Think Research Corporation

Consolidated Financial Statements

For the Year Ended December 31, 2021, Three Months Ended December 31, 2020 and Year Ended September 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the shareholders of **Think Research Corporation** [formerly AIM4 Ventures Inc.]

Opinion

We have audited the consolidated financial statements of Think Research Corporation and its subsidiaries [the "Group"], which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of operations and comprehensive income [loss], consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRS"].

Basis for opinion

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

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Other matter

The consolidated financial statements of the Group for the three months ended December 31, 2020, and the year ended September 30, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 27, 2021.

Ernst & Young LLP

Toronto, Canada
May 2, 2022

Chartered Professional Accountants
Licensed Public Accountants

Think Research Corp.

Consolidated Statements of Financial Position

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

	December 31, 2021	December 31, 2020
	$	$
Assets		
Current		
Cash	6,324	10,875
Accounts receivable and other (Note 5)	15,511	2,054
Investment tax credits (Note 6)	176	1,281
Prepaid expenses and other	3,731	2,127
Contract assets	32	71
Total current assets	**25,774**	**16,408**
Non-current		
Accounts receivable and other (Note 5)	92	129
Tax asset receivable (Note 4)	9,428	—
Property and equipment, net (Note 7)	2,193	511
Right-of-use-assets, net (Note 14)	11,616	2,830
Intangible assets, net (Note 8)	41,396	2,281
Goodwill (Note 9)	45,536	12,344
Total assets	**136,035**	**34,503**
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 12)	13,403	7,833
Future equity consideration to vendor (Note 4)	6,429	—
Deferred revenue	11,641	3,661
Current portion of government financing	4	214
Derivative liability (Note 4)	972	981
Current portion of contingent consideration (Notes 4, 25)	1,852	136
Current portion of lease liabilities (Note 14)	2,607	2,116
Current portion of license agreement payable	201	201
Total current liabilities	**37,109**	**15,142**
Non-current		
Bank loan (Note 11)	26,361	—
Deferred revenue	849	298
Deferred tax liability (Note 18)	9,044	440
Contingent consideration (Notes 4, 25)	2,364	95
Government financing (Note 13)	496	633
Lease liabilities (Note 14)	9,771	1,052
License agreement payable (Note 15)	128	326
Total liabilities	**86,122**	**17,986**
Shareholders' equity		
Common shares (Note 16)	164,820	106,567
Contributed surplus	6,621	2,588
Warrants	185	137
Accumulated other comprehensive income	111	—
Deficit	(121,824)	(92,775)
Total shareholders' equity	**49,913**	**16,517**
Total liabilities and shareholders' equity	**136,035**	**34,503**

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

Think Research Corp.

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Revenue (Note 24)	**47,791**	**3,555**	**19,444**
Cost of sales (Note 21)	**(23,394)**	**(2,006)**	**(7,514)**
Gross profit	**24,397**	**1,549**	**11,930**
Operating expenses (Note 21)			
General and administration	(23,013)	(3,859)	(10,678)
Research and development	(6,566)	(1,278)	(4,452)
Sales and marketing	(8,650)	(1,186)	(3,701)
Depreciation and amortization (Notes 7, 8, 14)	(7,986)	(541)	(1,956)
Total operating expenses	**(46,215)**	**(6,864)**	**(20,787)**
Loss before other income (expenses) and income taxes	**(21,818)**	**(5,315)**	**(8,857)**
Other income (expenses)			
Acquisition, restructuring and other (Note 28)	(5,638)	(5,802)	309
Impairment loss (Note 4)	(677)	—	—
Finance costs (Note 23)	(2,054)	(639)	(1,488)
Premium on redemption of Class A preferred shares (Note 16)	—	(1,271)	—
Foreign exchange (loss)	(323)	(67)	(4)
Total other income (expenses)	**(8,692)**	**(7,779)**	**(1,183)**
Net income (loss) before income tax	(30,510)	(13,094)	(10,040)
Income tax recovery (Note 18)	1,461	6	24
Net income (loss) for the period	**(29,049)**	**(13,088)**	**(10,016)**
Other comprehensive income			
Item that may be subsequently reclassified to profit:			
Foreign currency translation differences for foreign operations (net of tax)	111	—	—
Other comprehensive income, net of tax effect	**111**	**—**	**—**
Comprehensive income (loss) for the period	**(28,938)**	**(13,088)**	**(10,016)**
Net loss per share - basic (Note 27)	(0.62)	(0.49)	(0.40)
Weighted average number of common shares - basic (Note 27)	46,745	26,593	25,354

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

Think Research Corp.

Consolidated Statements of Changes in Shareholders' Equity

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

	Common shares	Class B preferred shares	Contributed surplus	Warrants	Deficit	Accumulated other comprehensive income	Total shareholders' equity
	$	$	$	$	$	$	$
Balance, October 1, 2019	**51,091**	**1**	**755**	**287**	**(69,060)**	—	**(16,926)**
Issuance of common shares (Note 16)	10,090	—	—	—	—	—	10,090
Shares issued on exercise of options (Note 16)	3,031	—	(3,025)	—	—	—	6
Shares issued on exercise of warrants (Note 16)	288	—	—	(287)	—	—	1
Share issuance costs (Note 16)	(679)	—	—	92	—	—	(587)
Dividends paid	—	—	—	—	(539)	—	(539)
Issuance of common shares as consideration for the acquisition of AirMed Trials Inc. (Note 4)	350	—	—	—	—	—	350
Stock-based compensation (Note 16)	—	—	4,248	—	—	—	4,248
Net income (loss) for the period	—	—	—	—	(10,016)	—	(10,016)
Balance, September 30, 2020	**64,171**	**1**	**1,978**	**92**	**(79,615)**	—	**(13,373)**
Issuance of common shares as part of private placement, net of issuance costs (Note 16)	28,491	—	—	—	—	—	28,491
Shares issued on exercise of stock options (Note 16)	1,441	—	(1,439)	—	—	—	2
Dividends paid	—	—	—	—	(72)	—	(72)
Issuance of equity consideration for business acquisitions (Note 4)	12,463	—	124	45	—	—	12,632
Conversion of Class B Preferred shares to common shares	1	(1)	—	—	—	—	—
Stock-based compensation (Note 16)	—	—	1,925	—	—	—	1,925
Net income (loss) for the period	—	—	—	—	(13,088)	(10,828)	(23,916)
Balance, December 31, 2020	**106,567**	—	**2,588**	**137**	**(92,775)**	(10,828)	**5,689**
Shares issued on exercise and conversion of share-based awards	2,768	—	(2,767)	—	—	—	1
Shares withheld for taxes upon conversion of share-based awards	—	—	(530)	—	—	—	(530)
Broker warrants issued (Note 16)	—	—	—	185	—	—	185
Warrants exercised during the period (Note 16)	105	—	—	(56)	—	—	49
Warrants expired during the period (Note 16)	—	—	81	(81)			—
Issuance of equity consideration for business acquisitions (Note 4)	42,648	—	—	—	—	—	42,648
Stock-based compensation (Note 16)	—	—	7,249	—	—	—	7,249
Shares issued pursuant to private placement (Note 16)	14,109	—	—	—	—	—	14,109
Shares issuance costs (Note 16)	(1,501)	—	—	—	—	—	(1,501)
Shares issued in settlement of debt (Note 16)	124	—	—	—	—	—	124
Net income (loss) for the period	—	—	—	—	(29,049)	—	(29,049)
Other comprehensive income	—	—	—	—	—	111	111
Balance, December 31, 2021	**164,820**	—	**6,621**	**185**	**(121,824)**	**111**	**49,913**

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

Think Research Corp.

Consolidated Statements of Cash Flows

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

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	
Cash provided by (used in)			
Operating activities			
Net loss for the period	**(29,049)**	**(13,088)**	**(10,016)**
Items not affecting cash			
Depreciation and amortization (Notes 7, 8, 14)	7,986	541	1,956
Income tax recovery	(1,461)	(6)	(24)
Sublease loss (Note 28)	243	—	—
Impairment loss (Note 4)	652	—	—
Interest expense on lease liability (Note 14)	702	80	410
Rent concessions (Note 14)	(120)	(120)	(309)
Stock-based compensation (Note 16)	7,249	1,925	4,248
Accretion income	—	(2)	(11)
Accretion on contingent consideration (Note 25)	8	—	—
Interest accretion on Class A preferred shares (Note 23)	—	69	286
Interest expense on Class A preferred shares (Note 23)	—	105	455
Premium on redemption of Class A preferred Shares	—	1,271	—
Services provided in-kind	(198)	(49)	(201)
Remeasurement of contingent consideration (Note 25)	(15)	54	—
Write-off of contingent consideration (Note 25)	(137)	—	—
Change in fair value of derivative liability	(9)	—	—
Listing expense, non-cash consideration paid (Note 28)	—	1,638	—
Interest expense on bank loans (Notes 11, 23)	1,344	387	331
Net change in operating components of working capital (Note 22)	1,326	3,771	(5,408)
Cash used in operating activities	**(11,479)**	**(3,424)**	**(8,283)**
Financing activities			
Proceeds from loans and borrowings (Note 11)	39,207	—	8,500
Payments for loans and borrowings (Note 11)	(12,334)	(7,846)	(6,761)
Credit facility issuance costs (Note 11)	(513)	—	—
Interest paid on bank line of credit (Notes 11, 23)	(1,344)	(387)	(331)
Proceeds from government loan (Note 13)	—	—	500
Payment for licence agreement liability	—	—	(216)
Payment for lease liabilities (Note 14)	(2,441)	(284)	(1,045)
Interest paid on lease liability (Notes 14, 23)	(702)	(80)	(410)
Interest paid on Class A preferred shares (Note 23)	—	(105)	(455)
Repayment of Class A preferred shares	—	(5,547)	(504)
Net proceeds from issuance of shares and warrants (Note 16)	12,917	28,491	9,503
Proceeds from the exercise of stock options and warrants	(480)	3	7
Dividends paid to Class B preferred shareholders	—	(72)	(539)
Cash provided by financing activities	**34,310**	**14,173**	**8,249**
Investing activities			
Additions of property and equipment (Note 7)	(637)	—	(47)
Additions of intangible assets (Note 8)	(2,448)	—	—
Acquisition consideration paid, net of cash acquired (Note 4)	(24,297)	(1,251)	(350)
Cash used in investing activities	**(27,382)**	**(1,251)**	**(397)**
Net increase (decrease) in cash for the year	(4,551)	9,498	(431)
Cash, beginning of period	10,875	1,377	1,808
Cash, end of period	**6,324**	**10,875**	**1,377**

The accompanying notes are an integral part of these consolidated 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.

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. Think Research Corporation., formerly AIM4 Ventures Inc., was incorporated under the laws of the Province of Ontario on November 29, 2018. 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”.

TRC Management Holdings Corp. was the effective acquirer of AIM4 Ventures, and therefore the prior financial year comparison amounts are those reported by TRC Management Holdings Corp. 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”).

These consolidated financial statements were approved for issuance by the Board of Directors on April 29, 2022.

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

2 Statement of compliance

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

3 Significant accounting policies

Basis of preparation

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

As a result of the RTO, the comparative figures included in the consolidated financial statements are for the three-month period ended December 31, 2020 and the year ended September 30, 2020. In 2020, Think changed the end of its reporting period to December 31 to align the Company’s reporting period to a calendar year. Therefore, the comparative audited figures are for the three month period ended December 31, 2020 and for the year ended September 30, 2020.

Basis of consolidation

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

Use of estimates and judgments

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

a) *Revenue recognition – revenue recognized over time*

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

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

b) *Revenue recognition – multi-element arrangements*

The Company's contracts with customers may include multiple products and services. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources, and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Each transaction undertaken for transaction fee arrangements is distinct for the Company and is accounted for as a separate performance obligation. Under software subscription and license revenue arrangements, subscription to access and use our cloud-based solution is accounted for as a single performance obligation and the sale of term licenses and support services are capable of being distinct and are accounted for as separate performance obligations.

The total consideration for the arrangement is allocated to the separate performance obligations based on their relative fair value and the revenue is recognized for each performance obligation when the requirements for revenue recognition have been met.

c) *Fair value of financial instruments*

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

d) *Stock-based payments*

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

e) Expected credit losses ("ECLs")

The Company performs impairment testing at each reporting period for accounts receivable in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). The Company has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The Company measures ECL by considering the risk of default over the contract period and incorporates forward-looking information into its measurement. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

f) *Deferred taxes*

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

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

g) *Investment tax credits receivable*

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

h) *Estimated useful lives of long-lived assets*

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

i) *Goodwill impairment testing and recoverability of assets*

The Company has one cash generating unit ("CGU"). The recoverable amount of the CGU is estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. Furthermore, the Company performs a market capitalization test comparing the current share price to the value in use. Impairment losses are recognized in the consolidated statements of operations and comprehensive income.

j) *Business combinations*

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

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

k) *Functional currency*

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

l) Income taxes

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

m) Incremental borrowing rates

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

n) Going concern

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

o) Contingent consideration

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

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

Subsidiaries

These consolidated financial statements include the accounts of the Company and the following material subsidiaries:

	December 31, 2021	December 31, 2020
	% Ownership	% Ownership
Think Research Technology Holdings Corp.	100	100
Think Research (EU) Corp. Limited	100	100
Think Research (UK) Corp. Limited	100	100
AirMed Trials Inc. (Canada)[1]	—	100
11419501 Canada Inc.	49	49
2448430 Ontario Inc.	100	100
2538393 Ontario Inc	100	100
2538606 Ontario Inc.	100	100
Ariontech Inc.[2]	—	100
Complete Immigration Medical Centre Corp.	100	100
MDBriefCase Group Inc.	100	—
MDBriefCase Australia PTY Ltd.	100	—
MDBriefCase Middle East Inc.	100	—
Cancerlink Ontario Inc.	100	—
Clinic 360 Inc.	100	—
Bio Pharma Services Inc.	100	—
Bio Pharma Services USA Inc.	100	—
Pharmapod Canada Ltd.	100	—
Pharmapod US Inc.	100	—
Pharmapod Safety Institute PSO, LLC	100	—

[1]AirMed Trials Inc. (Canada) was dissolved as at December 31, 2021.
[2]Ariontech Inc. was divested as at December 24, 2021.

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

Government assistance and investment tax credits

Government grants

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

Investment tax credits

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

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Repairs and maintenance costs on property and equipment are charged to expense during the period in which they are incurred. Depreciation is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Computer hardware	3 years
Furniture and office equipment	5 years
Leasehold improvements	Over the term of the lease

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

The Company reviews for indicators of impairment annually, or whenever events or circumstances indicate that the carrying value may not be recoverable. The asset's carrying amount is written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount. The Company evaluates impairment losses for potential reversal when events or circumstances warrant such consideration.

Intangible assets

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

Trademarks and patents	5 years
Technology	5 years

Purchased software	5 years
Internally developed software	5 years
Customer lists	5 years
Contracts and licenses	5 years
Trial network	3 years
Lab assays	3 years
Non-competition	Over the term of the agreement

Goodwill

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

Research and development

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

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

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

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

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The Company has capitalized deferred development costs of $2,252 under internally developed software and $196 under lab assays to date (December 31, 2020 - $nil).

Provisions

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

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

Financial assets

<u>Recognition and initial measurement</u>

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

<u>Classification and subsequent measurement</u>

Financial assets are subsequently measured at amortized cost, FVOCI or FVTPL. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

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

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

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

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

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

Business model assessment

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

Contractual cash flow assessment

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

Impairment

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

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

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

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

For financial assets measured at amortized cost, loss allowances for ECLs are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

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

Derecognition of financial assets

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

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

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

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

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

Financial liabilities

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

Derecognition of financial liabilities

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

Embedded derivatives

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

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

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

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

Fair value measurements

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

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

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

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

Share capital

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

Warrants

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

Stock-based compensation and other stock-based payments

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

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

Restricted Share Units ("RSUs")/Deferred Share Units ("DSUs")/Performance Share Units ("PSUs")

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

Income taxes

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

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

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

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

Foreign currency translation

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

Net income (loss) per share

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

Revenue recognition

The Company recognized revenue in accordance with IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”).

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

Contracts with multiple products or services

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

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

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

The Company generates its revenue from the following sources:

Renewable software licenses

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

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

Professional services

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

Patient services revenue

Patient services revenue is revenue earned at a single point in time and is generated through the Company's medical clinics and virtual platforms and consists of both non-insured and insured services. Public insured services refers to revenue generated for providing publicly accessible healthcare services that are reimbursed by the provincial health authorities. Other non-insured services are not eligible for government reimbursement, and as such are charged directly to patients and/or third parties. The Company's performance obligations for clinical services are satisfied as services are rendered. For insured and non-insured services, cash is typically collected within one month of the appointment visit.

Digital apps/telehealth revenue

The Company generates telehealth services revenue from patients visits to its platform to access the Company's professional provider network of medical practitioners. Revenue is generated mainly on a per-telehealth visit basis. Revenue is recognized when the performance obligation is satisfied, which occurs when the patients have access to the medical practitioners via the Company's telehealth platform. The Company also generates subscription revenue from medical practitioners' access to the Company's telehealth platform to service their patients. Revenue is recognized over the period of time the medical practitioners have access to the platform.

Continuing medical education ("CME") revenue

The Company generates CME revenue through webinars, conferences, and other various events either in person or online to help healthcare practitioners stay at the forefront of latest healthcare evidence and protocols, The Company does this by partnering with "Sponsors", being primarily pharmaceutical companies and hospitals, who fund the content development and ultimate accreditation and delivery as CME revenue. The transaction price is determined by reference to the contract, or change order value. Revenue is recognized as the single performance obligation is satisfied. Each component is not distinct because the customer cannot benefit from each service on its own and the objective is to provide a combined output, being the study report, which is based on each of the services performed prior to writing the study report. Revenue is recognized using an output-based measure of progress using milestones that are indicative of the costs incurred on each event or project.

Clinical research organizational ("CRO') revenue

CRO revenue consists primarily of bioequivalence analysis, Phase I revenue, and laboratory-related revenue. Under IFRS 15, a clinical trial service is a single performance obligation satisfied over time i.e., the full service obligation in respect of a clinical trial is considered a single performance obligation. The transaction price is determined by reference to the contract, or change order value (including total service revenue and pass-through/reimbursable expenses). Revenue is recognized as the single performance obligation is satisfied. Each component is not distinct because the customer cannot benefit from each service on its own and the objective is to provide a combined output, being the study report, which is based on each of the services performed prior to writing the study report. Therefore, all the components of each of the studies are accounted for together as one performance obligation.

Deferred and unbilled revenue

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

New standards, amendments and interpretations

New standards, amendments and interpretations adopted during the period

The following new standards were adopted during the period ended December 31, 2021:

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

The IASB issued amendments to the definition of a business in IFRS 3. The objective of the amendments is to assist entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments apply prospectively to acquisitions that occur in annual periods beginning on or after January 1, 2020, with earlier application permitted. The Company adopted the IFRS 3 amendments effective October 1, 2020, with no significant impact on its consolidated financial statements.

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

The IASB issued amendments to IAS 1 and IAS 8 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The objective of this amendment is to improve disclosure effectiveness in the financial statements by improving the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. The amendments apply prospectively to annual periods beginning on or after January 1, 2020, with earlier application permitted. The Company adopted these amendments effective October 1, 2020, with no significant impact on its consolidated financial statements.

c) Conceptual framework for financial reporting

The IASB issued a comprehensive set of concepts for financial reporting: the revised Conceptual Framework for Financial Reporting ("Conceptual Framework"), which replaces its previous version. It assists companies in developing accounting policies when no IFRS standard applies to a particular transaction and it helps stakeholders more broadly to better understand the standards. The revised Conceptual Framework's effective date is January 1, 2020, with earlier application permitted. The Company adopted this revised Conceptual Framework effective October 1, 2020 with no significant impact on its consolidated financial statements.

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

Standards, amendments and interpretations issued and not yet adopted

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

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

4 Business acquisitions

Acquisitions that are determined to be business combinations have been recorded under the purchase method of accounting and results have been included in the consolidated statements of operations and comprehensive income (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 acquisition 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 year ended December 31, 2021, please refer to Note 28. The allocation of the purchase price paid for acquisitions completed since January 1, 2020 is as follows:

	2021					2020		
	Pharmapod	**BioPharma**	**MDBriefcase**	**Clinic 360**	**Total**	**AirMed**	**HCP**	**Total**
	$	$	$	$	$	$	$	$
Cash paid on closing	470	19,846	5,396	250	25,962	250	1,850	2,100
Equity consideration	479	24,297	19,696	4,605	49,077	350	10,458	10,808
Net working capital settlement	—	(1,239)	(634)	(398)	(2,271)	100	174	274
Fair value of contingent consideration	—	2,080	2,049	—	4,129	177	—	177
Derivative liability	—	—	—	—	—	—	981	981
Total purchase price	**949**	**44,984**	**26,507**	**4,457**	**76,897**	**877**	**13,463**	**14,340**
Working capital	(779)	2,712	(723)	(397)	813	—	(190)	(190)
Tax asset receivable	-	9,428	—	—	9,428	—	—	—
Property and equipment (Note 7)	—	1,334	81	—	1,415	—	251	251
Right-of-use assets acquired	—	6,691	430	3,347	10,468	—	630	630
Intangible assets (Note 8)	1,728	29,652	7,970	2,950	42,300	476	1,759	2,235
Lease liabilities assumed	—	(6,691)	(430)	(3,347)	(10,468)	—	(630)	(630)
Deferred tax liability	—	(9,662)	—	(410)	(10,072)	(126)	(353)	(479)
Goodwill (Note 9)	—	11,520	19,179	2,314	33,013	527	11,996	12,523
	949	**44,984**	**26,507**	**4,457**	**76,897**	**877**	**13,463**	**14,340**

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

The Company has updated the intangibles and goodwill balances of HCP upon finalizing the purchase price in 2021. During the fourth-quarter of 2021, the Company updated the initial purchase price allocation for BioPharma, MDBriefcase, and Clinic 360 for working capital adjustments.

The following revenue is included in the Company's consolidated financial statements for the year ended December 31, 2021:

	BioPharma	MDBriefcase	Clinic 360
	$	$	$
Revenue	10,367	9,303	8,690

If the acquisitions had occurred on January 1, 2021, the Company estimates that it would have reported the following consolidated revenue for the year ended December 31, 2021:

	BioPharma	MDBriefcase	Clinic 360
	$	$	$
Revenue	37,244	10,224	9,284

Pharmapod Limited

On November 4, 2021, the Company acquired the assets of Pharmapod Limited ("Pharmapod") through a receivership process in Ireland. The purchase price for this acquisition was $949 paid as follows:

- Cash consideration of $470 paid on the closing of the acquisition; and
- The issuance on closing of 307,145 common shares of the Company with a fair market value of $1.56 per share or $479.

Bio Pharma Services Inc.

On September 10, 2021, the Company acquired all of the issued and outstanding shares of Bio Pharma Services Inc. ("BioPharma"). The purchase price for this acquisition was $44,984 paid as follows:

- Cash consideration of $19,846 paid on the closing of the acquisition;
- The issuance on closing of 8,068,107 common shares of the Company with a fair market value of $2.21 per share or $17,868;
- Future equity consideration to vendor with a fair value of $6,429 due approximately six months and 12 months from the closing date. The deferred equity consideration related to BioPharma will be settled by the issuance of $3,250 in common shares of the Company at each of the six-month and 12-month anniversary dates from the closing date of this acquisition. The number of common shares of the Company to be issued on these anniversary dates is based on the ten-day volume-weighted average price of the common shares of the Company ending on the trading date immediately preceding the date of issuance of the common shares;

- Net working capital settlement receivable of $1,239, which can be settled in either cash or common shares at BioPharma's discretion; and
- An annual earnout amount, if any, through 2025 based on 10% of BioPharma's annual earnings before interest and taxes, payable in cash or common shares of the Company at the Company's discretion. The fair value of this contingent consideration is $2,080.

As part of the transaction related to BioPharma, Think will remit to the vendors an estimated investment tax credit refund of $6,667, when it is received by the Company. After December 31, 2023, any amount received by Think related to the investment tax credit refund will be to the sole benefit of the Company.

The Company also acquired certain tax benefits related to non-refundable tax credits that have been recognized as a tax asset receivable.

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.

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 $26,507 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;
- Net working capital settlement receivable of $634; and
- Contingent consideration with a fair value of $2,049 that is contingent on the achievement of certain future financial targets, due over the next two years payable in cash or shares at the Company's discretion.

The purchase price allocation for this acquisition was finalized during the year ended December 31, 2021.

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 $4,457 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
- Net working capital settlement receivable of $398.

The purchase price allocation for this acquisition was finalized during the year ended December 31, 2021.

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 nine 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;
- A four-year option provided to the vendor with a fair value of $981, using the Black-Scholes option pricing model, giving the vendor the right to repurchase one of the acquired subsidiaries based on a purchase price as defined in the purchase agreement; and
- Net working capital settlement of $174.

The purchase price allocation for this acquisition was finalized during the year ended December 31, 2021.

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 ("HCP Pharmacy");
- 100% of the shares of Complete Immigration Medical Centre Corp; 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. During the year, the Company divested Ariontech Inc., which resulted in an impairment loss of $677.

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 that comprising of $350 of cash, 53,000 common shares of the Company with an estimated fair value of $350, and contingent consideration with an estimated fair value of $177. An initial cash payment of $250 was made on the acquisition date, with the remaining $100 of cash consideration paid on July 1, 2020.

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

The contingent consideration, which included cash and common shares, was payable over a 36-month period following the acquisition date and was contingent upon meeting certain revenue targets. The contingent consideration set up upon acquisition was written off during the year ended December 31, 2021 (Note 25).

5 Accounts receivable and other

	December 31, 2021	December 31, 2020
	$	$
Trade accounts receivable	14,107	1,745
Unbilled revenue	1,883	64
Other receivables	595	484
Current portion of amounts due from customers under extended financing arrangements	74	162
	16,659	**2,455**
Allowance for expected credit losses (Note 19)	(1,056)	(272)
	15,603	**2,183**
Non-current portion of amounts due from customers under extended financing arrangements	**92**	**129**

6 Investment tax credits

The Company undertakes certain SR&ED activities. Under a government program, a portion of these expenditures are recoverable by the Company. During the year ended December 31, 2021, the Company recorded investment tax credits related to SR&ED of $240 (three months ended December 31, 2020 - $147; year ended September 30, 2020 - $1,196) as a reduction of research and development expense on the consolidated statements of operations and comprehensive income.

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

7 Property and equipment

	Computer hardware	Furniture and office equipment	Leasehold improvements	Other equipment	Total
	$	$	$	$	$
Cost					
Balance, January 1, 2021	891	424	246	938	2,499
Acquired from acquisitions (Note 4)	28	854	533	—	1,415
Additions	33	285	319	—	637
Disposals	—	(26)	(14)	—	(40)
Disposal of fully depreciated assets	—	—	—	(938)	(938)
Balance, December 31, 2021	**952**	**1,537**	**1,084**	**—**	**3,573**
Accumulated depreciation					
Balance, January 1, 2021	728	267	56	937	1,988
Depreciation	74	139	125	—	338
Disposals	—	(5)	(4)	—	(9)
Disposal of fully depreciated assets	—	—	—	(937)	(937)
Balance, December 31, 2021	**802**	**401**	**177**	**—**	**1,380**
Net book value					
December 31, 2020	163	157	190	1	511
December 31, 2021	**150**	**1,136**	**907**	**—**	**2,193**

8 Intangible assets

	Trademarks and patents	Technology	Internally developed software	Purchased software	Customer lists	Contracts and licenses	Trial network	Lab assays	Non-competition	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
Balance, January 1, 2021	33	476	—	1,062	863	141	—	—	—	2,575
Additions	—	—	2,252	—	—	—	—	196	—	2,448
Acquired from acquisitions (Note 4)	2,305	12,907	—	—	18,273	—	6,590	—	2,225	42,300
Disposals	—	—	—	(576)	(17)	—	—	—	—	(593)
Adjustment upon finalization of purchase price allocation related to prior year acquisition	—	—	—	(251)	19	53	—	—	—	(179)
Balance, December 31, 2021	**2,338**	**13,383**	**2,252**	**235**	**19,138**	**194**	**6,590**	**196**	**2,225**	**46,551**
Accumulated amortization										
Balance, January 1, 2021	27	144	—	123	—	—	—	—	—	294
Amortization	240	1,229	35	146	1,934	40	674	1	683	4,982
Disposals	—	—	—	(118)	(3)	—	—	—	—	(121)
Balance, December 31, 2021	**267**	**1,373**	**35**	**151**	**1,931**	**40**	**674**	**1**	**683**	**5,155**
Net book value										
December 31, 2020	6	332	—	939	863	141	—	—	—	2,281
December 31, 2021	**2,071**	**12,010**	**2,217**	**84**	**17,207**	**154**	**5,916**	**195**	**1,542**	**41,396**

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

9 Goodwill

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

	$
Balance, October 1, 2020	527
Acquired from acquisitions	11,817
Balance, December 31, 2020	**12,344**
Adjustment upon finalization of purchase price allocation related to prior year acquisition	179
Acquired from acquisitions (Note 4)	33,013
Balance, December 31, 2021	**45,536**

The Company has determined that it is a single CGU for the purposes of impairment testing which means that it tests impairment of goodwill at an aggregate level. The costs of disposal were assumed to be 2.5% of the fair value measurement. The recoverable amounts of goodwill exceeded the carrying values as at December 31, 2021 and 2020. Reasonable possible changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

The Company believes that any reasonably possible change in key assumptions on which the recoverable amounts were based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

10 Government grants

Canadian Emergency Wage Subsidy

The Company was eligible and applied for assistance under the Government of Canada's, Canadian Emergency Wage Subsidy program ("CEWS"). CEWS was designed to support employers that were impacted as a result of the COVID-19 pandemic and to protect Canadian jobs. Amounts the Company received under the Program during the year ended December 31, 2021, three months ended December 31, 2020 and year ended September 30, 2020 of $2,101, $530 and $3,754, respectively, were recognized as a reduction of related costs on the consolidated statements of operations and comprehensive income as follows:

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
General and administration	**894**	71	870
Sales and marketing	**481**	231	1,859
Research and development	**727**	228	1,025
	2,101	530	3,754

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

Canadian Emergency Rent Subsidy

The Company was eligible and applied for assistance under the Government of Canada's, Canadian Emergency Rent Subsidy program ("CERS"). CERS was designed to provide a rent and mortgage subsidy to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. For the year ended December 31, 2021, a subsidy of $223 (three months ended December 31, 2020 and year ended September 30, 2020 – $nil) was recognized as a reduction of related costs and included in general and administration expense on the consolidated statements of operations and comprehensive income.

Jobs and Prosperity Fund

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

The Grant is disbursed over a six-year period, with a maximum annual disbursement of up to $1,000. The Grant is subject to certain claw back conditions related to the actual dollar value of the investment made by the Company into the approved project and certain job creation and retention targets that are to be evaluated on the conclusion of the project. The Company has received funds of $3,100 as at the year ended December 31, 2021 (three months ended December 31, 2020 - $2,100; year ended September 30, 2020 - $2,100) in relation to the Grant to date.

During the year ended December 31, 2021, the Company estimated an amount to be recognized as income of $495 (three months ended December 31, 2020 - $147; year ended September 30, 2020 - $961) in relation to the Grant, which is presented as a reduction in research and development expense on the consolidated statements of operations and comprehensive income. The Grant is also subject to certain negative and affirmative covenants. As at December 31, 2021, the Company was in compliance with these covenants (December 31, 2020 and September 30, 2020 - in compliance).

11 Bank loan

The Company's borrowings under its credit facility as at December 31, 2021 and December 31, 2020 can be broken down as follows:

	December 31, 2021	December 31, 2020
	$	$
Borrowings	26,874	—
Less: debt issuance costs, net of accumulated amortization	(513)	—
	26,361	—

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

Amended credit facility

On June 25, 2021, the Company replaced its existing credit facility that was expiring with an amended credit facility (the "Amended Credit Facility") that increased the existing operating line of credit of the Company from $10,000 to $15,000. The Amended Credit Facility also included an acquisition facility of $10,000 for aggregate total credit availability of up to $25,000. The interest rates for the Amended Credit Facility were floating, based on a margin over certain referenced rates of interest, and they varied up or down based on the leverage of the Company, as defined in the Amended Credit Facility.

New credit facility

On September 10, 2021, the Company refinanced the Amended Credit Facility with a new credit facility (the "New Credit Facility"). The New Credit Facility includes a $22 million revolving 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. The interest rate for the revolving credit facility is based on the prime rate + 1.00% or bankers' acceptance rate + 2.50%. The interest rate for the revolving acquisition facility is based on a sliding scale pricing model, based on net funded debt to EBITDA of the Company, as defined in the New Credit Facility agreement.

The New Credit Facility represents a two-year committed agreement that expires on September 10, 2023, with an option to extend by an additional year at the lender's discretion.

The New Credit Facility is secured by a first-ranking general security agreement covering substantially all the assets of the Company and its subsidiaries. The Credit Agreement is subject to certain financial and non-financial covenants. As at December 31, 2021, the Company was in compliance with the financial and reporting covenants (December 31, 2020 – in compliance).

During the year ended December 31, 2021, the Company recognized interest expense of $1,344 (three months ended December 31, 2020 - $333; year ended September 30, 2020 - $331) in relation to its bank indebtedness.

In the year ended December 31, 2021 the Company wrote off deferred financing costs of $252 as a result of the New Credit Facility replacing the Amended Credit Facility.

12 Accounts payable and accrued liabilities

	December 31, 2021	December 31, 2020
	$	$
Trade accounts payable and accrued liabilities	12,017	7,882
Government remittances	1,386	(49)
	13,403	7,833

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

13 Government financing

In July 2020, the Company secured government financing in the amount of $500. The loan is interest-free with no repayment terms for the first two years. Starting in 2022, the loan is to be repaid in equal monthly instalments of principal of $8 over a 60-month period.

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

	$
2022	4
2023	100
2024	100
2025	100
2026 and thereafter	196
	500

14 Right-of-use assets and lease liabilities

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

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

The following table presents the right-of-use assets for the Company as at December 31, 2021 and December 31, 2020:

	Office premises
	$
Cost	
Balance, January 1, 2021	4,893
Additions	1,380
Additions from business acquisitions (Note 4)	10,468
Disposals	(532)
Balance, December 31, 2021	**16,209**
Accumulated depreciation	
Balance, January 1, 2021	2,063
Depreciation	2,666
Disposals	(136)
Balance, December 31, 2021	**4,593**
Net book value	
December 31, 2020	2,830
December 31, 2021	**11,616**

The right-of-use assets are being depreciated on a straight-line basis over the remaining terms of the leases. During the year ended December 31, 2021, the Company recognized depreciation expense of $2,666 (three months ended December 31, 2020 - $413; year ended September 30, 2020 - $1,650) on the right-of-use assets, which was recognized in “Depreciation and amortization” expenses on the consolidated statements of operations and comprehensive income.

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

	$
Balance, January 1, 2021	3,168
Interest expense on lease liabilities (Note 23)	702
Additions	1,380
Assumed as part of acquisitions (Note 4)	10,468
Interest paid	(702)
Lease repayments	(2,441)
Disposals	(77)
Rent concessions	(120)
Balance, December 31, 2021	**12,378**

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

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

	$
Current	2,607
Non-current	9,771
	12,378

Rent concession

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

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments effects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

Instead, the Company has recognized the rent concession by adjusting the balance of the lease liability and recognizing the concession as income in the consolidated statements of operations and comprehensive income. The Company has applied this election to all rent concessions that meet the conditions noted above, which includes the lease for its office premises. During the year ended December 31, 2021, the Company recognized a gain of $120 (three months ended December 31, 2020 - $120; year ended September 30, 2020 - $309) in the consolidated statements of operations and comprehensive income to reflect the changes in lease payments that arose from rent concessions to which the Company applied this methodology.

15 License agreement liability

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

As part of the Settlement, the Company is to provide the use of Acute Care Order Set products to THP. During the year ended December 31, 2021, the Company recognized license fee revenue of $198 (three months ended December 31, 2020 - $49; year ended September 30, 2020 - $201) relating to the services in kind on the consolidated statements of operations and comprehensive income. As at December 31, 2021, the Company remained obligated to perform services in kind valued at $329 (December 31, 2020 - $527).

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

16 Share capital

Authorized

The Company's authorized share capital includes:

- An unlimited number of common shares

Common shares

The common shares carry voting rights. Each common share entitles the holder to one vote for each share held.

Issued and outstanding

	#	$
Balance, October 1, 2019	23,523,442	51,091
Issuance of common shares	1,528,833	10,090
Conversion of Class B preferred shares to common shares	53,000	350
Shares issued on the conversion of warrants	55,512	288
Shares issued on the exercise of stock options	478,250	3,031
Share issuance costs	—	(679)
Balance, September 30, 2020	**25,639,037**	**64,171**
Issuance of common shares as part of private placement, net of share issuance costs	7,096,402	28,491
Conversion of Class B preferred shares to common shares	113,000	1
Issuance of common shares as consideration for acquisitions	2,962,322	12,463
Shares issued on the conversion of warrants	—	—
Common shares issued on the exercise of stock options	289,143	1,441
Balance, December 31, 2020	**36,099,904**	**106,567**
Issuance of common shares as part of private placement, net of share issuance costs	6,413,371	12,608
Issuance of common shares in settlement of debt	56,364	124
Issuance of common shares as consideration for acquisitions (Note 4)	14,788,511	42,648
Common shares issued on the exercise and conversion of equity awards	1,100,302	2,873
Balance, December 31, 2021	**58,458,452**	**164,820**

On September 10, 2021, the Company issued 6,413,371 common shares at a price of $2.20 per common share for gross proceeds of $14,109, as part of a private placement of common shares. The share issuance costs incurred for this private placement were $1,501, including the issuance of 256,534 broker warrants with a fair market value of $185 using the Black-Scholes pricing model. The

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

Company also issued 56,364 common shares at a price of $2.20 per common share and a value of $124 to settle debt advisory services related to the private placement.

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

Class A preferred shares

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

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

Issued and outstanding

	#	$
Balance, October 1, 2020	5,511,081	4,207
Interest accretion	—	69
Premium on redemption	—	1,271
Mandatory redemption	(132,437)	(132)
Full and final redemption	(5,378,644)	(5,415)
Balance, December 31, 2020	—	—
Balance, December 31, 2021	**—**	**—**

Class B preferred shares

The Class B preferred shares were converted into common shares of the Company on December 23, 2020 as a part of the RTO.

Issued and outstanding

	#	$
Balance, October 1, 2020	113,000	1
Conversion of Class B preferred shares to common shares	(113,000)	(1)
Balance, December 31, 2020	—	—
Balance, December 31, 2021	**—**	**—**

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

During the year ended December 31, 2021, the Company made dividend payments of $nil (three months ended December 31, 2020 - $72; year ended September 30, 2020 - $539), which were recognized as finance costs on the consolidated statements of operations and comprehensive income.

Employee stock option plan

The Company has an Employee Stock Option Plan (the "Option Plan") applicable to eligible employees, consultants, advisors and directors of the Company. On December 23, 2020, the Company adopted a new Omnibus Stock Option Plan whereby the number of common shares reserved for issuance related to such plan is 10% of outstanding common shares, compared to the prior plan being 15%. As at December 31, 2021, the total number of options reserved for issuance under the Option Plan is 5,845,845 (December 30, 2020 – 3,609,990). Stock options granted under the Option Plan generally vest over terms of three or four years and expire over three to five years. The following reconciles the options outstanding at the beginning and end of the year ended December 31, 2021 as well as three months ended December 31, 2020:

		Year ended December 31, 2021		Three months ended December 31, 2020
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Balance, beginning of year/period	1,967,986	3.72	522,300	0.01
Granted	1,154,712	2.80	1,752,954	4.10
Exercised	(2,650)	0.01	(289,143)	0.01
Forfeited	(942,450)	4.35	(17,000)	0.01
Expired	(20,250)	4.13	(1,125)	0.01
Balance, end of year/period	**2,157,348**	**3.38**	**1,967,986**	**3.72**
Exercisable at end of year/period	**499,554**	**3.75**	**305,385**	**1.90**

The weighted average remaining contractual life of the options issued and outstanding as at December 31, 2021 was 4.2 years (December 31, 2020 - 4.6 years).

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

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

	Year ended December 31, 2021	Three months ended December 31, 2020
Weighted average fair value per common share	$ 2.04	$ 4.65
Weighted average exercise price	$ 3.38	$ 0.01 - $4.65
Expected volatility	90%	96%
Expected option life in years	4.9	5.0
Expected dividend yield	0%	0%
Risk-free interest rate	0.82%	0.37%

During the year ended December 31, 2021, $2,607 (three months ended December 31, 2020 - $1,112; year ended September 30, 2020 - $4,248) was recognized as stock-based compensation expense for issued options included in the consolidated statements of operations and comprehensive income.

Restricted share units

During the year ended December 31, 2021, the Company granted 2,609,208 RSUs (three months ended December 31, 2020 – 619,624 RSUs) to certain key employees and consultants of the Company pursuant to the Company's Omnibus Incentive Plan. Each RSU represents the right to receive, once vested, one common share of the Company. Each RSU was determined to have a fair value based on the closing price of the Company's common shares on the date of grant. The RSUs vest from December 1, 2021 to December 1, 2025.

Grant date	**Number of RSUs**	**Grant date fair value**	**Vesting period**
	#	**$**	
March 22, 2021	50,000	4.64	March 22, 2022 - March 22, 2024
March 22, 2021	25,000	3.54	March 22, 2022 - March 22, 2024
April 27, 2021	50,000	3.63	April 30, 2021 - November 30, 2021
May 10, 2021	5,000	3.77	May 10, 2022
August 20, 2021	15,000	2.18	August 20, 2022 - August 20, 2024
October 1, 2021	1,008,333	2.08	October 1, 2022 - October 1, 2025
December 1, 2021	335,000	1.49	Immediately - December 1, 2025
December 17, 2021	1,120,875	1.22	Immediately - March 22, 2024

	Year ended December 31, 2021	Three months ended December 31, 2020
	Number of RSUs	Number of RSUs
	#	#
Balance outstanding, beginning of year/period	619,624	—
Granted	2,609,208	619,624
Vested and released	(1,102,600)	—
Forfeited	(62,000)	—
Balance outstanding, end of year/period	**2,064,232**	**619,624**

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

During the year ended December 31, 2021, $4,517 (three months ended December 31, 2020 - $318; year ended September 30, 2020 - $nil) was recognized as stock-based compensation through the consolidated statements of operations and comprehensive income related to the RSUs.

Deferred share units

During the year ended December 31, 2021, the Company has granted 21,505 DSUs (three months ended December 31, 2020 - 107,525 DSUs) to non-executive directors of the Company pursuant to the Company's Omnibus Incentive Plan. Each DSU represents the right to receive, once vested, one common share of the Company. Each DSU was determined to have a fair value based on the closing price of the Company's common shares on the date of grant.

Grant date	Number of DSUs	Grant date fair value	Vesting period
	#	$	
January 16, 2021	21,505	3.95	Immediately

	Year ended December 31, 2021	Three months ended December 31, 2020
	Number of DSUs	Number of DSUs
	#	#
Balance outstanding, beginning of year/period	107,525	—
Granted	21,505	107,525
Vested	—	—
Forfeited	—	—
Balance outstanding, end of year/period	**129,030**	**107,525**

During the year ended December 31, 2021, $85 (three months ended December 31, 2020 - $495; year ended September 30, 2020 - $nil) was recognized as stock based compensation through the consolidated statements of operations and comprehensive income related to the DSUs.

Performance share units

During the year ended December 31, 2021, the Company granted 50,000 PSUs (three months ended December 30, 2020 – nil) pursuant to the Company's Omnibus Incentive Plan. Each PSU was determined to have a fair value based on the closing price of the Company's common shares on the date of grant.

Grant date	Number of PSUs	Grant date fair value	Vesting period
	#	$	
February 2, 2021	50,000	4.64	Immediately

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

	Year ended December 31, 2021	Three months ended December 31, 2020
	Number of PSUs	Number of PSUs
	#	#
Balance outstanding, beginning of year/period	—	—
Granted	50,000	—
Vested	—	—
Forfeited	(32,000)	—
Balance outstanding, end of year/period	**18,000**	—

During the year ended December 31, 2021, $40 (three months ended December 31, 2020 - $nil; year ended September 30, 2020 - $nil) was recognized as stock-based compensation through the consolidated statements of operations and comprehensive income related to the PSUs.

Warrants

During the year ended December 31, 2021, the Company issued 256,534 broker warrants with a fair market value of $185 determined using the Black-Scholes pricing model. Assumptions used in the Black-Scholes pricing model to arrive at the fair value of the warrants was a volatility of 87.98%, risk-free rate of 0.40%, an expected life of 1 year, and a dividend yield of 0%. 19,587 warrants with a fair market value of $56 were exercised for an exercise price of $2.48 each. 40,379 warrants with a fair market value of $81 were forfeited during the year. As at December 31, 2021, 256,534 warrants (December 31, 2020 – 59,966 warrants) with a fair market value of $185 (December 31, 2020 - $137) were outstanding.

17 Commitments and contingencies

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 consolidated statements of financial position. Annual rent for this new office space once commenced would be $2,881 for the first 5 years, $3,180 for years 6 to 10 and $3,510 for years 11 to 12.

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)

18 Income taxes

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

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Net Income (loss) before recovery of income taxes	(30,510)	(13,094)	(10,040)
Expected income tax recovery	(8,085)	(3,470)	(2,661)
Share-based compensation and non-deductible expense	2,075	509	1,140
Other adjustments	(396)	8	181
Change in tax benefits not recognized	4,945	2,947	1,316
Income tax recovery	**(1,461)**	**(6)**	**(24)**

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

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Current tax expense	7	5	4
Deferred tax expense	(1,468)	(11)	(28)
Income tax recovery	**(1,461)**	**(6)**	**(24)**

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

The following table summarizes the components of deferred tax as at December 31, 2021 and December 31, 2020 and September 30, 2020:

	December 31 2021	December 31 2020	September 30 2020
	$	$	$
Deferred tax assets			
Right-of-use liability	3,196	—	—
Property and equipment	56	—	—
Share issuance costs	2	—	—
Schedule 13 reserves	3	—	—
Non-capital losses carried forward	2,489	897	958
Deferred tax liability			
Intangible assets	(9,001)	(573)	(99)
Right-of-use assets	(3,196)	(754)	(691)
Investment tax credits	(2,498)	(1)	(266)
Property and equipment	(95)	(9)	—
Net deferred tax liability	**(9,044)**	**(440)**	**(98)**

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The following table summarizes the movement in deferred tax liabilities during the year ended December 31, 2021, three months ended December 31, 2020 and year ended September 30, 2020:

	December 31 2021	December 31 2020	September 30 2020
	$	$	$
Balance, beginning of the period	440	98	—
Recognized in net income (loss)	(1,468)	(11)	(28)
Recognized in goodwill	10,072	353	126
Balance, end of the period	**9,044**	**440**	**98**

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

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

	December 31, 2021	December 31, 2020	September 30, 2020
	$	$	$
Accounts receivable	519	263	215
Intangible assets	86	22	21
Property and equipment	1,092	457	395
Contingent liability	4,217	1,213	—
Lease liability	675	2,896	3,296
Financing fees	5,581	4,872	665
Investment tax credits and other	(8,685)	293	297
Non-capital losses carried forward - foreign	4,559	—	—
Non-capital losses carried forward - Canadian	65,728	52,030	44,878
Capital losses carried forward	6,579	—	—
Balance at the end of the period	**80,351**	**62,046**	**49,767**

The Canadian non-capital loss carry-forwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2025. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

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

Year	**$**
2030	5
2031	736
2032	1,348
2033	2,514
2034	155
2035	6,483
2036	9,497
2037	21,123
2038	6,654
2039	774
2040	1,986
2041	1,530
2042	12,922
	65,727

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

19 Financial instruments and risk management

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

Credit and concentration risk

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

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

The aging of accounts receivable, prior to any allowances for ECLs is as follows:

	December 31, 2021	December 31, 2020
	$	$
Current	10,314	621
Past due		
31 to 60 days	1,745	321
61-90 days	407	255
Greater than 90 days	1,641	548
	14,107	**1,745**

No credit concentration exists relating to accounts receivable and other. As at December 31, 2021, no customers (December 31, 2020 – three customers) accounted for over 10% (December 31, 2020 – approximately 60%) of accounts receivable and no customers (December 31, 2020 – three) accounted for over 10% of revenues from operations (December 31, 2020 – 45%).

The Company applies the simplified approach to provide for ECLs as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The ECL provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate.

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

The provision matrix below shows the ECL rate for each aging category of trade receivables as at December 31, 2021 and December 30, 2020.

December 31, 2021		**Total**		**0-30 days**		**31-60 days**		**61-90 days**		**>90 days**
Default rates				0.35%		3.78%		5.41%		56.79%
Trade receivables	$	**14,107**	$	10,314		1,745		407		1,641
Expected credit loss	$	**1,056**	$	36	$	66	$	22	$	932

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

Liquidity risk

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

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

	Within 1 year	**Total Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
	$	$	$	$	$
December 31, 2021					
Bank loan	—	26,874	—	—	**26,874**
Accounts payable and accrued liabilities	13,403	—	—	—	**13,403**
Contingent consideration	2,055	939	2,149	—	**5,143**
Government financing	4	100	300	96	**500**
Lease liability	3,040	2,131	5,563	5,671	**16,405**
	18,502	30,044	8,012	5,767	**62,325**

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

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

Market risk

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

a) Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is subject to interest rate risk as the Company's bank loan bears interest at the prime rate, which is variable, plus 3%. A sensitivity analysis that assumes that the prime rate increased or decreased by 50 basis points with all other variables held constant would result in an increase or decrease of the Company's interest expense by $195 for the year ended December 31, 2021 (three months ended December 31, 2020 - $34).

b) Foreign exchange risk

There is financial risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company currently does not use derivative instruments to hedge its exposure to foreign currency risk, which is primarily limited to that of the United States dollar and European euro. With all other variables held constant, a plus or minus 10% change in the foreign exchange rate would give rise to an increase or decrease in reported net loss for the year ended December 31, 2021 of $636 (three months ended December 31, 2020 - $56; year ended September 30, 2020 - $94). The use of the 10% rate of change is based on observed historical fluctuations in exchange rates.

20 Related party transactions

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

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

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

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Salaries and benefits	3,053	977	1,454
Stock-based compensation	4,230	213	1,902
	7,283	**1,190**	**3,356**

During the year ended December 31, 2021, the Company incurred consulting fee expenses of $nil (three months ended December 31, 2020 - $40; year ended September 30, 2020 - $31) for services provided by a shareholder of the Company, which are recorded in general and administration expense on the consolidated statements of operations and comprehensive income.

Licensing fee revenues of $120 for the year ended December 31, 2021 (three months ended December 31, 2020 - $nil; year ended September 30, 2020 - $343) were earned from a company of which the chief executive officer of the Company is a shareholder. As at December 31, 2021, $97 (December 31, 2020 - $164) is included in accounts receivable and other for these license fees on the consolidated statements of financial position.

During the year ended December 31, 2021, the Company has also entered into an agreement with the same related party by providing an interest-bearing loan. As at December 31, 2021, the loan balance of $168 (December 31, 2020 - $nil) is included in accounts receivable and other on the consolidated statements of financial position. Interest income of $9 for the year ended December 31, 2021 was earned during the year from this loan (three months ended December 31, 2020 - $nil; year ended September 30, 2020 - $nil). In addition, integration related costs of $70 for the year ended December 31, 2021 (three months ended December 31, 2020 - $nil; year ended September 30, 2020 - $nil) was incurred for services provided by the same related party and the expense is capitalized as addition to intangibles on the consolidated statements of financial position.

Legal fees of $20 for the year ended December 31, 2021 (three months ended December 31, 2020 - $nil; year ended September 30, 2020 - $nil) was also incurred.

As at December 31, 2021, the Company included $nil (December 31, 2020 - $658), which is attributable to key management personnel, in share issuance costs bonuses payable for the private placement.

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

21 Employee benefits

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

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Cost of sales	13,333	1,245	4,039
Operating expenses	30,280	5,231	16,617
	43,613	**6,476**	**20,656**

The employee benefits expense recognized in operating expenses included stock-based compensation expense of $7,249 for the year ended December 31, 2021 (three months ended December 31, 2020 - $1,925; year ended September 30, 2020 - $4,248).

22 Net change in operating components of working capital

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Accounts receivable and other	(2,525)	873	2,272
Investment tax credits	1,105	(147)	9
Prepaid expenses and deposits	(409)	1,119	(2,573)
Contract assets	39	27	91
Accounts payable and accrued liabilities	(8,752)	3,648	1,828
Future equity consideration to vendor	6,429	—	—
Deferred revenue	5,786	(1,463)	(7,035)
Government financing	(347)	(286)	—
	1,326	**3,771**	**(5,408)**

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

23 Finance costs

Finance costs comprise the following:

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Interest expense (income) on:			
Bank indebtedness	1,344	387	331
Lease liabilities	702	80	410
Class A preferred shares	—	174	741
Other	8	(2)	6
	2,054	**639**	**1,488**

24 Revenue

The Company's CEO has been identified as the chief operating decision maker ("CODM"). The CODM reviews financial information, makes decisions and assesses the performance of the Company as a single operating segment.

The Company's total revenue by geographic market for the year ended December 31, 2021, three months ended December 31, 2020 and year ended September 30, 2020 are as follows:

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Canada	35,576	2,875	17,402
United States	9,726	395	1,436
International	2,489	285	606
	47,791	**3,555**	**19,444**

25 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 or net income before interest and taxes achieved.

The fair value of the contingent consideration related to acquisitions with consideration contingent on revenue targets being achieved was calculated using a 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 fair value of the contingent consideration related to acquisitions with consideration contingent on net income before interest and taxes achieved was calculated based on the expected payouts, discounted.

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

The change in contingent consideration is as follows:

	$
Balance, October 1, 2020	177
Remeasurement	54
Balance, January 1, 2021	**231**
Additions (Note 4)	4,129
Accretion	8
Write-off of AirMed contingent consideration	(137)
Remeasurement	(15)
Balance, December 31, 2021	**4,216**

26 Capital management

The Company's objectives of managing capital, which comprises shareholders' equity, common shares and warrants to purchase common shares, include i) protecting the investment of shareholders, ii) minimizing its total cost of capital, iii) ensuring its continued ability to operate as a going concern, and iv) creating incentives for stakeholders. The Company manages its capital structure and makes changes to it based on business opportunities and economic conditions. With approval from the Board of Directors, management will adjust its capital structure through the issue of new shares, debt or other activities deemed appropriate under the specific circumstances. Management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

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

27 Earnings (loss) per share

As there is a net loss attributable to the common shareholders of the Company for the year ended December 31, 2021, three months ended December 31, 2020 and year ended September 30, 2020, the effect of dilutive instruments has been excluded in calculating the diluted earnings per share, as its effect would be anti-dilutive.

Earnings per share is presented as follows:

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Net loss	(29,049)	(13,088)	(10,016)
Basic weighted average number of shares	46,745	26,593	25,354
Effect of dilution from dilutive instruments	—	—	—
Diluted weighted average number of shares outstanding	**46,745**	**26,593**	**25,354**
Earnings (loss) per share attributable to shareholders of the Company			
Basic and diluted	**(0.62)**	**(0.49)**	**(0.40)**

28 Acquisition, restructuring and other costs

	Year ended December 31, 2021	Three months ended December 31, 2020	Year ended September 30, 2020
	$	$	$
Listing expenses	—	1,638	—
Acquisition	2,533	4,209	—
Restructuring	2,982	75	—
Sublease loss	243	—	—
Rent concession	(120)	(120)	(309)
	5,638	**5,802**	**(309)**

29 Global outbreak of COVID-19

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

30 Subsequent events

On April 22, 2022, the Company entered into a credit agreement (the "Credit Agreement") with Beedie Investments Ltd. ("Beedie"), pursuant to which Beedie will issue to the Company a secured non-revolving convertible term loan of up to the principal amount of $25 million (the "Convertible Loan"), maturing on the fourth anniversary of the closing date of the Convertible Loan.

The Convertible Loan will be funded by way of an initial advance of $10 million (the "Initial Advance") to be drawn on the date that the conditions precedent under the convertible debt credit agreement are satisfied (the "Closing Date"), with the remaining $15 million available for subsequent advances (each a "Subsequent Advance").

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.

At any time during the term of the Convertible Loan, Beedie Capital may elect to convert the principal amount of the Initial Advance into common shares of Think (each a "Common Share") at a conversion price of $1.443 per Common Share, subject to adjustment in accordance with the terms of the Credit Agreement (the "Initial Conversion Price"). The Initial Conversion Price represents a 40% premium above the 20 trading day volume-weighted average price ("VWAP") of the Common Shares on the TSX Venture Exchange ("TSXV") on April 22, 2022.

Any Subsequent Advance will be convertible into Common Shares at a price equal to a 25% premium above the 20 trading day VWAP of the Common Shares.

Think is entitled to require Beedie Capital to convert up to 50% of the principal amount of the Initial Advance or any Subsequent Advance in the event that the 20 trading day VWAP of the Common Shares equals or exceeds a 50% premium to the Initial Conversion Price or the Subsequent Conversion Price, as applicable.

While Beedie Capital has at least $10 million in capital invested in the Company, Beedie Capital will be entitled to have an observer on the Board of Directors of the Company.

The Closing Date and funding of the Initial Advance is expected to take place in early May, subject to the satisfaction of customary closing conditions.