stock options (Note 16)	1,441	-	(1,439)	-	-	2
Dividends paid (Note 16)	-	-	-	-	(72)	(72)
Issuance of equity consideration for business acquisitions (Note 4)	12,463	-	124	45	-	12,632
Conversion of Class B Preferred shares to common shares	1	(1)	-	-	-	-
Stock-based compensation (Note 16)	-	-	1,925	-	-	1,925
Net loss and comprehensive loss	-	-	-	-	(13,088)	(13,088)
Balance, December 31, 2020	**106,567**	**-**	**2,588**	**137**	**(92,775)**	**16,517**

The accompanying notes are an integral part of these consolidated financial statements

Think Research Corp. (formerly AIM 4 Ventures Inc.)

Consolidated Statements of Cash Flows

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

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Cash provided by (used in)		
Operating activities		
Net loss for the year	**(13,088)**	**(10,016)**
Items not affecting cash		
Depreciation and Amortization (Note 7, 8, 14)	541	1,956
Interest expense on lease liability (Note 14)	80	410
Rent concessions (Note 14)	(120)	(309)
Stock-based compensation (Note 16)	1,925	4,248
Accretion income	(2)	(11)
Interest accretion on Class A Preferred shares (Note 16)	69	286
Interest expense on Class A Preferred shares (Note 16)	105	455
Services provided in-kind (Note 15)	(49)	(201)
Remeasurement of contingent consideration	54	-
Income tax recovery (Note 18)	(6)	(24)
Premium on redemption of Class A Preferred Shares	1,271	-
Listing expense, non-cash consideration paid (Note 4, 28)	1,638	-
Interest expense on bank loans (Note 11)	387	331
Net change in operating components of working capital (Note 22)	3,771	(5,408)
Cash used in operating activities	**(3,424)**	**(8,283)**
Financing activities		
Proceeds from loan and borrowings (Note 11)	-	8,500
Payments for loan and borrowings (Note 11)	(7,846)	(6,761)
Interest paid on bank line of credit (Note 11)	(387)	(331)
Proceeds from government loan (Note 13)	-	500
Payment for lease liabilities (Note 14)	(284)	(1,045)
Interest paid on lease liability	(80)	(410)
Interest paid on Class A Preferred shares	(105)	(455)
Repayment of license agreement liability (Note 15)	-	(216)
Repayment of Class A Preferred shares (Note 16)	(5,547)	(504)
Net proceeds from issuance of shares (Note 16)	28,491	9,503
Proceeds from the exercise of stock options and warrants (Note 16)	3	7
Dividends paid to Class B Preferred shareholders (Note 16)	(72)	(539)
Cash provided by financing activities	**14,173**	**8,249**
Investing activities		
Additions of property and equipment	-	(47)
Acquisition consideration paid, net of cash acquired (Note 4)	(1,251)	(350)
Cash used in investing activities	**(1,251)**	**(397)**
Change in cash	9,498	(431)
Cash, beginning of period	1,377	1,808
Cash, end of period	**10,875**	**1,377**

The accompanying notes are an integral part of these consolidated financial statements

1 Nature of operations

Think Research Corp. and its subsidiaries (collectively the "Company" or "THINK") is a healthcare technology company digitalizing the delivery of knowledge to facilitate better health care outcomes. The Company gathers, develops, and delivers a knowledge-based Software-as-a-Service ("SaaS") solution globally to customers which typically includes enterprise clients, hospitals, health regions, health care professionals, and / or governments. The Company has gathered a significant amount of data by building its repository of knowledge through its network and group of companies (including acquired companies) which is later delivered as a SaaS solution to its partners.

On December 23, 2020, AIM4 Ventures Inc. ("AIM4 Ventures") completed a reverse take-over (the "RTO") and change of business transaction with TRC Management Holdings Corp. by way of a plan of arrangement, that resulted in AIM4 Ventures amalgamating with TRC Management Holdings Corp. and 2775554 Ontario Inc. ("HCP") and the amalgamated entity changing its name to Think Research Corporation. TRC Management Holdings Corp. was the effective acquirer of AIM4 Ventures and therefore the prior financial year comparison amounts are those reported by TRC Management Holdings Corp. As a result of the RTO the Company began trading on the TSX Venture Exchange ("TSX.V") on December 30, 2020 under the symbol "THNK". In connection with the RTO transaction, the Company also raised gross proceeds of approximately $33 million pursuant to a private placement of subscription receipts (the "Financing"). Think Research Corp., formerly AIM4 Ventures Inc., was incorporated under the laws of the Province of Ontario on November 29, 2018.

The address of the Company's registered office is 351 King St E #500, Toronto, ON, M5A 0L6.

2 Statement of compliance

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

These consolidated financial statements were approved for issuance by the Board of Directors on April 27, 2021.

3 Significant accounting policies

Basis of preparation

The consolidated financial statements are prepared on a going concern basis and have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All financial information is presented in thousands of Canadian dollars, the Company's functional currency, except share and per share amounts or as otherwise noted. The Company's principal accounting policies are set out below.

To align the Company's reporting period to a calendar year as a public company, THINK changed the end of its reporting period to December 31. Consequently, amounts presented are for the three month period ended December 31, 2020, with the comparative figures being for the year ended September 30, 2020.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods presented. In the opinion of management, these consolidated financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates. The following are critical estimates and judgments for which changes in assumptions could have a material impact on the consolidated financial statements.

a) *Revenue recognition – revenue recognized over time*

The Company has certain fixed price professional service contracts where the revenue is recognized by the stage of completion of the performance obligation determined using the percentage of completion method which requires the estimation of total costs expected to be incurred to fulfil the contract.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in net income and comprehensive income in the years in which they become known. Actual results may differ significantly from management's estimates.

b) *Revenue recognition – multi-element arrangements*

As the Company enters into transactions that represent multiple-element arrangements, estimates are made to determine how consideration is allocated to the separate units of accounting or elements on a relative fair value basis. Changes in the estimates will impact the revenue recognized in the period.

c) *Fair value of financial instruments*

The Company holds a number of financial instruments such as a contingent consideration, redeemable preferred shares, and options and warrants to purchase common shares which are either required to be initially recorded at fair value or for which the proceeds must be allocated to the liability and equity components based upon their respective fair values. The determination of the fair values of debt instruments or the component parts of hybrid contracts and compound financial instruments containing both liability and equity components requires the use of valuation models and/or techniques for which the underlying assumptions are inherently subject to significant estimation and judgement. These models and techniques require that management make estimates and assumptions with respect to one or more of the following at the date of issuance: the fair value of common shares underlying stock options, warrants and/or conversion rights, expected volatility of the Company's share value, estimated life of options, warrants and/or conversion rights and interest rates which could be obtained for debt instruments with similar terms and maturities.

d) Stock-based payments

The Black-Scholes option pricing model was developed for use estimating the fair value of traded options which were fully transferrable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the estimated fair value per share, estimated stock price volatility, estimated lives of the options, estimated dividends to be paid by the Company and risk-free interest rates. Because changes in the input assumptions can materially affect the fair value estimate, such value is subject to measurement uncertainty. The effect on the consolidated financial statements from changes in such estimates in future years could be significant.

e) Expected credit losses ("ECLs")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default which were then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

f) Deferred taxes

The calculation of deferred tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Deferred tax is also subject to uncertainty regarding the magnitude to which non-capital losses available for carry forward will be utilized in the future.

These estimates and assumptions are reviewed periodically and as adjustments become necessary, they are reported in net loss and comprehensive loss in the years in which they become known. Actual results may differ significantly from management's estimates.

g) Investment tax credits receivable

Investment tax credits are recorded based on management's estimate that all conditions attached to its receipt have been met. The Company has significant investment tax credits receivable and expects to continue to apply for future tax credits as their research and development activities remain applicable. Therefore, the estimates related to the recoverability of these investment tax credits are important to the Company's financial position.

h) Estimated useful lives of long-lived assets

Management reviews useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets of the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment.

i) Goodwill impairment testing and recoverability of assets

The Company has one cash-generating unit and reviews the value in use versus the carrying value both in total and for each of the individual assets. The recoverable amount of the cash-generating unit is estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

j) Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

k) Functional currency

The functional currency of the Company and its subsidiaries is Canadian dollars and has been assessed by management based on consideration of the currency and economic factors that mainly influence operating costs, financing and related transactions. Changes to these factors may have an impact on the judgment applied in the future determination of the Company's and its subsidiaries' functional currency.

l) Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

m) Incremental borrowing rates

The Company's incremental borrowing rate is used to estimate the initial value of the lease liability and associated right of use asset. The Company's incremental borrowing rate is determined with reference to the borrowing rate for a similar asset within a country for a similar lease term.

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

n) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will has adequate resources to continue in operational existence for the foreseeable future and will be able to meet the covenants of the banking facilities as disclosed in Note 11. Considering changes in economic conditions as a result of COVID-19 and the risk characteristics of the underlying assets, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets.

o) Contingent consideration

The Company's contingent consideration related to business combinations is measured at fair value. The valuation of the consideration is calculated using a discounted cash flow model using the present value of expected payments and are discounted using the Company's risk-adjusted discount rate.

Subsidiaries

These consolidated financial statements include the assets, liabilities, revenue and expenses of all the Company's subsidiaries including the following operating entities:

Entity Name	***Ownership***
Think Research Technology Inc	100%
Think Research (EU) Corp. Limited	100%
AirMed Trials Inc. (Canada)	100%
2448430 Ontario Inc[1]	100%
Complete Immigration Medical Centre Corp[1]	100%
2538393 Ontario Inc[1]	100%
2538606 Ontario Inc[1]	100%
Ariontech Inc[1]	100%
11419501 Canada Inc[1]	49%

[1] Acquired as part of the HCP acquisition as outlined in Note 4

Subsidiaries are entities that the Company controls either when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Government assistance and investment tax credits

Government grants

Government grants are recognized when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. The Company recognizes government grants as a reduction to the related expense that the grant is intended to offset.

Investment tax credits

Investment tax credits ("ITCs") are recognized where there is reasonable assurance that the ITCs will be received, and all attached conditions will be complied with. When the ITCs relates to an expense item, it is netted against the related expense. Where the ITCs relates to an asset, it reduces the carrying amount of the asset. The ITCs are then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge. The Company is actively engaged in scientific research and development ("R&D") and, accordingly, has previously filed for ITC refunds under both the Canadian federal and Ontario provincial Scientific Research and Experimental Development ("SR&ED") tax incentive programs. The ITCs recorded in the accounts are based on management's interpretation of the Income Tax Act of Canada, provisions which govern the eligibility of R&D costs. The claims are subject to review by the Canada Revenue Agency and the Minister of Revenue for Ontario before the refunds can be released.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Repairs and maintenance costs on capital assets are charged to expense during the period in which they are incurred. Depreciation is calculated as follows:

Computer hardware	45% declining balance
Furniture and office equipment	30% declining balance
Equipment	15% declining balance
Leasehold improvements	Straight-line over 5 years
Equipment under lease	Straight-line over the term of the lease

If the cost of a component of equipment is significant to an item, that component is separated out and depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually, the effects of any changes in estimates accounted for prospectively.

The Company reviews for indicators of impairment annually, or whenever events or circumstances indicate that the carrying value may not be recoverable. To determine recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGUs"). The recoverable amount is the higher of an asset or CGU's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). The asset's carrying amount is written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount. The Company evaluates impairment losses for potential reversal when events or circumstances warrant such consideration.

The Company did not recognize any impairment losses for the three months ended December 31, 2020 (year ended September 30, 2020 - $nil)

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. These assets are capitalized and amortized on a straight-line basis over the period of their expected useful lives. Amortization is calculated as follows:

Trademarks and patents	7 years straight-line
Technology	3 years straight-line
Computer software	5 years straight-line
Intellectual Property	7 years straight-line
Customer Lists	7 years straight-line
Contracts and Licenses	7 years straight-line

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment and whenever events or changes in circumstances indicate that the carrying value may be impaired by comparing its carrying value against the recoverable amount (the higher of value in use or fair value less costs to sell).

Goodwill acquired through a business combination is allocated to each cash generating unit ("CGU") and represents the synergies and future economic benefit of each acquisition.

Research and development

Expenditures on research activities are recognized as expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for deferred development costs is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The Company has not capitalized any deferred development costs to date.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Financial instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous *IAS 39 Financial Instruments: Recognition and Measurement* (“IAS 39”) categories of held to maturity, loans and receivables and available for sale. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial assets

<u>Recognition and initial measurement</u>

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

<u>Classification and subsequent measurement</u>

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income or loss. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income or loss. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income or loss is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income or loss.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

- Designated at fair value through profit or loss - On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

Impairment of financial assets under IFRS 9 replaces the incurred loss model in IAS 39 with an ECL model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments at FVOCI.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the Company either:

- Transfers the right to receive the contractual cash flows of the financial asset, or;
- Retains the right to receive the contractual cash flows of the financial asset, but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

Transferred financial assets are evaluated to determine the extent to which the Company retains the risks and rewards of ownership. When the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the Company derecognizes the financial asset. At the same time, the Company separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in profit or loss.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

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

Embedded derivatives

For hybrid contracts containing a host that is not an asset in the scope of IFRS 9, embedded derivatives are evaluated on initial recognition to determine if the embedded derivative must be separated from the host contract. Embedded derivatives are separated from the host contract when the economic characteristics and risks of the derivative are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives that are separated from the host contract are initially measured at fair value and subsequently measured at fair value through profit or loss. The host contract is accounted for in accordance with the appropriate standards.

Non-option derivatives are separated from the host contract on the basis of their stated or implied substantive terms so as to result in them having a fair value of zero at inception. Option-based derivatives are separated from the host contract on the basis of stated terms and conditions and measured at their fair value on inception, with the host contract's initial carrying amount being the residual amount after separating the derivative.

The following table summarizes the classification of the Company's financial instruments:

Asset / Liability	**Classification**
Cash	Amortized cost
Accounts receivable and other	Amortized cost
Investment tax credits	Amortized cost
Bank line of credit	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Contingent consideration	FVTPL
Lease liability	Amortized cost
License agreement liability	Amortized cost
Government financing	Amortized cost
Class A Preferred shares	Amortized cost
Derivative liability	FVTPL

Fair value measurements

Fair value is defined as the price to sell an asset or transfer a liability (i.e. "the exit price") in an orderly transaction between market participants. Management uses a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is broken down into the following three levels.

Level 1: Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or for which significant inputs are observable (e.g. interest rates, yield curves, etc.) or can be corroborated by observable market data.

Level 3: Fair value based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect significant management judgments about assumptions that market participants might use.

Share capital

Share capital is recorded as the net proceeds received on issuance after deducting all share issuance costs.

Warrants

The fair value of warrants is determined upon their issuance either as part of unit private placements or in settlement of share issuance costs and finders' fees, using the Black-Scholes model. All such warrants are classified in a warrant reserve within equity. If the warrants are converted, the value attributable to the warrants is transferred to shareholders' equity from the warrant reserve. Shares are issued from treasury upon the exercise of share purchase warrants.

Stock-based compensation and other stock-based payments

The Company accounts for its stock option plan based on the fair value approach. The options give the holder the right to purchase or receive common shares and are accounted for as equity-settled plans. The expense for the value of each tranche is recognized over its respective vesting period, which in the case of most options granted would be on a graded vesting scale.

When recording compensation cost for equity awards, the Company estimates forfeitures based on the number of equity awards expected to vest. At the end of each reporting period, the Company reviews its estimates of the number of awards expected to vest and records any revisions in the consolidated statements of income and comprehensive income. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

Restricted Share Units ("RSU") / Deferred Share Units ("DSU")

The fair value of equity settled RSUs / DSUs are measured at grant date and each tranche is recognized on a straight-line basis over the period during which the RSUs / DSUs vests. The fair value of the RSUs/ DSUs is measured based on the closing price of the Company's common shares on the date of grant. The fair value of RSUs / DSUs is charged to profit or loss with a corresponding increase in contributed surplus within equity. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon vesting of equity settled RSUs/ DSUs, the related contributed surplus associated with the RSU / DSU is reclassified into share capital.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the date of the consolidated statement of financial position. Transactions in foreign currencies are translated at the exchange rate in effect at the transaction date. Resulting exchange gains and losses are recognized separately in the consolidated statements of operations and comprehensive income.

Net income (loss) per share

Basic net income (loss) per share is calculated based on the weighted average number of common shares outstanding for the year. Diluted net income (loss) per share is calculated using the weighted average number of common shares outstanding for the year for basic net income (loss) per share plus the weighted average number of potential dilutive shares that would have been outstanding during the year had all potential common shares been issued at the beginning of the year or when the underlying stock options, and warrants were granted, if later, unless they were anti-dilutive. The treasury stock method is used to determine the incremental number of common shares that would have been outstanding had the Company used proceeds from the exercise of stock options and warrants to acquire common shares.

Revenue recognition

The Company recognized revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue represents the fair value on consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from the sale of renewable software licenses, professional services and other miscellaneous income.

Contracts with multiple products or services

The Company enters into contracts that contain multiple products and services such as right to use software licenses, installation, maintenance and support, and professional services. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company’s promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods and services until they are distinct as a bundle and therefore form a single performance obligation.

Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated standalone selling price (“SSP”).

The Company enters into contracts which extend over multiple years and for which revenue is recognized over a period using the input method. The Company evaluates the revenues based on the resources consumed and costs incurred on the project during the period while periodically evaluating the costs remaining.

Renewable software licenses

The Company sells software licenses on a specified term basis, with customer held options for renewal. Recognition of revenue from the license of software is recognized at the time that the software has been made available to the customer and is recognized rateably over the term of the related agreement. Revenue earned from the installation of the software licenses is earned rateably over the expected life of the customer.

From time to time, the Company enters into contracts containing variable rates, where fees are earned on a per user basis. In these instances, the Company estimates the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer using either the expected value or most likely amount methods. At the end of each reporting period, the Company updates the estimated transaction price to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Professional services

Professional services revenue including installation, implementation, training and customization of software is recognized by the stage of completion of the performance obligation determined using the percentage of completion method or as such services are performed as appropriate in the circumstances. The revenue and profit of fixed price contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably but the Company expects to recover its costs, the amount of expected costs is treated as variable consideration and the transaction price is updated as more information becomes known.

Deferred and unbilled revenue

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue within accounts receivable and other. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

New standards, amendments and interpretations

New standards, amendments and interpretations adopted during the period

The following new standards were adopted during the period ended December 31, 2020:

a) IFRS 3 Business Combinations ("IFRS 3")

The IASB issued amendments to the definition of a business in IFRS 3. 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 Company adopted the IFRS 3 amendments effective October 1, 2020 with no significant impact on its consolidated financial statements.

b) IAS 1 Presentation of Financial Statements ("IAS 1") and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

The IASB issued amendments to IAS 1 and IAS 8 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 Company adopted these amendments effective October 1, 2020 with no significant impact on its consolidated financial statements.

c) Conceptual framework for financial reporting

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 Company adopted this revised Conceptual Framework effective October 1, 2020 with no significant impact on its consolidated financial statements.

Standards, amendments and interpretations issued and not yet adopted

a) IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The extent of the impact of adoption of the standard has not yet been determined.

4 Business combinations

Acquisitions that are determined to be business combinations have been recorded under the purchase method of accounting and results have been included in the consolidated statements of operations and comprehensive income from their respective acquisition date.

Accordingly, the allocation of the purchase price to assets and liabilities is based on the fair value, with the excess of the purchase price over the fair value of the assets being allocated to goodwill.

For certain acquisitions made, management assessed the information obtained, including the impact and assumptions used in estimating the fair value of intangible assets and deferred taxes.

AIM4 Ventures

As noted previously, on December 23, 2020 AIM4 Ventures completed a reverse take-over and change of business transaction with TRC Management Holdings Corp. by way of a three-cornered amalgamation, that resulted in AIM4 Ventures changing its name from AIM4 Ventures Inc. to Think Research Corp. TRC Management Holdings Corp was the effective acquirer of AIM4 Ventures on the basis that shareholders of TRC Management Holdings Corp. obtained the largest number of common shares of the Company taking into consideration the outstanding options and warrants.

As AIM4 Ventures did not meet the definition of a business, the acquisition was outside of the scope of IFRS 3 Business Combinations. Instead, the acquisition was accounted for under IFRS 2 Share-based Payment. Under this basis of accounting, the consolidated entity is considered to be a continuation of the business of TRC Management Holdings Corp, with the net identifiable assets of AIM4 deemed to have been acquired by TRC Management Holdings Corp.

Immediately prior to the acquisition AIM4 Ventures completed a 24.76125 to 1 common share consolidation which resulted in AIM4 Ventures receiving 430,108 common shares, 43,011 options, and 20,193 warrants issued and outstanding.

The consideration for this acquisition consisted of 430,108 common shares of the Company with a fair value of $4.65 per share, and 43,011 options and 20,193 warrants of the Company with a fair value of $124 and $45, respectively, using the Black-Scholes Option Pricing Model. Assumptions used in the Black-Scholes Option pricing model to arrive at the fair value of the options was a stock price of $4.65, ax exercise price of $2.48, volatility of 96%, risk free rate of 0.33%, an expected life of 3.51 years and a dividend yield of 0%.

The excess of the purchase price paid of $1,638 over the fair value of the net assets acquired, being cash of $552 less accounts payable assumed of $21, is a listing expense recorded as a transaction expense in ‘acquisition, restructuring and other costs’ in the consolidated statements of operations and comprehensive income.

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

The results of operations from AIM4 are included in the financial statements from the date of acquisition.

HCP acquisition

On December 23, 2020 the Company acquired all of the issued and outstanding shares of 2775554 Ontario Inc (the "HCP acquisition"). The purchase price for this acquisition was $13,463 paid as follows:

- The issuance of 2,532,214 restricted common shares of the Company with a fair market value of $4.13 per share, discounted from $4.65 per share as the shares were subject to lock-up provisions, or $10,458;
- A four-year option provided to the vendor with a fair value of $981, using the Black-Scholes Option pricing model, giving the vendor the right to repurchase one of the acquired subsidiaries based on a purchase price as defined in the purchase agreement; and
- A cash payment of $1,850 made on the closing of the acquisition and future cash consideration, net of working capital and other adjustments, of $179 due six months from the closing date.

2775554 Ontario Inc., immediately prior the closing of the transaction with the Company, acquired:

- 100% of the shares of 2538606 Ontario Inc.;
- 100% of the shares of 2538393 Ontario Inc.;
- 100% of the shares of 2448430 Ontario Inc;
- 49% of the shares of 11419501 Canada Inc., a licensed pharmacy (the "HCP Pharmacy");
- 100% of the shares of Complete Immigration Medical Centre Corp ; and
- 100% of the shares of Ariontech Inc.

The allocation of the purchase price paid of $13,463 is preliminary and is as follows:

	$
Working capital	(190)
Property and equipment	251
Right-of-use assets acquired	630
Intangible assets	1,938
Goodwill	11,817
Lease liabilities assumed	(630)
Deferred tax liability	(353)
	13,463

The purchase price allocation for the acquisition is preliminary, as noted above, and subsequent adjustments during the measurement period will occur as the company completes its estimation of the fair value of assets acquired and liabilities assumed, including valuation of intangible assets.

For HCP Pharmacy, although 2775554 Ontario Inc. has less than majority of the voting or similar rights of HCP Pharmacy, management has power over HCP Pharmacy for accounting purposes as 2775554 Ontario Inc. is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power over HCP Pharmacy with its existing rights and ability to direct the relevant activities. The Company can replace the pharmacist, representing the non-controlling interest of HCP Pharmacy, with another pharmacist in the future for a nominal amount.

On acquisition, the non-controlling interests in HCP Pharmacy were measured at fair value, which was a nominal amount.

Since its acquisition, HCP has contributed revenues of $39 and net income of $11. If the acquisition had occurred on October 1, 2020, consolidated revenue of the Company would have been higher by $1,235 and net loss would have been higher by $468. In determining these amounts the Company has assumed that the fair value adjustments that arose on the acquisition date of HCP would have been the same had the acquisition occurred on October 1, 2020.

The goodwill recognized in connection with the above acquisitions is primarily attributable to the anticipated improvement in the operations of the companies acquired and synergies with existing operations as a result of the implementation of management's business strategies and methodologies. Goodwill also includes other intangibles such as assembled workforce that do not qualify for separate recognition under IFRS.

For the acquisition costs that the Company incurred related to the acquisitions for the three months ended December 31, 2020 please refer to Note 28.

AirMed Trials Inc.

On February 26, 2020 the Company purchased 100% of the issued and outstanding shares of AirMed Trials Inc. ("AirMed"). AirMed is a healthcare information technology company, focusing specifically on clinical trials and workflow optimization. Pursuant to the agreement, AirMed was acquired for consideration comprised of $350 of cash, 53,000 common shares of the Company with an estimated fair value of $350 and additional contingent consideration with an estimated fair value of $177 discounted using a risk-free rate. An initial cash payment of $250 was made on the acquisition date, with the remaining $100 of cash consideration paid on July 1, 2020.

The contingent consideration includes cash and common shares and is payable over a 36-month period following the acquisition date and is contingent upon meeting certain revenue targets. The contingent consideration has been recorded as a contingent consideration liability on the consolidated statement of financial position at its estimated fair value.

The following table summarizes the fair value of consideration paid on the Acquisition Date and the allocation of the purchase price to the assets and liabilities acquired:

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

Consideration	$
Cash	350
Common shares (53,000 shares issued with an estimated fair value of $6.60/share)	350
Fair value of contingent consideration	177
	877

Purchase price allocation	$
Acquired technology	476
Goodwill	527
Deferred tax liability	(126)
	877

Goodwill arose in the acquisition of AirMed because the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development and other expected synergies. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising on the acquisition is not deductible for tax purposes.

5 Accounts receivable and other

	December 31, 2020	September 30, 2020
	$	$
Trade accounts receivable	1,745	1,798
Unbilled revenue	64	305
Other receivables	484	849
Amounts due from customers under extended financing arrangements	162	-
	2,455	2,952
Allowance for expected credit losses (Note 19)	(272)	(215)
	2,183	2,737
Non-current portion of amounts due from customers under extended financing arrangements	**129**	134

6 Investment tax credits

The Company undertakes certain SR&ED activities. Under a government program, a portion of these expenditures are recoverable by the Company. During the three months ended December 31, 2020, the Company recorded investment tax credits related to SR&ED of $147 (year ended September 30, 2020 - $1,196) as a reduction of research and development expense on the consolidated statement of operations and comprehensive income.

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

7 Property and equipment

	Computer hardware	Furniture and office equipment	Leasehold improvements	Equipment under capital lease	Total
	$	$	$	$	$
Cost					
Balance, October 1, 2019	815	366	-	938	2,119
Additions	47	-	-	-	47
Balance, September 30, 2020	862	366	-	938	2,166
Net additions as a result of acquired companies (see Note 4)	17	66	168	-	251
Balance, December 31, 2020	**879**	**432**	**168**	**938**	**2,417**
Accumulated depreciation					
Balance, October 1, 2019	578	195	-	854	1,627
Depreciation	117	51	-	23	191
Balance, September 30, 2020	695	246	-	877	1,818
Depreciation	18	9	-	61	88
Balance, December 31, 2020	**713**	**255**	**-**	**938**	**1,906**
Net book value					
September 30, 2020	167	120	-	61	348
December 31, 2020	**166**	**177**	**168**	**-**	**511**

8 Intangible assets

	Trademarks and patents	Technology	Software	Customer Lists	Contracts and Licenses	Total
	$	$	$	$	$	$
Cost						
Balance, October 1, 2019	33	-	128	-	-	161
Additions	-	476	-	-	-	476
Balance, September 30, 2020	33	476	128	-	-	637
Acquired from acquisitions (see Note 4)	-	-	934	863	141	1,938
Balance, December 31, 2020	**33**	**476**	**1,062**	**863**	**141**	**2,575**
Accumulated amortization						
Balance, October 1, 2019	23	-	116	-	-	139
Amortization	3	106	6	-	-	115
Balance, September 30, 2020	26	106	122	-	-	254
Amortization	1	38	1	-	-	40
Balance, December 31, 2020	**27**	**144**	**123**	**-**	**-**	**294**
Net book value						
September 30, 2020	7	370	6	-	-	383
December 31, 2020	**6**	**332**	**939**	**863**	**141**	**2,281**

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

9 Goodwill

The carrying amount of the Company's goodwill is as follows:

	$
Balance, September 30, 2019	-
Acquired from acquisitions (see Note 4)	527
Balance, September 30, 2020	527
Acquired from acquisitions (see Note 4)	11,817
Balance, December 31, 2020	**12,344**

For the three months ended December 31, 2020, the recoverable amount of the Company's CGU was determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period and converting them into a present value equivalent through discounting. The cash flows beyond the five-year period have been extrapolated using a steady 2.0% per annum growth rate. The cash flow projections used in estimating the recoverable amounts are generally consistent with results achieved historically adjusted for anticipated growth.

The recoverable amount of the Company's single CGU was in excess of its carrying amount as at December 31, 2020 and September 30, 2020. The Company believes that any reasonably possible change in key assumptions on which the recoverable amounts were based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

10 Government grants

Canada Emergency Wage Subsidy

The Company was eligible and applied for assistance under the Government of Canada's Canadian Emergency Wage Subsidy Program (the "Program"). The Program was designed to support employers that were impacted as a result of the COVID-19 pandemic and to protect Canadian jobs. Amounts the Company received under the Program during the three months ended December 31, 2020 and year ended September 30, 2020 of $530 and $3,754, respectively, were recognized as a reduction of related costs on the statements of operations and comprehensive income as follows:

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
General and administration	**71**	870
Sales and marketing	**231**	1,859
Research and development	**228**	1,025
	530	3,754

As at December 31, 2020, $530 (September 30, 2020 - $849) was receivable under the program and included in accounts receivable and other on the consolidated statements of financial position.

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

Jobs and Prosperity Fund

On August 1, 2017, the Company was awarded a grant of up to $5,000 (the "Grant") by the Jobs and Prosperity Fund ("JPF"). Ontario has established the JPF to assist Ontario businesses and business development organizations to support business investment and economic development in key sectors of Ontario. The Grant was awarded to the Company for the purpose of financing a specific approved project.

The Grant is disbursed over a six-year period, with a maximum annual disbursement of up to $1,000. The Grant is subject to certain claw back conditions related to the actual dollar value of the investment made by the Company into the approved project and certain job creation and retention targets which are to be evaluated on the conclusion of the project. The Company has received funds of $2,100 up until December 31, 2020 (year ended September 30, 2020 - $2,100) in relation to the Grant to date.

During the three months ended December 31, 2020, the Company recognized income of $147 (year ended September 30, 2020 - $961) in relation to the Grant which is presented as a reduction in research and development expense on the consolidated statements of operations and comprehensive income. The Grant is also subject to certain negative and affirmative covenants. As at December 31, 2020, the Company was in compliance with these covenants (September 30, 2020 - in compliance).

11 Bank line of credit

The Company has a credit facility agreement (the "Credit Facility") that includes an operating line of credit of up to $10,000 which bears interest at the lender's prime rate plus 2.5% per annum. As at December 31, 2020, the Company had drawn $nil (September 30, 2020 - $7,846) on the Credit Facility. During the three months ended December 31, 2020, the Company recognized interest expense of $333 (year ended September 30, 2020 - $331) in relation to its bank indebtedness.

The Credit Facility is secured by a first-ranking general security agreement covering all the assets of the Company and its subsidiaries and personal guarantees from the chief executive officer and a director of the Company. The Credit Facility is subject to certain financial and non-financial covenants. As at December 31, 2020, the Company was not in violation of financial and reporting covenants (September 30, 2020 – in violation).

12 Accounts payable and accrued liabilities

	December 31, 2020	September 30, 2020
	$	$
Trade accounts payable and accrued liabilities	**7,882**	3,735
Government remittances	**(49)**	95
	7,833	3,830

13 Government financing

In July 2020, the Company secured government financing in the amount of $500. The loan is interest-free with no repayment terms for the first two years. Starting in 2023 the loan is to be repaid in equal monthly instalments of principal of $8 over a 60-month period. As a result of the acquisition of HCP an additional $347 of government funding was secured with $214 due in 2021 and the remainder due in 2025 and thereafter.

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

The future principal repayments with respect to amounts owing are as follows:

	$
2021	214
2022	-
2023	75
2024	100
2025 and thereafter	458
	847

14 Right-of-use assets and lease liabilities

The Company has lease contracts for office space. On transition to IFRS 16, the Company recognized a right-of-use asset and corresponding lease liability in respect of this lease. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statements of financial position immediately before the date of initial application.

The following table presents the right-of-use assets for the Company as at December 31, 2020 and September 30, 2020:

	Office premises
	$
Cost	
Balance, October 1, 2019	-
Recognized on transition to IFRS 16 Leases	4,263
Balance, September 30, 2020	4,263
Additions from business acquisitions (Note 4)	630
Balance, December 31, 2020	**4,893**
Accumulated depreciation	
Balance, October 1, 2019	-
Depreciation	1,650
Balance, September 30, 2020	1,650
Depreciation	413
Balance, December 31, 2020	**2,063**
Net book value	
September 30, 2020	2,613
December 31, 2020	**2,830**

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

The right-of-use assets are being depreciated on a straight-line basis over the remaining terms of the leases. During the three months ended December 31, 2020, the Company recognized depreciation expense of $413 (year ended September 30, 2020- $1,650) on the right-of-use assets which was recognized in 'General and administration' expenses on the consolidated statements of operations and comprehensive income.

The following schedule shows the movement in the Company's lease liabilities:

	$
Balance, October 1, 2019	4,263
Interest expense (Note 23)	410
Interest paid	(410)
Lease repayments	(1,017)
Rent concessions	(309)
Balance, September 30, 2020	2,937
Leases assumed as part of acquisitions (note 4)	630
Interest expense (Note 23)	80
Interest paid	(80)
Lease repayments, including interest paid	(284)
Rent concessions	(120)
Other	5
Balance, December 31, 2020	**3,168**

A reconciliation of the current and non-current components of lease liabilities at December 31, 2020 is as follows:

	$
Current	2,116
Non-current	1,052
	3,168

The following table provides a maturity analysis of the Company's lease liabilities. The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows before deducting interest or finance charges.

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

	$
2021	2,338
2022	886
2023	198
2024	167
2025	24
	3,613

Rent Concession

The Company has elected to not assess whether a rent concession that is the result of COVID-19 is a lease modification, since the concession meets the following conditions:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments effects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

Instead, the Company has recognized the rent concession by adjusting the balance of the lease liability and recognizing the concession as income in the consolidated statements of operations and comprehensive income. The Company has applied this election to all rent concessions that meet the conditions noted above, which includes the lease for its office premises. During the three months ended December 31, 2020, the Company recognized a gain of $120 (year ended September 30, 2020- $309) in the consolidated statements of operations and comprehensive income to reflect the changes in lease payments that arose from rent concessions to which the Company applied this practical expedient.

15 License agreement liability

As part of the July 31, 2016 settlement (the “Settlement”) with Trillium Health Partners (“THP”) over the ownership of certain intellectual property, the Company agreed to pay a 1% royalty to THP based on gross revenue from Acute Care Order Set products and Quality Based Procedure products for a period of 20 years until July 2036.

The Company has paid cash considerations of $1,061 (including accrued interest and outstanding 1% royalty to the effective date of this agreement) in equal monthly instalments of principal and interest for 48 months, ending on July 31, 2020. Interest was calculated at the bank’s prime rate plus 2%. As at December 31, 2020, the balance of the cash consideration owing to THP was $nil (September 30, 2020 - $nil). During the three months ended December 31, 2020, the Company recognized interest expense of $ nil (September 30, 2020 - $6) in relation to the license agreement liability. As part of the Settlement, the Company is to provide the use of Acute Care Order Set products to THC. During the three months ended December 31, 2020, the Company recognized license fee revenue of $49 (September 30, 2020 - $201) relating to the services in kind on the consolidated statements of operations and comprehensive income. As the December 31, 2020, the Company remained obligated to perform services in kind valued at $527 (September 30, 2020 - $576).

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

16 Share capital

Authorized

The Company's authorized share capital includes:

- An unlimited number of common shares

Common shares

The common shares carry voting rights. Each common share entitles the holder to one vote for each share held. As a result of the reverse take over transaction detailed in Note 4, all issued and outstanding Class A Preferred shares were redeemed for common shares and all issued and outstanding Class B Preferred shares were converted into common shares.

Issued and outstanding

	#	$
Balance, October 1, 2019	23,523,442	51,091
Issuance of common shares	1,528,833	10,090
Conversion of Class B Preferred shares to common shares	53,000	350
Shares issued on the conversion of warrants	55,512	288
Shares issued on the exercise of stock options	478,250	3,031
Share issuance costs	-	(679)
Balance, September 30, 2020	25,639,037	64,171
Issuance of common shares as part of private placement, net of issuance costs	7,096,402	28,491
Conversion of Class B Preferred shares to common shares	113,000	1
Issuance of common shares as consideration for acquisitions (Note 4)	2,962,322	12,463
Common shares issued on the exercise of stock options	289,143	1,441
Balance, December 31, 2020	**36,099,904**	**106,567**

During the three month period ended December 31, 2020, the Company completed a brokered private placement of 7,096,402 common shares at $4.65 per share for total gross proceeds of $32,998. The Company incurred share issuance costs of $4,507 relating to professional and advisory services. Included in these share issuance costs are bonuses payable for this private placement in the amount of $1,688, of which $658 is attributable to key management personnel.

During the year ended September 30, 2020, the Company completed a brokered private placement of 1,528,833 common shares at $6.60 per share for total gross proceeds of $10,090. The Company incurred share issuance costs of $679 relating to professional and advisory services in relation to this placement.

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

Class A Preferred shares

The Class A Preferred shares were redeemed on December 23, 2020 as a part of the reverse takeover transaction outlined in Note 4. The redemption amount paid exceeded the fair value of the Class A Preferred shares, resulting in a premium paid on the settlement of these financial liabilities of $1,271 which was recognized as a loss on the consolidated statements of income and comprehensive income.

A summary of the year-over-year movement in the Class A Preferred share balances is outlined below:

Issued and outstanding

	#	$
Balance, September 30, 2019	6,015,603	4,425
Interest accretion	-	286
Mandatory redemption	(504,522)	(504)
Balance, September 30, 2020	5,511,081	4,207
Less: current portion	-	(276)
Non-current portion		3,931
Balance, September 30, 2020	5,511,081	4,207
Interest accretion	-	69
Premium on redemption	-	1,271
Mandatory redemption	(132,437)	(132)
Full and final redemption	(5,378,644)	(5,415)
Balance, December 31, 2020	**-**	**-**

Class B Preferred shares

The Class B Preferred shares were converted into common shares of the Company on December 23, 2020 as a part of the reverse takeover transaction outlined in Note 4.

Issued and outstanding

	#	$
Balance, September 30, 2020	113,000	1
Conversion of Class B Preferred shared to Common shares	(113,000)	(1)
Balance, December 31, 2020	**-**	-

During the three months ended December 31, 2020, the Company made dividend payments of $72 (year ended September 30, 2020 - $539) which were recognized as finance costs on the consolidated statements of operations and comprehensive income.

Employee stock option plan

The Company has an Employee Stock Option Plan (the “Option Plan”) applicable to eligible employees, consultants, advisors and directors of the Company. On December 23, 2020 the Company adopted a new Omnibus Stock Option Plan whereby the number of Common Shares reserved for issuance related to such plan is 10% of outstanding Common Shares, compared to the prior plan being 15%. The total number of options reserved for issuance under the Option Plan is 3,609,990 (September 30, 2020 – 3,845,856). Stock options granted under the Option Plan generally vest over terms of three or four years and expire over three to five years. The following reconciles the options outstanding at the beginning and end of the three months ended December 31, 2020, and year ended September 30, 2020:

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

		December 31, 2020		September 30, 2020
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Balance, beginning of period	522,300	0.01	430,139	0.01
Granted	1,752,954	4.10	605,925	0.01
Exercised	(289,143)	0.01	(455,764)	0.01
Forfeited	(17,000)	0.01	(43,000)	0.01
Expired	(1,125)	0.01	(15,000)	0.01
Balance, end of period	**1,967,986**	**3.72**	522,300	0.01
Exercisable at end of period	**305,385**	**1.90**	261,924	0.01

The weighted average remaining contractual life of the options issued and outstanding as at December 31, 2020 was 4.6 years (September 30, 2020- 3.2 years).

The Black-Scholes model is used by the Company to calculate option fair values. This model requires subjective assumptions, including expected future dividends and expected time until exercise, which affects calculated values. The following assumptions were used to estimate the fair value of stock options granted during the year:

	December 31, 2020	September 30, 2020
Weighted average fair value per common share	**$ 4.65**	$ 6.60
Weighted average exercise price	**$0.01- $4.65**	$ 0.01
Expected volatility	**96%**	60%
Expected option life in years	**5.0**	2.0
Expected dividend yield	**0%**	0%
Risk-free interest rate	**0.37%**	0.36%

During the three months ended December 31, 2020, $1,112 (year ended September 30, 2020 - $4,248) was recognized in contributed surplus with respect to stock based compensation expense for issued options and is included in ‘General and administration’ in the consolidated statements of income and comprehensive income.

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

Restricted Share Units

During the three months ended December 31, 2020, the Company granted 619,624 RSUs to certain key employees and consultants of the Company pursuant to the Company's Omnibus Incentive Plan. Each RSU represents the right to receive, once vested, one common share of the Company. Each RSU was determined to have a fair value based on the closing price of the Company's common shares on the date of grant. The RSUs vest from December 2021 to December 2023.

Number of RSUs	Grant Date Fair Value	Vesting Period
#	$	
619,624	4.65	Immediately- Dec 2023

There are 619,624 RSUs outstanding as at December 31, 2020 (September 30, 2020- nil).

During the three months ended December 31, 2020 $318 was recognized as stock based compensation through the consolidated statements of operations and comprehensive income related to the RSUs (year ended September 30, 2020 - nil).

Deferred Share Units

On December 23, 2020 the Company has granted 107,525 DSUs to non-executive directors of the Company pursuant to the Company's Omnibus Incentive Plan. Each DSU represents the right to receive, once vested, one common share of the Company. Each DSU was determined to have a fair value based on the closing price of the Company's common shares on the date of grant.

Number of DSUs	Grant date Fair Value	Vesting Period
#	$	
107,525	4.65	Immediately

There are 107,525 DSUs outstanding as at December 31, 2020 (September 30, 2020- nil).

During the three months ended December 31, 2020 $495 was recognized as stock based compensation through the consolidated statements of operations and comprehensive income related to the DSUs (year ended September 30, 2020 - $nil).

Warrants

As part of the acquisition consideration for AIM 4 Ventures (see Note 4), the Company issued 20,193 warrants with a fair value of $45. The fair value of the warrants was determined using the Black-Scholes Option Pricing Model, with the assumptions used in this model detailed in Note 4.

During the year ended September 30, 2020, the Company issued 39,773 warrants with a fair value of $92 to a broker as part of the private placement completed as detailed in Note 16 under 'Common Shares'. The fair value of the warrants was determined using the Black-Scholes Option Pricing Model. Assumptions used in the Black-Scholes Option pricing model to arrive at the fair value of the options was a volatility of 55%, risk free rate of 1.58%, an expected life of 2 years, and a dividend yield of 0%.

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

17 Commitments and Contingencies

The Company is committed to future minimum annual payments under operating leases for office space as follows:

	$
2021	251
2022	467
2023	3,079
2024	3,048
2025 - 2034	31,638
	38,483

On September 28, 2018 (the "Execution Date"), the Company entered into a 12-year lease agreement commencing on December 1, 2022 for a new office space. The above table reflects the current lease agreement in addition to the scheduled monthly payments as agreed upon in the terms of the September 28, 2018 lease agreement.

In accordance with the September 28, 2018 lease agreement, the Company is required to deliver a letter of credit to the lessor of $1,500 at the execution date and an additional letter of credit for $1,900 on December 1, 2021. The letters of credit shall be reduced to $nil over the first six years of the lease.

Royalty

The Company is committed to pay a 1% royalty on gross revenue from Acute Care Order Set products and Quality Based Procedure products for a period of 20 years ending on July 31, 2036 (see Note 15 for additional details).

On June 5, 2020 the Company entered into a three-year license agreement with a vendor which is to be integrated into the Company's product offerings. The license agreement includes a royalty arrangement, where the Company is required to pay the vendor a royalty based on a tiered usage system. During the period, the Company incurred royalty expenses of $nil (September 30, 2020 - $nil) relating to the agreement which are recognized in cost of sales on the consolidated statements of operations and comprehensive income.

Contingencies

The Company had three shareholders who had dissented (the "Dissenters") in respect to the Company's reverse takeover transaction as noted in Note 4. Collectively the Dissenters hold 229,102 common shares of the Company and are entitled to be paid fair value for those shares by the Company pursuant to the process set out in section 185 of the Business Corporation Act (Ontario).

Subsequent to year end the Company settled this matter with the dissenters receiving 229,102 shares.

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

18 Income taxes

The following schedule reconciles the expected income tax recovery at the Canadian combined federal and provincial statutory rate of 26.5% (September 30, 2020 - 26.5%) to the amounts recognized in the consolidated statements of operations and comprehensive income:

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Net Income (loss) before recovery of income taxes	**(13,094)**	(10,040)
Expected income tax recovery	(3,470)	(2,661)
Share-based compensation and non-deductible expenses	509	1,140
Other adjustments	8	181
Financing and share issuance costs	(1,220)	(155)
Tax effect of business combination	963	(47)
Change in tax benefits not recognized	3,204	1518
Income tax recovery	**(6)**	(24)

The Company's income tax expense is allocated as follows:

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Current tax expense	5	4
Deferred tax expense (recovery)	(11)	(28)
Income tax recovery	**(6)**	(24)

The following table summarizes the components of deferred tax as at December 31, 2020 and September 30, 2020:

	December 31 2020	September 30 2020
Deferred Tax Assets	**$**	$
Non-capital losses carried forward	897	958
Deferred Tax Liability		
Intangible assets	(573)	(99)
Right-of-use assets	(754)	(691)
Investment tax credits	(1)	(266)
Property and equipment	(9)	-
Net deferred tax liability	**(440)**	(98)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The following table summarizes the movement in deferred tax liabilities during the three months ended December 31, 2020 and year ended September 30, 2020:

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

	December 31 2020	September 30 2020
	$	$
Balance, beginning of the period	98	-
Recognized in net income	(11)	(28)
Recognized in Goodwill	353	126
Balance, ending of the period	**440**	98

Deferred taxes are provided because of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2020	September 30, 2020
	$	$
Accounts receivable	263	215
Intangible assets	22	21
Property and equipment	457	395
Financing fees	4,872	665
Investment tax credits and other	293	297
Non-capital losses carried forward	52,030	44,878
Lease liability	2,896	3,296
Contingent liability	1,213	-
Balance at the end of the period	**62,046**	49,767

The Canadian non-capital loss carry forwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2024. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's unrecognized Canadian non-capital income tax losses expire as follows:

Year	**$**
2032	5
2033	736
2034	1,349
2035	-
2036	18,066
2037	9,287
2038	8,311
2039	8,539
2040	5,737
	52,030

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

19 Financial instruments and risk management

The Company's financial instruments consist of cash, accounts receivable and other, investment tax credits, accounts payable and accrued liabilities, bank line of credit, contingent consideration, government financing, license agreement payable and lease liability. The carrying value of financial instruments classified at amortized cost approximate fair value due to their short-term nature.

Credit and concentration risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and accounts receivable and other. Cash is maintained at reputable Canadian and European financial institutions; therefore, the Company considers the risk of non-performance to be remote. The Company sells its products to a diverse customer base consisting of businesses and government entities residing in various geographic regions and from various demographic segments. The Company evaluates the creditworthiness of the corresponding counterparties at regular intervals and generally requires pre-payment from most customers.

Allowances are maintained for potential credit losses consistent with credit risk and other information. The Company does not use credit derivatives or similar instruments to mitigate credit risk.

The aging of accounts receivable and unbilled revenues, prior to any allowances for expected credit losses is as follows:

	December 31, 2020	September 30, 2020
	$	$
Current	**621**	501
Past due		
31 to 60 days	**321**	358
61-90 days	**255**	51
Greater than 90 days	**548**	888
	1,745	1,798

A credit concentration exists relating to accounts receivable and other. As at December 31, 2020, three customers (September 30, 2020 – four customers) accounted for approximately 60% (September 30, 2020 – 40%) of accounts receivable and three customers (September 30, 2020 – three) accounted for 45% of revenues from operations (September 30, 2020 – 59%). The loss of any of these customers could have a significant adverse impact on the Company's financial results if replacement customers are not found in a timely manner.

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate for each aging category of trade receivables as at December 31, 2020 and September 30, 2020.

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

December 31, 2020	**Total**	**0-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Default rates		0.97%	2.18%	1.96%	46.35%
Trade receivables	**$ 1,745**	$ 621	$ 321	$ 255	$ 548
Expected credit loss	**$ 272**	$ 6	$ 7	$ 5	$ 254

September 30, 2020	Total	0-30 days	31-60 days	61-90 days	>90 days
Default rates		1.26%	2.75%	3.00%	22.50%
Trade receivables	$ 1,798	$ 501	$ 358	$ 51	$ 888
Expected credit loss	$ 215	$ 6	$ 9	$ 1	$ 199

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through monitoring cash outflows due in its day-to-day business and by regular cash flow forecasting of cash requirements to fund research and development. The Company's liabilities include trade accounts payable and accrued liabilities all of which are due within normal trade terms of generally 30 days.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Within 1 year	**Total Between 1 - 2 years**	**Between 2 - 5 years**	**Over 5 years**	**Total**
	$	$	$	$	$
As at December 31, 2020					
Accounts payable and accrued liabilities	7,833	-	-	-	**7,833**
Contingent consideration	176	124	-	-	**300**
Government financing	214	-	444	189	**847**
Lease liability	2,338	886	389	-	**3,613**
	10,561	1,010	833	189	**12,593**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's earnings or the value of its holdings of financial instruments.

a) Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is subject to interest rate risk as the Company's bank line of credit bears interest at the prime rate, which is variable, plus 2.5%. A sensitivity analysis that assumes that the prime rate increased or decreased by 50 basis points with all other variables held constant would result in an increase or decrease of the Company's interest expense by $34 for the three months ended December 31, 2020.

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

b) Foreign exchange risk

There is financial risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company currently does not use derivative instruments to hedge its exposure to foreign currency risk, which is primarily limited to that of the United States Dollar and European Euro. With all other variables held constant, a plus or minus 10% change in the foreign exchange rate would give rise to an increase or decrease in reported net loss for the three months ended December 31, 2020 of $56 (year ended September 30, 2020 - $94). The use of the 10% rate of change is based on observed historical fluctuations in exchange rates.

20 Related party transactions

The following refers to the Company's related party transactions. They are considered to be related party transactions since these transactions are with shareholders of the Company.

The remuneration of directors and other members of key management personnel during the period was as follows:

	Three months ended December 31, 2020	Year ended September 30,2020
	$	$
Salaries and benefits	977	1,454
Stock-based compensation	213	1,902
	1,190	3,356

During the three months ended December 31, 2020, the Company incurred consulting fee expenses of $40 (year ended September 30, 2020 - $31) for services provided by a shareholder of the Company which are recorded in general and administration expense on the consolidated statements of operations and comprehensive income.

Licensing fee revenues of $nil (September 30, 2020 - $343) were earned from a company of which the chief executive officer of the Company is a shareholder. As at December 31, 2020, $164 (September 30, 2020 - $162) is included in accounts receivable and other for these license fees on the consolidated statements of financial position.

During the three months ended December 31, 2020, the Company entered into and subsequently settled a bridge loan in the amount of $3,000 from a company of which a former officer of the Company is the president. During the three months ended December 31, 2020, interest expense and a prepayment penalty of $130 (year ended September 30, 2020- $nil) were incurred which were recognized in the statements of operations and comprehensive income.

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

As noted in Note 16, the Company included in share issuance costs bonuses payable for the private placement of which $658 is attributable to key management personnel.

21 Employee benefits

Employee benefits include salaries, wages, benefits and stock-based compensation. The following amounts were recognized as an expense in the consolidated statements of income and comprehensive income in respect of employee benefits:

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Cost of goods sold	1,245	4,039
Operating expenses	5,231	16,617
	6,476	20,656

The employee benefits expense recognized in operating expenses included stock-based compensation expense of $1,925 for the three months ended December 31, 2020 (year ended September 30, 2020 - $4,248).

22 Net change in operating components of working capital

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Accounts receivable and other	873	2,272
Investment tax credits	(147)	9
Prepaid expenses and deposits	1,119	(2,573)
Contract assets	27	91
Accounts payable and accrued liabilities	3,648	1,828
Deferred revenue	(1,463)	(7,035)
Government financing	(286)	-
	3,771	(5,408)

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

23 Finance costs

Finance costs is comprised of:

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Interest expense (Note 11, 14)	467	747
Interest expense on Class A Preferred shares (Note 16)	105	455
Interest accretion on Class A Preferred shares (Note 16)	69	286
Interest income	(2)	-
	639	1,488

24 Revenue

The Company provides product licenses and customizes software for customers under a SaaS model. The Company has one operating segment. The Company's business activity consists of the development and commercialization of these products. The chief executive officer ("CEO") is the Company's chief operating decision-maker, as defined by IFRS 8, and all significant operating decisions are taken by the CEO. In assessing performance, the CEO reviews financial information on an integrated basis for the Company as a whole, substantially in the form of, and on the same basis as, the Company's consolidated financial statements.

The Company's total revenue by geographic market for the three months ended December 31, 2020 and year ended September 30, 2020 are as follows:

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Canada	2,875	17,402
United States	395	1,436
International	285	606
	3,555	19,444

The breakdown of the Company's revenue for the three months ended December 31, 2020 and year ended September 30, 2020 is as follows:

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

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
License fees and implementation	3,555	17,608
Professional services	-	1,836
	3,555	19,444

25 Contingent Consideration

The acquisition of AirMed on February 26, 2020 included estimated future consideration payable over a thirty-six month period in the amount of $350 based on certain revenue targets being met. At the date of acquisition, $177 was recognized as an acquisition liability representing the discounted estimated future cash flows. As at December 31, 2020, the fair value of the estimated future consideration was $231 (September 30, 2020 - $177), with changes in the fair value recognized through profit or loss.

26 Capital management

The Company's objective of managing capital, which is comprised of: shareholder's deficiency, common shares and warrants to purchase common shares, is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the Board of Directors, management will adjust its capital structure through the issue of new shares, debt or other activities deemed appropriate under the specific circumstances. Management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended December 31, 2020.

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

27 Earnings (Loss) per share

As there is a net loss attributable to the common shareholders of the Company for the three months ended December 31, 2020 and year ended September 30, 2020, the effect of dilutive instruments has been excluded in calculating the diluted earnings per share, as its effect would be anti-dilutive.

Earnings per share is presented as follows:

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Net loss	**(13,088)**	(10,016)
Basic weighted average number of shares	**26,593**	25,354
Effect of dilution from dilutive instruments	-	-
Diluted weighted average number of shares outstanding	**26,593**	25,354
Earnings (loss) per share attributable to shareholders of the Company		
Basic and diluted	**(0.49)**	(0.40)

28 Acquisition, restructuring and other costs

	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$
Listing expense (see Note 4)	1,638	-
Acquisitions, RTO and capital reorganization related costs (Note 4)	4,209	-
Restructuring costs	75	-
	5,922	-

Acquisitions, RTO and capital reorganization related costs consist mainly of professional fees and are associated with the December 23, 2020 RTO transaction. These costs are expensed in the period in which the costs are incurred and the services are received.

Restructuring expenses mainly represent employee exist costs as a result of synergies created due to business combinations and organizational changes.

29 Global outbreak of COVID 19

Since March 2020, there has been an outbreak of COVID 19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID 19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, a decrease in the timeliness of trade receivable collections and supply chain disruptions which could all negatively impact the Company's business and financial condition.

30 Subsequent Events

Acquisition of Clinic 360

On January 29, 2021, the Corporation acquired all of the issued and outstanding shares of Clinic 360 Inc. ("Clinic 360"), an innovator and leader in the fields of cosmetic surgery and elective surgery, in exchange for cash and shares of the Company. Total purchase consideration of $4,635 for this acquisition was comprised of:

- Cash consideration of $250 paid on closing; and
- $4,604 in common share consideration consisting of the issuance of 1,183,017 common shares of the Company, net of a future payable for working capital adjustments of $406.

Acquisition of MDBriefcase

On January 29, 2021, the Company acquired all of the issued and outstanding shares of MDBriefCase Group Inc. ("MDBriefCase"). MDBriefCase is a leading provider of online continuing medical education ("CME") and professional development solutions for clinicians and is a portfolio company of Persistence Capital Partners. Total purchase consideration of $33,583 for this acquisition was comprised of:

- $22,229 in common share consideration consisting of the issuance of 5,230,242 common shares at $4.25 per common share;
- A cash payment paid of $4,991 at closing; and
- Future contingent consideration of $5,337 paid by way of cash and common share consideration based on meeting certain revenue targets, and a future net working capital receivable of $795.