thinkresearch

Think Research Corporation

Management's Discussion and Analysis for the Three Months Ended March 31, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") FOR THE THREE MONTHS ENDED MARCH 31, 2022

Basis of Presentation

This management's discussion and analysis ("MD&A") for Think Research Corporation ("Think" or the "Company") should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three-month period ended March 31, 2022 and Think's audited consolidated financial statements for the year ended December 31, 2021 (the "Financial Statements") and the related notes thereto. Unless the context otherwise requires, all references to "Think", the "Company", "TRC", "we", "us" or "our" refers to Think Research Corporation and its subsidiaries.

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. $M refers to millions in Canadian dollars. 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 May 28, 2022.

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") 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. and the amalgamated entity changing its name to Think Research Corporation. As a result of the RTO, the Company began trading on the TSX Venture Exchange on December 30, 2020 under the symbol "THNK".

Certain groupings on Think's financial statements in the first quarter of 2022 have been changed from the groupings in prior periods. Both formats of presentation were prepared in accordance with International Financial Reporting Standards ("IFRS"). These changes in the presentation of the financial statements were made by management to assist users of the financial statements to more easily identify key trends and information. As a result, however, certain comparisons will not be consistent between periods.

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 based on information currently available with respect to such matters. Forward-looking information is 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. Forward-looking statements in this MD&A may include, without limitation, statements contained in the "Outlook" section of this MD&A, including those regarding the Company's growth strategy and its plans and tactics to achieve growth objectives; the Company's plans to realize revenue, cost and operational synergies with respect to acquired companies; the intention to become an essential data solutions provider for healthcare providers; the Company's plans to grow revenues, margins and Adjusted EBITDA; the Company's intention to rely on cash flows from operations and, if required, additional financings to achieve its growth strategies; the anticipated completion date of the Company's new office space; statements regarding the Scotia Credit Agreement and the Beedie Credit Agreement; the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies, competitive strengths and outlook of the Company, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, and may be identified by the use of forward-looking terminology such as "outlook", "objective", "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".*

Forward-looking information is subject to known and unknown 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 any estimates or projections of future performance or results expressed or implied by forward-looking information. These factors include, but are not limited to, the risk factors described under the heading "Risk Factors" in the Management's Discussion and Analysis of the Company for the year ended December 31, 2021, and the Company's success in anticipating and managing such factors. Such factors are not exhaustive of the factors that may impact the Company's forward-looking statements. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change.

The forward-looking information included in this MD&A is made as of the date of this MD&A and should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A. Other than as specifically required by applicable Canadian law, the Company *undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or results, or otherwise. All forward-looking information in this MD&A is qualified by these cautionary statements.*

This MD&A contains financial outlook information within the meaning of applicable securities laws. The financial outlook included in this MD&A includes, but is not limited to: the Company's plans to realize revenue, cost and operational synergies with respect to acquired companies; that the realization of cost at operational synergies will result in the Company achieving positive operating cash flow; the Company's plans to grow revenue with improving margins and positive Adjusted EBITDA; the Company's intent to increase revenue per user; the intent to monetize licensed users directly; the revenues to be realized in future periods from contracts entered into by the Company; that the Company may breach its debt covenants or require additional debt or equity financing in the event that it does not realize sustained positive operating cash flows in the near term; and statements regarding the Scotia Credit Agreement and the Beedie Credit Agreement. The financial outlook set out in this MD&A is subject to the same assumptions, risk factors, limitations and qualifications set out in these cautionary statements. The financial outlook contained in this MD&A was approved by management as of the date of this MD&A and was provided for the purpose of providing an outlook of the Company's activities and results and may not be appropriate for other purposes. Management believes that the financial outlook has been prepared on a reasonable basis, reflecting reasonable assumptions, estimates and judgments; however, actual results of the Company's operations may vary from those described herein. The Company disclaims any intention or obligation to update or revise any financial outlook contained in this MD&A, whether as a result of new information, future events or results or otherwise, unless required pursuant to applicable Canadian law. Readers are cautioned that the financial outlook contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-GAAP financial measures and non-GAAP ratios. These measures and ratios are not recognized measures under 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 and ratios are provided as additional information to complement those IFRS measures included in the Company's financial statements by providing further understanding of the Company's results of operations from management's perspective. Non-IFRS measures and ratios 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 and should be read in conjunction with the consolidated financial statements for the periods indicated. The Company uses non-IFRS financial measures and ratios, including "EBITDA", "Adjusted EBITDA" and "Adjusted EBITDA Margin" to provide investors with supplemental measures of its operating performance and to eliminate items that have less bearing on operating performance or operating conditions, highlighting 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 and Adjusted EBITDA Margin, when viewed with the Company's results under IFRS and the accompanying reconciliations, provides useful information relating to the Company's business by removing potential distortions that may arise from transactions that are not operational in nature. 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 and Adjusted EBITDA Margin can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. The Company's agreements with its senior lender includes certain financial performance covenants which include EBITDA (as defined in the Company's credit agreement with its senior lender) as a component of the covenant calculations. The Company is also required to maintain certain levels of EBITDA on a consolidated basis in accordance with the terms of its credit agreements. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures and ratios in the evaluation of issuers. The Company's management also uses non-IFRS financial measures and ratios to facilitate operating performance comparisons from period to period.

Non-GAAP financial measures and non-GAAP ratios used in this MD&A include:

"**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.

"**Adjusted EBITDA Margin**" means Adjusted EBITDA divided by revenue of the Company for the applicable period.

A reconciliation of EBITDA and Adjusted EBITDA to IFRS net income (loss), being the most directly comparable financial measure under IFRS, is presented under "Select Information and Reconciliation of Non-IFRS Measures" in this MD&A.

Overview

Think Research Corporation is an industry leader in delivering knowledge-based digital health software solutions. The Company's focused mission is to organize the world's health knowledge so everyone gets the best care. Its evidence-based healthcare technology solutions support the clinical decision-making process and standardize care to facilitate better health care outcomes. The Company gathers, develops, and delivers knowledge-based solutions globally to customers which typically include 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).

Think licenses its solutions to over 13,000 facilities for over 300,000 primary care, acute care, and long-term care doctors, nurses and pharmacists who rely on the content and data provided by

Think to support their practices. Millions of patients and residents annually receive better care due to the essential data that Think produces, manages and delivers.

In addition, the Company collects and manages pharmaceutical and clinical trial data and operates a network of digital-first primary care clinics and medical clinics providing elective surgery. Accordingly, Think has multiple revenue streams:

- Recurring revenue
  - Software as a Service ("SaaS") license revenue
- Re-occuring revenue that is characterized by the same or similar products or services provided to the same customers on a predictable schedule:
  - Re-occuring revenue associated with digital apps and telehealth
  - Continuing medical education revenue
  - Clinical research organization revenue
- Non-recurring revenue
- Professional services revenue associated with software implementation
- Patient services revenue

During FY2021 the Company made four acquisitions that together transformed the business. As a result, revenue in the three months ended March 31, 2022 of $20.2M was $11.8M, or 142%, higher than in the three months ended March 31, 2021. Those four acquisitions were:

- MDBriefCase Group Inc. ("MDBriefCase") — a continuing medical education and professional development software and solutions provider to clinicians globally – acquired January 29, 2021
- Clinic 360 Inc. ("Clinic 360"), an elective surgery clinic – acquired January 29, 2021
- Bio Pharma Services Inc. ("BioPharma"), a leading Clinic Research Organization ("CRO") – acquired September 10, 2021.
- Pharmapod, a SaaS electronic data capture solution that reports medications errors to improve patient safety and simplify pharmacy reporting for more than 8,000 retail pharmacies – acquired certain assets on November 4, 2021.

The Company has moved swiftly to integrate and realize operating efficiencies from acquisitions by setting up shared services cost centers. Accordingly, the Company reports on segmented contributions to revenue only, as set out in the segment analysis in the section titled "Discussion of Operations".

To lay the foundation for profitable growth of the consolidated operations, the Company embarked on a plan to realize revenue, cost, and operational synergies of the acquired companies.

Outlook

This section discusses the outlook for Fiscal 2022 and in general as at the date of this MD&A and contains forward-looking statements.

The Company plans to grow revenue with improving margins by becoming an essential data solutions provider for healthcare providers globally, so they can deliver the best outcomes for patients.

To fulfill this objective, the focus of operations is threefold:

a. Add more users to current licenses by promoting adoption and usage. Currently, more than 300,000 clinicians, including doctors, nurses and pharmacists, use Think's solutions. As more users are added, Think's' solutions become more essential to health systems and licensees.
b. Increase revenue per user by increasing the number of content services and data solutions that a licensed user adopts and uses regularly.
c. Monetize licensed users directly in addition to facilities licenses, for example, through Think's direct to user clinical education offerings.

In support of these strategies, the product teams and business development teams are focused on:

1. Strengthening the utility of Think's data and data solutions through ongoing product development, platform integration, and content development.
2. Adding new third-party solutions to data services and solution sets via supplier partnerships and integrations.
3. Expanding Think's solutions footprint via new facilities licenses, and over-the-top direct user licenses in the eight countries where Think has market presence.

In the immediate timeframe, to effectively execute on these strategies, the Company is currently undertaking the following:

1. Completing the integration of recent acquisitions BioPharma and the assets of Pharmapod Limited ("Pharmapod"). The Company has achieved $1.1M of annualized cost synergies in Q1 of FY2022 in addition to the $5.8M of annualized cost synergies achieved in FY2021. The Company expects to recognize additional synergies in future quarters.
2. Continuing to evolve from a product focused enterprise to a cohesive data solutions company with a focus on clinician data and knowledge needs.
3. Re-aligning resources to increase sales capacity and revenue generating support functions in key areas of focus.

The objective of this operational focus, both in the short and long term is to generate organic revenue growth with improved margins, and to achieve positive Adjusted EBITDA.

Consolidated Highlights

Financial highlights

- The Company achieved record revenue of $20.2M for the three months ended March 31, 2022, up by $11.8M or 142% compared to $8.4M for the first quarter of 2021. This year-over-year growth reflects the impact of the acquisitions and organic growth set out in the Overview above. Sequentially, revenue for Q1 of FY2022 increased by $1.1M or 6% compared to $19.1M in the three months ended December 2021. There were no acquisitions in the first quarter of 2022, so the comparison to Q4 2021 reflects similar operations and organic growth.
- Adjusted EBITDA loss was $(0.3M) for the three months ended March 31, 2022 compared to an Adjusted EBITDA loss of $(1.6M) for the same period a year ago. Adjusted EBITDA for Q1 of FY22 was approximately flat compared to the Adjusted EBITDA loss of ($0.2M) in the immediately preceding quarter ended December 31, 2021. Adjusted EBITDA Margin was (1.4%) in Q1 of 2022 compared to (19.7%) in Q1 of 2021. This improvement was driven primarily by earnings contributions from acquired companies and cost and operational synergies realized during the period. See "Non-IFRS Financial Measures" for further information.
- Net income (loss) was ($6.2M) for the three months ended March 31, 2022 compared to $(5.0M) for the comparable period in the prior year and to ($7.6M) sequentially when compared to Q4 2021. The increase in net loss when compared to Q1 2021 is primarily due to an increase in expenses related to companies acquired during FY2021. The decrease in net loss when compared to the immediately preceding quarter was primarily due to (a) a decrease of $1.0M in stock-based compensation compared to Q4 of 2021 and (b) the recognition of a one-time impairment loss of $677 in Q4 of FY2021.
- The Company achieved record operating cash flow of $3.1M for the three months ended March 31, 2022, compared to negative $7.8M for the same period in the prior year. The increase in cash flow was primarily the result of favorable net working capital changes due to optimization activities completed during the period combined with an improvement in operations as reflected in a lower Adjusted EBITDA loss.
- On November 15, 2021 Think announced a contract to deploy software across the province of Ontario through a SaaS model connected to the Company's digital referral network that will connect patients to health information and to receive guidance throughout their healthcare journey. This new service, referred to as a 'Digital Front Door', officially launched in May 2022. The total contract value of the agreement is approximately $5.2M for the period ending in calendar 2026. The Company began to recognize revenue associated with this agreement in Q1 2022.
- On February 9, 2022 Think was selected by the Children and Youth Mental Health Lead Agency Consortium to provide the technology to enable virtual clinical counselling across

the province of Ontario, and an entry point into digital referrals for community mental health services. This SaaS contract has a minimum term of three years through which Think expects to realize a minimum of $2.0M in revenue.

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 "Non-IFRS Measures."

	Three months ended March 31 2022	**Three months ended March 31 2021**
	$	**$**
Net loss	(6,198)	(5,043)
Depreciation and amortization	3,636	975
Finance costs	1,076	271
Income tax expense (recovery)	(913)	—
EBITDA[1]	**(2,399)**	**(3,797)**
Acquisition, restructuring and other[2]	1,062	811
Stock-based compensation[3]	1,047	1,342
Adjusted EBITDA[1]	**(290)**	**(1,644)**

Notes:

(1) "EBITDA" and "Adjusted EBITDA" are non-GAAP financial measures, are not standardized measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Non-IFRS Financial Measures".

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

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

Consolidated Results of Operations

(In thousands of Canadian dollars and thousands of shares, except per share amounts)	**Three months ended March 31, 2022**	**Three months ended March 31, 2021**
Revenue	**20,204**	**8,366**
Cost of sales	**11,090**	**3,025**
Gross profit	**9,114**	**5,341**
Operating expenses		
General and administration	6,242	4,740
Research and development	1,894	1,775
Sales and marketing	2,315	1,812
Depreciation and amortization	3,636	975
Total operating expenses	**14,087**	**9,302**
Loss before other expenses and income taxes	**(4,973)**	**(3,961)**
Other expenses		
Acquisition, restructuring and other	1,062	811
Finance costs	1,076	271
Total other expenses	2,138	1,082
Net income (loss) before income tax	(7,111)	(5,043)
Income tax expense (recovery)	(913)	—
Net income (loss) for the period	(6,198)	(5,043)
Other comprehensive income (loss)		
Foreign currency translation differences for foreign operations (net of tax)	42	(55)
Other comprehensive income (loss), net of tax effect	**42**	**(55)**
Comprehensive income (loss) for the period	**(6,156)**	**(5,098)**
Net loss per share - basic and dliuted	(0.11)	(0.12)
Weighted average number of common shares - basic and dliuted	58,739	40,460

Discussion of Operations

Revenue

Revenue for the three months ended March 31, 2022 was $20.2M, an increase of $11.8M or 142% compared to revenue of $8.4M for the three months ended March 31, 2021.

This revenue increase was primarily attributable to acquisitions throughout FY2021 supplemented by organic revenue growth in the Company's existing business.

Sequentially, revenue grew by $1.1M in Q1 FY2022, or 6%, compared to Q4 FY2021. The segmented revenue in each of these quarters is shown below. The Company has three primary segments of revenue that include: (1) Software and Data solutions, (2) Clinical Research, and (3) Clinical Services.

Segmented Revenue	Q1 FY22	% of Revenue	Q4 2021	% of Revenue
Software and Data Solutions[1]	8,479	42.0%	6,025	31.5%
Clinical Research[2]	8,042	39.8%	9,224	48.3%
Clinical Services[3]	3,683	18.2%	3,868	20.2%
Total	**20,204**	**100.0%**	**19,117**	**100.0%**

Notes:

(1) "Software and Data Solutions" revenue consists of SaaS and professional services revenue from Think Research and Pharmapod, and re-occurring and professional services revenue from MDBriefCase,

(2) "Clinical research" revenue consists of revenue from BioPharma. The Company acquired BioPharma on September 10, 2021.

(3) "Clinical services" revenue consists of revenue from the clinics owned by TRC.

Revenue from Think's Software and Data Solutions segment grew by $2.5M or 40.7% from $6.0M (31.5% of revenue) in Q4 FY2021 to $8.5M (42.0% of revenue) in Q1 of FY2022 primarily due to organic growth associated with the launch of the Digital Front Door initiative set out in the Financial Highlights section above supplemented by new business for the Company's MDBriefcase continuing education offerings.

During the first quarter of FY2022 various governments implemented restrictions associated with COVID-19 on health care services and research facilities that impacted Think's clinics and clinical research operations. Revenue from Clinical Research operations declined from $9.2M to $8.0M while revenue from Clinical Services declined from $3.9M to $3.7M, due primarily to delays in operations associated with these restrictions.

Cost of Sales

Cost of sales increased from $3.0M to $11.1M or 267% in the quarter ended March 31, 2022 compared to the same period in the prior year. The change was primarily related to the increase in revenue derived from acquisitions supplemented by organic growth in existing business lines. There was also an impact on cost of sales from revenue associated with the Company's Clinical Research operations which have a higher proportion of cost of sales relative to revenue than the Software and Data Solutions business line.

Gross Profit

During the first quarter of FY2022, the Company generated gross profit of $9.1M compared to $5.3M for the same period in the prior year, an increase of 71%. The increase in gross profit was primarily related to the increase in revenue which in turn was due primarily to acquisitions supplemented by organic revenue growth.

For the three months ended March 31, 2022 the Company generated gross margin of 45% compared to 64% for the same period in the prior year. Gross margin when comparing the year-over-year figures was primarily affected by the change in revenue mix as a result of the acquisitions in general and BioPharma in particular.

Expenses

- General and administration expenses increased from $4.7M for Q1 of FY2021 to $6.2M for Q1 of FY2022. The increase was primarily due to personnel costs associated with acquisitions set out above along with higher salaries and wages to support the continued growth of the business.
- Research and development expenses increased by $0.1M, an increase of 7% when comparing Q1 of FY2021 to Q1 of FY2022.
- Sales and marketing expenses increased by approximately 28% from $1.8M for Q1 of FY2021 compared to $2.3M for Q1 of FY2022. The increase was primarily due to acquisitions completed during the prior periods, branding activities to continue to elevate the Think brand, and higher salaries and wages to support continued business growth.
- Stock-based compensation was $1.0M in Q1 of FY2022, compared to $1.3M in Q1 of FY2021. Stock-based compensation expense includes an expense of $0.3M for options that were cancelled by the Company in the quarter ended March 31, 2022 (the “Cancelled Options”). To conform to requirements of IFRS 2 – Share-based Payment, the Cancelled Options are expensed through profit and loss as though they had not been cancelled. This expense is recorded in each period that the cancelled options would otherwise have vested, in addition to all other stock-based compensation. The decrease in stock-based compensation is primarily a result of lower stock-based compensation in general across the Company, offset by the increase related to the Cancelled Options.
- Depreciation and amortization increased by 273% or $2.7M for Q1 of FY2022 over the same period in FY2021. This increase is primarily due to the depreciation and amortization expense associated with acquired businesses.
- Acquisition, restructuring and other costs increased by 31% to $1.1M in Q1 of FY2022 as compared to the same period a year ago due primarily to the implementation costs of staff reductions associated with Think’s plan to realize synergies from the operations of acquired companies.

- Finance costs increased from $0.3M in Q1 of FY2021 to $1.1M in Q1 of FY2022 due primarily to costs associated with new borrowing that Think accessed in FY2021 to complete its acquisitions.

Net income

Net loss increased by $1.2M from $5.0M in the first quarter of 2021 to $6.2M in the first three months of 2022, reflecting higher costs associated with the growth in Think's business.

Financial condition

	March 31, 2022 $	December 31, 2021 $
Cash	6,057	6,324
Total assets	131,779	136,035
Total non-current liabilities	47,078	48,163

Total assets decreased by $4.3M from December 31, 2021 to March 31, 2022 primarily due to improvements in Think's collection of accounts receivable and amortization of intangible and right of use assets.

Total non-current liabilities decreased by $1.9M between December 31, 2021 and March 31, 2022 as the Company reduced borrowings on its operating line of credit and reduced its deferred tax liability through a non-cash recovery of income tax.

Cash flows

The primary operational source of cash flows is cash collected from revenue streams including Software and Data Solutions, Clinical Research and Clinical Services. 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	**Three months ended March 31, 2022**	**Three months ended March 31, 2021**
(in thousands of Canadian dollars)		
Cash provided by (used in) operating activities	3,088	(7,801)
Cash provided by (used in) financing activities	(2,497)	8,405
Cash used in investing activities	(858)	(4,780)
Change in cash	(267)	(4,176)
Cash, beginning of period	6,324	10,875
Cash, end of period	**6,057**	**6,699**

Cash generated by operating activities was a record $3.1M for Q1 of FY2022, an improvement of $10.9M compared to cash used in operating activities of $7.8M for the same period in the prior year. The primary reason for the improvement in operating cash flow was improved collections of accounts receivable in the current year combined with an improvement in operations as reflected in a lower Adjusted EBITDA loss.

Cash used in financing activities was $2.5M for Q1 of FY2022 compared to $8.4M provided by financing activities during the same period in the prior year. In Q1 of FY2021 Think's financing activities were primarily loans and borrowings to fund acquisitions and business growth. In Q1 of FY2022 financing activities were related primarily to finance costs, repayment of loans and borrowings, and payments on lease liabilities.

Cash used in investing activities declined from $4.8M in Q1 of FY2021 to $0.9M in Q1 of FY2022. The first quarter of the prior year included $4.3M of acquisition consideration whereas the first quarter of FY2022 comprised primarily additions to intangible assets.

Capital Expenditures

The Company invests in capital equipment to maintain and grow the Clinical Research and Clinical Services business lines and in intangible assets to develop more competitive technology offerings. For Q1 of FY2022, capital expenditures for property and equipment and intangible assets were $0.9M compared to $0.4M for Q1 of FY2021.

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 optimizing 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 is striving to rely on cash flows from operations along with, where appropriate, additional financings to achieve its growth strategies.

Think had a working capital deficiency of $18.0M as at March 31, 2022. $7.7M of current liabilities relate to acquisition consideration that is to be settled through the issuance of equity. The Company is addressing this deficiency through the issuance of convertible debt.

On May 10, 2022 Think drew down $10 million of a $25 million Convertible Debt Facility with Beedie Investments Ltd. ("Beedie Capital"). For further information on the terms of the Convertible Debt Facility, see the "Subsequent Events" section of this MD&A.

The Company's cash balance at March 31, 2022 was $6.1M, down from $6.3M on December 31, 2021. This decrease in cash is the net impact of cash inflows from operations during the quarter of $3.1M, offset by cash used in financing activities of $2.5M and investing activities of $0.8M. In FY2021 Think entered into a credit facility (the "Scotia Credit Facility") with the Bank of Nova Scotia ("Scotiabank"). The Scotia Credit Facility includes a $22 million revolving operating credit facility, a $6 million revolving acquisition facility, and a $10 million uncommitted accordion that can be allocated to either facility at the Company's discretion, subject to acceptance by

Scotiabank. For further information on the terms of the Scotia Credit Facility, see the "Credit Facilities" section of this MD&A.

The Company has relied on a combination of debt and equity to finance its acquisitions and working capital needs. The Company's strategy for using equity for acquisitions is to maintain liquidity and flexibility to capitalize on future opportunities as they arise, and to motivate the sellers of acquired companies to seek mutual success post-closing.

Quarterly Financial Highlights

The following quarterly table sets out select unaudited quarterly results for the past eight quarters:

(in thousands of Canadian dollars, except per share data)	Q1 2022 $	Q4 2021 $	Q3 2021 $	Q2 2021 $
Revenue	20,204	19,117	10,083	10,224
Net Income	(6,198)	(7,596)	(10,828)	(5,583)
EBITDA[1]	(2,399)	(4,266)	(8,348)	(4,001)
Adjusted EBITDA[1]	(290)	(189)	(3,403)	(1,349)
Adjusted EBITDA margin[2] **(% of revenue)**	-1%	-1%	-34%	-13%
Basic and diluted EPS	(0.11)	(0.13)	(0.24)	(0.13)

(in thousands of Canadian dollars, except per share data)	Q1 2021 $	Q4 2020 $	Q3 2020 $	Q2 2020 $
Revenue	8,367	3,555	3,985	3,825
Net Income	(5,042)	(13,088)	(333)	(3,127)
EBITDA[1]	(3,855)	(11,914)	560	(2,223)
Adjusted EBITDA[1]	(1,644)	(2,729)	599	(1,904)
Adjusted EBITDA margin[2] **(% of revenue)**	-20%	-77%	15%	-50%
Basic and diluted EPS	(0.12)	(0.49)	(0.01)	(0.12)

Notes:

1. "EBITDA" and "Adjusted EBITDA" are non-GAAP financial measures, are not standardized measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Non-IFRS Financial Measures".
2. Adjusted EBITDA Margin" is a non-GAAP ratio, is not a standardized measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Non-IFRS Financial Measures".

The quarterly financial results set out above reflect a series of transactions beginning with the RTO in the fourth quarter of 2020 (see "Introduction") which required Think to expend one-time costs including $5.8M in acquisition and restructuring costs and $1.3M as a premium on the redemption of preferred shares in the three months ending December 31, 2020. Results in Q1 of FY2021 include acquisition costs associated with the acquisition of MDBriefCase and Clinic 360 (see "Overview"). These were followed by the acquisitions of BioPharma in Q3 of FY2021 and the assets of Pharmapod in Q4 of FY2021. These transactions materially impacted the financial results in the quarters in which they occurred and in subsequent reporting periods.

Think's quarterly revenues show a pattern of growth through acquisition and customer wins, culminating in a record $20.2M in Q1 of FY2022, up from $8.4M in the same quarter a year ago.

The Company has developed and is executing on a plan to realize operational synergies from the acquisitions made in 2020 and 2021. That plan has resulted in a generally improving trend in the key operating metrics of the business including Net Income, EBITDA, and Adjusted EBITDA.

When expressed as a percentage of revenue, Adjusted EBITDA Margin loss improved from (20%) in Q1 of FY2021 to (1%) in Q1 of FY2022.

Financial instruments and risk management

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, bank debt, contingent consideration, government financing, license agreement payable and lease liabilities.

Credit risk

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, generally 30 days to 90 days.

The Company has a history of negative operating cash flow and so has relied on a series of equity and debt transactions to finance its operations. The Company has developed and is executing on a plan to extract cost and operational synergies from its consolidated business in order to reach positive operating cash flow. Despite these efforts, there is a risk that the Company will not reach consistent and sustained positive operating cash flows in the near term, which could lead to the Company breaching its debt covenants or requiring additional debt or equity financing. There is no assurance that debt or equity financing, if required, will be available to the Company in the future on terms favourable to the Company or at all.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is subject to interest rate risk as the interest rates on certain of the Company's borrowings under the Scotia Credit Facility are floating, based on a sliding scale pricing model, and may vary up or down based on a ratio of debt to operating income of the Company. As the Company currently has negative EBITDA, pricing is based on the upper tier of the sliding scale pricing model. The Company currently does not use financial instruments to hedge its exposure to interest rate risk.

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.

Commitments

On September 28, 2018 (the "Execution Date"), the Company entered into a 12-year lease agreement for a new office space with an expected commencement date of December 1, 2022. However, as a result of the effects of COVID-19, which delayed construction, the Company does not anticipate taking possession of this space until late 2023. As the lease has not commenced, a right-of-use asset and lease liability have not been recognized on the statement of financial position. Annual rent is $2.9M for the first five years, $3.2M for years six to ten and, $3.5M for years 11 to 12.

On May 10, 2022 Think committed to repay $10 million of a $25 million Convertible Debt Facility with Beedie Investments Ltd. ("Beedie Capital"). For further information on the terms of the Convertible Debt Facility, see the "Subsequent Events" section of this MD&A.

Royalty

The Company is committed to pay a 1% royalty on gross revenue from digital Order Set 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 Scotia Credit Facility includes a $22 million revolving operating credit facility, a $6 million revolving acquisition facility, and a $10 million uncommitted accordion that can be allocated to either facility at the Company's discretion, subject to acceptance by Scotiabank. The interest rate for the revolving credit facility is based on the Prime Rate + 1.00% or Bankers Acceptance Rates ("BA's") + 2.50%. As at March 31, 2021, the Company had drawn $6.0 million of the acquisition facility, and $20.0 million of the revolving operating credit facility for a total amount drawn of $26.0 million. Factoring in debt issuance costs, net of accumulated amortization the total amount of bank debt of the Company is $25.6 million. Think is limited to the amount that can be drawn down on the revolving operating credit facility based on a formula that includes the Company's revenue, annual contracted revenue value and accounts receivable. As at March 31, 2022 Think had $6.1M of cash on hand that was not applied to reduce the revolving operating credit facility.

The Scotia Credit Facility has a term of two years, maturing on September 10, 2023, provided that the lender may agree to extend the term of the revolving operating credit facility for an additional term of one year. As of March 31, 2022, the Company entered into an amendment that did not require the covenants as at March 31, 2022 to be tested. The Company is continuing discussions with its primary lender to align its current and future covenants with those of its convertible debt issued to Beedie Investments Ltd. ("Beedie"), (see Note 13 – Subsequent events).

On May 10, 2022 Think drew down $10 million of the Convertible Loan under the Beedie Credit Agreement as set out in the section titled Subsequent Events.

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 and Key Management Personnel

The Company defines key management personnel as being the Company's board of directors, Chief Executive Officer and executive leadership team. The remuneration of key management personnel during the quarters ended March 31 2022 and 2021 was as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	$	$
Salaries and benefits	463	408
Stock-based compensation	552	534
	1,015	**942**

Licensing fee revenues of $nil (three months ended March 31, 2021 - $30) were earned from Sciteline Inc., a company of which the chief executive officer of the Company is a shareholder. As at March 31, 2022, $105 (March 31, 2021 - $17) is included in accounts receivable for these license fees on the consolidated statements of financial position.

During the year ended December 31, 2020, the Company entered into an agreement with the same related party by providing an interest-bearing loan. As at March 31, 2022, the loan balance of $152 (March 31, 2021 - $204) is included in accounts receivable on the consolidated statements of financial position. Interest income of $2 (three months ended March 31, 2021 - $2) was earned in relation to this loan.

In addition, integration-related costs of $70 (three months ended March 31, 2021 - $nil) were incurred for services provided by the same related party. This amount has been capitalised as intangibles in the consolidated statements of financial position.

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:

- 58.9 million Common shares
- 751 thousand Stock Options
- 1.8 million Restricted Share Units
- 129 thousand Deferred Share Units
- 12 thousand Performance Share Units
- 565 thousand Warrants

Risk Factors

We believe that the growth and future success of our business depends on many factors, including those described in Management's Discussion and Analysis for the year ended December 31, 2021, which is available on the Company's profile on SEDAR at www.sedar.com. Additional risks and uncertainties not presently known to us or that the Company currently considers to be immaterial may cause the Company's financial performance, results of operations or future prospects to differ materially from the results currently anticipated by the Company.

Changes in Accounting Standards

Any changes to accounting standards and pronouncements introduced by authorized bodies may impact on the Company's reported financial performance. The Company may also incur significant costs in order to comply with any proposed changes. Further, the Company may take positions with respect to the interpretation of accounting that differ from those made by regulatory authorities, resulting in changes to its financial statements or disclosure.

Critical Accounting Estimates

In our audited consolidated financial statements and accompanying notes thereto for the year ended December 31, 2021 and in our MD&A for the year ended December 31, 2021, 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 months ended March 31, 2022 have been prepared using critical accounting estimates and assumptions consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2021.

Event Subsequent to March 31, 2022

On April 22, 2022, the Company entered into a credit agreement (the "Beedie Credit Agreement") with Beedie Capital, pursuant to which Beedie Capital agreed to loan the Company up to the principal amount of $25 million under a non-revolving term convertible loan facility (the "Convertible Loan"), maturing May 10, 2026. On May 10, 2022, Think closed an initial advance of $10 million under the Convertible Loan (the "Initial Advance"), which may be used to fund future acquisitions by the Company, for organic growth investments and general working capital purposes. Prior to repayment of the Initial Advance, Beedie Capital may elect to convert all or any portion of the principal amount of the Initial Advance into Common Shares at a deemed price of $1.443 per Common Share, subject to the terms of the Beedie Credit Agreement.

Following the Initial Advance, the Company may from time to time borrow the remaining unadvanced portion of the Convertible Loan by one or more subsequent advances (each a “Subsequent Advance”) during the term of the Convertible Loan, subject to the approval of Beedie Capital. Subsequent Advances may only be used by the Company to complete acquisitions of complementary businesses approved by Beedie Capital, or as otherwise agreed to by Beedie Capital. Subsequent advances will also be convertible into Common Shares subject to the terms of the Beedie Credit Agreement.

The Convertible Loan bears interest at a rate of 8.50% per annum on advanced funds and carries a standby fee equal to 1.25% per annum on the unadvanced portion of the Convertible Loan. The Convertible Loan is secured by a general security agreement over the assets of the Company and certain of its subsidiaries, among other security granted to Beedie Capital, and contains customary covenants for a secured credit facility of this type.