

Think Research Corp. (formerly AIM4 Ventures Inc.)

Unaudited Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2021 and 2020

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

Unaudited Condensed Consolidated Interim Statements of Financial Position

(In thousands of Canadian dollars)

	March 31, 2021	December 31, 2020
	\$	\$
Assets		
Current		
Cash	6,699	10,875
Accounts receivable and other	8,035	2,054
Investment tax credits	1,323	1,281
Prepaid expenses and other	2,534	2,127
Contract assets	61	71
Total current assets	18,652	16,408
Non-current		
Accounts receivable and other	115	129
Property and equipment (Note 5)	565	511
Right-of-use-assets (Note 9)	3,796	2,830
Intangible assets (Note 6)	10,893	2,281
Goodwill (Note 7)	39,770	12,344
Total assets	73,791	34,503
Liabilities		
Current		
Bank line of credit (Note 8)	9,000	-
Accounts payable and accrued liabilities	10,036	7,833
Deferred revenue	5,278	3,661
Government financing	-	214
Derivative liability	994	981
Current portion of contingent consideration (Note 4, 17)	2,169	136
Current portion of lease liabilities (Note 9)	2,346	2,116
Current portion of license agreement payable	201	201
Total current liabilities	30,024	15,142
Deferred revenue	280	298
Deferred tax liability	1,589	440
Contingent consideration (Note 4, 17)	2,053	95
Government financing	631	633
Lease liabilities (Note 9)	1,826	1,052
License agreement payable	276	326
Total liabilities	36,679	17,986
Commitments and contingencies (Note 10)		
Equity		
Common shares (Note 14)	131,357	106,567
Contributed surplus	3,547	2,588
Warrants	81	137
Accumulated other comprehensive loss	(55)	-
Deficit	(97,818)	(92,775)
Total shareholders' equity	37,112	16,517
Total liabilities and shareholders' equity	73,791	34,503

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

On behalf of the Board:

"Signed"
Director - Sachin Aggarwal

"Signed"
Director - Richard Wells

Think Research Corp. (formerly AIM 4 Ventures Inc.)
Unaudited Condensed Consolidated Interim Statements of Operations and
Comprehensive Income (Loss)
(In thousands of Canadian dollars, except shares and per share amounts)

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
Revenue (Note 13)	8,366	5,819
Cost of Sales (Note 11)	(3,025)	(1,685)
Gross Margin	5,341	4,134
Operating Expenses (Note 11)		
General and administration	(4,740)	(1,917)
Research and development	(1,775)	(1,954)
Sales and marketing	(1,812)	(1,074)
Depreciation and amortization (Note 5, 6, 9)	(975)	(489)
Total operating expenses	(9,302)	(5,434)
Income before other income (expenses) and income taxes	(3,961)	(1,300)
Other income (expenses)		
Acquisition, restructuring and other costs (Note 15)	(931)	-
Rent concessions	120	-
Finance costs (Note 12)	(212)	(382)
Foreign exchange gain (loss)	(59)	100
Total other income (expenses)	(1,082)	(282)
Net income before income tax	(5,043)	(1,582)
Income tax recovery (expense)	-	-
Net income for the period	(5,043)	(1,582)
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit:		
Foreign currency translation differences for foreign operations (net of tax)	(55)	-
Other comprehensive loss, net of tax effect	(55)	-
Comprehensive income (loss) for the period	(5,098)	(1,582)
Net loss and comprehensive loss per share - basic and diluted	(0.12)	(0.06)
Weighted average number of common shares - basic and diluted	40,460	25,388

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

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

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

(In thousands of Canadian dollars)

	Common shares	Contributed surplus	Warrants	Deficit	Accumulated other comprehensive loss	Total shareholders' equity (deficiency)
	\$	\$	\$	\$	\$	\$
Balance, January 1, 2021	106,567	2,588	137	(92,775)	-	16,517
Shares issued on exercise of stock options	384	(383)	-	-	-	1
Warrants exercised during the period	105	-	(56)	-	-	49
Issuance of equity consideration for business acquisitions (Note 4)	24,301	-	-	-	-	24,301
Stock-based compensation (Note 14)	-	1,342	-	-	-	1,342
Net loss	-	-	-	(5,043)	-	(5,043)
Other comprehensive loss	-	-	-	-	(55)	(55)
Balance, March 31, 2021	131,357	3,547	81	(97,818)	(55)	37,112

	Common shares	Class B Preferred shares	Contributed Surplus	Warrants	Deficit	Total shareholders equity (deficiency)
	\$	\$	\$	\$	\$	\$
Balance, January 1, 2020	60,693	1	4,169	383	(74,300)	(9,054)
Shares issued on exercise of stock options	2,704	-	(2,699)	-	-	5
Warrants exercised during the period	291	-	-	(291)	-	-
Issuance of equity consideration for business acquisitions (Note 4)	350	-	-	-	-	350
Dividends paid to Class B Preferred shareholders	-	-	-	-	(61)	(61)
Stock-based compensation (Note 14)	-	-	290	-	-	290
Net loss	-	-	-	-	(1,582)	(1,582)
Balance, March 31, 2020	64,038	1	1,760	92	(75,943)	(10,052)

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

Think Research Corp. (formerly AIM 4 Ventures Inc.)
Unaudited Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(5,043)	(1,582)
Items not affecting cash		
Depreciation and amortization (Note 5, 6, 9)	975	489
Interest expense on lease liability (Note 12)	92	107
Rent concessions	(120)	-
Stock-based compensation (Note 14)	1,342	290
Accretion on contingent consideration (Note 17)	8	-
Interest expense and accretion on Class A Preferred shares (Note 12)	-	187
Services provided in-kind	(49)	(50)
Remeasurement of contingent consideration (Note 17)	48	-
Change in fair value of derivative liability	13	-
Interest expense on bank loans (Note 8, 12)	112	88
Net change in operating components of working capital (Note 16)	(5,246)	(3,768)
Cash used in operating activities	(7,868)	(4,239)
Financing activities		
Proceeds from loan and borrowings (Note 8)	9,000	5,050
Interest paid on bank line of credit (Note 8, 12)	(112)	(88)
Payment for lease liabilities (Note 9)	(374)	(370)
Interest paid on lease liability (Note 9, 12)	(92)	(107)
Interest paid on Class A Preferred shares (Note 12)	-	(115)
Repayment of license agreement liability	-	(47)
Repayment of Class A Preferred shares	-	(125)
Proceeds from the exercise of stock options and warrants	50	5
Dividends paid to Class B Preferred shareholders	-	(61)
Cash provided by financing activities	8,472	4,142
Investing activities		
Additions of property and equipment (Note 5)	(12)	(24)
Additions to right-of-use assets (Note 9)	(25)	-
Additions of intangible assets (Note 6)	(414)	-
Acquisition consideration paid, net of cash acquired (Note 4)	(4,329)	(350)
Cash used in investing activities	(4,780)	(374)
Change in cash	(4,176)	(471)
Cash, beginning of period	10,875	1,940
Cash, end of period	6,699	1,469

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

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

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 period 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. 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.

These financial statements were approved for issuance by the Company’s Board of Directors on May 12, 2021.

2 Significant accounting policies

Basis of preparation

These condensed consolidated interim financial statements (the “interim financial statements”) have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

These consolidated interim financial statements do not include all the disclosures required by International Financial Reporting Standards (“IFRS”) for annual consolidated financial statements and accordingly should be read in conjunction with the Company’s audited consolidated financial statements for the three months ended December 31, 2020 prepared in accordance with IFRS as issued by the IASB.

Basis of consolidation

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

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

Use of estimates and judgments

The preparation of these consolidated interim 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 interim financial statements and the reported amounts of revenues and expenses during the reporting periods presented. In the opinion of management, these consolidated interim financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates and have a material impact on the consolidated interim financial statements. In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of uncertainty are the same as those described in the Company's audited consolidated financial statements for the three months ended December 31, 2020.

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.

New standards, amendments and interpretations

New standards, amendments and interpretations adopted during the period

The accounting policies applied by the Company in these consolidated interim financial statements are consistent with those applied by the Company in its consolidated financial statements for the three months ended December 31, 2020, except for the following new accounting policies:

a) Functional Currency

The functional currency of one of the subsidiaries of MDBriefCase Group Inc., a company that the Company acquired during the three months ended March 31, 2021 (see Note 4) is the Australian dollar. The functional currency assessment made by management was based on consideration of the currency and economic factors that mainly influence operating costs, financing and related transactions.

b) Foreign currency translation

Assets and liabilities of subsidiaries with functional currencies other than the Canadian dollar are translated at period-end rates of exchange, and operating results are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive loss in equity.

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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 condensed consolidated interim statements of operations and comprehensive income (loss) 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.

Goodwill arose in the acquisitions 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 acquisitions is not deductible for tax purposes. For the acquisition costs that the Company incurred related to the acquisitions for the three months ended March 31, 2021 please refer to Note 15.

The allocation of the purchase price paid for acquisitions completed since January 1, 2020 is as follows:

	2021			2020		
	MDBriefcase	Clinic 360	Total	AirMed	HCP	Total
	\$	\$	\$	\$	\$	\$
Cash paid on closing	5,396	250	5,646	250	1,850	2,100
Equity consideration	19,696	4,605	24,301	350	10,458	10,808
Future cash consideration	524	56	580	100	174	274
Fair value of contingent consideration	2,955	-	2,955	177	-	177
Derivative liability	-	-	-	-	981	981
Total purchase price	28,571	4,911	33,482	877	13,463	14,340
Working capital	(557)	56	(501)	-	(190)	(190)
Property and equipment (Note 5)	81	-	81	-	251	251
Right of use assets acquired	430	1,040	1,470	-	630	630
Intangible assets (Note 6)	8,011	594	8,605	476	1,938	2,414
Contingent consideration*	(980)	-	(980)	-	-	-
Lease liabilities assumed	(430)	(1,040)	(1,470)	-	(630)	(630)
Deferred tax liability	(1,149)	-	(1,149)	(126)	(353)	(479)
Goodwill (Note 7)	23,165	4,261	27,426	527	11,817	12,344
	28,571	4,911	33,482	877	13,463	14,340

*This is the fair value of the contingent consideration assumed by the Company from the acquired company.

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

MDBriefCase Group Inc.

On January 29, 2021, the Company acquired all of the issued and outstanding shares of MDBriefCase Group Inc (“MDBriefCase”). The purchase price for this acquisition was \$28,571 paid as follows:

- Cash consideration of \$5,396 paid on the closing of the acquisition;
- The issuance of 5,230,242 common shares of the Company with a fair market value of \$3.77 per share or \$19,696, discounted from \$4.25 per share as the shares were subject to lock-up provisions;
- Future cash consideration, net of working capital and other adjustments, of \$524 due approximately three months from the closing date; and
- Future cash consideration with a fair value of \$2,955 that is contingent on the achievement of certain future financial targets, due over the next two years.

Since its acquisition, MDBriefCase has contributed revenues of \$1,758 and a net loss of \$570. If the acquisition had occurred on January 1, 2021, consolidated revenue and net loss of the Company would have been higher by \$921 and \$355, respectively. In determining these amounts the Company has assumed that the fair value adjustments that arose on the acquisition date would have been the same had the acquisition occurred on January 1, 2021.

The purchase price allocation for this acquisition is preliminary 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.

Clinic 360 Inc.

On January 29, 2021, the Company acquired all of the issued and outstanding shares of Clinic 360 Inc (“Clinic 360”). The purchase price for this acquisition was \$4,911 paid as follows:

- Cash consideration of \$250 paid on the closing of the acquisition;
- The issuance of 1,183,017 common shares of the Company with a fair market value of \$3.89 per share or \$4,605, discounted from \$4.25 per share as the shares were subject to lock-up provisions; and
- Future cash consideration for working capital adjustments of \$56.

Since its acquisition, Clinic 360 Inc. has contributed revenues of \$1,380 and net income of \$464. If the acquisition had occurred on January 1, 2021, consolidated revenue of the Company would have been higher by \$594 and net income by \$165. In determining these amounts the Company has assumed that the fair value adjustments that arose on the acquisition date of Clinic 360 would have been the same had the acquisition occurred on January 1, 2021.

The purchase price allocation for the acquisition is preliminary, 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.

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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

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:

- 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 \$174 due six months from the closing date;
- 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; and
- 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.

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 CIMCC; and
- 100% of the shares of Ariontech Inc.

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

The purchase price allocation for the acquisition is preliminary, 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.

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.

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

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

5 Property and equipment

	Computer hardware	Furniture and office equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Cost				
Balance, January 1, 2021	879	432	168	2,417
Acquired from acquisitions (see Note 4)	35	17	29	81
Additions	12	-	-	12
Balance, March 31, 2021	926	449	197	2,510
Accumulated depreciation				
Balance, January 1, 2021	713	255	-	1,906
Depreciation	18	14	7	39
Balance, March 31, 2021	731	269	7	1,945
Net book value				
January 1, 2021	166	177	168	511
March 31, 2021	195	180	190	565

6 Intangible assets

	Trademarks and patents	Technology	Software	Customer Lists	Contracts and Licenses	Non-competition	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, January 1, 2021	33	476	1,062	863	141	-	2,575
Additions	-	-	414	-	-	-	414
Acquired from acquisitions (see Note 4)	111	2,762	-	5,138	-	594	8,605
Balance, March 31, 2021	144	3,238	1,476	6,001	141	594	11,594
Accumulated amortization							
Balance, January 1, 2021	27	144	123	-	-	-	294
Amortization	6	179	39	158	5	20	407
Balance, March 31, 2021	33	323	162	158	5	20	701
Net book value							
January 1, 2021	6	332	939	863	141	-	2,281
March 31, 2021	111	2,915	1,314	5,843	136	574	10,893

7 Goodwill

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

	\$
Balance, January 1, 2021	12,344
Acquired from acquisitions (see Note 4)	27,426
Balance, March 31, 2021	39,770

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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8 Bank loan

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 March 31, 2021, the Company had drawn \$9,000 (December 31, 2020 - \$nil) on the Credit Facility. During the three months ended March 31, 2021, the Company recognized interest expense of \$112 (three months ended March 31, 2020 - \$88) 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 March 31, 2021, the Company was not in violation of financial and reporting covenants (December 31, 2020 – not in violation).

9 Right-of-use assets and lease liabilities

The following table presents the movement in the right-of-use assets of the Company:

	Office premises
	\$
Cost	
Balance, January 1, 2021	4,893
Additions	25
Additions from business acquisitions (Note 4)	1,470
Balance, March 31, 2021	6,388
Accumulated depreciation	
Balance, January 1, 2021	2,063
Depreciation	529
Balance, March 31, 2021	2,592
Net book value	
January 1, 2021	2,830
March 31, 2021	3,796

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

	\$
Balance, January 1, 2021	3,168
Interest expense on lease liabilities (Note 12)	92
Additions	28
Assumed as part of business acquisitions (see Note 4)	1,470
Interest paid	(92)
Lease repayments	(374)
Rent concessions	(120)
Balance, March 31, 2021	4,172

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A reconciliation of the current and non-current components of the lease liabilities as at March 31, 2021 is as follows:

	\$
Current	2,346
Non-current	1,826
	<u>4,172</u>

10 Commitments and contingencies

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

	\$
2021	2,091
2022	890
2023	3,292
2024	3,244
2025 - 2034	32,074
	<u>41,591</u>

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.

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.

Contingencies

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these financial statements.

11 Employee benefits

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
Cost of goods sold	2,519	851
Operating expenses	5,839	4,469
	8,358	5,320

Operating expenses for the three months ended March 31, 2021 included stock-based compensation expense of \$1,342 (March 31, 2020 - \$290).

12 Finance costs

Finance costs is comprised of:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
Interest expense on bank indebtedness	112	88
Interest expense on lease liabilities	92	107
Interest expense and accretion on Class A Preferred shares	-	187
Other interest expense, net of interest income	8	-
	212	382

13 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 interim financial statements.

The Company's total revenue by geographic market are as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
Canada	7,312	5,373
United States	494	333
International	560	113
	8,366	5,819

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

14 Share capital

Common shares

Issued and outstanding

	#	\$
Balance, January 1, 2021	36,099,904	106,567
Issuance of common shares as consideration for acquisitions (see Note 4)	6,413,259	24,301
Common shares issued on the exercise of stock options and warrants	92,862	489
Balance, March 31, 2021	42,606,025	131,357

Share-based compensation

The following table is a summary of the stock-based compensation recognized in the condensed consolidated interim financial statements:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
Options	813	290
Restricted Share Units	443	-
Deferred Share Units	86	-
	1,342	290

Options

During the three months ended March 31, 2021, the Company granted 480,000 options under the Company's Omnibus Equity Incentive Plan (the "Incentive Plan"). The following assumptions were used to estimate the fair value of stock options granted during this period:

Weighted average fair value per common share	\$ 2.89
Weighted average exercise price	\$ 4.02
Expected volatility	96%
Expected option life in years	5.0
Expected dividend yield	0%
Risk-free interest rate	0.52%

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

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

Restricted Share Units (“RSUs”)

During the three months ended March 31, 2021, the Company granted 50,000 RSUs under the Incentive Plan to a key employee of the Company with a fair value of \$4.65 on the grant date (March 31, 2020 – nil). 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 granted vest from March 2022 to March 2024.

Deferred Share Units (“DSUs”)

There were no DSUs granted during the three months ended March 31, 2021 (March 31, 2020 - nil).

15 Acquisition, restructuring and other costs

Acquisition, restructuring and other costs consist mainly of professional fees associated with acquisitions completed (see Note 4). These costs are expensed in the period in which the costs are incurred and services are rendered. For the three months ended March 31, 2021, acquisition, restructuring and other costs are comprised of acquisition costs of \$893 and restructuring costs of \$38 (March 31, 2020 - \$nil).

16 Net change in operating components of working capital

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
Accounts receivable and other	(1,546)	(1,112)
Investment tax credits	(42)	(310)
Prepaid expenses and deposits	105	126
Contract assets	10	20
Accounts payable and accrued liabilities	(2,737)	629
Deferred revenue	(819)	(3,121)
Government financing	(216)	-
	(5,246)	(3,768)

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17 Contingent consideration

Contingent consideration is a financial instrument carried at fair value through profit or loss and arose on certain acquisitions as noted in Note 4. In these acquisitions, the sellers are entitled to receive an amount based on the percentage of revenue that exceeds certain revenue targets.

The fair value of the contingent consideration related to these acquisitions was calculated using the Black Scholes pricing model, based on anticipated revenue, the applicable discount rate, the volatility in revenue, the risk-free rate and the target revenue required to be achieved.

The change in contingent consideration during the three months ended March 31, 2021 was as follows:

	\$
Balance, January 1, 2021	231
Additions (see Note 4)	3,935
Accretion	8
Remeasurement	48
Balance, March 31, 2021	4,222