Think Research Corporation (formerly AIM4 Ventures Inc.)

Unaudited Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2021 and 2020

Think Research Corporation (formerly AIM 4 Ventures Inc.)

Unaudited Condensed Consolidated Interim Statements of Financial Position

(In thousands of Canadian dollars)

	June 30, 2021	December 31, 2020
	$	$
Assets		
Current		
Cash	6,758	10,875
Accounts receivable and other	8,803	2,054
Investment tax credits	215	1,281
Prepaid expenses and other	2,870	2,127
Contract assets	51	71
Total current assets	**18,697**	**16,408**
Non-current		
Accounts receivable and other	107	129
Property and equipment (Note 5)	888	511
Right-of-use-assets (Note 9)	4,574	2,830
Intangible assets (Note 6)	10,883	2,281
Goodwill (Note 7)	39,770	12,344
Total assets	**74,919**	**34,503**
Liabilities		
Current		
Accounts payable and accrued liabilities	11,503	7,833
Deferred revenue	7,596	3,661
Government financing	131	214
Derivative liability	990	981
Current portion of contingent consideration (Note 4, 17)	2,238	136
Current portion of lease liabilities (Note 9)	2,534	2,116
Current portion of license agreement payable	201	201
Total current liabilities	**25,193**	**15,142**
Bank debt (Note 8)	9,243	-
Deferred revenue	280	298
Deferred tax liabilty	1,573	440
Contingent consideration (Note 4, 17)	2,138	95
Government financing	500	633
Lease liabilities (Note 9)	2,389	1,052
License agreement payable	227	326
Total liabilities	**41,543**	**17,986**
Commitments and contingencies (Note 10)		
Shareholders' Equity		
Common shares (Note 14)	131,859	106,567
Contributed surplus	4,755	2,588
Warrants	81	137
Accumulated other comprehensive income	80	-
Deficit	(103,399)	(92,775)
Total shareholders' equity	**33,376**	**16,517**
Total liabilities and shareholders' equity	**74,919**	**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 Corporation (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 June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Revenue (Note 13)	**10,224**	**3,825**	**18,591**	**9,644**
Cost of Sales (Note 11)	**(4,543)**	**(1,840)**	**(7,568)**	**(3,525)**
Gross Margin	**5,681**	**1,985**	**11,023**	**6,119**
Operating Expenses (Note 11)				
General and administration	(4,785)	(1,909)	(9,526)	(3,826)
Research and development	(1,686)	(1,523)	(3,460)	(3,477)
Sales and marketing	(2,268)	(913)	(4,080)	(1,987)
Depreciation and amortization (Note 5, 6, 9)	(1,248)	(500)	(2,223)	(989)
Total operating expenses	**(9,987)**	**(4,845)**	**(19,288)**	**(10,279)**
Loss before other income (expenses) and income taxes	**(4,306)**	**(2,860)**	**(8,265)**	**(4,160)**
Other income (expenses)				
Acquisition, restructuring and other costs (Note 15)	(756)	-	(1,687)	-
Rent concessions	-	166	120	166
Finance costs (Note 12)	(329)	(404)	(541)	(786)
Foreign exchange gain (loss)	(187)	(29)	(246)	71
Total other income (expenses)	**(1,272)**	**(267)**	**(2,354)**	**(549)**
Net income before income tax	(5,578)	(3,127)	(10,619)	(4,709)
Income tax expense	(5)	-	(5)	-
Net income for the period	**(5,583)**	**(3,127)**	**(10,624)**	**(4,709)**
Other comprehensive income				
Items that may be subsequently reclassified to profit:				
Foreign currency translation differences for foreign operations (net of tax)	135	-	80	-
Other comprehensive income, net of tax effect	**135**	**-**	**80**	**-**
Comprehensive income (loss) for the period	**(5,448)**	**(3,127)**	**(10,544)**	**(4,709)**
Net loss and comprehensive loss per share - basic and diluted	(0.13)	(0.12)	(0.26)	(0.18)
Weighted average number of common shares - basic and dilute	42,674	25,561	41,545	25,475

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

Think Research Corporation (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 income	Total shareholders' equity (deficiency)
	$	$	$	$	$	$
Balance, January 1, 2021	**106,567**	**2,588**	**137**	**(92,775)**	**-**	**16,517**
Shares issued on exercise of stock options	886	(885)	-	-	-	1
Warrants exercised during the period	105	-	(56)	-	-	49
Issuance of equity consideration for business acquisitions (Note	24,301	-	-	-	-	24,301
Stock-based compensation (Note 14)	-	3,052	-	-	-	3,052
Net loss	-	-	-	(10,624)	-	(10,624)
Other comprehensive income	-	-	-		80	80
Balance, June 30, 2021	**131,859**	**4,755**	**81**	**(103,399)**	**80**	**33,376**

	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	2,833	-	(2,828)	-	-	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	-	-	-	-	(202)	(202)
Stock-based compensation (Note 14)	10	-	502	-	-	512
Net loss	-	-	-	-	(4,709)	(4,709)
Balance, June 30, 2020	**64,177**	**1**	**1,843**	**92**	**(79,211)**	**(13,098)**

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

Think Research Corporation (formerly AIM 4 Ventures Inc.)

Unaudited Condensed Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)

	Six months ended June 30, 2021	**Six months ended June 30, 2020**
	$	**$**
Cash provided by (used in)		
Operating activities		
Net loss for the period	**(10,624)**	**(4,709)**
Items not affecting cash		
Depreciation and amortization (Note 5, 6, 9)	2,223	990
Income tax expense	5	-
Interest expense on lease liability (Note 12)	235	204
Rent concessions	(120)	(166)
Stock-based compensation (Note 14)	3,052	502
Accretion on contingent consideration	8	-
Interest expense on Class A Preferred shares (Note 12)	-	371
Services provided in-kind	(99)	-
Remeasurement of contingent consideration (Note 17)	202	-
Change in fair value of derivative liability	9	-
Interest expense on bank loans (Note 8, 12)	298	173
Net change in operating components of working capital (Note 16)	(1,352)	(1,448)
Cash used in operating activities	**(6,163)**	**(4,083)**
Financing activities		
Proceeds from loan and borrowings (Note 8)	9,500	5,850
Credit facility issuance costs (Note 8)	(257)	-
Interest paid on bank line of credit (Note 8, 12)	(298)	(173)
Payment for lease liabilities (Note 9)	(1,017)	(512)
Interest paid on lease liability (Note 9, 12)	(235)	(204)
Interest paid on Class A Preferred shares (Note 12)	-	(228)
Repayment of license agreement liability	-	(145)
Repayment of Class A Preferred shares	-	(252)
Proceeds from the exercise of stock options and warrants	50	5
Dividends paid to Class B Preferred shareholders	-	(202)
Cash provided by financing activities	**7,743**	**4,139**
Investing activities		
Additions of property and equipment (Note 5)	(385)	(33)
Additions to right-of-use assets (Note 9)	-	-
Additions of intangible assets (Note 6)	(983)	-
Acquisition consideration paid, net of cash acquired (Note 4)	(4,329)	(350)
Cash used in investing activities	**(5,697)**	**(383)**
Change in cash	(4,117)	(327)
Cash, beginning of period	10,875	1,940
Cash, end of period	**6,758**	**1,613**

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

1 Nature of operations

Think Research Corporation 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 Corporation, 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 August 20, 2021.

2 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 condensed 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.

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.

3 Significant accounting policies

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 six months ended June 30, 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 income in equity.

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.

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

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 net assets acquired 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 acquisition costs that the Company incurred in relation to acquisitions completed during the six months ended June 30, 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 contigent 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	1,810	2,240	-	630	630
Intangible assets (Note 6)	8,011	594	8,605	476	1,938	2,414
Contingent consideration*	(980)	-	(980)	-	-	-
Lease liabilities assumed	(430)	(1,810)	(2,240)	-	(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._

** During the second quarter of 2021 the Company updated the initial purchase price allocation for Clinic 360 right-of-use-assets acquired and lease liabilities assumed.

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 revenue of $4,554 and a net loss of $741. 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 revenue of $3,375 and a net loss of $30. If the acquisition had occurred on January 1, 2021, consolidated revenue of the Company would have been higher by $594 and net loss lower 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.

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.

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

5 Property and equipment

	Computer hardware	Furniture and office equipment	Leasehold improvements	Other equipment	Total
	$	$	$	$	$
Cost					
Balance, January 1, 2021	891	424	246	938	2,499
Acquired from acquisitions (see Note 4)	28	39	14	-	81
Additions	36	147	202	-	385
Balance, June 30, 2021	**955**	**610**	**462**	**938**	**2,965**
Accumulated depreciation					
Balance, January 1, 2021	728	267	56	937	1,988
Depreciation	44	30	14	1	89
Balance, June 30, 2021	**772**	**297**	**70**	**938**	**2,077**
Net book value					
January 1, 2021	163	157	190	-	511
June 30, 2021	**183**	**313**	**392**	**-**	**888**

6 Intangible assets

	Trademarks and patents	Technology	Software	Customer Lists	Contracts and Licenses	Non-competition	Total
	$	$	$	$	$	$	$
Cost							
Balance, October 1, 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
Additions	-	-	983	-	-	-	983
Acquired from acquisitions (see Note 4)	111	2,762	-	5,138	-	594	8,605
Balance, June 30, 2021	**144**	**3,238**	**2,045**	**6,001**	**141**	**594**	**12,163**
Accumulated amortization							
Balance, October 1, 2020	26	106	122	-	-	-	254
Amortization	1	38	1	-	-	-	40
Balance, December 31, 2020	27	144	123	-	-	-	294
Amortization	13	463	76	375	10	49	986
Balance, June 30, 2021	**40**	**607**	**199**	**375**	**10**	**49**	**1,280**
Net book value							
December 31, 2020	6	332	939	863	141	-	2,281
June 30, 2021	**104**	**2,631**	**1,846**	**5,626**	**131**	**545**	**10,883**

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

7 Goodwill

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

	$
Balance, October 1, 2020	527
Acquired from acquisitions (see Note 4)	11,817
Balance, December 31, 2020	12,344
Acquired from acquisitions (see Note 4)	27,426
Balance, June 30, 2021	**39,770**

8 Bank loan

The Company's bank line of credit as at June 30, 2021 and December 31, 2020 can be broken down as follows:

	June 30, 2021	December 31, 2021
	$	$
Borrowings	9,500	-
Less: debt issuance costs, net of accumulated amortization	(257)	-
	9,243	-

On June 25, 2021 the Company replaced its existing credit facility that was expiring with a new credit facility (the "Credit Facility") that increased the existing operating line of credit of the Company from $10,000 to $15,000. The Credit Facility also includes an acquisition facility of $10,000 for aggregate total credit availability of up to $25,000. The interest rates for the Credit Facility are floating, based on a margin over certain referenced rates of interest and may vary up or down based on the leverage of the Company. The Credit Facility represents a three-year committed agreement and expires on June 25, 2024.

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 June 30, 2021, the Company was not in violation of the financial and reporting covenants.

During the three and six months ended June 30, 2021, the Company recognized interest expense of $186 and $298, respectively (three months and six months ended June 30, 2020 - $85 and $173 respectively) in relation to its bank indebtedness.

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

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, October 1, 2020	4,263
Additions from business acquisitions (Note 4)	630
Balance, December 31, 2020	4,893
Additions	652
Additions from business acquisitions (Note 4)	2,240
Balance, June 30, 2021	**7,785**
Accumulated depreciation	
Balance, October 1, 2020	1,650
Depreciation	413
Balance, December 31, 2020	2,063
Depreciation	1,148
Balance, June 30, 2021	**3,211**
Net book value	
December 31, 2020	2,830
June 30, 2021	**4,574**

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

	$
Balance, October 1, 2020	2,937
Interest expense on lease liabilities	80
Assumed as part of acquisitions (see Note 4)	630
Interest paid	(80)
Lease repayments	(284)
Rent concessions	(120)
Other	5
Balance, December 31, 2020	3,168
Interest expense on lease liabilities (Note 12)	235
Additions	652
Assumed as part of acquisitions (see Note 4)	2,240
Interest paid	(235)
Lease repayments	(1,017)
Rent concessions	(120)
Balance, June 30, 2021	**4,923**

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

A reconciliation of the current and non-current components of the lease liabilities as at June 30, 2021 is as follows:

	$
Current	2,534
Non-current	2,389
	4,923

10 Commitments and contingencies

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

	$
2021	1,582
2022	1,928
2023	3,584
2024	3,525
2025 - 2034	32,838
	43,457

On September 28, 2018 (the “Execution Date”), the Company entered into a 12-year lease agreement with an expected commencement date of December 1, 2022 for a new office space. However, as a result of the effects of COVID-19 which delayed construction, the Company does not anticipate taking possession until late 2023. The above table reflects the current lease agreements 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.

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

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:

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
	$	$	**$**	$
Cost of goods sold	1,538	932	4,057	1,783
Operating expenses	6,862	5,015	12,701	9,484
	8,400	5,947	**16,758**	11,267

Operating expenses for the three months and six months ended June 30, 2021 included stock-based compensation expense of $1,710 and $3,052, respectively (three months and six months ended June 30, 2020 $212 and $502, respectively).

12 Finance costs

Finance costs is comprised of:

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
	$	$	**$**	$
Interest expense on bank indebtedness	186	85	298	173
Interest expense on lease liabilities	143	97	235	204
Interest expense and accretion on Class A Preferred shares	-	184	-	371
Other interest expense, net of interest income	-	38	8	38
	329	404	**541**	786

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 Operating Segments, 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.

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

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

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
	$	$	**$**	$
Canada	7,947	3,374	15,260	8,746
United States	1,496	417	1,990	750
International	781	34	1,341	148
	10,224	3,825	**18,591**	9,644

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	198,103	991
Balance, June 30, 2021	**42,711,266**	**131,859**

Share-based compensation

The following table is a summary of the stock-based compensation recognized in the condensed consolidated interim financial statements for the three and six months June 30, 2021 and 2020:

	Three months ended June 30, 2021	Three months ended June 30, 2020	**Six months ended June 30, 2021**	Six months ended June 30, 2020
	$	$	**$**	$
Options	1,127	290	1,940	502
Restricted Share Units	583	-	1,026	-
Deferred Share Units	-	-	86	-
	1,710	290	**3,052**	502

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

Options

During the six months ended June 30, 2021, the Company granted 761,000 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	**$ 2.82**
Weighted average exercise price	**$ 4.07**
Expected volatility	**94%**
Expected option life in years	**4.7**
Expected dividend yield	**0%**
Risk-free interest rate	**0.54%**

Restricted Share Units ("RSUs")

During the six months ended June 30, 2021, the Company granted 130,000 RSUs under the Company's Incentive Plan with a weighted average fair value of $4.01 per a RSU on the grant date. 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 had vesting ranges from immediate through to March 2024.

Deferred Share Units ("DSUs")

During the six months ended June 30, 2021, the Company granted 21,505 DSUs under the Company's Incentive Plan with a weighted average fair value of $3.95 per a DSU on the grant date. 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 and vested immediately.

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 June 30, 2021, acquisition, restructuring and other costs are comprised of acquisition costs of $750 and restructuring costs of $6, and the for the six months ended June 30, 2021, it is comprised of acquisition costs of $1,643 and restructuring costs of $44.

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

16 Net change in operating components of working capital

	Six months ended June 30, 2021	Six months ended June 30, 2020
	$	$
Accounts receivable and other	(2,213)	(3,066)
Investment tax credits	1,066	496
Prepaid expenses and deposits	(231)	(352)
Contract assets	20	41
Accounts payable and accrued liabilities	(1,277)	1,062
Deferred revenue	1,499	371
Government financing	(216)	-
	(1,352)	(1,448)

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 was as follows:

	$
Balance, October 1, 2021	177
Remeasurement	54
Balance, December 31, 2021	231
Additions (see Note 4)	3,935
Accretion	8
Remeasurement	202
Balance, June 30, 2021	**4,376**

18 Subsequent events

On July 15, 2021, the Company entered into a definitive share purchase agreement to acquire all of the issued and outstanding shares of Bio Pharma Services Inc. ("BioPharma"), a leading contract research organization to pharmaceutical companies globally, for consideration of approximately $44,600 plus consideration contingent on achieving certain financial targets. The transaction is subject to the approval of the TSX Venture Exchange, the satisfaction of applicable conditions to closing, and is conditional on the Company having sufficient financing to close the transaction.

The purchase price for the acquisition is expected to be satisfied as follows:

- Approximately $20,100 payable in cash on the date of closing;
- $18,000 in share consideration based on the twenty-day volume-weighted average price of the common shares of the Company ending on the trading day immediately prior to the date of closing;
- Deferred equity consideration of $3,250 due each of six months and twelve months after the date of closing; and
- An annual earnout equal to 10% of BioPharma's earnings before interest and taxes through December 31, 2025, payable in cash or common shares of the Company, at the Company's discretion.