mdf commerce

ANNUAL INFORMATION FORM

Fiscal year ended March 31, 2021

June 9, 2021

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In this Annual Information Form, "mdf commerce", the "Corporation" or the words "we", "our" and "us" refer, depending on the context, either to mdf commerce inc. or to mdf commerce inc. together with its subsidiaries and entities in which it has an economic interest. All dollar amounts refer to Canadian dollars, unless otherwise expressly stated.

This Annual Information Form is dated June 9, 2021 and, unless specifically stated otherwise, all information disclosed herein is provided as at March 31, 2021, the end of the most recent fiscal year of the Corporation.

Certain statements in this Annual Information Form and in the documents incorporated by reference herein constitute forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause mdf commerce's, or the Corporation's industry's actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any of the Corporation's statements. Such factors may include, but are not limited to, risks and uncertainties that are discussed in greater detail in the "Risk Factors and Uncertainties" section of this Annual Information Form. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "should", "could", "expects", "plans", "anticipates", "intends", "believes", "estimates", "predicts", "potential" or "continue" or the negatives of these terms or other comparable terminology. These statements are only predictions. Forward-looking statements are based on management's current estimates, expectations and assumptions, which management believes are reasonable as of the date hereof, and are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and are accordingly subject to changes after such date. Undue importance should not be placed on forward-looking statements, and the information contained in such forward-looking statements should not be relied upon as of any other date. Actual events or results may differ materially. We cannot guarantee future results, levels of activity, performance or achievement. We disclaim any *intention, and assume no obligation, to update these forward-looking statements, except as required by applicable securities laws.*

1. CORPORATE STRUCTURE

1.1 INCORPORATION OF THE CORPORATION

mdf commerce inc. (previously Mediagrif Interactive Technologies Inc.) was incorporated on February 16, 1996 under the *Canada Business Corporations Act*. Our head office is located at 1111 St-Charles Street West, Suite 255, Longueuil, Québec, J4K 5G4 and our web site is found at www.mdfcommerce.com. Since our incorporation, we have amended our articles of incorporation as follows:

A. on December 16, 1996, March 27, 1998 and February 15, 1999, to modify our share capital;

B. on March 30, 2000, to (i) add an English version of the name "Technologies Interactives Mediagrif inc."; (ii) allow the board of directors of the Corporation (the "Board") to appoint, without exceeding the maximum number of directors provided for in the articles, one or more directors to hold office until the next annual meeting of shareholders; provided that the number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders; and (iii) modify our share capital to: (a) repeal all existing classes of shares; (b) create three new classes, namely common shares, preferred shares and class C shares; and (c) convert outstanding class D shares into common shares on a one-for-one basis and outstanding class E and F shares on the basis of 9.615 class E or F shares for one common share;

C. on September 22, 2000, to (i) eliminate certain private-company restrictions; (ii) repeal class C shares and convert them into common shares on a one-for-one basis; and (iii) subsequently subdivide each outstanding common share into 50.99 common shares; and

D. on September 23, 2020, to change the Corporation name from Mediagrif Interactive Technologies Inc. to mdf commerce inc.

1.2 INTERCORPORATE RELATIONSHIPS

The principal subsidiaries and entities in which mdf commerce has an economic interest are described in Appendix A attached hereto.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 PROFILE

mdf commerce inc. (TSX: MDF) enables the flow of commerce by providing a broad set of software as a service (SaaS) solutions that optimize and accelerate commercial interactions between buyers and sellers. Our platforms and services empower businesses around the world, allowing them to generate billions of dollars in transactions on an annual basis. Our Strategic Sourcing, ecommerce, Supply Chain Collaboration and emarketplace solutions are supported by a strong and dedicated team of approximately 700 employees based in Canada, the U.S., Denmark, Ukraine and China.

2.2 HISTORY

We began developing e-business networks in 1996 with the launch of our first e-business network. Since then, we have gained technological and operating expertise and increased the number of networks under operation mainly through start-ups, but also through acquisitions. Our solutions are regrouped under three platforms – Strategic Sourcing, Unified Commerce, and emarketplaces - and we present our offer to the market as follows:

CLIENT SOLUTIONS	SINCE	PLATFORM
I. Strategic Sourcing		
MERX	December 2002	Strategic Sourcing
GovernmentBids	February 2004	Strategic Sourcing
BidNet and BidNet Direct	August 2004	Strategic Sourcing
Construction BidBoard	July 2006	Strategic Sourcing
ASC	May 2016	Strategic Sourcing
Vendor Registry	November 2020	Strategic sourcing
II. Unified Commerce		
A. ecommerce		
Orckestra	June 2017	ecommerce
k-eCommerce	December 2019	ecommerce
B. Supply Chain Collaboration		
InterTrade	December 2010	Supply Chain Collaboration
III. emarketplaces		
The Broker Forum	April 1996	emarketplaces (electronic components)
Power Source OnLine	August 1998	emarketplaces (computer equipment, telecommunications and consumer electronics)
Carrus Technologies	April 2001	emarketplaces (automotive aftermarket)
Polygon	September 2004	emarketplaces (diamonds and jewelry)
Jobboom	June 2013	emarketplaces (employment and talent acquisition)
Réseau Contact	November 2013	emarketplaces (online dating)

The following events have occurred over the last three fiscal years:

On May 29, 2018, the board of directors of Global Wine & Spirits ("GWS"), a joint venture in which the Corporation shared control with co-venturers, which operated as a virtual business-to-business electronic network offering an integrated solution for the purchase and sale of wine and spirits, voted a unanimous resolution to liquidate and dissolve GWS. The dissolution and distribution of the residual cash balances were completed on July 27, 2018. After the end of GWS's activities, the Corporation reached a long-term agreement with its partner in GWS, *la Société des alcools du Québec* (SAQ), to continue the maintenance and support of their electronic supply management system formerly supported by GWS.

On March 26, 2019, the Corporation announced that Mr. Claude Roy was retiring for health reasons and stepping down as President and Chief Executive Officer effective March 31, 2019. Mr. Paul Bourque, the Corporation's Chief Financial Officer at the time, held the position of Acting President and Chief Executive Officer until the appointment of tech industry veteran Mr. Luc Filiatreault as President and Chief Executive Officer on September 16, 2019.

On June 11, 2019, the Corporation sold all of the issued and outstanding shares of LesPAC Network Inc., a leader in classified ads in Québec, to Trader Corporation, for a total cash consideration of $19 million, subject to customary adjustments.

On December 3, 2019 the Corporation acquired all of the issued and outstanding shares of kCentric Technologies Inc. (''k-eCommerce''), a leading provider of ecommerce solutions designed for Microsoft Dynamics and SAP Business One ecosystems and servicing the specific needs of mid-sized enterprises for a total consideration of $15.0 million, including $6.5 million in debt assumed at the acquisition date, and 203,000 common shares of the share capital of mdf commerce ("Common Shares"), subject to certain subsequent adjustments related to working capital and indebtedness.

On May 21, 2020, the Corporation completed a bought deal offering, on a private placement basis, under which a total of 2,909,091 Common Shares were sold at a price of $5.50 per Common Share for aggregate gross proceeds of $16,000,000.50. Under this private placement, an aggregate of 145,454 broker warrants were issued to the underwriters allowing for the purchase of Common Shares at a price of $6.036 per Common Share until May 21, 2021 (the "Broker Warrants"). All Broker Warrants were exercised into Common Shares between November 5, 2020 and January 29, 2021, for an aggregate of 145,454 Common Shares.

On September 23, 2020, the Corporation's shareholders approved the change of the Corporation's name from "Mediagrif Interactive Technologies Inc." to "mdf commerce inc." The change of name was proposed by management of the Corporation and approved by the Board in an effort to align the Corporation's branding strategy with its new mission and five-year strategic plan. The change unified all existing brands within the Corporation under one strong brand and simplified and clarified the presentation of the Corporation's product offering.

On October 15, 2020, the Corporation closed its bank refinancing under a monthly recurring revenue (MRR)-based $50 million senior secured credit agreement (the "Credit Agreement") with The Bank of Nova Scotia and Roynat Capital Inc. The Credit Agreement provides for (i) a three-year committed revolving credit facility providing up to $35 million in credit based primarily on the MRR of the Corporation and (ii) a three-year committed term credit facility in an amount of up to $15 million. The facilities have and will be used for general corporate purposes in connection with the execution of the Corporation's five-year strategic plan launched in February 2020, including working capital requirements, capital expenditures and acquisitions. The Corporation's obligations under the Credit Agreement are guaranteed by certain material Canadian and U.S. subsidiaries of the Corporation and secured by senior security interests over their assets. A portion of the revolving credit facility under the Credit Agreement has been used to repay all amounts due under the then existing credit facility maturing on December 18, 2020. On March 1, 2021, the Credit Agreement was amended in order to make certain non-material technical adjustments to the Credit Agreement.

On November 6, 2020, the Corporation completed a bought deal offering of an aggregate of 4,780,550 Common Shares at a price of $10.00 per Common Share for aggregate gross proceeds of $47,805,500.

On November 18, 2020, the Corporation completed the acquisition of substantially all of the assets of Vendor Registry, Inc. ("Vendor Registry"), a provider of strategic sourcing solutions in the U.S. The total consideration for the acquisition was US$5.25 million (subject to certain purchase price adjustments) and was paid in cash. This acquisition added U.S buyers and suppliers nationwide to the Corporation's Strategic Sourcing platform, thereby strengthening our position on the U.S. market.

On January 1, 2021, Deborah Dumoulin was appointed Chief Financial Officer of the Corporation.

On February 10, 2021, the Corporation announced the appointment of Clément Gignac to, and the resignation of Natalie Larivière from, the Board.

On February 20, 2021, Nicolas Vanasse was appointed Vice-President, Chief Legal Officer and Corporate Secretary of the Corporation.

On March 15, 2021, the Corporation completed a bought deal offering of 5,517,242 Common Shares at a price of $14.50 per Common Share for aggregate gross proceeds of approximately $80 million.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

3.1 MISSION & OVERVIEW

Our mission is to *enable the flow of commerce* by providing a broad set of SaaS solutions that optimize and accelerate commercial interactions between buyers and sellers. The Corporation is already a major digital commerce player and our platforms and services empower governments, enterprise, and small and medium-sized businesses around the world, allowing them to generate billions of dollars in transactions on an annual basis.

3.2. SERVICE OFFERINGS

A. Strategic Sourcing

More than 3,500 buyers and more than 300,000 suppliers use one (or more) of the following mdf commerce Strategic Sourcing solutions. We believe that the Corporation's strong Strategic Sourcing solutions, including those acquired from Vendor Registry, position us to be one of the dominant players in the growing strategic sourcing market.

MERX (www.merx.com) is a leader in the development of e-sourcing technologies and Canada's leading electronic tendering service. Every month, tens of millions of dollars in goods, services and construction tenders are published on MERX by provincial governments, municipalities, other public organizations, Crown Corporations and Canadian private corporations. Suppliers and contractors of all sizes rely on MERX every day as the most cost-effective way for them to grow their business. Organizations throughout Canada use MERX to find new business opportunities, gain marketplace intelligence and develop strategic business relationships.

BidNet (www.bidnet.com) provides aggregation and publication services for tenders from federal, state, and local American governmental agencies. The data is categorized, summarized, and delivered electronically to appropriate client businesses. BidNet offers rich and detailed content about state and local government contracts, a consultative sales process and proactive customer care.

BidNet Direct (www.bidnetdirect.com) offers government purchasing officials customizable, internet-based procurement solutions, helping develop and manage their buying process online. BidNet Direct's online purchasing networks empower agencies to control the buying process, while giving suppliers an easy means to obtain bid information that is both accessible and affordable.

GovernmentBids (www.governmentbids.com) offers convenient, internet-based access to federal, state, and local government bid information. With simple self-service online registration and value-oriented pricing, GovernmentBids.com offers multiple solutions for businesses of all sizes.

Construction BidBoard (www.ebidboard.com) is a leading bid publishing company in the construction industry in the U.S., specifically for the state of California and adjacent states. Its web-enabled service is focused on improving the bid process in the construction industry, answering the needs of government agencies and industry vendors.

ASC Networks Inc. or ASC (www.ascnet.com): Established in 1992, ASC offers best-in-class solutions for contract, document, form and configure, price and quote (CPQ) lifecycle management. ASC deploys highly configurable solutions that automate and streamline business process management requirements. Features include a searchable online data repository, document generation, template library, workflow management, audit-ready history and reporting, esignature, image capture and support for a wide range of document types and processes.

Vendor Registry (www.vendorregistry.com) is an internet-based source-to-contract procurement solution, including vendor and bid management, bid evaluation and contracts. Vendor Registry enables U.S. local agencies and schools to customize their purchasing workflows while still offering a standardize process for vendors to be registered, learn about solicitations, and submit electronic bids.

B. Unified Commerce

Our Unified Commerce platform is disrupting the unified commerce space with an integrated path from back-office to front-office.

(i) ecommerce

Approximately 625 clients use one of the two mdf commerce's ecommerce solutions, Orckestra and k-eCommerce.

Orckestra (www.orckestra.com) helps enterprise retailers, grocers, and brands accelerate their digital commerce transformation. By combining our omnichannel commerce application programming interfaces (APIs), deep order management capabilities, and pre-built shopping experiences, our customers get to market faster. As a cloud-native platform, Orckestra solutions also scale seamlessly as our customers grow. This combination of API-first flexibility, packaged commerce capabilities, and a scalable cloud model make us ideal for organizations with complex business requirements, enabling them to deliver differentiated shopping experiences with lower operating costs and shortest time-to-value.

k-eCommerce (www.k-ecommerce.com) enables small and medium-sized businesses to leverage their existing enterprise resource planning (ERP) to boost online sales. We provide ERP-Integrated all-in-one ecommerce and payment solutions that leverage and transform the business data stored in their ERP into the building blocks of a sleek, scalable, automated online store with full-scale self-service capabilities. As a result, we help our customers in reducing operational costs, optimizing resources and starting to generate online revenues.

(ii) Supply Chain Collaboration

Approximately 4,000 clients use mdf commerce's Supply Chain Collaboration solutions.

InterTrade (www.intertrade.com) provides business-to-business (B2B) integration solutions to better manage the supply chain collaboration between trading partners. InterTrade's solutions enable the automation of business document exchanges, such as purchase orders, shipping notice, and invoices, via electronic data interchange (EDI), as well as the syndication of detailed product data between suppliers and retailers. InterTrade has a strong presence in the following verticals: apparel & general merchandise, automotive aftermarket, medical and food.

C. emarketplaces

Carrus Technologies (www.carrus.ca) offers business management software solutions targeting the automotive parts distribution industry, as well as the automotive, glass and collision repair industry.

The Broker Forum ("TBF") (www.brokerforum.com) offers an online solution specific to the needs of distributors and brokers in the electronic components industry. TBF holds one of the largest online parts inventory and offers a commercial platform that generates one of the highest level of trading activity of the industry. Through a suite of transactional tools as well as third party financial escrow and member vetting services, TBF offers a high-quality specialized solution related to business issues of the electronic components industry.

Power Source On-Line (www.powersourceonline.com) is an online marketplace for stocking dealers, resellers and brokers of computer equipment and telecom parts and equipment. Power Source On-Line members use the network as a centralized inventory database where inventory and excess parts can be posted for resale and requirements can be filled. There are close to 3 million inventory lines available through Power Source On-Line, ranging from hard drives and server parts to full systems and large telecommunication towers.

Polygon (www.polygon.net): Established in 1984, Polygon is one of the major B2B trading communities for qualified professionals in the gem and jewellery industry. Polygon provides a web-based platform enabling members to buy and sell diamonds, jewellery, coloured stones, precious metals, pearls, watches, estate pieces and other jewels. Retailers take advantage of the efficient supply capabilities and information available on the Polygon network, while suppliers use it as a profitable distribution channel.

Jobboom (www.jobboom.com): Jobboom is a leader in job recruitment and talent acquisition in Québec. Its mission is to connect the aspirations and needs of its members, whether they are employers, job seekers or students, to enable them to meet or exceed their goals.

Réseau Contact (www.reseaucontact.com): Specialized in online dating, Réseau Contact contributes to the development of sustainable relationships while creating meeting opportunities through interactive tools.

3.3 GROWTH STRATEGY

The Corporation adopted a five-year strategic plan to transform mdf commerce under its new vision as a high-growth, cloud-based technology company with a SaaS business model.

mdf commerce's five-year plan is built around five main strategies:

- *One SaaS company* – A strategy to unify our brands, promote the business data of our different families of products and adopt a set of SaaS performance metrics, within a simplified operational and corporate structure.
- *Product development* - A product development strategy based on the acceleration of development cycles, innovation and monetization of data through high value-added services based on artificial intelligence (AI), as well as the promotion and recognition of our products among industry specialists.
- *Customer acquisition* - A sustained organic growth plan with a focus on developing a sales culture and cross-selling synergies between our families of solutions.
- *Merger, Acquisition and Integration* - A strategic acquisition plan aimed at increasing our customer base, expanding our geographic footprint and strengthening our existing product offerings with technology components, the whole executed following a proven integration strategy.
- *Culture, talent and operational efficiency* - an investment plan in our leaders and employees to develop skills and foster collaboration, engagement and a sense of belonging, while focusing on operational efficiency.

3.4 TECHNOLOGY

Our architecture allows us to quickly respond to the constantly increasing demands of our client's requirements. Our technical infrastructure, which supports our platforms, is based on a modular, decentralized concepts allowing for vertical and horizontal scaling as needed. Our philosophy is to leverage cutting edge technologies sourced from various technological spheres to provide a best-of-breed service for our customers.

At mdf commerce, security is top of mind and multiple measures have been put in place to ensure that our customers' information is protected at all times during their transactions with our platform, all of which leverage industry standards and compliance regulations to ensure a safe and secure user experience.

Our solutions are hosted to maximize the customer experience as we transition mdf commerce to introduce modern hosting services to the public cloud space, as well as leverage our expertise in traditional hosting with collaboration with world-renowned partners. This diversity allows us to operate our solutions by offering availability and performance that meet our customers' requirements worldwide.

3.5 RESEARCH AND DEVELOPMENT

Primarily based at our head office in Longueuil but working remotely from home for the last twelve months, our research and development team is composed of nearly 200 IT professionals, whose mission is to be effective partners in creating innovative and creative solutions. Our turnkey platforms combine mdf commerce's proprietary technology with the industry's leading solutions to provide our customers with worldwide web-or cloud-based applications enabling them to achieve their goals of efficiency and performance. Innovation and agility are at the heart of everything we do, and allow us to remain competitive and to be a leader in ecommerce solutions.

3.6 HUMAN RESOURCES

As of March 31, 2021, mdf commerce and its affiliated companies employed approximately 700 people throughout the world. Sales and customer service personnel from mdf commerce provide superior customer relations in multiple languages. None of our employees are represented by a labor organization or is a party to a collective bargaining arrangement. We consider our relationship with our employees to be excellent.

3.7 INTELLECTUAL PROPERTY

Our success and ability to compete stem in good part on our proprietary technology. We rely on a combination of copyright, trademark and trade secret laws and contractual restrictions to establish and protect the proprietary aspects of our technology. We seek to protect the source code for our software, documentation and other written materials under trade secret and copyright laws. Finally, we seek to avoid disclosure of our intellectual property by requiring employees, consultants and strategic partners with access to proprietary information to execute confidentiality agreements with us and by restricting access to our source code.

3.8 SALES, MARKETING AND CUSTOMER SUPPORT

The Corporation's sales and marketing focus is lead generation, conversion and customer retention as well as brand awareness efforts. From a brand perspective, we are simplifying how we present the Corporation in order to promote the mdf commerce brand, based on a One company approach. Growth initiatives are mostly based on the broad deployment of digital strategies, including Search Engine Marketing (SEM), Paid Social, content marketing, automated drip campaigns, search engine optimization (SEO), webinars, etc. Efforts also include further development of partner-referral networks to generate more sales opportunities. Each sector of activity may also take part in additional marketing activities such as seminars, trade shows, online speaking engagements and other ad hoc marketing endeavours.

These initiatives are supported by a cross-functional corporate marketing team, which supports marketing operations and sales teams embedded in each sector of activity. Specific sales efforts include in-person sales representation and outbound calls (directed to smaller organizations). Driven by service specialization, our customer-first approach to sales helps our customers quickly understand the business and technical benefits delivered by each of our business solutions and ensures user adoption through personalized training. Our customer support personnel work with the best tools available, allowing them to effectively respond to inquiries and technical questions from customers and guide them to the most appropriate solution.

This combination of efforts in sales and marketing, as well as in customer support allows us to accelerate our growth while providing our customers with a personalized and effective customer experience.

3.9 ECONOMIC AND COMPETITIVE ENVIRONMENT

The digital commerce environment is heavily competitive, and we are facing several competitors with significant financial, marketing, human and technological resources. New competitors may also arise with the development of new technologies and new products and services. The principal competitive factors that affect our operations are: (i) breadth of products and services offered; (ii) the technologies underlying our products and services; (iii) brand loyalty; (iv) strategic relationships; and (v) optimal fulfilment. We believe that we compete favourably with respect to each of these factors.

3.10 FACILITIES

The following sets forth the main facilities occupied by mdf commerce and its subsidiaries:

Location	Use of Space	Area (sq. ft.)	Type of Interest
1111 St-Charles Street West, Suite 255, Longueuil, Québec, Canada, J4K 5G4	Office space and principal place of business	48,398	Lease
3224 Jean Beraud Avenue Suite 270, Laval, Québec, Canada, H7T 2S4	Office space	12,514	Lease
666 St-Martin Boulevard West Suites 300, 310 and 330 Laval, Québec, Canada H7M 6A8	Office space	15, 346	Lease
6 Antares Drive, Phase II, Suite 103, Ottawa, Ontario, Canada, K2E 8A9	Office space	6,088	Lease
50, Frank Nightbor Place, Ottawa, Ontario, Canada, K2V 1B9	Office space	8,061	Lease
15 British American Boulevard, Latham, New York, U.S.A. 12110	Office space	13,169	Lease
Dingcheng Building, Suite No. 2507, Zhenzhong Road, Futian District, Shenzhen, China	Office space	3,122	Lease
Matrikel 1, Office no. 103, 1. Floor, Hoejbro Plads 10 1200 Copenhagen, Denmark	Office space	Coworking space	Lease
Bohdana Khmelnytskoho 17/52, 4th floor, Kiev, Ukraine 01030	Office space	Coworking space	Lease
22260, Haggerty Road, Suite 360 Northville, MI 48167	Office space	1,754	Lease

4. RISK FACTORS AND UNCERTAINTIES

The Corporation faces a number of risks and uncertainties, which include the following:

Risks related to Our Business and Industry

4.1 ATTRACTION AND RETENTION OF CUSTOMERS

We depend on our customer base for a significant portion of our revenues. Our future profitability and growth also heavily rely on our ability to retain existing customers, as well as attract new customers. If our customers fail to renew their contracts, or fail to purchase additional services, then our revenues could decrease, and our operating results could be adversely affected. Factors influencing such contract terminations could include changes in the financial circumstances of our customers, dissatisfaction with our products or services, our retirement or lack of support for our legacy products and services, our customers selecting or building alternate technologies to replace us, business closures, and changes in our customers' business that may no longer necessitate the use of our services, or other reasons. Furthermore, our customers could delay or terminate implementations or use of our services or be reluctant to migrate to new services. Such customers will not generate the revenues anticipated within the timelines anticipated, if at all, and may be less likely to invest in additional services or products from us in the future.

4.2 COVID-19 PANDEMIC

The ongoing COVID-19 pandemic, the measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, shutdowns and restrictions on trade, and the resulting changes in merchant and consumer behaviours have impacted and continue to impact our operations and our employees, suppliers, partners, merchants and their customers. We modified our business practices in response to the COVID-19 pandemic and we may take further actions as required by government authorities or that we determine are warranted. We have implemented measures that allow our employees to work remotely from home and continue to service and support our customers and ensure the uninterrupted availability of our various solutions, most of which are delivered by way of a SaaS. However, there is no certainty that such measures will be sufficient to mitigate the direct and indirect effects of the virus and there could be an adverse effect on our business, financial condition and results of operations.

Businesses in many countries around the globe, including Canada, the U.S., and other countries in which we operate, have been required to close, or materially alter their day-to-day operations due to government-ordered or recommended shutdowns or equivalent restrictions on individuals and businesses, which may prevent many businesses from operating. These emergency measures and restrictions, and future measures and restrictions taken in response to the COVID-19 pandemic or other pandemics, have and may cause, material disruptions to businesses globally. The COVID-19 pandemic may affect the financial viability of our customers, and could cause them to exit certain business lines, or change the terms on which they are willing to purchase our services and solutions. Customers may also slow down decision-making, delay planned work, seek to terminate existing agreements, not renew existing agreements or be unable to pay us in accordance with the terms of existing agreements. Uncertain and unfavourable economic conditions can also lead to an increase in reimbursements and chargebacks. Any of these events could cause or contribute to risk and uncertainty and could adversely affect our business, financial condition and results of operations.

Finally, global equity and capital markets have experienced significant volatility and weakness as a result of the COVID-19 pandemic, which has caused heightened uncertainty in the global economy. Since the impact of the COVID-19 pandemic is ongoing, the effect of the COVID-19 pandemic and the related impact on the global economy may not be fully reflected in our results of operations until future periods and may negatively impact our ability to forecast our results. Further, volatility in the capital markets has been heightened during the COVID-19 pandemic and such volatility may continue, which may cause declines in the price of our securities.

4.3 STRATEGIC PLAN

Our ability to achieve revenue growth and sustain profitability in future periods depends on our ability to execute our five-year strategic plan and effectively manage our growth. Moreover, as our business grows, we will need to devote additional resources to improving our operational infrastructure and continuing to enhance its scalability in order to maintain the performance of our systems and solutions, and we may need to hire additional personnel. These efforts may require substantial financial expenditures, commitments of resources, developments of our processes, and other investments and innovations. Failure to effectively manage our growth could have an adverse effect on our business, financial condition and results of operations. In addition, our revenue, cash flow, operating results and profitability may experience fluctuations from quarter to quarter, while we execute our five-year strategic plan and invest in our operations.

4.4 ACQUISITIONS

Our growth strategy includes making strategic acquisitions aimed at increasing our customer base, expanding our geographic footprint and strengthening our existing product offerings with technology components. There is no assurance that we will find suitable companies to acquire or that we will have enough resources to complete any acquisition. Acquisitions involve a number of risks, including: diversion of management's attention from current operations; disruption of our ongoing business; lack of expertise of management in the sector of activity of the acquired business; difficulties in integrating and retaining all or part of the acquired business, its customers and its personnel; assumption of disclosed and undisclosed liabilities; dealing with unfamiliar laws, customs and practices in foreign jurisdictions; and the effectiveness of the acquired company's internal controls and procedures. As well, in paying for an acquisition, we may deplete our cash resources. Furthermore, there is the risk that our valuation assumptions, customer retention expectations and our models for an acquired product or business may be erroneous or inappropriate due to foreseen or unforeseen circumstances and thereby cause us to overvalue an acquisition target. There is also the risk that the contemplated benefits of an acquisition may not materialize as planned or may not materialize within the time period or to the extent anticipated. The individual or combined effect of these risks could have an adverse effect on our business, financial condition and results of operations.

4.5 ATTRACTION AND RETENTION OF KEY PERSONNEL

Our performance depends largely on the efficiency of our technical key and senior management personnel whom have substantial experience with our operations, the rapidly changing industry, and the markets in which we offer our services. Many of our key personnel have worked with us for a significant amount of time or were recruited by us specifically due to their expertise. The loss of the services of one or a combination of our senior executives could have an adverse effect on our business, financial condition, and results of operations.

Our success is also highly dependent on our continued ability to identify, hire, train, motivate, promote, and retain highly qualified personnel in the areas of management, administration, technology services, product developers, sales and marketing. Competition for such personnel is always strong, especially in the current environment where companies of all sectors, but mainly in the tech industry, are facing an immediate labour and skills shortage, and we may not always succeed in recruiting and retaining additional personnel, or we may fail to effectively replace departing personnel with qualified or effective successors. Our inability to attract or retain the necessary personnel in these areas, or to attract such employees on a timely basis, could have an adverse effect on our business, results of operations, financial condition and the price of our securities. In addition, the current impact of the COVID-19 pandemic on demand for tech talent may have considerable business and financial impacts on us and result in our profitability experiencing fluctuations quarter to quarter as we try to strike the right balance between managing salary costs while staying in the race to capitalize on the window of opportunity brought on by the current market acceleration.

4.6 RESPONSE TO INDUSTRY'S RAPID PACE OF CHANGE

We operate in markets that are experiencing constant technological change, evolving industry standards, changing customer needs, frequent new product and service introductions, and short product life cycles. Our success will depend in large part on how well we can anticipate and respond to changes in industry standards and introduce and upgrade new technologies, products and services and upgrade existing products and services. Our inability to anticipate rapidly changing needs and expectations or adapt to emerging trends could have an adverse effect on our business, financial condition and results of operations.

We may face additional financial risks as we develop new products, services and technologies and update them to stay competitive. Newer technologies, for example, may quickly become obsolete or may need more capital than expected. Development could be delayed for reasons beyond our control. Furthermore, substantial investment is usually required before new technologies become commercially viable. There is no assurance that we will be successful in developing, implementing and marketing new technologies, products, services or enhancements within a reasonable time, or that there will be a market for them. New products or services that use new or evolving technologies could make our existing ones unmarketable, obsolete, or cause their prices to fall. The development of new products, services and technologies of and their update and improvement is expensive and complex, and if we are not able to perform it in a manner that responds to our customers' evolving needs, it could have an adverse effect on our business, financial condition and results of operations.

4.7 COMPETITION

The digital commerce environment is intensely competitive, and we have many competitors with substantial financial, marketing, personnel and technological resources. New competitors may also appear as new technologies, products and services are developed. Some of our competitors have financial resources far superior than our own and, in some cases, operate under a business model different from ours. These competitors may be able to offer their products and services at more competitive prices, which could affect our pricing strategies or bring us to change our business model, which could lead to lower our revenues and results of operations. It could also affect our ability to retain existing customers and attract new ones. If we are required to materially reduce our fees in order to remain competitive, this could have an adverse effect on our business, financial condition and results of operations.

4.8 DEFECTS IN SOFTWARE OR FAILURES IN PROCESSING OF TRANSACTIONS

Defects in our owned or licensed software products, delays in delivery, as well as failures or mistakes in our processing of electronic transactions could materially harm our business, including our customer relationships and operating results. Our operations are dependent upon our ability to protect our computer equipment and the information stored in our data centers against damage that may be caused by fire, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, and other similar events. Although we have redundant and back-up systems for some of our services and products, these systems may be insufficient or may fail and result in a disruption of availability of our products or services to our customers. Any disruption to our services could impair our reputation and cause us to lose customers or revenue, or face litigation, necessitate customer service or repair work that would involve substantial costs and distract management from operating our business. The individual or combined effect of these risks could have an adverse effect on our business, financial condition and results of operations.

Additionally, we derive the majority of our revenue from rights of use and transaction. Revenue comprises a significant volume of low-dollar transactions, sourced from multiple systems, databases, and other tools that are generally customized and specific to the Corporation. The initiation, processing and recording of revenue are highly automated and are based on contractual terms with customers. Given that our revenue transactions are highly automated, there are potential risks arising from the initiation, processing and recording of revenue, which could have an adverse effect on our business, financial condition and results of operations.

4.9 POTENTIAL RISKS OF USING OF “OPEN SOURCE” SOFTWARE

Like many other ecommerce companies, we use “open source” software in order to add functionality to our products and services quickly and inexpensively. We face certain risks relating to our use of open-source code. Open-source licence terms may be ambiguous and may result in unanticipated or uncertain obligations regarding our products and services. Our use of open-source software could subject certain portions of our technology to the requirements of such open-source software. That may have an adverse impact on our sale of the products or services incorporating the open-source software. Other forms of open-source software licensing present licence compliance risks for us. If we fail to comply with the licence obligations, we could be sued and/or lose the right to use the open-source code. Our use of open-source code could also result in us developing and selling products that infringe third-party intellectual property rights. It may be difficult for us to accurately determine the developers of the open-source code and whether the code incorporates proprietary software.

4.10 INFRINGING ON THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS

We cannot be sure that our services and offerings do not infringe, misappropriate, or otherwise violate the intellectual property rights of third parties, and we may have infringement, misappropriation, or violation claims asserted against us. Any claim from third parties may result in a limitation on our ability to use the intellectual property subject to these claims or could prevent us from registering our brands as trademarks. Even if we believe that intellectual property-related claims are without merit, defending against such claims is time-consuming and expensive, and could result in the diversion of the time and attention of our management and employees. Claims of intellectual property infringement also might require us to redesign affected services, enter into costly settlement or license agreements, pay costly damage awards, change our brands or face a temporary or permanent injunction prohibiting us from importing, marketing, selling or operating certain of our services, using certain of our brands or operating our business as presently conducted. Even if we have an agreement for indemnification against such costs, the indemnifying party, if any in such circumstances, may be unable to uphold its contractual obligations.

In addition to being costly, we may be subject to adverse publicity or reputational harm, even if claims against us are later shown to be unfounded or unsubstantiated. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have an adverse effect on the price of our securities. The award of damages, including material royalty payments, or the entry of an injunction against the marketing, sale or operation of some or all of our products or services and offerings, or our entry into any license or settlement agreement in connection with such claims could affect our ability to compete with third parties and have an adverse effect on our business, financial condition and results of operations.

We enter into licensing agreements with our clients for the right to use intellectual property that includes a commitment to indemnify the licensee against liability and damages arising from any third-party claims of patent, copyright, trademark or trade secret infringement. In some instances, the amount of these indemnity claims could be greater than the revenue we receive from the client. Furthermore, our e-business networks are platforms bringing together buyers and sellers to find, buy and sell different products and services. We have no control over the quality of products and services that our members display on our platforms and there may be incidents where these products or services infringe the intellectual property rights of third parties. Although we contractually limit our responsibility as it pertains to the content posted on our networks by users, it is possible that complaints alleging violation of intellectual property rights of third parties are made against us. Any claims or litigation in this area, whether we ultimately win or lose, could be time-consuming and costly, injure our reputation, or require us to enter into royalty or licensing arrangements. Any limitation on our ability to sell or use products or services that incorporate challenged software or technologies could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects and could have an adverse effect on our business, financial condition and results of operations.

4.11 PROTECTING OUR INTELLECTUAL PROPERTY RIGHTS

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. Our general practice is to pursue copyright, trademark, trade secret or other appropriate intellectual property protection that is reasonable and necessary to protect and leverage our intellectual assets. We also assert trademark rights in and to our name, product names, logos and other markings used to identify our goods and services in the marketplace. We routinely file for and have been granted trademark registrations from trademark offices worldwide. All of these actions taken allow us to enforce our intellectual property rights should the need arise. However, the laws of some countries in which we conduct business may offer only limited protection of our intellectual property rights and despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

4.12 OTHER REGULATIONS

Some of the other laws and regulations that may affect us include: those related to anti-money laundering and cross-border and domestic money transmission; those relating to consumer products and consumer protection; those relating to foreign exchange trading; those relating to the manner in which we advertise, market and sell products; labor and employment laws; and tax laws, among others. The laws and regulations specifically applicable to us may also change on the basis of a change in the nature of our products or services, or a change in the jurisdictions in which those products or services are being offered, including, but not limited to, as a result of acquisitions. There can be no guarantee that we will have sufficient resources to comply with new laws, regulations or government action, or to successfully compete in the context of a shifting regulatory environment. Moreover, these laws and regulations may change, sometimes significantly, as a result of political, economic and social events.

Additionally, if partners or third parties with whom we work violate applicable laws or our policies, those violations could result in other liabilities for us and could harm our business. Such violations may also negatively impact our reputation and brand in ways that could cause additional harm to our business, for example creating a negative consumer or regulatory perception around use of our products.

4.13 CYBER SECURITY

In the ordinary course of business, we collect, store, process and/or transmit sensitive data belonging to clients, partners, vendors, employees and contractors as well as our own proprietary business information and intellectual property. The secure processing, maintenance and transmission of this information is critical to our operations and delivery of products and services to our clients. Despite the rigorous security procedures implemented, our data, systems and infrastructure may be vulnerable to cyber attacks or breached due to employee error, phishing attempts, malfeasance or other disruptions. These security breaches could materially compromise our information, disrupt our business operations or cause us to breach our client obligations thereby exposing us to liability, reputational harm and/or significant remediation costs. A theft, loss, corruption, exposure, fraudulent use or misuse of client information whether by third parties or as a result of employee malfeasance, could result in significant remediation and other costs, fines, litigation or regulatory actions against us, as well as cause reputational harm, negatively impact our competitive position and could have an adverse effect on our business, financial condition and results of operations. We also rely on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over our data and system processing. Such third parties may also be vulnerable to security breaches for which we may not be indemnified, and which could cause materially adverse harm to our reputation and competitive position and could have an adverse effect on our business, financial condition and results of operations.

4.14 PRIVACY AND PERSONAL INFORMATION

We store personal information and other confidential information of our partners and our customers, and we may also store credit card information of our customers. We also collect and maintain personal information of our employees. Third-party software applications integrated with us and the third-party applications available on our platforms may also store personal information and/or other confidential information. We do not regularly monitor or review the content that our customers upload and store, or the information provided to us through the applications integrated with our platforms, and, therefore, we do not control the substance of the content hosted within our platforms, which may include personal information. Additionally, we use third-party service providers and subprocessors to help us deliver services to customers and their consumers. These service providers and subprocessors may store personal information, credit card information and/or other confidential information. We have in the past experienced and may in the future experience attempts by third parties to obtain unauthorized access to the personal information of our partners, our customers and our customers' consumers, and events or situations as a result of which this information could be exposed through human error, malfeasance or otherwise. The unauthorized or inadvertent release or access, or other compromise of this information could have a material adverse effect on our business, financial condition and results of operations. Even if such a data breach were to affect one or more of our competitors or our customers' competitors, rather than us, the resulting consumer concern could negatively affect our customers and/or our business.

We are also subject to federal, state, provincial and foreign laws regarding cybersecurity and the protection of data. The regulatory framework in Canada, the U.S., Europe and many other jurisdictions in respect of privacy issues is constantly evolving and is likely to remain uncertain for the foreseeable future. For example, the General Data Protection Regulation (GDPR) became effective in May 2018 and replaced the data protection laws of each member state of the European Union. The GDPR significantly increased penalties for non-compliance with European data protection regulations. The interpretation and application of such laws is often uncertain and such laws may be interpreted and applied in a manner inconsistent with our current policies and practices or require us to make changes to our platforms. Some jurisdictions, including Canada, U.S. states and the European Union, among others, have enacted laws requiring companies to notify individuals and authorities of security breaches involving certain types of personal and other information and our agreements with certain customers and partners require us to notify them in the event of a security incident. Similarly, if our suppliers experience data breaches and do not notify us or honor their notification obligations to authorities or users, we could be held liable for the breach. We may not be in a position to assess whether a data breach at one of our suppliers would trigger an obligation or liability on our part.

Additionally, some jurisdictions, as well as our contracts with certain customers, require us to use industry-standard or reasonable measures to safeguard personal information or confidential information, and thereby mitigate the risk of a security incident. Our failure to comply with legal or contractual requirements around the security of personal information could lead to significant fines and penalties imposed by regulators, as well as claims by our partners, our customers and their consumers, our employees or other relevant stakeholders. These proceedings or violations could force us to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability or injunctive relief, diversion of management's time and attention, increase our costs of doing business, and could have an adversely affect our reputation and our business.

4.15 DOING BUSINESS IN EMERGING COUNTRIES

Our future success will depend in part upon our ability to continue to expand into new geographic regions and solutions and we will face risks entering markets in which we have limited or no experience, which have additional complexity. We are doing business in emerging countries. Certain risks are associated with conducting our business in emerging countries that could negatively impact our operating results, which include, but are not limited to:

- Language barriers, conflicting international business practices, and other difficulties related to the management and administration of a global business.
- Difficulties and costs of staffing and managing geographically disparate direct and indirect operations.
- Exchange rate fluctuations on the currencies.
- Multiple, and possibly overlapping, tax structures and the burden of complying with a wide variety of foreign laws.
- Trade restrictions and tariff rates.
- The need to consider characteristics unique to technology systems used internationally.
- Economic or political instability in some markets.
- Other risk factors set out herein.

For instance, in the People's Republic of China (the "PRC"), the Internet sector is strictly regulated in terms of foreign ownership and content restrictions. While many aspects of these regulations remain unclear, they purport to limit and require licensing of various aspects of the provision of Internet information services. These regulations have created uncertainties regarding the legality of foreign investments and business operations in the PRC for companies who have consulting activities related to the Internet. We have the licence enabling us to operate an ecommerce network in the PRC. It is however possible that we could cease to qualify as an authorized recipient of this license and that we could be unable to renew the licence at the expiration of its term.

In these emerging countries where we operate, changes in laws, regulations or governmental policy, or the uncertainty associated with the interpretation of these laws and regulations affecting our business activities, may increase our costs, restrict our ability to operate our business or may make it difficult for us to enforce any rights we may have or to know if we are in compliance with all applicable laws, rules and regulations. Political, economic, social or other developments in the countries where we operate may cause us to change the way we conduct our business, suspend the launch of new or expanded services or force us to discontinue our operations altogether. In addition, continuing to expand into new geographic regions including those where the main language is neither English nor French requires substantial expenditures and will take considerable time and attention, and we may not be successful enough in these new markets to recoup our investments in a timely manner, or at all. Our efforts to expand into new geographic regions may not be successful, which could limit our ability to grow our business and could have an adverse effect on our business, financial condition and results of operations.

4.16 INADEQUATE RISK MANAGEMENT POLICIES

We operate in a rapidly changing industry. Accordingly, our risk management policies and procedures may not be fully effective at identifying, monitoring and managing our risks. Some of our risk evaluation methods depend upon information provided by third parties regarding markets, clients or other matters that are otherwise inaccessible to us. In some cases, however, that information may not be accurate, complete, or up-to-date. Our risk management policies, procedures, techniques and processes may not be effective at identifying all of the risks to which we are exposed or enabling us to mitigate the risks we have identified. In addition, when we introduce new services, focus on new business types or begin to operate in markets in which we have limited history of fraud loss, we may be less able to forecast and reserve accurately for new risks. If our risk management policies and processes are ineffective, we may suffer large financial losses, we may be subject to civil and criminal liability and there could be an adverse effect on our business, financial condition and results of operations.

4.17 INSUFFICIENT INSURANCE POLICIES

Our insurance policies, including policies for data security, privacy liability and cyber-attacks may not adequately cover all risks to which we are exposed and may not be adequate for all liabilities actually incurred or indemnification claims against us. A significant claim not covered by our insurance, in full or in part, may result in significant expenditures by us. Moreover, we may not be able to maintain insurance policies in the future at reasonable costs, on acceptable terms or at all, which may adversely affect our business and the trading price of our securities. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our business, financial condition, and results of operations.

4.18 LITIGATION

We are, and may be in the future, party to legal, arbitration and administrative investigations, inspections and proceedings arising in the ordinary course of our business or from extraordinary corporate, tax or regulatory events that involve us or our associated participants, particularly with respect to civil, tax and labor claims.

4.19 FOREIGN EXCHANGE

Our revenues are affected by fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar, as well as other currencies. We generate a significant portion of our revenues in U.S. dollars, with a smaller portion of our operating expenses and cost of revenues being in U.S. dollars. As a result, any decrease in the value of the U.S. dollar relative to the Canadian dollar reduces the amount of Canadian dollar revenues we realize on sales, without a corresponding decrease in expenses. Exchange rate fluctuations are beyond our control, and the U.S. dollar or other currencies may depreciate against the Canadian dollar in the future, which would result in lower revenues and margins. In order to reduce the potential negative effect of a weakening U.S. dollar, we have entered into agreements to hedge the value of a portion of our future U.S. dollar net cash inflows for periods of up to 18 months.

Risks Related to Ownership of our Securities

4.19 WE DO NOT CURRENTLY ANTICIPATE PAYING DIVIDENDS

Our current policy is to reinvest our earnings to finance the growth of our business. Therefore, we do not anticipate paying any cash dividends on our Common Shares in the foreseeable future. Any future determination to pay dividends on our Common Shares will be at the discretion of the Board and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant. Until the time that we do pay dividends, which we might never do, our shareholders will not be able to receive a return on their Common Shares unless they sell such Common Shares for a price greater than their acquisition price, and such appreciation may never occur. See “Dividend Policy”.

4.20 SHARE PRICE

Our Common Shares do not necessarily trade at prices determined by reference to the underlying value of our business and cannot be predicted. The market price of the Common Shares may be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, securities markets have experienced significant price and volume fluctuations from time to time in recent years, and even more so since the beginning of the COVID-19 pandemic, that are often unrelated or disproportionately related to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of our Common Shares.

4.21 LIQUIDITY AND FINANCING RISKS

Our organic growth and five-year strategic plan require investments, which may come from cash from our operations, loans from credit agreement and issuance of securities from our capital stock. Our access to such funding sources may be limited by our ability to generate liquidity, the ability of financial markets to meet our needs and the volatility of our stock price. In addition, we must generate sufficient liquidity to meet our operational needs and comply with financing covenants under our Credit Agreement. If our cash flow does not allow us to meet these needs or if we are unable to obtain financing or if such financing is obtained at rates that are disadvantageous to us, this could harm our ability to repay our debt and execute our strategy accordingly and have an adverse effect on our business, financial condition and results of operations.

5. CAPITAL STRUCTURE

Our authorized share capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares, all without par value. As of June 9, 2021, there were 28,404,116 Common Shares and no preferred shares outstanding.

5.1 COMMON SHARES

Holders of Common Shares are entitled to receive notice of, and to attend, all meetings of shareholders and to vote at all such meetings together as a single class, except in respect of matters where only the holders of shares of a specified class or specified series of shares are entitled to vote separately. The Common Shares carry one vote per share. Holders of Common Shares are entitled, subject to the rights, privileges, restrictions and conditions attaching to preferred shares, to receive any dividend declared by our Board. In the event of any liquidation, dissolution or winding-up of mdf commerce or other distribution of assets of mdf commerce among our shareholders for the purpose of winding-up our affairs, subject to the rights, privileges, restrictions and conditions attaching to preferred shares, the assets and funds of mdf commerce will be distributed among the holders of Common Chares. All outstanding Common Shares are issued as fully paid and non-assessable.

5.2 PREFERRED SHARES

The preferred shares are issuable, from time to time, in one or more series, as determined by our Board. The preferred shares, if issued, rank prior to the Common Shares with respect to the payment of dividends, return of capital and the distribution of assets in the event of the liquidation or dissolution of mdf commerce, or any other distribution of the assets of mdf commerce among our shareholders for the purpose of winding-up our affairs, whether voluntary or involuntary. Subject to the provisions of the *Canada Business Corporations Act*, or unless a particular series of preferred shares is designated as carrying voting rights, the preferred shares do not carry voting rights.

5.3 DIVIDEND POLICY

On November 10, 2009, the Board adopted a cash dividend policy with regard to the Common Shares. This policy aims to distribute to shareholders of record a dividend on a semi-annual basis, subject to the solvency tests set out by Section 42 of the *Canada Business Corporations Act*. On February 8, 2011, the Board decided to change the dividend policy to allow distribution of dividend on a quarterly basis rather than semi annual. The quarterly dividend, unless provided otherwise, is an “eligible dividend” for the *Income Tax Act* (Canada) and any other similar provincial and territorial laws. The Board regularly reviews its strategy regarding the payment of dividend to ensure that the dividends paid reflect the Corporation’s excess cash flows and profits, while ensuring that the necessary cash flows are retained to carry out its business plan. However, on November 12, 2019, the Board decided to suspend the payment of dividends in an effort to effectively invest in its strategy aimed at increasing the Corporation’s growth and contribute the amounts normally attributed to dividend payments to the Corporation’s future development. The declaration of future dividends remains at the discretion of the Board and is subject to, among other things, compliance with the accounting tests established by mdf commerce's constitutive law.

The following table presents the cash dividends declared by the Corporation to holders of Common Shares for the three most recently completed financial years:

Dividends declared					
Financial years ended March 31st	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2019	$0.10	$0.10	$0.10	$0.10	$0.40
2020	$0.10	$0.10	$0.00	$0.00	$0.20
2021	$0.00	$0.00	$0.00	$0.00	$0.00

6. MARKET FOR SECURITIES

The Common Shares of mdf commerce are currently traded on the Toronto Stock Exchange (the “TSX”) under the symbol “MDF”. The following table sets forth the reported high and low sale prices in Canadian dollars and the cumulative volume of trading of our Common Shares listed on the TSX for each month of the most recently completed financial year.

	Price Ranges		
	High ($)	Low ($)	Trading Volumes
April 2020	6.75	2.72	1,047,970
May 2020	6.85	4.73	1,281,226
June 2020	6.67	5.65	410,538
July 2020	6.25	5.65	439,160
August 2020	7.33	5.03	1,539,779
September 2020	10.36	6.06	1,364,684
October 2020	12.00	8.50	2,219,861
November 2020	10.05	8.40	1,704,915
December 2020	14.22	8.32	2,235,966
January 2021	15.57	11.59	1,495,985
February 2021	16.90	13.53	1,101,045
March 2021	14.49	11.50	1,767,564

7. DIRECTORS AND EXECUTIVE OFFICERS

7.1 DIRECTORS

The following table sets forth the name, office within the Corporation, province or state and country of residence of each director, his or her principal occupation, the period since which each has acted as a director and the number and percentage of Common Shares held by him or her as of March 31, 2021. Each director is elected until the next annual meeting of shareholders or until his or her successor is elected by shareholders, unless the director resigns or his or her office becomes vacant by removal, death or other cause.

Name and Place of Residence	Office/Principal Occupation	Director Since	Number of Common Shares (1)	% of Common Shares (2)
Luc Filiatreault Québec, Canada	President and Chief Executive Officer of the Corporation	2019	76,754	0.27%
Gilles Laporte (3) Québec, Canada	Director of corporations	2011	140,400	0.49%
Christian Dumont (4) California, U.S.	Consultant for venture capital firms	2020	0	0.00%
Gilles Laurin (5) Québec, Canada	CPA, CA Director of corporations	2009	3,000	0.01%
Catherine Roy(6) Québec, Canada	Vice President, Transformation of the Corporation	2015	6,575	0.02%
Jean-François Sabourin (7) Québec, Canada	Managing Director, Canaccord Genuity Direct President, JitneyTrade Inc.	2008	20,287	0.07%
Clément Gignac (4) Québec, Canada	Senior Vice President and Chief Economist et iA Financial Group	2021	0	0.01%

Zoya Shchupak (5) Québec, Canada	Managing Partner, Innovobot Fund I L.P.	2019	2,000	0.01%

(1) Number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each director, to the knowledge of the Corporation and according to the information received.
(2) Based on 28,404,116 Common Shares outstanding on March 31, 2021.
(3) Chairman of the Board and interim Chairman of the Human Resources Committee since February 4, 2021.
(4) Member of the Human Resources Committee.
(5) Member of the Audit Committee.
(6) Ms. Catherine Roy is currently serving as Interim President of ecommerce; Ms. Julie T. Bélanger is currently serving as Interim Vice President, Transformation of the Corporation.
(7) President of the Audit Committee.

During the past five years, each director has held his present principal occupation or other executive capacities with the same entity, except for:

- Mrs. Catherine Roy, who was appointed Vice President, Operations and Strategies of the Corporation on April 1st, 2019, and occupied the position of Senior Consultant at Décarie Executive Search from January 2014 to December 2016.
- Mr. Christian Dumont, who occupied the position of Vice President at Flex Ltd. until February 2019 and since then, has been consulting for various venture capital firms.
- Mr. Luc Filiatreault who occupied the position of Managing Director at Ayuda Media Systems Inc. from 2017 to 2019 and the position of Vice President, Venture Capital at Open Text Corporation from March 2013 to September 2016.
- Mrs. Zoya Shchupak who occupied the position of Chief Financial Officer from 2014 to 2017 as well as the position of Senior Vice President and Head of Corporate Development from 2017 to 2018 at Fairstone Financial Inc. (formerly CitiFinancial Canada) and the position of Consultant, Strategy and M&A at Sagard Holdings ULC from 2019 to 2020.
- Mr. Jean-François Sabourin who, in addition to his position of President at JitneyTrade Inc., also occupies the position of Managing Director at Canaccord Genuity Direct since November 2019.

7.2 EXECUTIVE OFFICERS

The following table sets forth, as of March 31, 2021, the name, province and country of residence of each executive officer, his or her office and principal occupation, the period of service as an executive officer of the Corporation and the number and percentage of Common Shares he or she holds as of the date hereof.

Name and Place of Residence	Office / Principal Occupation	Officer since	Number of Common Shares (1)	% of Common Shares(2)
Luc Filiatreault Québec, Canada	President and Chief Executive Officer	2019	76,754	0.27%
Deborah Dumoulin Québec, Canada	Chief Financial Officer (3)	2021	0	0.00%
Nicolas Vanasse Québec, Canada	Vice President, Chief Legal Officer and Corporate Secretary (4)	2021	0	0.00%
Mark Eigenbauer Atlanta, Georgia	President, Stategic Sourcing	2009	14,600	0.05%
Camil Rousseau Québec, Canada	Chief Technology Officer	2012	16,221	0.06%

Name and Place of Residence	Office / Principal Occupation	Officer since	Number of Common Shares (1)	% of Common Shares(2)
Jean-Michel Stam Québec, Canada	President, emarketplaces	2012	27,271	0.10%
André Leblanc Québec, Canada	Vice President, Marketing and Communications	2018	0	0.00%
Catherine Roy(5) Québec, Canada	Vice President, Transformation	2019	6,575	0.02%
Andréanne Simon Québec, Canada	President, Supply Chain	2018	8,171	0.03%
Julie Bélanger Québec, Canada	Vice President, Human Resources	2020	156	0,00 %

(1) Number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each executive officer, to the knowledge of the Corporation and according to the information received. The number of Common Shares shown in this table includes the Common Shares purchased under the Corporation's Share Purchase Plan.
(2) Based on 28,404,116 Common Shares outstanding on March 31, 2021.
(3) Ms. Deborah Dumoulin was appointed Chief Financial Officer on January 1st, 2021.
(4) Mr. Nicolas Vanasse was appointed Vice President, Chief Legal Officer and Corporate Secretary on February 20, 2021.
(5) Ms. Catherine Roy is currently serving as Interim President of ecommerce; Ms. Julie T. Bélanger is currently serving as Interim Vice President, Transformation of the Corporation.

During the past five years, each executive officer listed above has held his or her present principal occupation or other executive capacities with the Corporation, except for:

- Mr. André Leblanc who occupied the position of Vice President, marketing with the subsidiaries LesPAC, Jobboom and Réseau Contact from March 2016 to February 2018.
- Mrs. Catherine Roy, who was appointed Vice President, Operations and Strategies of the Corporation on April 1st, 2019, and occupied the position of Senior Consultant at Décarie Executive Search from January 2014 to December 2016.
- Mr. Luc Filiatreault who occupied the position of Managing Director at Ayuda Media Systems Inc. from 2017 to 2019 and the position of Vice President, Venture Capital at Open Text Corporation from March 2013 to September 2016.
- Mrs. Julie Bélanger who occupied the position of Divisional Vice President, Human Resources Business Partner at Lowe's Canada from September 2017 to May 2020 and the position of Principal Director, Human Resources at Transat A.T. from 2007 to 2017.
- Ms. Deborah Dumoulin, CPA, CA, who occupied the position of Vice President Finance, Financial Reporting at Fiera Capital Corporation from August 2016 to June 2020 and the position of Strategic Advisor, Internal Audit at BDC from December 2015 to August 2016.
- Mr. Nicolas Vanasse who occupied the position of Senior Vice President, Chief Legal Officer and Corporate Secretary at eStruxture Data Centers Inc. from January 2018 to October 2020 and the position of Executive Vice President, Chief Legal Officer and Corporate Secretary of Lumenpulse Inc. from November 2013 to June 2017.

As of March 31, 2021, the directors and executive officers of mdf commerce, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 315 435 Common Shares, representing 1.11%p of the then outstanding Common Shares.

7.3 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Based on the information provided by Mr. Luc Filiatreault, he was imposed an administrative monetary penalty of $180,000 by the Financial Markets Administrative Tribunal, which found (i) that the directors of the reporting issuer NSTEIN Technologies inc. ("NSTEIN"), including Mr. Filiatreault, had executed a securities transaction in 2010 by adopting a board resolution granting NSTEIN stock options to its officers and to certain other employees of this reporting issuer, while they were in possession of privileged information and (ii) that Mr. Filiatreault, who held the position of President and Chief Executive Officer and was a director of NSTEIN, had communicated this privileged information to a third party. On December 10, 2020, the Supreme Court of Canada denied leave to appeal the Québec Court of Appeal decision of March 11, 2020, thereby confirming the Financial Markets Administrative Tribunal's decision.

Based on the information provided by Mr. Nicolas Vanasse, he was Vice President, Chief Legal Officer and Corporate Secretary of Aveos Fleet performance Inc. ("Aveos"), when the company went through bankruptcy proceedings. On March 19, 2012, Aveos filed a voluntary petition for relief under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). The Superior Court issued a stay of proceedings until April 5, 2012 and subsequently until November 22, 2013. On March 22, 2012, the Court issued an order appointing a restructuring officer with the requisite authority to carry on and supervise the affairs of Aveos. On November 18, 2013, Aveos presented a motion for the termination of the CCAA proceedings, and on November 22, 2013, following a Motion of the Issuance of an order to appoint a Receiver pursuant to section 243 of the *Bankruptcy and Insolvency Act* (Canada) ("BIA") by certain creditors of Aveos, the Superior Court of Québec issued a Termination and Discharge Order with respect to the CCAA proceedings and issued an Order Appointing a Receiver under the BIA. On November 25, 2013, the Superior Court of Québec issued a notice of bankruptcy and a first meeting of creditors pursuant to subsection 102(1) of the BIA.

8. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., at its principal offices in Toronto.

9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than certain legal proceedings arising from the ordinary course of business, which the Corporation believes will not have a material adverse effect, either individually or in the aggregate, on its business, financial position, results of operations or cash flows, there is no other litigation pending or threatened against the Corporation.

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors and officers of mdf commerce or any person that is the direct or indirect beneficial owner, or exercises control over more than 10% of the Common Shares, or their respective associates or affiliates had any material interest in any transaction whatsoever or in any planned transaction during the three most recently completed financial years which has materially affected or could materially affect mdf commerce.

11. MATERIAL CONTRACTS

The only material contract the Corporation has entered into, which is outside the ordinary course of business and still in effect, is the Credit Agreement, as amended on March 1, 2021. See "*General Development of the Business - History*".

The Credit Agreement is available on SEDAR at www.sedar.com.

12. INTERESTS OF EXPERTS

The Corporation's external auditor is Deloitte LLP, Chartered Accountants, who have prepared an independent auditor's report dated June 9, 2021 in respect of the Corporation's consolidated financial statements with accompanying notes for the years ended March 31, 2021 and 2020. Deloitte LLP has advised that it is independent with respect to the Corporation within the meaning of the code of ethics of the Ordre des Comptables agréés du Québec.

13. AUDIT COMMITTEE AND RELATED MATTERS

13.1 GENERAL

We have established an audit committee (the “Audit Committee”) which is comprised of three members currently consisting of Gilles Laurin, Jean-François Sabourin and Zoya Shchupak, each of whom is considered “independent” and “financially literate” within the meaning of National Instrument 52-110 – *Audit Committees*. Jean-François Sabourin is the Chairman of the Audit Committee.

13.2 MANDATE OF THE AUDIT COMMITTEE

The Charter of the Audit Committee, as revised and approved on November 11, 2020, is set out in Appendix B to this Annual Information Form.

13.3 RELEVANT EDUCATION AND EXPERIENCE OF THE AUDIT COMMITTEE MEMBERS

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Corporation to prepare its annual and interim financial statements.

Name of Audit Committee Member	Relevant Education and Experience
Gilles Laurin	Gilles Laurin, CPA, CA, has served as an advisor and director for different corporations since 1996. From 2000 to 2003, he served as Vice President, partners support, for Capital d’Amérique CDPQ Inc., a subsidiary of the Caisse de dépôt et placement du Québec. He is currently on the board of directors of several corporations. Before 1996, he filled several executive positions in various companies, namely as Chief Executive Officer, Vice President of operations and Chief Financial Officer for corporations such as Turboforest Nova Sylva Inc., Sico Inc., Equipement de scierie Denis, Gérard Saucier Inc. and Groupe Permacon Inc.
Jean-François Sabourin	Jean-François Sabourin is Managing Director at Canaccord Genuity Group Inc., since 2019. He is also the President and Chief Executive Officer of JitneyTrade Inc., a direct access broker. From 2003 to 2018, he acted as President and Chief Executive Officer of FinLogik Inc., a software company specialized in financial transactions. He holds a BBA from HEC Montréal and is a CFA charter holder. Mr. Sabourin previously held senior positions within the derivatives structuring group at various large investment banks.
Zoya Shchupak	Zoya Shchupak, CPA, CA, previously served as Consultant, Strategy and M&A at Sagard Holdings ULC, an alternative asset

Name of Audit Committee Member	Relevant Education and Experience
	manager, from 2019 to 2020. She also served as Senior Vice President and Head of Corporate Development between 2017 and 2018 and Chief Financial Officer from 2014 to 2017 with Fairstone Financial Inc. (formerly CitiFinancial Canada). Ms. Shchupak was an IT investment portfolio manager at Desjardins Venture Capital where she sat on several boards of directors such as Silanis, Ixiasoft and Visuaide and continued her career as Chief Financial Officer of several public and private companies in the TMT and retail sectors. Ms. Shchupak is a Chartered Accountant (CA, CPA), with a Bachelor of Commerce degree from Concordia University, and an MBA in Finance from McGill University.

13.4 EXTERNAL AUDITOR SERVICE FEES

The following table shows the fees paid to Deloitte LLP for the fiscal years ended March 31, 2021 and 2020, for various services provided to the Corporation:

	Year ended March 31st	
	2021	**2020**
Audit Fees	$1,050,525	$657,750
Audit-Related Fees	$97,275	$33,360
Tax Fees	$211,507	$240,870
Other Services	-	-
Total Fees	$1,359,307	$931,980

A. Audit Fees

These fees relate to professional services rendered by the external auditors for statutory audits of the Corporation's annual financial statements.

B. Audit-Related Fees

These fees relate to professional services that reasonably relate to advice and consultation on various accounting matters.

C. Tax Fees

These fees relate to professional taxation services in respect of the preparation of tax returns and consultation services relating to transfer pricing policies.

D. Other Fees

These fees relate to professional services rendered in connection with various consulting and translation services.

13.5 POLICY FOR THE ENGAGEMENT OF AUDIT AND NON-AUDIT SERVICES

The Audit Committee has approved a policy governing the audit services, audit-related services and non-audit services provided by the independent auditor.

Pursuant to this policy, "audit services" include those services forming an integral part of the audit process in addition to any activity regarded as a necessary procedure used by the auditor to express an opinion on the Corporation's annual consolidated financial statements. "Audit-related services" are services that are reasonably related to the performance of the annual audit of the Corporation's consolidated financial statements, generally performed by the auditor in connection with this audit and that are not included in the "audit fees" for information disclosure purposes. "Non-audit services" are other services that may be rendered by the auditor including, in particular: (i) tax services, such as tax reporting and compliance audit-related services, fiscal planning services and tax advice; (ii) tax audit advice and assistance, tax advice on acquisitions, mergers and assignments as well as on restructuring; (iii) transfer pricing advice; (iv) tax credit (CDAE (Tax Credit for the Development of E-Business) and R&D) advice and representations. The policy also contains a list of the non-audit services that may not be rendered by the auditor.

Before each fiscal year starts, the Audit Committee pre-approves an annual budget of audit-related and non-audit services. At each quarterly committee meeting, the actual amount of the authorized services actually incurred and the amount set out in the budget is reconciled and any additional mandate is pre-approved, where applicable. During the quarter, the Audit Committee may authorize the committee chair to pre-approve any special request from management regarding retaining the auditor's services for a new mandate or any cost overrun in a mandate. In such case, the committee chair must report the approvals he or she will have granted during the quarter to the committee at the next regular committee meeting following the approval in question.

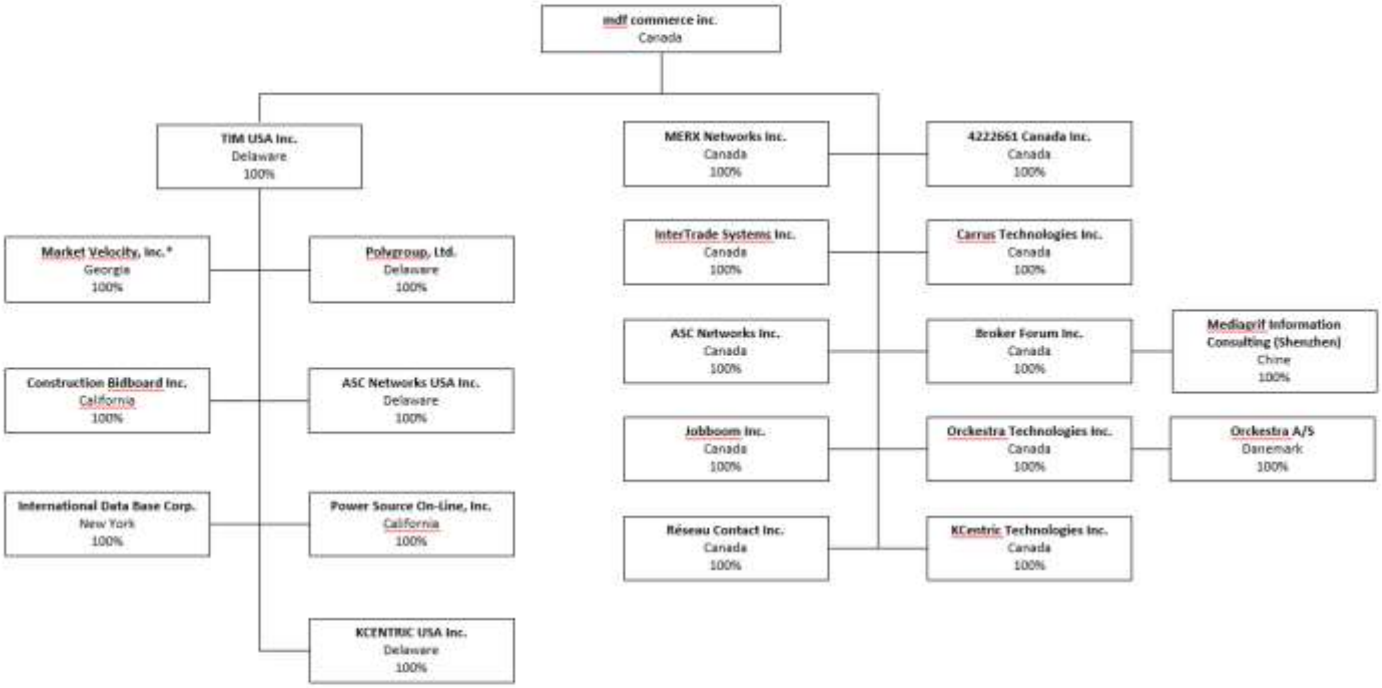
Furthermore, management may retain the auditor's services for new mandates or authorize cost overruns in existing mandates covering audit-related or non-audit services that were not pre-approved provided the total amount of the audit-related and non-audit services that were not pre-approved does not exceed five percent (5%) of the total amount of the reasonably deemed fees to be paid to the auditor during this fiscal year.

14. ADDITIONAL INFORMATION

Additional information, including directors' and officers' compensation, principal holders of our securities, and interests of insiders in material transactions, if any, is contained in our Management Proxy Circular prepared in connection with our most recent annual shareholders' meeting and is available on SEDAR at www.sedar.com. Additional financial information is available in our audited consolidated financial statements and management's discussion and analysis for the last fiscal year of mdf commerce, which are also available on SEDAR. All information incorporated by reference in this Annual Information Form is or will within the prescribed delays be contained or included in one of the Corporation's continuous disclosure documents filed with the Canadian securities regulatory authorities, which may be viewed on SEDAR.

All requests for the above-mentioned documents must be addressed to the Chief Legal Officer of the Corporation at its head office located at 1111 St-Charles Street West, Suite 255, Longueuil, Québec, Canada, J4K 5G4 or by telephone at 450 449-0102 or by fax at 450 449-8712.

APPENDIX A – INTERCORPORATE RELATIONSHIPS



* This subsidiary is no longer in operation and will be dissolved in the near future.

APPENDIX B – CHARTER OF THE AUDIT COMMITTEE

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF MDF COMMERCE INC.

I. Role and Purpose

The Audit Committee (sometimes referred to herein as the “Committee”) is a committee of the Board of Mediagrif Interactive Technologies Inc. (the “Corporation”). The primary function of the Audit Committee is to assist the Board members in fulfilling their roles by:

1. recommending to the Board the appointment and compensation of the external auditor;
2. overseeing the work of the external auditor engaged for the purposes of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, including the resolution of any issues between the external auditor and management;
3. pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation or its subsidiaries by the external auditor;
4. reviewing and recommending the approval of the annual and interim financial statements, related management discussion and analysis (“MD&A”), and annual and interim earnings press releases before such information is publicly disclosed;
5. ensuring and being satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than those described in (4) above, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;
6. reviewing and approving any proposed hiring of current or former partners or employees of the current and former auditor of the Corporation or its subsidiaries; and
7. establishing procedures for the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including the anonymous submission by employees of concerns respecting accounting or auditing matters.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in this Charter. However, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles (“GAAP”), to conduct investigations, or to assure compliance with laws and regulations or the Corporation's or the Corporation's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor, as the case may be.

II. Composition of the Committee and Meetings

1. The Audit Committee must be constituted as required under National Instrument 52-110, as it may be amended from time to time (“NI 52-110”).
2. All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements).
3. The members of the Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

4. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all of its powers so long as a quorum remains.

5. The Committee shall meet at least four times annually, or more frequently as circumstances require.

6. The Committee Chair may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation, and others as they consider appropriate.

7. In order to foster open communication, the Committee or its Chair shall meet at least once a year with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Corporation's interim financial statements.

8. Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number, as the Committee shall determine by resolution.

9. Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board and the external auditor, and the Chief Executive Officer, the Chief Financial Officer or the Vice-President, Legal Affairs and Secretary of the Corporation, shall be entitled to request that any member of the Committee call a meeting.

10. The Committee shall determine any desired agenda items.

III. Activities

The Audit Committee shall, in addition to the matters described in I:

1. Review on an annual basis and recommend to the Board changes to this Charter as considered appropriate from time to time.

2. Review the public disclosure regarding the Audit Committee required by NI 52-110.

3. Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to assess their independence.

4. Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.

5. Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

6. Arrange for the external auditor to be available to the Committee and the Board as needed.

7. Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor.

8. Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

9. Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.

10. Consider proposed major changes to the Corporation's accounting principles and practices.

11. If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.

12. Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.

13. Periodically consider the need for an internal audit function, if not present.

14. Following completion of the annual audit and, if applicable, quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

15. Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

16. Review activities, organizational structure and qualifications of the chief financial officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board.

17. Review management's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.

IV. General Matters

1. The Committee is authorized to retain independent counsel, accountants, consultants and any other professionals (“Advisors”) it deems necessary to carry out its duties, and the Committee shall have the authority to determine the compensation of and to cause the Corporation to pay any such Advisors.

2. The Committee is authorized to communicate directly with the external (and, if applicable, internal) auditors as it sees fit.

3. If considered appropriated by it, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.

4. Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible for preparing financial statements, for planning or conducting internal or external audits or for determining that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, as these are the responsibility of management and in certain cases the external auditor, as the case may be. Nothing contained in this Charter is intended to make the Committee liable for any non-compliance by the Corporation with applicable laws or regulations.

5. The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to security holders of the Corporation or to any other liability whatsoever.