Management's Discussion and Analysis

For the quarter and the year ended March 31, 2021

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Basis of presentation

This Management's Discussion Analysis ("MD&A"), dated June 9, 2021, presents an analysis of the financial position and operating results of **mdf commerce** inc. (formerly "Mediagrif Interactive Technologies Inc.") ("mdf" or the "Corporation") as at and for the fourth quarters and the financial years ended March 31, 2021 and March 31, 2020. The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto, for the years ended March 31, 2021 and March 31, 2020. This management's discussion and analysis compares performance for the fiscal years ended March 31, 2021 and 2020. This MD&A was approved by the Board of Directors of the Corporation.

The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements were approved for issue by the Board of Directors on June 9, 2021.

This document and the consolidated financial statements are expressed in Canadian dollars unless otherwise noted. Certain comparative figures have been reclassified to conform with the current period presentation. Certain totals, subtotals and percentages may not reconcile due to rounding.

The Corporation presents non-IFRS financial performance measures and key performance indicators to assess operating performance. The Corporation presents Adjusted profit (loss), Adjusted profit (loss) per share[2], net profit (loss) before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA[1] as non-IFRS measures and Monthly Recurring Revenues ("MRR")[3] as a key performance indicator. These non-IFRS measures and key performance indicators do not have standardized meanings under IFRS and are not likely to be comparable to similarly designated measures reported by other corporations. The reader is cautioned that these measures are being reported in order to complement, and not replace, the analysis of financial results in accordance with IFRS. Management uses both measures that comply with IFRS and non-IFRS measures, in planning, overseeing and assessing the Corporation's performance. The terms and definitions associated with non-IFRS measures as well as a reconciliation to the most comparable IFRS measures, and key performance indicators are presented in the section "Non-IFRS Financial Measures and Key Performance Indicators" in this Management's Discussion and Analysis. In the fourth quarter of fiscal 2021, the Corporation amended the definition of Adjusted EBITDA[1], and comparative figures have been reclassified to conform with the current period presentation. Refer to the section "Non-IFRS Financial Measures and Key Performance Indicators".

[1] Adjusted EBITDA is a non-IFRS measure. In the fourth quarter of fiscal 2021, the definition of adjusted EBITDA was amended, and certain comparative figures have been restated to conform with the current presentation. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" section.

[2] Adjusted profit (loss) and Adjusted profit (loss) per share (basic and diluted) are non-IFRS financial measures. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" section.

[3] MRR is a key performance indicator and is composed of subscription and support revenues that are recurring in nature. Therefore, they exclude onetime fees and professional fees and other types of non-recurring revenues. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" section.

Forward-Looking Statements

In this MD&A, “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 MD&A 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 MD&A 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 the Corporation’s Annual Information Form as at March 31, 2021. 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.

Corporation Profile

mdf commerce inc. (formerly "Mediagrif Interactive Technologies 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 emarketplaces solutions are supported by a strong and dedicated team of approximately 700 employees based in Canada, the United States, Denmark, Ukraine and China.

Mission Statement

Our mission is to *Enable the Flow of Commerce*.

Overview

Transformation On-Track One Year In.

The past year marks the first, of our five-year strategic plan. At the heart of this plan is our transformation to a high-growth, cloud-based, SaaS commerce technology business. During an unprecedented global health and economic crisis brought on by the COVID-19 pandemic, we have remained focused on delivering to the needs of our clients and creating value for our stakeholders. Our success is driven by our employees, and we celebrate their many accomplishments during our transformational journey. The management team is confident that our talented team will meet new challenges as we move forward into the second year of our strategic plan. Overall, we are pleased with our year one progress.

The strategic plan was developed to guide the Corporation in effectively competing in two significant and growing software markets that enable the flow of commerce: Unified Commerce, which includes ecommerce and Supply Chain Collaboration solutions, and Strategic Sourcing. It is expected that overall emarketplaces revenues will continue to have less impact on the Corporation's future performance, as it focuses on its higher-growth solutions, namely those in the Strategic Sourcing and Unified Commerce platforms.

For fiscal 2021, revenue totaled $84.7 million, compared to $75.4 million in fiscal 2020. Revenue growth year-over-year for fiscal 2021 totaled 12.3%, which is the highest level of annual growth recorded for any of the past five years. Revenues for our Unified Commerce platform grew from $25.4 million to $37.3 million for a 47% increase, with our ecommerce solutions, which excludes Supply Chain Collaboration, growing by 107%. Revenues from our Strategic Sourcing platform were $32.7 million for a 7.8% increase compared to $30.3 million in fiscal 2020. Our US-based Strategic Sourcing operations grew by 20.8% year-over-year, including the acquisition of Vendor Registry.

The total addressable market for the Strategic Sourcing platform is projected to be approximately US$11.7 billion globally by 2027 with a 8.6% compound annual growth rate ("CAGR") over the period from 2020 to 2027. Strategic Sourcing solutions for the public sector is at the heart of our value proposition. For mdf commerce, these solutions represent some of the highest quality and most efficient revenue streams. Additionally, the competitive environment is advantageous for mdf commerce, as it is somewhat fragmented. This presents two opportunities for us. First, because of our relative scale, especially in the US market, we have the ability to monitor and review our pricing strategy. Secondly, as evidenced by our acquisition of Vendor Registry in fiscal 2021, we believe that there is an opportunity to accelerate scale and gain market share through strategic acquisitions as this market continues to grow.

Although the landscape for Unified Commerce is arguably more competitive, with players of similar or larger scale, the "COVID-19 effect" has raised the awareness and the importance of online sales channels. As a result, the pace at which businesses are implementing new or upgraded ecommerce infrastructure accelerated significantly. During the past year, this acceleration was reflected in both the increase of revenue as well as new deployments for mdf commerce ecommerce solutions in the Unified Commerce platform. The total addressable market for ecommerce software, part of Unified Commerce platform, is projected to grow to US$20.6 billion by 2027 with a 16.3% CAGR from 2020 to 2027. Accelerated market adoption provides the Corporation with ample opportunities for pipeline growth and conversion, even as the COVID-19 pandemic begins to subside.

In order to effectively compete in our two growth markets, our strategy is focused on five transformational pillars:

1. Becoming a Single SaaS company - Over the past year, mdf commerce has successfully rebranded itself, by changing our name and elevating our profile as a SaaS company, improving our go-to-market strategy, resulting in new client acquisitions, and attracting top talent. The Corporation has reviewed its brand architecture and implemented a simple, unified way of presenting its offer to different audiences by grouping our technology solutions into 3 platforms: Strategic Sourcing, Unified Commerce, (which includes ecommerce and Supply Chain Collaboration) and emarketplaces.

2. Accelerating Product Development – We are thrilled with the multiple product improvements delivered to our customers over the past 12 months, such as a complete site overhaul for MERX.com, the launch of version 5 of the k-eCommerce solution and version 4.5 of the Orckestra solution. We have also completed the migration of BidNet to the cloud, reviewed the pricing strategy for Strategic Sourcing, optimized conversion strategies for Vendor Registry, obtained AWS Public Sector Partner designation from Amazon Web Services as well as enhanced collaboration features on our contract lifecycle solution. These improvements have been extremely well received by our clients and are allowing us to build recognition for our technology with key industry influencers such as Gartner and Forrester. New senior product strategists and IT resources have had considerable impact on accelerating our development cycles, strengthening product innovation and further monetizing existing assets.

3. Scaling Customer Acquisitions – Sales leadership dedicated to our high-growth platforms is driving the implementation of our organic growth plan, focused on further strengthening our sales culture and leveraging cross-selling opportunities between our different platforms. Intensive sales training and our first ever internal commercial sales summit, combined with revamped marketing technology infrastructure, and tighter sales processes, have generated a notable increase in customer acquisition. Our leads pipeline positions us favorably for continued growth.

4. Ongoing Merger, Acquisition and Integration – Key to our transformation plan is M&A. Our M&A roadmap is robust, with targets for both Unified Commerce and Strategic Sourcing platforms. Our

acquisition strategy revolves around the specific goals of expanding our geographic footprint and strengthening our product offering. We entered fiscal 2021 having just completed the integration of k-eCommerce, which was acquired in fiscal 2020. This acquisition strengthened our ecommerce product offering and our technology solutions, contributing to a healthy year-over-year revenue increase for ecommerce solutions in the Unified Commerce platform. In November 2020, we acquired Vendor Registry for the Strategic Sourcing platform, which added over 400 procuring entities and nearly 70,000 new vendors, while also expanding our US footprint in 14 additional states. During the year, we closed three separate bought deal equity offerings, raising approximately $105 million of cash, and negotiated a $50 million credit agreement based on MRR[3]. These financings strengthened our balance sheet and give us capital flexibility that positions us well for future M&A transactions.

5. **Cultivating Culture, Talent and Productivity** – As a software company, the main driver of our success is our people, their talent, and our culture. To attain our growth objectives, during the year we hired and successfully integrated over 200 new resources during the pandemic and with a work-from-home policy in place. Over the past year, considerable efforts have been made to bring to life a set of values that empower our teams to innovate, accelerate sales efforts, ensure better operational efficiency, better governance, diversity and inclusion. Diversity and inclusion efforts are already being recognized with the Corporation ranking, for the second consecutive year, in the Globe & Mail's survey "Women Lead Here" honorees for women in leadership positions. To ensure that everyone at mdf commerce lives our values, multiple workshops and recognition initiatives have been put in place. A key component of this culture shift rests on open and transparent communications across the organization, that we foster with our intranet, regular communications and weekly Corporation-wide chats with the CEO. A compensation and benefits analysis was also completed with an external firm to level-set to the rapidly evolving job market. As the tech resource crunch intensifies in Canada and internationally, we have implemented multiple strategies and campaigns across Canada, the US and parts of Europe to source the new talent required to support our accelerating growth trajectory.

The Corporation also strengthened its leadership team, adding three new members to the Board of Directors, and leaders to the management team, with a new Chief Financial Officer, Chief Legal Officer, Vice-President Human Resources, as well as strengthened leadership in ecommerce. We are proud that the Corporation's Board, management team, and employee base represent over 38% women, positioning us well within an acceptable range of gender parity.

Outlook

Revenue totaled $84.7 million for fiscal 2021, compared to $75.4 million in fiscal 2020. Revenue growth year-over-year for fiscal 2021 totaled 12.3%, which is the highest level of growth recorded for any of the past five years. Achieving sustained revenue growth and profitability in future periods depends on our ability to execute on our strategic plan and effectively manage our growth.

Net loss for fiscal 2021 was $7.6 million compared to a net loss of $5.8 million for the prior year. For fiscal 2021, Adjusted EBITDA[1] was $5.7 million, a margin of 6.8% and compared to $10.3 million and 13.7% respectively for fiscal 2020. As our business grows, we will need to devote additional resources to improve our operational infrastructure, continue to enhance its scalability, maintain the performance of our systems and platforms and hire additional personnel. These efforts may require additional financial expenditures, commitments of resources, further development of our processes and other investments and innovations. Effectively managing our growth is essential in mitigating adverse effects on our business, the financial condition, and results of operations. Our revenue, cash flow, operating results and profitability may experience fluctuations from quarter to quarter, while we execute our strategic plan and invest in our operations.

- Foundational focus – As we exit fiscal 2021 with the fastest growth trajectory experienced by mdf commerce in several years, Management has identified a few foundational elements that need to be addressed in order to scale more efficiently in the future. Accelerated growth revealed that there are opportunities to improve efficiency and margins by upgrading some technology in key areas, as we increase the number of large deployments. This requires us to invest in cloud transformation to improve metrics as usage and transaction volumes increase for our ecommerce solutions.

- Growth in two major platforms – We will continue to focus our investments strategy on technology, processes, and people mainly in the Unified Commerce and Strategic Sourcing platforms. The COVID-19 pandemic raised awareness on the criticality of ecommerce channels for most businesses, which was apparent in our performance for fiscal 2021. As we have stated previously, the changes to consumer purchasing behaviour brought on by the pandemic should be largely permanent. As a result, we are seeing pipeline evidence of a "long tail" of investments in ecommerce infrastructure. We plan on continuing to exploit these opportunities going forward, and we believe that the foundational enhancements that we are investing in now will help us to convert our pipeline faster, deploy more efficiently, and earn higher margin recurring revenues going forward.

- Strategic Sourcing and infrastructure spending – Led by the US Federal Government, we anticipate an increase in federal and other public sector agencies spending across North America over the next several years, which will be done through procurement processes at all levels of government. Our Strategic Sourcing platform is well positioned to become a key solution for the planned uptick in government spending throughout North America. We see the likelihood of more agencies onboarding and more vendors paying for notification and access to contracts that will be procured through our network. Our Strategic Sourcing solution is robust and highly scalable, so it requires minimal onboarding or deployment effort to add procuring entities or vendors. As a result, it can scale to accommodate material increases in infrastructure procurement with minimal friction.

- Access to Talent – As the Corporation grows, so will our workforce. One of the outcomes of the COVID-19 pandemic has been the impact on demand for tech talent. The demand for programmers and developers has escalated exponentially, reaching unparalleled levels as businesses seek to accelerate their digital transformation and their ecommerce capabilities. The competition for these resources is global, and the overall scarcity of tech talent is driving up the costs of labor for tech companies to unforeseen levels. As we move forward, our challenge will be to strike the right balance between managing salary costs while staying in the race to capitalize on the window of opportunity brought on by this market acceleration. Recognizing the significance of salaries as the primary cost for companies like ours, and the importance of our ability to hire top talent, the business and financial impacts are considerable and put added pressure on margins. Management is actively seeking alternative solutions such as hyperlocal recruitment campaigns in smaller populated areas and offshoring certain development teams in geographies such as Ukraine where mdf commerce already has a presence and where talent still remains available at reasonable cost.

- Acquisition strategy – Our pipeline of targets is robust, and the focus remains on our Strategic Sourcing and Unified Commerce platforms. We believe that the opportunity for consolidation of the US strategic sourcing market is particularly interesting. Our experience acquiring and successfully integrating Vendor Registry, and the strength of our balance sheet gives us confidence that we have the capabilities to considerably strengthen our market position, especially as spending from public entities in the US ramps up. We are also examining opportunities to acquire additional Unified Commerce targets that would help us to expand ecommerce solutions internationally, or to own additional parts of the value chain.

In summary, the first full year of transformation was synonymous with many accomplishments, changes and improvements. We believe that the market for solutions in our two focused platforms, Unified Commerce and Strategic Sourcing should remain robust, even as the COVID-19 pandemic recedes. We are concentrating on addressing some foundational elements of our operations to improve scalability, while also building on the revenue momentum gained over the past several quarters. With our strengthened balance sheet, we plan on being active in mergers and acquisitions. While hiring resources and the management of labor costs represent our biggest challenges moving forward, we remain confident that we can capitalize on opportunities in both Unified Commerce and Strategic Sourcing, with a particular emphasis in US-based Strategic Sourcing activities as infrastructure spending takes off over the next few years.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The pandemic has created a period of unprecedented volatility and uncertainty with regards to global economic and market conditions.

The Corporation continues to monitor the financial impact of the COVID-19 pandemic and related market risks on its business, financial conditions, and results of operations, should the duration, spread or intensity of the pandemic further develop. It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short and long term. Government and central bank interventions and the timing of the transition to a fully reopened economy is uncertain.

The Corporation maintains sufficient liquidity to satisfy all of its financial obligations for the foreseeable future. Despite this liquidity, the Corporation may see an impact to the cost of capital in the future as a result of disrupted credit markets if the timing and pace of economic recovery is slow. Furthermore, a sustained period of significant market volatility could negatively impact the Corporation.

In response to this extraordinary situation, the Corporation was proactive and quickly implemented a business continuity plan. The Corporation also acted to ensure that all of its employees were able to continue their activities remotely, thereby placing the health and safety of all at the heart of its concerns. This quick reorganization enabled us to provide our customers with uninterrupted and high-quality support.

Although COVID-19 created a climate of uncertainty during fiscal 2021, the Corporation has experienced growth in its ecommerce activities and in Strategic Sourcing, mainly in the United States. Some of our platforms have experienced a decline in revenues and some of them benefited from the Canadian Federal government's assistance programs in the context of the COVID-19 pandemic.

The medium and long-term economic effects of the COVID-19 pandemic remain unknown and could affect our future results. However, the Corporation believes that the transformation to ecommerce and digital technology will continue or accelerate and that we will be able to benefit from this trend through our main platforms. Our business solutions and industry expertise put us in a strong position to continue supporting our customers, as they stabilize their organizations, and optimize their business transactions in these unprecedented times.

Highlights – Fiscal Year Ended March 31, 2021

- On March 15, 2021, the Corporation completed a bought deal offering under which a total of 5,517,242 common shares of the Corporation were sold at a price of $14.50 per common share for aggregate gross proceeds of $80,000,009.
- The Corporation appointed a new Chief Financial Officer effective on January 1, 2021, and a new Chief Legal Officer effective on February 20, 2021.
- On February 10, 2021, the Corporation appointed Mr. Clément Gignac to the Board of Directors. His deep knowledge of major economic trends and his extensive experience in financial markets will be invaluable for the long-term success of the Corporation.
- On November 18, 2020, the Corporation, through a subsidiary, acquired substantially all the assets and assumed specific liabilities of Vendor Registry, Inc., ("Vendor Registry"), a provider of Strategic Sourcing solutions in the United States for $6.9 million.
- On November 6, 2020, the Corporation completed a bought deal offering under which a total of 4,780,550 common shares of the Corporation were sold at a price of $10.00 per common share for aggregate gross proceeds of $47,805,500, including common shares issued following the full exercise of the underwriters' option granted to the underwriters.
- On October 14, 2020, the Corporation entered into a new $50 million credit agreement based on MRR[3]
- In August 2020, the Corporation appointed Christian Dumont to the Board of Directors. His extensive experience in many roles at various providers of technology innovation and supply chain in diverse industries, in management, business operations and corporate development, will be invaluable to the Corporation.
- 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 of the Corporation were sold at a price of $5.50 per common share for aggregate gross proceeds of $16,000,000, including common shares issued following the partial exercise of the underwriters' option granted to the underwriters. In exchange for services rendered as part of the bought deal offering, 145,454 broker warrants were granted to the underwriters. Each Broker Warrant allows for one common share to be acquired at a price of $6.036, expiring one year after the grant date. All the warrants were exercised between November 5, 2020 and January 29, 2021 for a total amount of $877,961.
- On May 28, 2021, the Corporation appointed Mary-Anne Bell to the Board of Directors. Her extensive experience serving as a corporate director for multiple publicly listed corporations will further strengthen the Board of mdf commerce as the Corporation sees to ensure the successful implementation of its strategic plan.

Financial Highlights – Fiscal Year Ended March 31, 2021

Total revenues and MRR[3]

- Total revenues for fiscal 2021 reached $84.7 million, an increase of $9.3 million or 12.3% compared to $75.4 million for fiscal 2020.
- MRR[3] representing $64.4 million or 76% of total revenues for fiscal 2021, compared to $58.7 million or 77% of total revenues for fiscal 2020.
- The Strategic Sourcing platform generated revenues of $32.7 million, an increase of $2.4 million or 7.8% compared to $30.3 million in fiscal 2020. The US-based Strategic Sourcing network and contributed positively to revenue growth with an increase in total revenues of 20.8%, compared to fiscal 2020. The acquisition of Vendor Registry in fiscal 2021 broadened the Corporation's US-geographical footprint.
- MRR[3] for the Strategic Sourcing platform represented 92% of total platform revenues for fiscal 2021 compared to 91% for fiscal 2020.
- The Unified Commerce platform, which includes Supply Chain Collaboration and ecommerce solutions, generated revenues of $37.3 million for fiscal 2021, an increase of $11.9 million or 47.0% compared to revenues of $25.4 million for the previous fiscal year. A combination of organic growth, new clients, and increased transactions year-over-year contributed $7.1 million to the Orckestra solution. The k-eCommerce acquisition in December 2019, strengthened our ecommerce solution offering and technology components. K-eCommerce contributed 12-months of revenue in fiscal 2021 compared to four months in the prior year adding $5.4 million year-over year, partly offset by lower revenues in the Supply Chain Collaboration solution where certain retailers which were negatively impacted by the COVID-19 pandemic resulted in overall lower transactions and volume-based revenues.
- MRR[3] for the Unified Commerce platform represented 59% of platform revenues for fiscal 2021 compared to 68% for fiscal 2020.
- The emarketplaces platform generated revenues of $14.7 million for fiscal 2021, a decrease of $5.0 million or 25.3% compared to revenues of $19.7 million in the previous fiscal year. The sale of LesPAC in fiscal 2020 contributed to a year-over-year decrease in revenues of $2.2 million, while the remaining decrease is primarily due to fewer members using these platforms and lower transaction volumes, as the pandemic negatively impacted the Corporation's emarketplaces solutions.
- It is expected that overall emarketplaces revenues will continue to have less impact on the Corporation's future performance as it focuses on its higher-growth solutions, namely those in the Strategic Sourcing and Unified Commerce platforms.

Loss and Adjusted EBITDA[1]

- Net loss was $7.6 million, or $0.38 loss per share (basic and diluted) for fiscal 2021, compared to a net loss of $5.8 million, or $0.39 loss per share (basic and diluted) for fiscal 2020.
- For fiscal 2021, total operating expenses increased by $8.2M or 15% year-over-year, from $53.3 million to $61.5 million, primarily in general and administrative of $4.8M or 36% and selling and marketing of $3.3M or 19%. Increased operating expenses are in part, related to our revenue

growth and to the investment in the activities that support our corporate transformation plan, which was a focus area throughout fiscal 2021.

- Headcount increased for key shared services functions, mainly technology, sales and marketing, and general and administrative, including transformation, human resources, all to better align our internal structure with the Corporation's strategic growth objectives. In sales and marketing, we continued to develop the sales culture and foster cross-selling synergies between our suite of solutions that together support our organic growth plan.
- Operating costs increased mainly due to higher salary and related costs primarily from additional headcount, restructuring costs, higher talent retention costs. An investment in human capital acquisition and retention initiatives included extending the corporate bonus plan to additional resources and introducing a share-based compensation plan, together totaling $1.8M. These measures were taken to better align the internal structure to support the Corporation's strategic initiatives and transformation plan.
- The main focus of our sales and marketing team is lead generation, conversion and customer retention as well as brand awareness efforts. Senior sales and marketing resources were added as we continue to develop the sales culture and focus on cross-selling synergies between our different platforms in support our of organic growth plan.
- The increase in net loss year-over-year is mainly due to higher costs of revenues of $8.5 million, higher operating expenses of $8.2 million, driven primarily by general and administrative, and selling and marketing expenses and offset by a net foreign exchange gain in the current year compared to a net foreign exchange loss in the prior year.
- Higher cost of revenues and operating expenses were partially offset by $3.4 million in wage subsidies from the Canadian federal government's assistance program introduced on March 27, 2020 in the context of COVID-19. R&D and e-business tax credits decreased by $0.2 million because of these wage subsidies.
- Adjusted EBITDA[1] was $5.7 million for fiscal 2021, compared to $10.3 million for fiscal 2020. The Corporation recognized a foreign exchange loss of $1.4 million for fiscal 2021 compared to a foreign exchange gain of $0.8 million for the previous fiscal year, as well as stock-based compensation under a new stock-option plan which in fiscal 2021 totalled $0.5 million. Acquisition related costs, mainly for the acquisition of Vendor Registry, and retention bonuses related to business combinations, and restructuring costs, comprised mainly of termination benefits, were $0.3 million and $2.0 million, respectively, in fiscal 2021 compared to $0.4 million and $1.4 million respectively, in fiscal 2020.

Description of recent acquisitions

On November 18, 2020, the Corporation, through a subsidiary, acquired substantially all of the assets and assumed limited specific liabilities of Vendor Registry, Inc., ("Vendor Registry"), a provider of sourcing solutions in the U.S., for a cash consideration of $6,859,975 (US$5,250,000), subject to subsequent adjustments to working capital and deferred revenues assumed. This acquisition added U.S buyers and suppliers nationwide to the Corporation's Strategic Sourcing platform, thereby strengthening its position on the U.S. market.

Impact of the business combination on the Corporation's financial performance

If this business combination had been completed on April 1, 2020, the Corporation's consolidated revenues for the year ended March 31, 2021, would have totalled $85.5 million, including a negative adjustment on deferred revenues at the acquisition date of $0.2 million. The consolidated net loss for the 12-month period ended March 31, 2021 would have totalled $8.1 million, including the negative adjustment to deferred acquisition revenues of $0.4 million. The Corporation considers the pro forma figures to represent an approximate measurement of the financial performance of the combined business over a twelve-month period. However, pro forma information does not account for synergies or changes to historical transactions and is not necessarily indicative of the profit of the Corporation if the acquisition had actually occurred on April 1, 2020, nor of the profit that may be achieved in the future.

Consolidated Loss and Selected Financial Information

In thousands of Canadian dollars, except number of shares and per share amounts	2021 $	2020 $	2019 $
Revenues	**84,719**	75,428	83,082
Gross margin	**54,684**	53,874	62,192
Operating expenses			
General and administrative	**18,098**	13,252	12,666
Selling and marketing	**20,397**	17,072	17,425
Technology	**22,980**	22,991	18,822
Total operating expenses	**61,475**	53,315	48,913
Operating (loss) profit	**(6,791)**	559	13,279
Impairment loss on assets	**-**	(7,221)	(46,581)
Loss on sale of a subsidiary	**-**	(83)	-
Other (expenses) revenues	**(1,427)**	788	533
Financial expenses	**(991)**	(1,310)	(1,213)
Share in profit of a joint venture	**-**	-	(6)
Income tax recovery	**1,618**	1,515	8,347
Net loss	**(7,591)**	(5,752)	(25,641)
Adjusted (loss) profit [2]	**(7,591)**	(362)	9,459
Adjusted EBITDA[1]	**5,746**	10,341	22,313[4]
Loss per share – basic and diluted	**(0.38)**	(0.39)	(1.73)
Adjusted (loss) profit [2] per share – basic and diluted	**(0.38)**	(0.03)	0.64
Declared dividends per share	**-**	0.20	0.40
Weighted average number of shares outstanding Basic and diluted	**19,752,379**	14,914,782	14,848,779

	2021 $	2020 $	2019 $
Total assets	**276,400**	171,085	168,916
Long-term debt	**1,500**	26,975	24,935
Other liabilities	**50,333**	51,271	43,277
Total liabilities	**51,833**	78,246	68,212
Shareholders' equity	**224,567**	92,839	100,704

[4] Adjusted EBITDA for the year ended March 31, 2019 was $20,672, adjusted for restructuring costs of $995 and acquisition related costs of $646 for a restated adjusted EBITDA of $22,313 (In thousands of Canadian dollars).

Year ended March 31, 2021 versus Year ended March 31, 2020

Revenues

Year ended March 31, 2021 (“fiscal 2021”), revenues reached $84.7 million, compared to $75.4 million for year ended March 31, 2020 (“fiscal 2020”) representing a $9.3 million, or 12.3%, increase which is explained as follows:

- Revenue from right of use reached $62.0 million for fiscal 2021, an increase of $5.6 million or 10% over $56.4 million for fiscal 2020. Revenue from professional services increased $5.1 million or 68.6% from $7.3 million to $12.4 million, primarily due to large deployment contracts mainly in our ecommerce solutions. Revenues from transaction fees, maintenance and hosting services, and other comprise the remaining $10.3 million of fiscal 2021 revenues, and together represent a year-over-year decrease of $1.4 million compared to $11.7 million for the prior year.
- The Corporation’s ecommerce solutions and those in the Strategic Sourcing platform saw the highest revenue growth in fiscal 2021 while those in emarketplaces platform saw limited or declining revenue in fiscal 2021 as compared to fiscal 2020, which is explained as follows:
- Orckestra, an ecommerce solution, had a $7.1 million year-over-year increase driven mainly by new clients and increased demand for ecommerce services, which accelerated in the context of COVID-19. Professional services revenues increased by $4.5 million as a result of large customer deployments, and right of use revenues contributed $2.7 million of the increase.
- k-eCommerce, which was acquired on December 4, 2019, strengthened our ecommerce offering and contributed $5.4 million of the year-over-year increase in total revenues, primarily from right of use revenues and also professional services revenues.
- The Corporation’s Supply Chain Collaboration solution, part of our Unified Commerce platform, saw a $0.6 million decrease in year-over-year revenues, primary as a result of the pandemic that negatively impacted certain retailers using this solution.
- In terms of solutions within the Strategic Sourcing platform, our US-based BidNet, contributed to increased revenues of $2.7 million, representing 23% year-over-year growth. In particular, the Corporation’s US-based Strategic Sourcing benefited most from an organic increase in revenues driven by new buying agencies, which drove an increase in paying suppliers, and by the December 2020 acquisition of Vendor Registry. The pandemic had an overall positive impact on Strategic Sourcing, as business and office closures accelerated the business case for agencies to automate and as agencies that previously focused on private procurement increasing moved into public procurement. The revenues of Advanced Software Concepts (ASC), a contract management solution, decreased by $0.5 million, mainly due to a decline in right of use revenues.
- As for the emarketplaces platform, Broker Forum, Carrus Technologies, Power Source Online and Polygon saw a combined decrease of $1.1 million, primarily due to fewer members using these marketplaces from the negative impact of the pandemic. Revenue from Jobboom and Reseau Contact decreased by $0.9 million while the sale of LesPAC on June 11, 2019, impacted revenue negatively by $2.2 million year-over-year.

Cost of Revenues

Cost of revenues totalled $30.0 million in fiscal 2021 compared to $21.6 million in fiscal 2020, an increase of $8.4 million, driven mainly by the increase in revenues and the acquisition of k-eCommerce on December 19, 2019. Total salaries and related expenses increased by $3.3 million mainly driven by additional headcount to support growth. The acquisition of k-eCommerce on December 19, 2019, contributed $2.4 million to the increase on a year-over-year basis. Professional services costs increased by $1.7 million primarily due to implementation costs to support new client deployments. Hosting and licences costs increased by $1.6 million and $0.9 million, respectively as compared to fiscal 2020, as a result of the Corporation's transition to a cloud-based strategy. These costs are offset by $1.0 million in federal subsidies in the context of COVID-19.

Gross Margin

The gross margin for fiscal 2021 reached $54.7 million or 64.5% compared to $53.9 million or 71.4% for fiscal 2020. This decrease in the gross margin percentage is mainly due to higher salary and related expenses, including additional headcount, increased professional fees to support customer deployments, higher hosting and licences costs on cloud-based solutions and the year-over-year decrease in gross margin of $1.7 million from the sale of LesPAC in June 2019.

Operating Expenses

For fiscal 2021 operating expenses totalled $61.5 million, compared to $53.3 million in fiscal 2020. The most notable differences in operating expense are as follows:

- General and administrative expenses totalled $18.1 million in fiscal 2021, $4.8 million higher compared to $13.3 million in the prior year. The Corporation incurred higher salary and related expenses of $2.4 million from higher year-over-year headcount, bonus and share-based compensation expenses, higher professional services fees of $2.0 million and $1.2 million as a result of the fiscal 2020 acquisition of k-eCommerce which is included for full year in fiscal 2021. Professional services fees include consultants to support the implementation of strategic initiatives, recruiting costs and other professional services. These costs are offset by $0.5 million in federal subsidies in the context of COVID-19.
- Selling and marketing expenses totalled $20.4 million during fiscal 2021, $3.3 million higher compared to $17.1 million in fiscal 2020. The increase is mainly attributable to k-eCommerce costs for a full year of $2.1 million, a $1.7 million increase in salary and related expenses, an increase in professional services costs of $0.3 million and amortization on acquired intangible assets related to the acquisition of Vendor Registry of $0.2 million, all of which were offset by $0.5 million in federal subsidies in the context of COVID-19. These expenses were also partly offset by a $0.7 million decrease in promotional costs and activities and by lower travel costs of $0.2 million, mainly due to the postponement of a number of events due to the pandemic.
- Technology expenses stood at $23.0 million during fiscal 2021 and 2020. While the total technology costs are stable year-over-year, the salary and related expenses increased by $1.2 million, mainly from the fiscal 2020 acquisition of k-eCommerce, and offset by $1.5 million relating to federal subsidies in the context of COVID-19. Combined, higher year-over year R&D and e-business tax credits as well as an increase in capitalized internally developed software, totalled $1.5 million, offset by a $1.4 million increase in amortization expense and to a $0.4 million increase in professional services costs.

Operating Profit (Loss)

The Corporation recorded an operating loss of $6.8 million during fiscal 2021, compared to operating profit of $0.6 million in fiscal 2020 primarily due to lower year-over-year gross margin percentage, higher operating expenses mainly due to an increase in salary and related expenses from additional headcount, an increase in bonus and share-based compensation expenses, and an increase in professional fees to support growth as part of the strategic plan. These costs were partially offset by a decrease in year-over-year expenses related to travel, tradeshows and conferences as a result of the global pandemic, and federal wage subsidies in the context of COVID-19.

Foreign Exchange

The foreign exchange loss was $1.4 million in fiscal 2021, driven by the appreciation of the Canadian dollar versus the U.S. dollar, compared to a $0.8 million foreign exchange gain in fiscal 2020.

Financial Expenses

Financial expenses totalled $1.0 million during fiscal 2021 compared to $1.3 million during fiscal 2020. These expenses consist mainly of interest expense and standby fees on long-term debt, interest on lease liabilities and the amortization expense on deferred financing costs. In October 2020, the Corporation repaid all amounts due under the previous revolving credit facility, reducing the financial expenses in fiscal 2021.

Income Tax Recovery

For fiscal 2021, the Corporation recorded an income tax recovery of $1.6 million, representing an effective tax rate of 17.58%, compared to the statutory rate of 26.50%. For fiscal 2020, the income tax recovery was $1.5 million, and the effective tax rate was at 20.85%.

The difference between the statutory rate of 26.50% and the effective tax rate of 17.58% mainly results from the fact that certain expenses recognized are not deductible for tax purposes, including the foreign exchange loss on the translation of the financial statements of foreign subsidiaries.

Net Loss

Net loss was $7.6 million or $0.38 net loss per share basic and diluted in fiscal 2021, compared to a net loss of $5.8 million or $0.39 net loss per share basic and diluted for the same period in 2020. In fiscal 2020 a loss of impairment of asset charge of $7.2 million was recorded, compared to nil fiscal 2021.

In fiscal 2021, 13.4 million treasury shares (0.2 million in fiscal 2020) were issued primarily from bought deal offerings, increasing the weighted average number of shares outstanding as at March 31, 2021 to 19.8 million shares, compared to 14.9 million shares on March 31, 2020.

Adjusted EBITDA[1]

Adjusted EBITDA[1] was $5.7 million for fiscal 2021 compared to $10.3 million reported for fiscal 2020. Adjusted EBITDA[1] declined year-over-year due to increased foundational investments in operations, sales and marketing, R&D, and professional services to support the Corporation in implementing its strategic initiatives, transformation plan and large deployment contracts.

SUMMARY OF QUARTERLY RESULTS

Selected quarterly financial information for the eight most recently completed quarterly periods is as follows:

In thousands of Canadian dollars, except per share amounts.	2021				2020			
	Q4 Mar. 31 2021 $	Q3 Dec. 31 2020 $	Q2 Sept.30 2020 $	Q1 June 30 2020 $	Q4 Mar.31 2020 $	Q3 Dec.31 2019 $	Q2 Sept.30 2019 $	Q1 June 30 2019 $
Revenues	**22,030**	21,403	20,752	20,534	18,917	18,072	18,211	20,228
Operating (loss) profit	**(3,284)**	(2,716)	(93)	(698)	(2,210)	(1,753)	2,008	2,514
(Loss) profit	**(2,858)**	(2,853)	(643)	(1,237)	(6,758)	(1,879)	1,834	1,051
Adjusted (loss) profit [2]	**(2,858)**	(2,853)	(643)	(1,237)	(1,451)	(1,879)	1,660	1,308
(Loss) earnings per share – basic and diluted	**(0.12)**	(0.14)	(0.04)	(0.08)	(0.45)	(0.13)	0.12	0.07
Adjusted (loss) profit [2] per share – basic and diluted	**(0.12)**	(0.14)	(0.04)	(0.08)	(0.10)	(0.13)	0.11	0.09
Weighted average number of shares outstanding	**23,874**	20,844	17,161	16,394	15,052	14,913	14,849	14,849
Adjusted EBITDA[1]	**221**	1,021	2,451	2,053	660	1,643	3,894	4,144

Current Quarter versus Previous Year Quarter

Revenues

For the fourth quarter ended March 31, 2021 (“fourth quarter of fiscal 2021”), revenues totalled $22.0 million compared to $18.9 million for the fourth quarter ended March 31, 2020 (“fourth quarter of fiscal 2020”). The $3.1 million, or 16.5%, increase is mainly explained as follows:

- Revenue from right of use reached $16.0 million for the fourth quarter of fiscal 2021, an increase of $1.4 million or 10%, over $14.6 million of the fourth quarter of fiscal 2020. Revenue from professional services increased by $1.7 million or 99% from $1.7 million to $3.4 million, primarily due to large deployment contracts mainly in ecommerce platforms. Revenues from transaction fees, maintenance and hosting services, and other, comprise the remaining $2.6 million of fourth quarter of fiscal 2021 revenues, unchanged from $2.6 million for the fourth quarter of fiscal 2020.
- The Corporation’s solutions in the ecommerce and Strategic Sourcing platforms saw the highest revenue growth in the fourth quarter of fiscal 2021 while the solutions in the emarketplaces platforms saw stable or declining revenue in the fourth quarter of 2021 as compared to fiscal 2020.
- Orckestra, an ecommerce solution, had an increase in revenues of $2.0 million in the fourth quarter of fiscal 2021 as compared to the same quarter in fiscal 2020, driven mainly by new clients and increased demand for ecommerce services, which accelerated in the context of COVID-19. Professional services and right of use revenues in the fourth quarter of fiscal 2021 were $2.5 million and $2.0 million, respectively, an increase of $1.7 and $0.3, respectively, as compared to the same quarter of fiscal 2020.
- k-eCommerce, which was acquired by the Corporation in December 2019, contributed $2.0 million in revenues in the fourth quarter of fiscal 2021, compared to $1.6 million in the fourth quarter of fiscal 2020.

- Intertrade, the Corporation's Supply Chain Collaboration solution had a $0.2 million decrease in revenues in the fourth quarter of fiscal 2021 compared to the same quarter in fiscal 2020, mainly due to reduced activities of certain retailers in the context of COVID-19.
- For the Strategic Sourcing platform, the Corporation's US-based solution BidNet, contributed $1.1 million of the increase in fourth quarter fiscal 2021 revenues over the same period of fiscal 2020, including revenues from the Company's acquisition of Vendor Registry on November 18, 2020. The US-based Strategic Sourcing solutions benefited from organic growth in revenues driven mainly by new buying agencies, which drove an increase in the number of paying suppliers, and an overall increase in revenues compared to the fourth quarter of fiscal 2020.
- In the emarketplaces platforms revenues slightly declined by $0.3 million in the fourth quarter of fiscal 2021 compared to the same quarter of fiscal 2020. Revenues from Jobboom increased by $0.1 million, offset by a decrease in revenues from Broker Forum, Technologies Carrus and Polygon totalling $0.3 million. The emarketplaces platform was negatively impacted by the COVID-19 pandemic, as most of the solutions experienced lower memberships or lower transaction volumes in their respective industries on a comparative basis.

Cost of Revenues

Cost of revenues totalled $8.6 million during the fourth quarter of fiscal 2021 compared to $6.2 million during the fourth quarter of fiscal 2020. This increase of $2.4 million was mainly due to the operational impact of our accelerated revenue growth in fiscal 2021, which resulted in increased costs associated with higher revenue, including a higher volume of transactions on certain platforms.

Higher cost of revenues is partly due to a $1.3 million increase in salaries and related costs, which is net of $0.2 million in federal subsidies in the context of COVID-19.

The costs of professional services increased by $0.6 million primarily due to the use of external consultants to support large contract deployments, mainly in the SaaS ecommerce solution. Once fully deployed, these contracts are expected to result in proportionally higher recurring revenue.

Hosting and licencing costs increased by $1.6 million, to support higher transaction volumes and the Corporation's transition to a cloud-based strategy.

Gross Margin

Gross margin for the fourth quarter of fiscal 2021 reached $13.5 million or 61.1% compared to $12.7 million or 67.2% during the fourth quarter of fiscal 2020. The decrease in the gross margin percentage is mainly due to the investment in the development and implementation of client solutions, increased salaries and related expenses from additional headcount, and higher hosting and licencing costs on cloud-based solutions.

Operating Expenses

Total operating expenses for the fourth quarter of fiscal 2021 were $16.7 million, compared to $14.9 million for the fourth quarter of fiscal 2020, an increase of $1.8 million or 12.2%. The most notable differences are as follows:

- General and administrative expenses totalled $5.3 million during the fourth quarter of fiscal 2021 compared to $3.4 million during the fourth quarter of fiscal 2020. The increase is primarily due to higher salary and related expenses from higher headcount, and bonus and share-based compensation expenses totalling $1.4 million partly which is net of $0.1 million in federal wage subsidies in the context of COVID-19. Professional services costs increased by $0.6 million mainly related to the work of external consultants to support the Corporation in implementing its strategic initiatives and transformation plan. Executive recruiting costs, and restructuring costs, including termination benefits were part of the leadership upgrades, as the Corporation strengthened its leadership team during the year.

- Selling and marketing expenses totalled $5.8 million during the fourth quarter of fiscal 2021, compared to $4.8 million for the fourth quarter of fiscal 2020. The increase is mainly attributable to a $0.6 million increase in salaries and related expenses from higher headcount, net of $0.1 million in federal wage subsidies related to the COVID-19 pandemic. The increase in promotional activities, professional services costs and amortization totalled $0.3 million.
- Technology expenses amounted to $5.6 million during the fourth quarter of fiscal 2021, compared to $6.7 million for the fourth quarter of fiscal 2020, a decrease of $1.1 million. The Corporation benefited from higher R&D and e-business tax credits and increased capitalization of internally developed software and websites, representing $1.1 million, lower depreciation expenses of $0.1 million, and higher professional fees of $0.2 million. Salaries and related expenses, increased by $0.1 million increase, offset by $0.3 million in federal subsidies in the context of COVID-19.

Operating Loss

The Corporation recorded an operating loss of $3.3 million during the fourth quarter of fiscal 2021 compared to a $2.2 million operating loss during the fourth quarter of fiscal 2020. The decrease in gross margin percentage in the current quarter as compared to the same quarter in the previous year is due to higher operating expenses, an increase in salary and related expenses including additional headcount, and bonus and share-based compensation expenses. The higher salary costs were partially offset by federal subsidies in the context of the COVID-19 pandemic. Higher professional fees were incurred to support strategic initiatives and the transformation plan.

Foreign Exchange

The Corporation recorded a $0.2 million foreign exchange loss during the fourth quarter of fiscal 2021 compared to a $1.2 million foreign exchange gain during the fourth quarter of fiscal 2020 following an appreciation of the Canadian dollar versus the U.S. dollar during the quarter.

Financial Expenses

Financial expenses totalled $0.1 million during the fourth quarter of fiscal 2021 compared to $0.4 million during the fourth quarter of fiscal 2020. Financial expenses consist primarily of interest expense and standby fees on long-term debt, interest on lease liabilities and amortization expense on deferred financing costs. In October 2020, the Corporation repaid all amounts due under the previous revolving credit facility, reducing the financial expenses in in the fourth quarter of fiscal 2021.

Income Tax Recovery

In the fourth quarter of fiscal 2021, the Corporation recorded an income tax recovery of $0.7 million, representing an effective tax rate of 19.76%, compared to the statutory rate of 26.5%. In the fourth quarter of fiscal 2020, the income tax recovery was $4.5 million and the effective tax rate 23.98%.

The difference between the statutory rate of 26.5% and the effective tax rate of 19.76% mainly results from the fact that certain expenses recognized are not deductible for tax purposes, including the foreign exchange loss on the translation of the financial statements of foreign subsidiaries.

Net Loss

The Corporation recorded a net loss of $2.9 million or $0.12 loss per share basic and diluted in the fourth quarter of 2021, compared to a loss of $6.8 million or $0.45 loss per share basic and diluted in the same quarter of fiscal 2020.

In the fourth quarter of fiscal 2021, 5.5 million treasury shares (nil for the fourth quarter of fiscal 2020) were issued, which increased the weighted average number of shares outstanding to 23.9 million shares.

Adjusted EBITDA[1]

Adjusted EBITDA[1] was $0.2 million for the fourth quarter of fiscal 2021 compared to $0.7 million reported for Q4 fiscal 2020. Adjusted EBITDA[1] declined year-over-year due to increased foundational investments in operations, sales and marketing, R&D, and professional services to support the Corporation in implementing its strategic initiatives, transformation plan and large deployment contracts.

Summary of Quarterly Results

Quarters of Fiscal 2021

- Fourth quarter ended March 31, 2021: Revenues for the fourth quarter of fiscal 2021 totalled $22.0 million compared to $21.4 million for the third quarter of fiscal 2021, an increase of $0.6 million or 2.9%. Revenues from the Unified Commerce platform increased by $0.2 million driven mainly by customer implementations, and in the Strategic Sourcing platform, particularly for US-based Bidnet of $0.3 million, primarily due to the impact of new agencies added to the platform in fiscal 2021, which increase the Strategic Sourcing revenues from sellers.

  Operating loss was $3.3 million in fourth quarter of fiscal 2021 compared to an operating loss of $2.7 million in the third quarter, an increase of $0.6 million.

  Cost of revenues and operating expenses, combined increased by $1.2 million during the fourth quarter of fiscal 2021, compared to the third quarter. General and administrative expenses were stable sequentially, while selling and marketing costs increased by $1.0 million sequentially, due to increased salesforce, advertising and promotional activities to drive revenue growth. Technology expenses decreased by $0.5 million as costs were partly offset by an increase in R&D and e-business tax credits, capitalized internally developed software, lower amortization expense and $0.3 million in federal subsidies received in the context of the COVID-19 pandemic.

  Considering the above-mentioned items, Adjusted EBITDA[1] totalled $0.2 million during the fourth quarter of fiscal 2021 compared to 1.0 million for the third quarter of fiscal 2021.

  Sequentially, net loss stood at $2.9 million as compared to the third quarter. Loss per share for the fourth quarter of fiscal 2021 was $0.12 per share (basic and diluted) compared to $0.14 per share (basic and diluted) for the third quarter of fiscal 2021.

  During the fourth quarter, 5.5 million treasury shares (4.9 million in the third quarter of fiscal 2021) were issued primarily from a bought deal offering, increasing the weighted average number of shares outstanding as at March 31, 2021, to 1.0 million shares, compared to 2.9 million shares as at December 31, 2020

- Third quarter ended December 31, 2020: Compared to the second quarter of fiscal 2021 ended September 30, 2020, revenues were up by $0.7 million, mainly due to a $0.6 million total increase in revenues from BidNet and Orckestra.

  Operating expenses increased by $3.3 million during the third quarter of fiscal 2021, compared to the second quarter of fiscal 2021. This increase was due to salary and related expenses of $2.5 million, including $0.8 in termination benefits as well as a $0.6 million decrease in federal subsidies received in the context of the COVID-19 pandemic.

  Also, during the third quarter of fiscal 2021, professional services costs increased by $0.4 million, mainly due to transaction costs incurred for the acquisition of Vendor Registry.

Considering the above-mentioned items, Adjusted EBITDA[1] totalled $1.0 million during the third quarter of fiscal 2021 compared to $2.5 million for the second quarter of fiscal 2021. The operating loss totalled $2.7 million for the third quarter of fiscal 2021 compared to a $0.1 million loss for the second quarter ended September 30, 2020.

Net loss for the third quarter of fiscal 2021 totalled $2.9 million compared to a loss of $0.6 million for the second quarter ended September 30, 2020.

- Second quarter ended September 30, 2020: Compared to the first quarter of fiscal 2021 ended June 30, 2020, revenues were up by $0.2 million, mainly due to a $0.4 million total increase in revenues from BidNet and k-eCommerce. These increases were partly offset by a $0.1 million decrease in revenues from Orckestra.

  Operating expenses decreased by $0.4 million during the second quarter of fiscal 2021, compared to the first quarter of fiscal 2021. The decrease in operating expenses stems mainly from the recording of federal subsidies in the context of COVID-19, representing a net additional amount of $0.8 million, net of the $0.2 million reduction in tax credits during the second quarter.

  Also, during the second quarter of fiscal 2021, professional services costs increased by $0.5 million, due to a higher volume of activity for some subsidiaries.

  Taking into account the above-mentioned items, Adjusted EBITDA[1] increased by $0.4 million to reach $2.5 million while the operating loss totalled $0.1 million for the second quarter of fiscal 2021 compared to a $0.7 million loss for the first quarter ended June 30, 2020.

  Net loss for the second quarter of fiscal 2021 totalled $0.6 million compared to a loss of $1.2 million for the first quarter ended June 30, 2020.

- For the first quarter ended June 30, 2020: Compared to the fourth quarter of fiscal 2020 ended March 31, 2020, revenues were up $1.6 million, mainly due to greater use of the Orckestra platform given the context of the COVID-19 pandemic and that resulted in an additional amount of $1.6 million. The $0.2 million total increase in revenues from BidNet, ASC and k-eCommerce was offset by the $0.3 million total decrease in revenues from Carrus and InterTrade.

  Operating expenses increased by $0.3 million during the first quarter of fiscal 2021 due to a $0.8 million increase in service costs mainly related to a higher volume of activity on the Corporation's platforms, $0.2 million in additional professional services costs for administrative fees, and $0.2 million in an allowance for doubtful accounts. Technology expenses decreased by $0.4 million mainly due to additional tax credits compared to the quarter ended March 31, 2020.

  Also, during this first quarter, the Corporation recorded an amount of $0.5 million in federal subsidies in the context of the COVID-19 pandemic.

Taking into account the above-mentioned items, Adjusted EBITDA[1] increased by $1.4 million to reach $2.1 million while the operating loss totalled $0.7 million for the first quarter of fiscal 2021 compared to a $2.2 million loss for the fourth quarter ended March 31, 2020.

Net loss for the first quarter of fiscal 2021 totalled $1.2 million compared to a loss of $6.8 million for the quarter ended March 31, 2020. During the quarter ended March 31, 2020, the Corporation had recorded a net-of-tax $5.3 million impairment charge on non-monetary assets related to the Jobboom and Réseau Contact B2C platforms.

Quarters of Fiscal 2020

- Fourth quarter ended March 31, 2020: Compared to the third quarter of fiscal 2020 ended December 31, 2019, revenues increased mainly due to the addition of k-eCommerce revenues totalling $1.2 million (including a negative adjustment on acquisition-deferred revenue in the amount of $0.3 million). This increase was partly offset by a $0.2 million decrease in B2C platform revenues and the $0.2 million decrease in revenues for Advanced Software Concepts.

  When higher revenues and the addition of k-eCommerce costs totalling $1.4 million are taken into account, Adjusted EBITDA[1] reached $0.7 million decreasing by $0.9 million.

  The operating loss increased slightly mainly due to an additional amortization expense from tangible and intangible assets in the amount of $0.5 million including the addition of k-eCommerce depreciation.

  Net loss for the fourth quarter of fiscal 2020 totalled $6.8 million, which includes a non-monetary amortization expense of $7.2 million, less a deferred income tax recovery of $1.9 million relating to the Jobboom and Réseau Contact B2C platforms.

- Third quarter ended December 31, 2019: Compared to the second quarter of fiscal 2020 ended September 30, 2019, revenues decreased slightly by $0.1 million. The addition of k-eCommerce revenues totalling $0.4 million was cancelled by the $0.3 million decrease in Jobboom revenues and the decline in Orckestra and ASC revenues representing a combined amount of $0.2 million.

  Adjusted EBITDA[1] decreased by $2.3 million to reach $1.6 million, mainly due to professional services costs in the amount of $0.4 million essentially relating to the acquisition of k-eCommerce and a $0.8 million increase in salaries and benefits. The Corporation has also recorded tax credits and internally developed websites and software capitalized for $0.3 million less than in the second quarter of fiscal 2020.

  Also related to third quarter results, k-eCommerce operations generated a $0.2 million loss whereas lower Jobboom, Orckestra and ASC revenues also had a negative impact on the Adjusted EBITDA[1] for the quarter.

As a result of the above-mentioned factors, operating loss totalled $1.8 million, in line with the decrease in Adjusted EBITDA[1] for the quarter. Consequently, the net loss for the third quarter of fiscal 2020 totalled $1.9 million, or $0.13 per share.

- Second quarter ended September 30, 2019: Compared to the first quarter of fiscal 2020 ended June 30, 2019, revenues decreased by $2.0 million primarily due to the sale of LesPAC on June 11, 2019. There was therefore no revenue recognized for LesPAC in the second quarter of fiscal 2020 compared to $2.2 million in the first quarter of the same fiscal year. For their part, revenues from BidNet increased by $0.1 million.

  Despite the $2.0 million decrease in revenues, the Adjusted EBITDA[1] only decreased by $0.3 million to reach $3,9 million mainly due to $1.0 million less in salaries and employee benefits compared to the first quarter of fiscal 2020. In addition, costs for promotional campaigns and costs for sales commissions to third parties following the sale of LesPAC also reduced these amounts by $0.6 million and $0.4 million, respectively. Also in comparison to the first quarter of fiscal 2020, the Corporation recognized lower amounts for tax credits and capitalized internally developed software and websites in the amount of $0.2 million.

  As a result of the above-mentioned factors, operating profit totalled $2.0 million, in line with the decrease in Adjusted EBITDA[1] for the quarter.

  Profit for the second quarter of 2020 totalled $1.8 million or $0.12 per share. Profit for the second quarter includes a foreign exchange gain and a gain on the sale of a subsidiary totalling $0.5 million compared to a $0.6 million loss of these same factors in the first quarter of the fiscal 2020.

- First quarter ended June 30, 2019: Compared to the fourth quarter of fiscal 2019 ended March 31, 2019, revenues decreased by $0.6 million primarily due to lower revenues of $0.4 million in LesPAC following its sale on June 11, 2019. Revenues from Jobboom and Market Velocity also decreased in the amount of $0.1 million, respectively.

  Also compared to the fourth quarter of fiscal 2019, Adjusted EBITDA[1] decreased by $0.6 million to reach $4.1 million mainly due to lower tax credits and capitalized internally developed software and website costs of $0.4 million.

  As a result of the above-mentioned factors, operating profit totalled $2.5 million, in line with the increase in Adjusted EBITDA[1] for the quarter.

  Profit for the first quarter of fiscal 2020 totalled $1.1 million including a loss on sale of a subsidiary in the amount of $0.3 million.

Liquidity and Capital Resources

The Corporation's capital management objective is to ensure it has sufficient liquidity to pursue its organic growth strategy, to make selective acquisitions, and to provide an appropriate return on investment to its shareholders.

Based on current projections, the Corporation has sufficient capital resources available to maintain the capacity to meet working capital requirements, to meet the Corporation's planned growth, fund the activities of our business plan, and maintain an appropriate level of capital spending.

When necessary, the Corporation may draw on its credit facilities (Refer to the "Financing Activities – Credit Agreement" section) or issue new shares to fund its additional cash requirements and business acquisitions.

As at March 31, 2021, the Corporation had cash and cash equivalents of $109.6 million (excluding cash held for the benefit of third parties).

Summary of the Consolidated Statements of cash Flows

	For the fiscal years ended March 31,	
In thousands of Canadian dollars.	2021 $	2020 $
Cash flows related to operating activities	1,161	3,977
Cash flows related to investing activities	(10,950)	7,568
Cash flows related to financing activities	106,869	(11,306)
Net change in cash and cash equivalents for the years	97,080	239
Effect of foreign exchange rate changes on cash and cash equivalents	(1,474)	772
Cash and cash equivalents at beginning of years	15,176	14,165
Cash and cash equivalents at end of years	110,782	15,176
Cash and cash equivalents consist of the following statement of financial position items:		
Cash and cash equivalents	109,637	14,319
Cash held for the benefit of third parties	1,145	857

Cash from Operations

Cash generated by operating activities was $1.2 million, compared to $4.0 million in fiscal 2020. The decrease was primarily due to higher cash used for non-cash working capital items explained mainly by growth in operations and timing differences.

Investing Activities

For fiscal 2021, cash flows used in investing activities totalled $11.0 million, compared to $7.6 million generated during fiscal 2020.

The fiscal 2021 use of cash from investing activities relates mainly to a business combination on November 18, 2020, whereby the Corporation, through a subsidiary, acquired substantially all of the assets of Vendor Registry, Inc. ("Vendor Registry"), a provider of sourcing solutions in the U.S., for a cash consideration of $6.9 million (US$5.3 million). The remaining use of cash from investing activities relates to purchases of equipment and additions of intangible assets and right of use assets in the normal course of operations.

For fiscal 2020, the net inflow from investing activities stems mainly from the proceeds of sale of LesPAC of $19.4 million, and partly offset by $8.0 million paid for the acquisition of k-eCommerce, and to purchases of equipment, additions of intangible assets and right of use assets in the normal course of operations.

Financing Activities

The Corporation generated cash flows from financing activities of $106.9 million in fiscal 2021 compared to a use of cash flows of $11.3 million during fiscal 2020, representing an increase of $118.2 million over the prior year.

The fiscal 2021 cash inflow from financing activities was primarily due to the net proceeds on the issuance of common shares for bought deal offerings which closed on May 21, 2020, on November 6, 2020, and March 15, 2021, totalling $134.3 million, net of issuance costs. This was partially offset by net repayment of long-term debt of $49.0 million and lease payments of $1.6 million.

The fiscal 2020 cash outflow from financing activities included net repayments of long-term debt of $4.4 million, cash dividends of $4.5 million and lease payments of $1.6 million.

No dividends were paid in fiscal 2021. During fiscal year 2020, the Corporation paid dividends in the amount of $4.5 million ($0.30 per share). On November 12, 2019, the Corporation announced that the payment of dividends is suspended. The Corporation's current policy is to reinvest in the strategy aimed at increasing the Corporation's growth and contribute the amounts normally attributed to dividend payments to the Corporation's future development.

Long-term Debt

On October 14, 2020, the Corporation entered into a new credit agreement (the "Credit Agreement") with two Canadian financial institutions under which the lenders have provided a three-year secured revolving facility of up to $35.0 million (the "Revolving Facility") as well as a $25.0 million accordion feature on the Revolving Facility subject to lenders' approval, and a term facility of up to $15.0 million (the "Term Facility"). An amendment of the Credit Agreement was entered into on March 1, 2021. The amendments were administrative in nature.

The Credit Agreement matures on October 15, 2023, and any unpaid amounts are due in full at maturity. As at March 31, 2021, no amounts were drawn on the Revolving Facility and the amount drawn on the Term Facility was $1.5 million. This amount is repayable in equal consecutive monthly payments based on amortization of 15% per annum starting on November 15, 2021.

The maximum amount available under the Revolving Facility is calculated monthly using a percentage of the balance of less than 90-day accounts receivable, and on a multiple of the Corporation's recurring monthly revenue, up to a maximum amount of $35.0 million. As at March 31, 2021, the maximum borrowing capacity available under the Revolving Facility was $33.0 million.

The Credit Agreement includes a Term Facility of up to $15.0 million. At each drawdown, the maximum amount available of the Term Facility must be calculated using a multiple of earnings before interest, taxes and amortization ("EBITDA") as defined in the Credit Agreement, for the last 12 months. The multiple differs depending on whether the drawdown is intended either to finance working capital or to finance business acquisitions. According to this calculation, the maximum amount available was $9.4 million, of which $1.5 million was drawn by the Corporation as at March 31, 2021.

The Previous Credit Agreement that was due to expire on December 18, 2020, was repaid in full on October 15, 2020, after the Corporation entered into the new Credit Agreement.

Lease liabilities

The Company mainly leases office spaces. Rental contracts are typically entered into for fixed periods, however extension options may apply. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any financial covenants, however right of use assets may not be used as security for borrowing purposes. Lease liabilities totaled $10.5 million as at March 31, 2021, compared to $11.8 million at the same time in prior year. The decrease is mainly attributable to lease payments made in accordance with the contractual terms of the leases.

Financial Position

The Corporation has a sound financial position and is able to meet its financial obligations. As at March 31, 2021, the Corporation had cash and cash equivalents of $109.6 million ($14.3 million as at March 31, 2020).

Total assets were $276.4 million compared to $171.1 million as at March 31, 2020, and total liabilities were $51.8 million as at March 31, 2021 compared to $78.2 million as at March 31, 2020.

The following table presents selected information from the interim condensed consolidated statement of financial position.

Selected information from the Consolidated Statements of Financial Position

	As at March 31,	
In thousands of Canadian dollars.	2021 $	2020 $
Cash and cash equivalents	**109,637**	14,319
Trade and other receivables	**10,602**	6,103
Tax credits receivable	**9,653**	8,040
Derivative financial instruments asset	**645**	-
Goodwill	**101,029**	96,852
Other	**44,834**	45,771
Total assets	**276,400**	171,085
Accounts payable and accrued liabilities	**12,212**	10,660
Deferred revenue	**20,310**	17,796
Derivative financial instrument liability	**-**	891
Long-term debt	**1,500**	26,975
Lease liabilities	**10,522**	11,797
Other	**7,289**	10,127
Total liabilities	**51,833**	78,246
Shareholders' equity	**224,567**	92,839

The main changes in the Corporation's Consolidated Statements of Financial Position between March 31, 2021 and 2020 are explained as follows:

- Cash and cash equivalents totalled $109.6 million as at March 31, 2021 compared to $14.3 million as at March 31, 2020. Refer to the "Liquidity and Capital resources" section for details.
- Trade and other receivables totalled $10.6 million as at March 31, 2021, an increase of $4.5 million compared to $6.1 million as at March 31, 2020. This increase is largely due to the increase in Orckestra's activities, generating an additional $3.1 million in trade and other

receivables and $0.7 million relating to federal subsidies in the context of COVID-19. The balance is distributed among the Corporation’s other platforms.

- R&D and e-business tax credits receivable totalled $9.7 million as at March 31, 2021 compared to $8.0 million as at March 31, 2020. This increase is related to the recognition of additional credits in fiscal 2021.
- Goodwill totalled $101.0 million as at March 31, 2021 compared to $96.9 million as at March 31, 2020, an increase of $4.2 million attributable to the acquisition of the assets of Vendor Registry.
- Derivative financial instruments asset of $0.6 million as at March 31, 2021, compared to derivative financial instruments liability of $0.9 million as at March 31, 2020 (Refer to the “Derivative financial instruments” section). The change in mainly attributable to the appreciation of the Canadian versus the U.S. dollar as at March 31, 2021 as compared to March 31, 2020.
- Deferred revenue totalled $20.3 million as at March 31, 2021 compared to $17.8 million as at March 31, 2020, the increase is primarily attributable to higher revenues in fiscal 2021 as compared to fiscal 2020.
- Lease liabilities totalled $10.5 million as at March 31, 2021 compared to $11.8 million at the same time in prior year. The decrease is mainly attributable to lease payments made in accordance with the contractual terms of the leases.
- Long-term debt totalled $1.5 million as at March 31, 2021, compared to $27.0 million as at March 31, 2020. This decrease is attributable to the repayment of debt with the net proceeds of bought deal offerings that closed on May 21, 2020, November 6, 2020 and March 15, 2021.
- Shareholders’ equity totalled $224.6 million as at March 31, 2021, compared to $92.8 million as at March 31, 2020. This increase is mainly due to the issuance of common shares as part of the bought deal offerings that closed on May 21, 2020, November 6, 2020 and March 15, 2021, representing net amounts of $14.5 million, $44.6 million and $74.9 million, respectively.

Commitments and Contractual Obligations

As at March 31, 2021, the Corporation has the following contractual obligations including financial instrument liabilities and other contractual cash flow commitments:

In thousands of Canadian dollars	Carrying amount $	Less than 1 year $	More than 1 year and less than 5 years $	5 years and over $	Total $
Accounts payable and accrued liabilities and other accounts payable	13,357	13,357	-	-	13,357
Long-term debt [1]	1,500	153	1,484	-	1,637
Lease liabilities [1]	10,522	2,228	6,414	3,177	11,819
	25,379	15,738	7,898	3,177	26,813

[1] Included the payment of the capital and interest

Derivative Financial Instruments

In the normal course of business, the Corporation is exposed to certain financial risks. The Corporation uses derivative financial instruments to manage it exposure to risks and not for speculative purposes. The nature and the extent of the risks arising from the financial instruments and their related risk management are described in Note 26 to the Corporation's audited consolidated financial statements for the years ended March 31, 2021 and 2020.

In thousands of Canadian dollars	2021 $	2020 $
Notional amount US$	9,300	10,850
Weighted-average foreign exchange rate (USD/CAD)	1.3261	1.3243
Maturity dates (fiscal years)	2022-2023	2021-2022

At March 31, 2021, the Corporation has open foreign currency forward contracts with a notional amount of US$9.3 million, a weighted-average (US$/CA$) foreign exchange rate of 1.3261 with contractual maturity dates between fiscal years 2022 and 2023. As at March 31, 2020, the Corporation had open foreign currency forward contracts with a notional amount of US$10.9 million, a weighted-average foreign exchange rate of 1.3243 with contractual maturity dates between fiscal years 2021 and 2022.

During the fourth quarter of fiscal 2021, there was no significant changes to the nature of risks arising from financial instruments, related risk management and classification of financial instruments. Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments measured at fair value in the Corporation's Consolidated Statements of Financial Position.

Risk Factors and Uncertainties

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

Risks related to Our Business and Industry

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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

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”.

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.

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.

Significant accounting estimates and judgments

The MD&A is prepared with reference to the audited consolidated financial statements for years ended March 31, 2021 and 2020. A summary of the Corporation's significant accounting estimates and judgements are presented in Note 5 of the Corporation's audited consolidated financial statements for the years ended March 31, 2021, and 2020.

In preparing consolidated financial statements in accordance with IFRS, management must make estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the reporting date. Management reviews its estimates regularly, and revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the period being reviewed and future periods. Actual results may differ from these estimates.

Estimates

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment when applying accounting policies and rely on assumptions and estimates that affect the amounts of the assets, liabilities, revenues, and expenses reported in these consolidated financial statements and on the contingent liability and contingent asset information provided. The actual results of items subject to assumptions and estimates may differ from these assumptions and estimates.

Explanations about the main assumptions and estimates are presented below:

Risk and uncertainties related to COVID-19

The current global economic situation is highly unstable due to the coronavirus pandemic ("COVID-19"), declared on March 11, 2020 by the World Health Organization. COVID-19 uncertainty had no significant impact for the year ended March 31, 2021 other than the Canada Emergency Wage Subsidy, as described in Note 21. The Corporation continues to review the potential impact of the pandemic on its financial position and profitability should the duration, spread or intensity of the pandemic develop further. It is impossible to predict with certainty the duration and full extent of the economic impact of COVID-19 in the short and long term. A prolonged period of economic downturn could affect the estimates and judgments used in preparing the consolidated financial statements, including, but not limited to, the following items: impairment of goodwill, impairment of intangible assets, expected losses from revenue contracts and expected credit losses.

Revenue recognition

As mentioned in Note 3 to the consolidated financial statements for the years ended March 31, 2021 and 2020, the Corporation uses assumptions to recognize certain right of use revenues. Management regularly reviews these assumptions. Significant changes in these assumptions would have an impact on the Corporation's profit or loss.

Useful lives of property and equipment and finite-life intangible assets

At the end of each reporting period, the Corporation reviews the estimated useful lives of its property and equipment and finite-life intangible assets. At the end of the current fiscal year, management has determined that the useful lives of property and equipment and finite-life intangible assets were appropriate.

Measurements of assets

When applying the discounted future cash flows model to determine the fair value of groups of cash-generating units to which goodwill is allocated, certain parameters must be used, including estimates of future cash flows, discount rates and other variables; a high degree of judgment must therefore be exercised. Impairment tests on property and equipment, on intangible assets, and on acquired intangible assets are also based on similar assumptions. Any future deterioration in market conditions or poor operational performance could translate into an inability to recover the current carrying amounts of property and equipment, intangible assets, acquired intangible assets, and goodwill.

Business combinations

For business combinations, the Corporation must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Corporation must determine the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Goodwill is measured as the excess of the acquisition cost over the Corporation's share in the fair value of all identified assets and liabilities. These assumptions and estimates have an impact on the asset and liability amounts recorded in the Consolidated Statements of Financial Position on the acquisition date. In addition, the estimated useful lives of the acquired property and equipment, the identification of other intangible assets, and the determination of the finite or indefinite useful lives of intangible assets acquired will have an impact on the Corporation's profit or loss.

Refer to Note 3 to the consolidated financial statements for the years ended March 31, 2021 and 2020 for more information on the assumptions and estimates used.

Deferred taxes

The Corporation is required to estimate the income taxes in each of the jurisdictions in which it operates. This includes estimating a value for existing net operating losses based on the Corporation's assessment of its ability to utilize them against future taxable income before they expire. If the Corporation's assessment of its ability to use the net operating losses proves inaccurate, this would impact the income tax expense and, consequently, affect the Corporation's profit or loss in the relevant year. The Corporation may be audited by the tax authorities of different jurisdictions. Given that the determination of tax liabilities involves some uncertainties in interpreting complex tax regulations, the Corporation uses management's best estimates to determine potential tax liabilities. Differences between the estimates and the actual amount of taxes are recorded in profit at the time they can be determined.

Judgments

The critical accounting policy judgments that have the greatest impact on amounts reported in the consolidated financial statements include the following:

Definition of cash-generating units

The Corporation assesses whether there are any indicators of impairment for all non-financial assets at the end of each financial reporting period. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Determination of cash-generating units is based on management's best estimate of what constitutes the lowest level at which an asset or group of assets is able to generate cash inflows. The Corporation must also determine whether goodwill can be attributed to one or more cash-generating units.

Refer to Note 15 of the consolidated financial statements for the years ended March 31, 2021 and 2020 for more information on attributions of goodwill to cash-generating units and Note 14 (of the consolidated financial statements) for the attribution of finite life intangible assets to cash-generating units.

Revenue recognition of multiple deliverable arrangements

Assessing whether the deliverables within an arrangement are separate performance obligations requires judgment by management. A deliverable is identified as a separate performance obligation if the customer benefits from it on its own or together with resources that are readily available to the customer and if it is separately identifiable from the other deliverables in the contract. The Corporation assesses if the deliverables are separately identifiable in the context of the contract by determining if it is highly interrelated with other deliverables in the contract. If these criteria are not met, the deliverables are accounted for as a combined performance obligation.

Determination of the reportable segment

Operating segments are determined according to the Corporation's management structure and internal information system. Operating results of each reportable segment are reviewed regularly by the Corporation's chief operating decision-maker regarding the resources to be allocated to the segments and the assessment of their performance based on available discrete financial information.

Management has identified a single operating segment, i.e., that of e-commerce. The information structure indicates how management manages the Corporation and how it classifies its activities for planning and evaluating performance. As a result, management manages its business line as a single strategic business unit.

Functional currency

In order to determine the functional currency of its U.S. subsidiaries, the Corporation considers main factors as well as secondary factors. The following judgments are made by management with respect to the U.S. subsidiaries. Strategic decision-making regarding these subsidiaries is the responsibility of the Corporation's senior management, which is headquartered in Canada. In addition, services provided by the Corporation and incurred in Canadian dollars are essential to the continued operations of the U.S. subsidiaries. Finally, the proportion of expenditures incurred in Canadian dollars and attributable to U.S. subsidiaries represents a significant portion of their total expenditures.

Non-IFRS Financial Measures and Key Performance Indicators

Non-IFRS Financial Measures

The non-IFRS measures provide investors with additional insight into our operating and financial performance. The Corporation considers non-IFRS measures to be key additional measures assessing operating and financial performance since they highlight trends in our main business activities that may not otherwise be apparent when relying solely on IFRS measures. Securities analysts, investors and other interested parties frequently use non-IFRS measures to assess entities, many of which present non-IFRS measures when reporting their results. Management also uses non-IFRS measures to facilitate comparisons of operating and financial performance between periods in order to prepare annual budgets and assess our ability to repay our debt and capital expenditures, as well as meet our working capital needs.

Non-IFRS measures are not recognized under IFRS. They do not have a standardized meaning under IFRS and may not be comparable to similar measures presented by other corporations. These non-IFRS measures have significant limitations as analytical tools and the reader should not consider them alone or as a substitute in analyzing the Corporation's results as reported in accordance with IFRS. Due to these limitations, we are relying primarily on our results as reported in accordance with IFRS and are only using non-IFRS measures to provide additional information.

EBITDA is calculated as profit (loss) before interest, taxes, depreciation and amortization ("EBITDA").

Adjusted EBITDA

In the fourth quarter of fiscal 2021, the Corporation amended the definition of Adjusted EBITDA to adjust for acquisition related costs and restructuring costs. Comparative figures prior to March 31, 2021, for Adjusted EBITDA have been restated to be consistent with the current presentation. Adjusted EBITDA is calculated as net profit (loss) before interest, taxes, depreciation, and amortization (EBITDA), adjusted for foreign exchange gain (loss), gain (loss) on the sale of a subsidiary, compensation under the stock option plan, acquisition related costs and restructuring costs.

The Corporation believes that Adjusted EBITDA is a meaningful measurement since it allows us to assess our operating performance between periods without the variances created by the impact of the above-noted items. The Corporation's main business activities consist in providing software as a service (SaaS) solutions. The losses or gains on the sale of the subsidiary and compensation under the stock option plan are considered to relate to non-core activities. Acquisition related costs are legal and other professional fees associated with business combinations that are not representative of continuing operational costs or part of core operating activities. Restructuring costs relate to corporate reorganizations, following business combinations or other transactions, and include legal, professional fees and termination benefits associated with these activities which are not representative of continuing operational costs or core business activities. The Corporation believes that the exclusion of acquisition-related and restructuring costs will also better aid readers of the financial statements in the understanding and comparability of the Corporation's operating results and underlying trends. The Corporation does not include these items because they affect the comparability of financial results between periods and may potentially distort the analysis of performance trends for the Corporation's ordinary activities. Excluding these items does not necessarily mean that they are non-recurring.

Adjusted profit (loss) refers to profit (loss), adjusted for the gain (loss) on the sale of a subsidiary and impairment on assets net of related taxes. Adjusted profit (loss) per share (basic) represents adjusted profit (loss) divided by the weighted average number of shares outstanding during the period. Adjusted profit (loss) per share (diluted) represents adjusted profit (loss) divided by the diluted weighted average number of shares outstanding during the period. The Corporation believes that adjusted profit (loss) and adjusted profit (loss) per share (basic and diluted) are meaningful measurements since they make it possible to assess the Corporation's overall performance between periods without the variances caused by the impacts of the above-noted items. The Corporation does not include these items because they affect the comparability of financial results between periods and may distort the analysis of performance trends. Excluding these items does not necessarily mean that they are non-recurring.

Non-IFRS measures are reconciled with the most comparable IFRS measures in the tables below.

Reconciliation of Adjusted EBITDA and loss (profit)

In thousands of Canadian dollars.	2021 Total $	2021 Q4 Mar. 31 2021 $	2021 Q3 Dec. 31 2020 $	2021 Q2 Sept. 30 2020 $	2021 Q1 June 30 2020 $	2020 Total $	2020 Q4 Mar. 31 2020 $	2020 Q3 Dec. 31 2019 $	2020 Q2 Sept. 30 2019 $	2020 Q1 June 30 2019 $
(Loss) profit	**(7,591)**	**(2,858)**	(2,853)	(643)	(1,237)	(5,752)	(6,758)	(1,879)	1,834	1,051
Impairment loss an assets	-	-	-	-	-	7,221	7,221	-	-	-
Income tax (recovery) expense	**(1,618)**	**(704)**	(625)	(34)	(255)	(1,515)	(1,890)	(502)	389	488
Depreciation of property and equipment and amortization of intangible assets	**4,217**	**1,155**	1,121	1,019	922	3,474	1,264	797	734	679
Amortization of acquired intangible assets	**3,815**	**1,014**	885	910	1,006	2,816	934	680	601	601
Amortization of right of use assets	**1,735**	**437**	415	419	464	1,665	483	435	397	350
Amortization of deferred financing costs	**135**	**57**	58	10	10	39	10	10	10	9
Interest on lease liability	**381**	**91**	93	98	99	380	105	91	93	91
Interest on long-term debt	**536**	**9**	106	166	255	892	291	211	136	254
Interest revenue	**(61)**	**(50)**	(11)	-	-	-	-	-	-	-
EBITDA	**1,549**	**(849)**	(811)	1,945	1,264	9,220	1,660	(157)	4,194	3,523
Foreign exchange loss (gain)	**1,427**	**171**	516	310	430	(788)	(1,188)	316	(280)	364
Loss (gain) on sale of a subsidiary	-	-	-	-	-	83	-	-	(174)	257
Compensation under the stock option plan	**467**	**124**	156	80	107	-	-	-	-	-
Restructuring costs	**1,966**	**723**	932	116	195	1,400	97	1,158	145	-
Acquisition related costs	**337**	**52**	228	-	57	426	91	326	9	-
Adjusted EBITDA	**5,746**	**221**	1,021	2,451	2,053	10,341	660	1,643	3,894	4,144

Reconciliation of (loss) profit and adjusted (loss) profit

In thousands of Canadian dollars, except per share amounts	2021					2020				
	Total $	Q4 Mar. 31 2021 $	Q3 Dec. 31 2020 $	Q2 Sept. 30 2020 $	Q1 June 30 2020 $	Total $	Q4 Mar. 31 2020 $	Q3 Dec. 31 2019 $	Q2 Sept. 30 2019 $	Q1 June 30 2019 $
(Loss) profit	(7,591)	(2,858)	(2,853)	(643)	(1,237)	(5,752)	(6,758)	(1,879)	1,834	1,051
Loss (gain) on sale of a subsidiary	-	-	-	-	-	83	-	-	(174)	257
Impairment of assets, net of related taxes	-	-	-	-	-	5,307	5,307	-	-	-
Adjusted (loss) profit	(7,591)	(2,858)	(2,853)	(643)	(1,237)	(362)	(1,451)	(1,879)	1,660	1,308
Weighted average number of shares outstanding: Basic and diluted	19,752	23,874	20,844	17,161	16,394	14,915	15,052	14,913	14,849	14,849
(Loss) earnings per share – basic and diluted	(0.38)	(0.12)	(0.14)	(0.04)	(0.08)	(0.39)	(0.45)	(0.13)	0.12	0.07
Adjusted (loss) profit per share – basic and diluted	(0.38)	(0.12)	(0.14)	(0.04)	(0.08)	(0.03)	(0.10)	(0.13)	0.11	0.09

Key Performance Indicators

The Corporation refers to certain key performance indicators described below in this MD&A and other communications. These performance indicators are not likely to be comparable to similar indicators presented by other corporations. The reader is advised that these indicators are being presented to complement, rather than replace, the analysis of financial results in accordance with IFRS. Management uses both IFRS and non-IFRS measures to plan, monitor and assess the Corporation's performance.

MRR are composed of revenues in respect of which subscriptions provide access to goods and services with cyclical billing frequencies. This portion of the Corporation's revenues is generally stable.

New Accounting Standards

New and revised IFRS, issued but not yet effective

IAS 1, Presentation of Financial Statements

On January 23, 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements regarding the classification of liabilities as current or non-current. These amendments clarify that the classification of liabilities as either current or non-current should be based on the entity's rights at the end of the reporting period and make clear the link between the settlement of the liability and the outflow of the entity's resources. These amendments are effective for fiscal years beginning on or after January 1, 2023 and should be applied retrospectively. The Corporation does not intend to early adopt these amendments and is assessing their impact on its consolidated financial statements.

IFRS 3, Business Combinations

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments apply to the Corporation for fiscal years beginning on or after January 1, 2022. While early application is permitted, the Corporation has not early adopted these amendments and is currently assessing the impact of these changes on its consolidated financial statements.

IAS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments apply to the Corporation for fiscal years beginning on or after January 1, 2022. While early application is permitted, the Corporation has not early adopted these amendments and is currently assessing the impact of these changes on its consolidated financial statements.

IAS 16, Property, Plant and Equipment

In September 2020, IAS 16, Property, Plant and Equipment was amended to prohibit the deduction from the cost of an item of property and equipment of any proceeds from selling items produced before the asset is available for use. The proceeds from selling this property and equipment, as well as the related costs, will instead be recognized in profit or loss. The amendments apply to the Corporation for fiscal years beginning on or after January 1, 2022. While early application is permitted, the Corporation has not early adopted these amendments and is currently assessing the impact of these changes on its consolidated financial statements.

Internal Controls and Procedures

The President and Chief Executive Officer and the Chief Financial Officer, together with management, are responsible for establishing and maintaining adequate Disclosure Controls and Procedures and Internal Controls over financial reporting, as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (National Instrument 52-109), issued by the Canadian Securities Administrators.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information transmitted to the Audit Committee and the Board of Directors and information required to be disclosed by the Corporation in its annual and interim filings, or other reports filed or submitted by the Corporation under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Internal Controls Over Financial Reporting

Internal Controls over Financial Reporting are designed to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Corporation's internal control framework is based on the criteria published in the Internal Control - Integrated Framework (COSO framework 2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) (COSO), and the requirements of National Instrument 52-109.

The President and Chief Executive Officer and the Chief Financial Officer, supported by management have evaluated, or caused to be evaluated, the design and the operating effectiveness of the Corporation's disclosure controls and procedures and internal controls over financial reporting as at March 31, 2021, and have concluded that they were effective.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statements preparation.

During the quarter ended March 31, 2021, there were no changes to the Corporation's internal control over financial reporting that have affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Management's evaluation and conclusion regarding the design and operational effectiveness of internal controls over financial reporting exclude the controls, agreements and procedures of Vendor Registry, which was acquired on November 18, 2020. The Corporation has a period of one year from the date of acquisition to perform this assessment and to implement internal controls deemed necessary.

Additional Information

This report has been prepared as of June 9, 2021.

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

Additional information about the Corporation, including the Corporation's most recent audited consolidated annual financial statements and Annual Information Form, is available on SEDAR at www.sedar.com.

Market and Ticker Symbol

The Corporation's common shares trade on the Toronto Stock Exchange (the "TSX") under the ticker symbol "MDF."

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Corporate Director

Luc Filiatreault
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President and CEO, mdf commerce Inc.

Christian Dumont, CPA, CA
California, United States
Consultant, Neolync Holdings Ltd.

Catherine Roy, ASC
Quebec, Canada
Interim President, ecommerce
mdf commerce Inc.

Mary-Ann Bell (*), ASC
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Corporate Director
(*) Appointed May 28, 2021

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iA Financial Group

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