Think Research Corporation

Management's Discussion and Analysis for the Three and Six Months Ended June 30, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

Basis of Presentation

This management's discussion and analysis ("MD&A") for Think Research Corporation ("THNK", "THINK" or the "Company") should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2021 and 2020 (the "Financial Statements") and the related notes thereto, and THINK's audited annual consolidated statements and the related notes thereto for the three months ended December 31, 2020.

The Company presents its financial statements in Canadian dollars and in this MD&A all references to "$" or "dollars" and amounts are in Canadian dollars unless otherwise indicated. All figures are presented in thousands of dollars unless otherwise indicated. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile.

Information contained in this MD&A is based on information available to management as of August 20, 2021.

Additional information relating to THINK is available under the Company's profile on SEDAR at www.sedar.com.

Introduction

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 (the "Financing").

To align the Company's fiscal year end to a calendar year end as a public company, on December 23, 2020 THINK changed its fiscal year end date from September 30 to December 31. As such, the most recently completed fiscal year commenced on October 1, 2020 and ended December 31, 2020, while the second most recently completed fiscal year commenced October 1, 2019 and ended on September 30, 2020. Now, the fiscal years commence on January 1st of each year and end on December 31st. Other fiscal periods are referenced by the applicable year during which the fiscal period ends. For example, our fiscal year that will end on December 31, 2021 will be referred to as "fiscal 2021," "2021" or using similar words and the "first quarter of 2021" will refer to the quarter ended March 31, 2021.

Caution Regarding Forward Looking Information

Certain statements in this MD&A, other than statements of historical fact, contain "forward-looking information" within the meaning of Canadian securities laws and are based on certain assumptions and reflect the Company's current expectations with respect to such matters. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies, competitive strengths and outlook of the Company, expansion of the Company, the expected impact of the COVID-19 pandemic on the Company, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and statements included under "Outlook". Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts", "committed" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, fluctuations in interest rates, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, changes in technology, management of market liquidity and funding risks, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), reliance on third party services, the effect of applying future accounting changes, privacy and confidentiality risks, product and service defects, medical liability claims, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, man-made disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises (such as COVID-19), the Company's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's success in anticipating and managing the foregoing factors.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in *forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances and that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Company. While the Company considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.*

Other than as specifically required by applicable Canadian law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Company's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including the Company's most recently filed annual information form and any subsequently-filed interim MD&A, which are available under our profile on SEDAR at www.sedar.com.

Cautionary Note Regarding Non-IFRS Measures

This MD&A makes reference to certain non-International Financial Reporting Standards measures. These measures are not recognized measures under International Financial Reporting Standards ("IFRS"), do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this MD&A may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS financial measures, including "EBITDA" and "Adjusted EBITDA" to provide investors with supplemental measures of its operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Specifically, the Company believes that Adjusted EBITDA, when viewed with the Company's results under IFRS and the accompanying reconciliations, provides useful information about the Company's business without regard to potential distortions. By eliminating potential differences in results of operations between periods caused by factors such as restructuring, impairment and other charges, the Company believes that Adjusted EBITDA can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

“**EBITDA**” means net income (loss) before amortization and depreciation expenses, finance and interest costs, and provision for income taxes.

“**Adjusted EBITDA**” adjusts EBITDA for non-cash stock-based compensation expense, gains or losses arising from redemption of securities issued by the Company, asset impairment charges, gains or losses from disposals of property and equipment, foreign exchange gains or losses, impairment charges on property and equipment, business acquisition costs, and restructuring charges.

See “Select Information and Reconciliation of Non-IFRS Measures” for a reconciliation of each non-IFRS measure to its most directly comparable IFRS measure.

Overview

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.

Recently, the Company acquired clinics and pharmacies which serve as test beds for the Company’s solutions and further facilitates the harvesting of data which is used to expand the knowledge library of THINK. On January 29, 2021, the Company also closed the acquisition of MDBriefCase Group Inc. (“MDBriefCase”) — a leader in developing and delivering continuing medical education and professional development solutions to approximately 270,000 members globally. On the same day, the Company also closed the acquisition of Clinic 360 Inc. (“Clinic 360”). Both acquisitions are highly strategic and synergistic allowing the Company to expand its knowledge library while delivering better health care outcomes to its partners.

The Company serves clients globally which include 300,000 primary care, acute care and long-term care clinicians, and more than 3,000,000 patients and residents in more than 2,800 healthcare facilities.

On December 23, 2020, the Company closed its RTO transaction and acquired Health Care Plus (“HCP”), and on December 30, 2020 began trading on the TSX.V, raising aggregate gross proceeds of $33 million.

Consolidated Highlights

Financial highlights for the three and six months ended June 30, 2021

- Achieved record revenue of $10.2 million and $18.6 million for the three and six months ended June 30, 2021, respectively, an increase of 167% and 93%, respectively, compared to the same periods in the prior year.
- Adjusted EBITDA was $(1.3) million and $(2.9) million for the three and six months ended June 30, 2021, respectively, compared to $(1.9) million and $(2.5) million for the three and six months ended June 30, 2020, respectively.
- Net income was $(5.6) million and $(10.6) million for the three and six months ended June 30, 2021, respectively, compared to $(3.1) million and $(4.7) million, respectively, for the for the same periods in the prior year. For both periods, the decrease was primarily due to higher expenses related to acquisitions, higher expenses to support continued business growth and higher stock-based compensation, partially offset by higher revenue.
- Generated positive cash flows from operations of $1.7 million for the three months ended June 30, 2021, driven by favourable changes in net working capital, including timing of receipts from government contracts. As at June 30, 2021, the Company's bank borrowings, net of cash on hand and unamortized debt issuance costs, was $2.5 million.

Acquisitions

- On January 29, 2021, the Company closed the acquisitions of MDBriefCase, a leading provider of online continuing medical education and professional development solutions for clinicians, and Clinic 360, a specialist in elective and cosmetic surgery.
- 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 ("CRO") to pharmaceutical companies globally, for consideration of approximately $44,600 plus consideration contingent on achieving certain financial targets. The acquisition is expected to add significant scale to the Company, provide revenue and cost synergies, and establish the Company as a leader in the CRO industry. Currently in Canada, there are no public company CROs and as such, this presents investors a unique opportunity to garner exposure to this sector that is experiencing robust industry growth of 7.8% (source: Global Market Insights). 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.

Financing

- On June 25, 2021, the Company replaced its existing credit facility with a new credit facility (the "Credit Facility") that increased the Company's operating line of credit from $10,000 to $15,000. The Credit Facility also provides the Company with an acquisition facility of $10,000 for aggregate total credit availability of up to $25,000. The Credit Facility represents a three-year committed agreement and expires on June 25, 2024.

Select Information and Reconciliation of Non-IFRS Measures

The following table summarizes the Company's recent results of operations as of the dates and for the periods indicated below. The information should be read together with the Company's Financial Statements. See also "Cautionary Note Regarding Non-IFRS Measures."

	Three months ended June 30, 2021	**Three months ended June 30, 2020**	**Six months ended June 30, 2021**	**Six months ended June 30, 2020**
	$	**$**	**$**	**$**
Net loss and comprehensive loss	(5,583)	(3,127)	(10,624)	(4,709)
Depreciation and Amortization	1,248	500	2,223	989
Finance costs	329	404	541	786
Income tax expense	5	-	5	-
EBITDA[1]	**(4,001)**	**(2,223)**	**(7,856)**	**(2,934)**
Acquisition, restructuring and other costs[2]	756	-	1,687	-
Stock-based compensation[3]	1,710	290	3,052	502
Foreign exchange loss (gain)[4]	187	29	246	(71)
Adjusted EBITDA[1]	**(1,349)**	**(1,904)**	**(2,871)**	**(2,503)**

Notes:

(1) EBITDA and Adjusted EBITDA are not recognized measures under IFRS. See "Cautionary Note Regarding Non-IFRS Measures".

(2) "Acquisition, restructuring and other costs" relate to costs incurred in connection with business combinations, reorganization of the Company's capital structure, and legal, advisory and banking expenses.

(3) "Stock-based compensation" relates to share-based compensation expense recognized for equity awards issued under the Company's Omnibus Equity Incentive Plan.

(4) "Foreign exchange loss (gain)" relates to foreign exchange fluctuations.

Selected Financial Information

Three and six months ended June 30, 2021 and June 30, 2020

(in thousands of Canadian $, except per share information)	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
	$	$	$	$
Revenue	**10,224**	**3,825**	**18,591**	**9,644**
Cost of Sales	**(4,543)**	**(1,840)**	**(7,568)**	**(3,525)**
Gross Margin	**5,681**	**1,985**	**11,023**	**6,119**
Operating Expenses				
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	(1,248)	(500)	(2,223)	(989)
Total operating expenses	**(9,987)**	**(4,845)**	**(19,288)**	**(10,279)**
Loss before other income (expenses) and taxes	**(4,306)**	**(2,860)**	**(8,265)**	**(4,160)**
Other income (expenses)				
Acquisition, restructuring and other costs	(756)	-	(1,687)	-
Rent concessions	-	166	120	166
Finance costs	(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 recovery (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 diluted	42,674	25,561	41,545	25,475

Discussion of Operations

Revenue

For the three months ended June 30, 2021 the Company generated record quarterly revenue of $10,224 compared to $3,825 for the three months ended June 30, 2020, an increase of $6,399 or 167%. For the quarter ended June 30, 2021, the Company's overall results were negatively affected as a result of COVID-19, resulting in Clinic 360 being closed for the majority of the month of May. The Company did benefit from having a full three months worth of results attributable to MDBriefCase in the second quarter of 2021, compared to two months in the first quarter 2021.

For the six months ended June 30, 2021, the Company generated revenue of $18,591 compared to $9,644 for the six months ended June 30, 2020, an increase of $8,947 or 93%. The increase is primarily attributable to revenue and synergies from recently completed acquisitions and revenue growth in the United States and internationally, partially offset by a decrease in revenue from Ontario Quality Based Procedures (“QBP”) and Ontario Long-Term Care Association (“OLTCA”), as previously noted in the Company’s MD&A for the three months ended March 31, 2021.

Cost of Sales

Cost of sales increased from $1,840 to $4,543 or 147% when comparing the three months ended June 30, 2021 to the same period in the prior year. Comparing the six months ended June 30, 2021 to the same period in the prior year, cost of sales increased from $3,525 to $7,568 or 115%. In both periods, the change was closely related to the increase in revenue, contribution from the acquisitions, and impact from the acquired clinics which have a higher proportion of cost of sales relative to revenue.

Gross Margin

During the three months ended June 30, 2021, the Company generated gross margin of $5,681 compared to $1,985 for the same period in the prior year, an increase of 186%. For the six months ended June 30, 2021, the Company generated gross margin of $11,023 compared to $6,119 for the same period in the prior year, an increase of 80%. In both periods, the increase in gross margin was primarily related to the increase in revenue and impact from acquisitions.

For the three months ended June 30, 2021 the Company generated a gross margin percentage of 56%, compared to 52% for the same period in the prior year. For the six months ended June 30, 2021 the Company generated a gross margin percentage of 59%, compared to 63% for the same period in the prior year.

The gross margin percentage in both periods was affected by the impact of the change in revenue mix as a result of the expiration of the QBP contract, the OLTCA agreement being renegotiated, and having clinic revenue present in the fiscal 2021 results.

The results for the three months ended June 30, 2021 were negatively affected from the impact of COVID-19 on the Company’s clinic business, including clinic closures in May, and increased safety protocols in response to provincial health requirements resulting in higher cost of sales and reduced availability for revenue generating procedures.

Expenses

- General and administration expenses increased from $1,909 for the three months ended June 30, 2020 to $4,785 for the three months ended June 30, 2021. For the six months ended June 30, 2021, general and administration expenses increased to $9,526 from $3,826 for the six months ended June 30, 2020. In both periods, the increase was primarily due to acquisitions completed during the past twelve months, higher salaries and wages to support the continued growth of the business, and higher stock-based compensation.

- Research and development expenses increased from $1,523 for the three months ended June 30, 2020 to $1,686 for the three months ended June 30, 2021. For the six months ended June 30, 2021, research and development expenses decreased to $3,460 from $3,477 for the six months ended June 30, 2020. For the three months ended June 30, 2021 the increase in research and development expenses was to support continued growth of the business, partially offset by synergies achieved during the periods. For the six months ended June 30, 2021, research and development expenses were comparable.
- Sales and marketing expenses increased from $913 for the three months ended June 30, 2020 to $2,268 for the three months ended June 30, 2021. For the six months ended June 30, 2021, sales and marketing expenses increased to $4,080 from $1,987 for the six months ended June 30, 2020. In both periods, the increase was primarily due to acquisitions completed during the previous twelve months, branding activities to continue to elevate the THINK brand, and higher salaries and wages to support continued business growth.
- Depreciation and amortization increased from $500 for the three months ended June 30, 2020 to $1,248 for the three months ended June 30, 2021. For the six months ended June 30, 2021, depreciation and amortization increased to $2,223 from $989 for the six months ended June 30, 2020. In both periods, the increase was primarily due to amortization of acquired intangibles and depreciation on lease premises acquired through acquisitions.
- Acquisition, restructuring and other costs for the three and six months ended June 30, 2020 was $756 and $1,687, respectively, compared to $nil for the comparative periods in the prior year. In both periods, the increase was primarily due to the acquisitions that were completed or in progress in the past twelve months.
- Finance costs decreased from $404 for the three months ended June 30, 2020 to $329 for the three months ended June 30, 2021. For the six months ended June 30, 2021, finance costs decreased to $541 from $786 for the six months ended June 30, 2020. In both periods, the decrease was primarily due to no interest accretion and cash interest expense on the Company's previously outstanding Class A Preferred shares which were fully redeemed during the quarter ended December 31, 2020.

Net income

Net income decreased by $2,456 for the three month period ended June 30, 2021 compared to the same period in the prior year, and by $5,915 for the six month period ended June 30, 2021 compared to the same period in the prior year. In both periods, the decrease was primarily due to higher expenses related to acquisitions, higher expenses to support continued business growth and higher stock-based compensation, partially offset by higher revenue for these periods.

Financial condition

	June 30, 2021	December 31, 2020
	$	$
Cash	6,758	10,875
Total assets	74,919	34,503
Total non-current liabilities	16,350	2,844
Dividends paid to Class B Preferred shareholders	-	61

Total assets increased from December 31, 2020 to June 30, 2021 primarily due to assets acquired from acquisitions that closed during the first quarter of 2021.

Total non-current liabilities increased from December 31, 2020 to June 30, 2021 primarily due to the bank debt, liabilities assumed from acquisitions and contingent consideration payable on these acquisitions.

Cash flows

The primary source of cash flows is cash collected from SaaS-related revenue in addition to pharmacy and clinic revenue. The Company's approach to liquidity is to always have sufficient liquidity to meet its liabilities as they come due. This is achieved by continuously monitoring cash flows and reviewing actual operating expenditures and revenue against the Company's budgets.

Cash Flows (in thousands of Canadian dollars)	**Three months ended June 30, 2021**	**Three months ended June 30, 2020**	**Six months ended June 30, 2021**	**Six months ended June 30, 2020**
	$	$	$	$
Cash provided by (used in) operating activities	1,705	322	(6,163)	(3,917)
Cash provided by (used in) financing activities	(729)	(169)	7,743	3,973
Cash used in investing activities	(917)	(9)	(5,697)	(383)
Change in cash	59	144	(4,117)	(327)
Cash, beginning of period	6,699	1,469	10,875	1,940
Cash, end of period	**6,758**	**1,613**	**6,758**	**1,613**

Cash provided by operating activities was $1,705 for the three months ended June 30, 2021 compared to $322 for the same period in the prior year. The primary reason for the increase was more favourable changes in net working capital, including timing of receipts from government contracts.

Cash used in operating activities was $6,163 for the six months ended June 30, 2021 compared to $3,917 for the same period in the prior year. The primary reason for the increase in cash used in operating activities for the six months ended June 30, 2021 was due to transaction fees related to acquisitions and investment in salaries and wages to support continued business growth.

Cash used in financing activities was $729 for the three months ended June 30, 2021 compared to $169 for the same period in the prior year. The increase in cash used in financing activities was primarily due to lower incremental loans and borrowings during the period and bank credit facility issuance costs paid.

Cash provided by financing activities was $7,743 for the six months ended June 30, 2021 compared to $3,973 for the same period in the prior year. The increase in cash flows from financing activities is primarily due to higher loans and borrowings during the period to fund acquisitions and business growth.

Cash used in investing activities was $917 for the three months ended June 30, 2021 compared to $9 for the same period in the prior year, primarily due to higher capital expenditures.

Cash used in investing activities was $5,697 for the six months ended June 30, 2021 compared to $383 for the same period in the prior year. The increase was primarily due to acquisition consideration paid and higher capital expenditures.

Capital Expenditures

For the six months ended June 30, 2021, capital expenditures for property and equipment and intangible assets was $1,368 compared to $33 for the same period in the prior year. During the quarter ended June 30, 2021, the Company took advantage of the closure of Clinic 360 as a result of COVID-19 and completed $345 in renovations, in addition to leasing additional space. The additional space consists largely of expanded recovery rooms allowing for additional throughput in the facility. Management estimates this could increase Clinic 360 revenue by up to 50%.

Quarterly Financial Highlights

To date, the Company has not maintained financial records on a quarterly basis. Moving forward it has implemented the necessary practices to maintain quarterly financials for subsequent reporting periods.

Liquidity and Capital Resources

The Company manages its capital structure based on the funds available to it in order to support the continuation and expansion of its operations, as well as maintaining a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company defines capital to include share capital, the stock option component of its shareholders' equity, as well as its borrowings. The Company intends to rely on positive cash flows from operations and, if required, additional financings to achieve its growth strategies.

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 liabilities. The carrying value of financial instruments classified at amortized cost approximate their 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, European and

Australian 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.

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.

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.

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 cash flow risk as the interest rates on the Company’s 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, as defined in the Credit Facility agreement.

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 the United States Dollar, European Euro and Australian Dollar.

Contractual Obligations

The Company manages and continually monitors its commitments and contractual obligations to ensure that these can be met with funding provided by operations and capital resources available. The table below summarizes the maturity profile of the Company’s financial liabilities as at June 30, 2021, based on contractual undiscounted payments:

	Within 1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	$	$	$	$	$
Bank line of credit	-	-	9,243	-	**9,243**
Accounts payable and accrued liabilities	11,503	-	-	-	**11,503**
Contingent consideration	2,238	1,676	462	-	**4,376**
Government financing	131	54	300	146	**631**
Lease liabilities	2,534	1,196	1,424	688	**5,841**
	16,406	2,926	2,186	834	**22,351**

Commitments

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

Research and Development

The Company applies judgment in determining whether internal research and development (“R&D”) projects meet the qualifying criteria for capitalization set out in IFRS International Accounting Standard 38 Intangible Assets. There is particular uncertainty and judgment around whether a project will be commercially successful, particularly in the pre-revenue phase. The Company is currently investing in the following projects:

- VirtualCare (“VC”) – Enhancements to the Company’s existing VC collaboration tool which will streamline and enhance the user experience. The Company expects to complete this project by the fourth quarter of 2021 and approximately one-third of the work has been completed as of the date of this MD&A. Additional steps to complete this project include finishing development of the enhancements, testing, and implementation.

- eReferral – Automation work is being completed for cost savings and to enhance the user experience, which will increase customer retention. The Company expects to complete this project within the next twelve months and the work is approximately thirty-five percent complete as of the date of this MD&A. Additional steps to complete this project include finishing development related work, testing, and implementation.

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 the Financial Statements.

Credit Facilities

The Company's Credit Facility includes an operating line of credit of up to $15,000 and an acquisition facility of $10,000. 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. As at June 30, 2021, the Company had drawn $9,500 on the Credit Facility.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of the date of this MD&A.

Transactions Between Related Parties

The Company has not entered into any related party transactions, other than transactions in the normal course of operations with subsidiaries which are eliminated on consolidation.

Disclosure of Outstanding Share Data

The Company is currently authorized to issue an unlimited number of common shares. As of the date of this MD&A, the following are issued and outstanding:

- 42.9 million Common shares
- 2.3 million Stock options
- 707 thousand Restricted Share Units
- 129 thousand Deferred Share Units
- 50 thousand Performance Share Units

Critical Accounting Estimates

In our audited consolidated financial statements and accompanying notes thereto for the three months ended December 31, 2020 and in our MD&A for the three months ended December 31, 2020, we have identified the accounting estimates that are critical to understanding our business operations and our results from operations. The interim financial statements for the three and six months ended June 30, 2021 have been prepared using critical accounting estimates and assumptions consistent with those applied in the audited consolidated financial statements for the three months ended December 31, 2020, except for the following new accounting policies:

Functional currency

The functional currency of one of the subsidiaries of MDBriefCase Group Inc. 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.

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.

Risk Factors

The results of operations, business prospects and financial outlook of THINK are dependent on many factors, including a number of risks and uncertainties outside of our control. For more information about our risks and uncertainties, please refer to our MD&A for the three months ended December 31, 2020. The risks and uncertainties remain substantially unchanged from those previously disclosed.

Outlook

This section discusses our outlook for Fiscal 2021 and in general as at the date of this MD&A and contains forward-looking statements.

The Company is a provider of knowledge-based and cloud-based software and technology solutions primarily delivered through SaaS to improve health care outcomes. The Company has a suite of products that optimize the flow of critical information and workflow, which clients use to manage their process, information, and regulatory requirements while also delivering better client outcomes. The Company has a growth strategy that includes organic growth, and accretive mergers and acquisitions to drive synergies and create additional value.

Recently, the Company has announced the acquisition of BioPharma which management expects to close during the third quarter of fiscal 2021. The Company expects this acquisition to be accretive as a result of cost and revenue synergies, in addition to serving as an entry point into a highly complementary growth sector.

THINK has established itself as a healthcare knowledge technology company, focused on building its knowledge library. This is a key differentiating factor compared to other health care companies which have a focus more on clinics. Recently the Company has acquired clinics and pharmacies, which serve as a test bed for its products.

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.

Due to the COVID-19 pandemic, THINK is ramping up its efforts on its recently launched VirtualCare telemedicine software. VirtualCare is a digital health communications platform that connects patients to physicians through video, phone and secure messaging. The COVID-19 pandemic may already be generating an elevated demand for healthcare services which can be partially alleviated by using telehealth services developed by THINK. A further benefit is that the platform allows patients to book and consult with a doctor without having to wait in clinic waiting rooms.

THINK is well positioned to continue to deploy capital towards a robust pipeline of accretive and synergistic acquisitions. The Company will continue to focus on acquiring products, capabilities, clinical specialties, and technology that will further drive value across the business lines of the Company. The Company believes with its existing platform, there represents significant cross-selling opportunities and revenue synergies.