Management's Discussion and Analysis

For the first quarter ended June 30, 2021

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Basis of presentation

This Management's Discussion Analysis ("MD&A"), dated August 11, 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 June 30, 2021 and for the first quarters ended June 30, 2021 and June 30, 2020. The MD&A should be read in conjunction with the unaudited interim condensed financial statements for the three-month period ended June 30, 2021 as well as the Corporation's annual MD&A for the year ended March 31, 2021, 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 quarters ended June 30, 2021 and 2020. This MD&A was approved by the Board of Directors of the Corporation.

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, through the application of accounting principles that are compliant with International Financial Reporting Standards (IFRS). The interim condensed consolidated financial statements do not include all of the information required for complete financial statements under IFRS, including the notes.

This document and the interim condensed consolidated financial statements are expressed in Canadian dollars unless otherwise noted. 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"), Adjusted EBITDA[1], Adjusted EBITDA Margin, and certain Revenues presented on a constant currency basis[3] as non-IFRS measures and Monthly Recurring Revenues ("MRR")[4] 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"

[1] Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. 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] Certain revenue figures and changes from prior period are analyzed and presented on a constant currency basis and are obtained by translating revenues from the comparable period of the prior year denominated in foreign currencies at the foreign exchange rates of the current period. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" section.

[4] 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.

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".

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 August 11, 2021 and, unless specifically stated otherwise, all information disclosed herein is provided as at June 30, 2021, the end of the most recent quarter 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

The transformation to a high-growth, cloud-based, SaaS commerce technology business continues as planned as we remain focused on delivering to the needs of our clients and capitalizing on the market opportunities that create value for our stakeholders. For the first quarter of fiscal 2022 we continued investing in people and foundational upgrades as we aim to accelerate future growth, improve our scalability and capitalize on emerging market conditions. These efforts are focused on our two core growth platforms, Strategic Sourcing and Unified Commerce, which includes the ecommerce and Supply Chain Collaboration solutions.

The growth strategy for Strategic Sourcing is based on a combination of organic growth and strategic acquisitions, as we believe there are opportunities to consolidate a fragmented North American electronic procurement market. We believe that there is an opportunity to accelerate scale and gain market share as this market grows and consolidates. For ecommerce, the focus for growth is organic as this market is accelerating significantly, with businesses implementing new or upgraded ecommerce infrastructure at an accelerated pace. For this platform, our focus is on investing in our sales capabilities and technology foundation to maximize our scalability, which should allow us over time, to generate higher sales, onboard new clients more efficiently while ensuring seamless quality customer service support.

As we focus on strengthening our market position in each of these two core growth platforms, it is expected that overall eMarketplaces revenues will continue to have less impact on the Corporation's future financial performance.

For Q1 fiscal 2022, revenue totaled $22.6 million, compared to $20.5 million in the first quarter of prior year, a growth rate of 10%. Based on constant currency[3], total revenue increased by $2.5M or 12.4% compared to the first quarter in FY2021.

Q1 fiscal 2022 revenues for our Unified Commerce platform grew to $9.9 million compared to $9.1 million for Q1 fiscal 2021 for an 8.7% increase. When excluding Supply Chain Collaboration, our ecommerce solutions which consist of Orckestra and k-ecommerce, grew by 15.3%, with Q1 fiscal 2022 revenues at $6.7 million compared to $5.8 million for Q1 fiscal 2021. During the first quarter of fiscal

2022, revenues from the ecommerce platforms were positively impacted by an uptick in volume based transaction..

Revenues from Supply Chain Collaboration for Q1 fiscal 2022 were down 2.8% at $3.2 million compared to $3.3 million for Q1 fiscal 2021.

Revenues from our Strategic Sourcing platform for Q1 2022 were $8.9 million for a 14.8% increase compared to $7.7 million in the first quarter of 2021. Our US-based Strategic Sourcing operations grew by 32.3% year-over-year, including the acquisition of Vendor Registry on November 18, 2021. The COVID-19 pandemic has accelerated the adoption of electronic procurement solutions within the public sector, as it faced a pressing need to digitally transform the procurement process in order to ensure business continuity. With fewer and more remote employees, cloud-based, end-to-end solutions are becoming part of a government's critical infrastructure, all of which presents a solid growth opportunity for our Strategic Sourcing platform.

Revenue from the emarketplaces platform, which consists of Jobboom, The Broker Forum, Technologies Carrus, Polygon, Réseau Contact and Power Source Online, was stable at $3.8 million, a 2.8% or $0.1 million increase compared the same quarter of fiscal 2021.

Gross margin for Q1 2022 was at $13.2 million or 58.7% compared to $14.0 million or 68.0% for Q1 fiscal 2021.

Revenue for the Q1 fiscal 2022 of $22.6 million, compares to $22.0 million for Q4 fiscal 2021 representing a $0.6 million, or 2.5%. The modest sequential growth was mainly the result of timing of professional services revenue which was stable at $3.5 million in Q1 fiscal 2022 compared to $3.4 million in Q4 fiscal 2021, and variances in transaction volume-related revenues. We benefited in fiscal 2021 from a spike in egrocery transactions corresponding to the start of the COVID-19 pandemic. As countries loosen pandemic restrictions and we entered the summer months, we have seen a slow-down in online orders. It is difficult to predict how future egrocery transaction volumes will play out over time.

As we scale, the timing of client contracts, professional services, and transaction volumes could continue to create variances in sequential revenue and gross margin growth trajectories. We believe that the investments that we are making now will contribute positively to our financial performance in future quarters.

Net loss was $4.3 million or $0.15 net loss per share basic and diluted in first quarter of fiscal 2022, compared to a net loss of $1.2 million or $0.08 net loss per share basic and diluted in first quarter of fiscal 2021.

Adjusted EBITDA loss for the first quarter was negative $1.5 million, compared to an Adjusted EBITDA of $2.1 in Q1 of fiscal 2021.

From an operational perspective, the Corporation has implemented a second wave of brand changes to further consolidate operations under the One Company, One Brand principle. Further consolidation and brand building activities are also in development.

Led by a senior product and IT team, the transfer of services to the AWS cloud is progressing and should result in accelerated product development cycles, product innovation and monetization of existing assets while providing opportunities to optimize costs in the coming quarters.

In terms of our customer acquisition strategy, ongoing efforts to strengthen our sales organization are starting to yield growth in our leads pipeline, with new customers and a steady onboarding of public agencies and suppliers for Strategic Sourcing. We believe that the implementation of our solutions for new and future customers will continue to be positively impacted by our technology investments, helping us to deploy and manage new contracts more efficiently and improving our gross margins over time.

The Corporation's M&A strategy is mostly focused on our Strategic Sourcing platform, with the specific goals of expanding our geographic footprint and broadening our product offering to allow us to better serve the evolving needs of the public sector customers.

From a talent and productivity perspective, the Corporation has implemented various recruitment strategies in response to the scarcity of tech and sales resources which has accelerated since early calendar 2021. Our hiring strategy is to prioritize new hires based on positions with a direct impact on revenue generation. In the first quarter of fiscal 2022, we adjusted our pay scales to remain competitive in the marketplace and to attract and retain key talent.

Outlook

As we continue to execute on our transformation plan, we are devoting additional resources to optimize our operational infrastructure to help improve the scalability and profitability of our operations as we onboard new customers and cross-sell to existing clients.

For Unified Commerce, as the focus is on organic growth, continued efforts and investments will be made to improve scalability. It is also where a vast majority of our professional services revenue will be focused as we deploy more large enterprise client systems over time. Although we are actively managing our professional services expenses, at times, gross margin contribution could be compressed by elevated professional services expenses related to large deployments, which generate right of use services recurring revenue. Exiting the pandemic, we believe that the accelerated market adoption of ecommerce solutions presents a "long-tail" market opportunity, as retailers are implementing or upgrading their ecommerce infrastructure. We plan on continuing to capitalize on these opportunities going forward, and we believe that the foundational enhancements that we are investing in now will help us to convert our sales pipeline faster, deploy more efficiently, and focus on growing higher margin recurring revenues going forward.

For Strategic Sourcing, our efforts to consolidate in the public procurement market will continue. Across North America, particularly in the US, we are beginning to see an increase in federal and other public sector agencies spending, which we believe could extend over the next several years. We believe that our Strategic Sourcing platform, which is highly scalable, is well positioned to become a key solution for the expected uptick in government spending throughout North America. Our strategies to access talent will continue to be performance oriented. Prioritization of hires will be based on the impact of roles on revenue generation. Recruitment campaigns and offshoring strategies will also continue.

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 and in early fiscal 2022, 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 – First Quarter Ended June 30, 2021

- On May 28, 2021, the Corporation appointed Mary-Ann 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.

Subsequent events

On August 11, 2021, the Corporation has entered into a definitive agreement with Periscope Holdings, Inc. to acquire all of issued and outstanding common shares of Periscope Intermediate Corp. ("Periscope") (the "Acquisition"), a portfolio company of Parthenon Capital Partners ("Parthenon Capital"). Periscope operates from its two offices in Austin, Texas, and American Fork, Utah, in United States of America. Periscope is an eProcurement solution provider with over 20 years of industry experience that offers a fully integrated, end-to-end procurement solution to both state and local government agencies and suppliers in the U.S. Periscope's end-to-end eProcurement solution is built specifically for U.S. government agencies, allowing them to more efficiently purchase goods and services, source contracts, analyze spend, post bids and transact on a public procurement platform that offers a consumer-like shopping experience.

This acquisition will allow the Corporation to strengthen its leading position in the North American public eProcurement market.

The purchase price is US$207.3 million (approximately $259.9 million), on a cash-free debt-free basis, subject to customary closing adjustments.

The Acquisition Purchase Price will be financed through a combination of i) $92.0 million of available cash on hand, ii) $50.2 million in debt through an amended and upsized revolving and term credit facilities, iii) $67.8 million through a bought deal public offering of subscription receipts of mdf commerce which will be launched concurrently with the announcement of the Acquisition, iv) $52.6 million private placement of subscription receipts of mdf commerce with *Fonds de solidarité FTQ* and *Investissement Québec*, and v) the issuance of $4.1 million in rollover shares, as well as the creation of a $4.1 million retention bonus.

The Acquisition, which remains subject to certain customary closing conditions and receipt of applicable antitrust approvals, is expected to be completed in the second quarter of the Corporation's fiscal year 2022.

Financial Highlights – First Quarter Ended June 30, 2021 (''First quarter of fiscal 2022'')

Total revenues and MRR[4]

- Total revenues for first quarter of fiscal 2022 reached $22.6 million, an increase of $2.0 million or 9.9% compared to $20.5 million for first quarter of fiscal 2021. Based on constant currency[3], total revenue increased by $2.5M or 12.4% compared to the first quarter in FY2021.
- MRR[4] representing $16.4 million or 72.5% of total revenues for first quarter of fiscal 2022 compared to $15.8 million or 77.0% of total revenues for first quarter of fiscal 2021.
- The Strategic Sourcing platform generated revenues of $8.9 million, an increase of $1.1 million or 14.8% compared to $7.7 million in first quarter of fiscal 2021. The US-based Strategic Sourcing network contributed positively to revenue growth with an increase in total revenues of 32.3%, compared to first quarter of fiscal 2021.
- MRR[4] for the Strategic Sourcing platform represented 89.9% of platform revenues for first quarter of fiscal 2022 compared to 94.4% for first quarter of fiscal 2021.
- The Unified Commerce platform, which includes ecommerce and Supply Chain Collaboration solutions, generated revenues of $9.9 million for first quarter of fiscal 2022, an increase of $0.8 million or 8.7% compared to revenues of $9.1 million for the first quarter of fiscal 2021. A combination of organic growth, new clients, and increased transactions contributed $0.4 million to the Orckestra solution while k-eCommerce added $0.5 million, partly offset by lower revenues in the Supply Chain Collaboration solution where certain retailers were negatively impacted by the COVID-19 pandemic resulted in overall lower transactions and volume-based revenues.
- MRR[4] for the Unified Commerce platform represented 57.1% of platform revenues for first quarter of fiscal 2022 compared to 59.1% for first quarter of fiscal 2021.
- The emarketplaces platform generated revenues of $3.8 million for first quarter of fiscal 2022, an increase of $0.1 million or 2.8% compared to revenues of $3.7 million for first quarter of fiscal 2021. The increase is primarily due of Jobboom which revenues increased by $0.4 million for the first quarter of fiscal 2022 primarily due to a highly active Canadian job market.
- As we focus on strengthening our market position in Strategic Sourcing and Unified Commerce, the two core platforms, it is expected that overall emarketplaces revenues will continue to have less impact on the Corporation's future financial performance.

Loss and Adjusted EBITDA[1]

- For first quarter of fiscal 2022, total operating expenses increased by $2.9 million or 19.5% compared to first quarter of fiscal 2021, from $14.7 million to $17.5 million, primarily in general and administrative of $1.3 million and selling and marketing of $1.1 million. 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 and first quarter 2022.

- Net loss was $4.3 million, or $0.15 loss per share (basic and diluted) for first quarter of fiscal 2022, compared to a net loss of $1.2 million, or $0.08 loss per share (basic and diluted) for first quarter of fiscal 2021.
- The increase in quarterly net loss year-over-year is mainly due to higher costs of revenues of $2.8 million, higher operating expenses of $2.9 million, driven primarily by general and administrative, and selling and marketing expenses.
- Higher cost of revenues and operating expenses in Q1 fiscal of 2022 were partially offset by $0.8 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 $0.1 million because of these wage subsidies.
- Adjusted EBITDA[1] loss was $1.5 million for first quarter of fiscal 2022, compared to Adjusted EBITDA of $2.1 million for first quarter of fiscal 2021. The Corporation recognized a foreign exchange loss of $0.8 million for first quarter 2022 compared to a foreign exchange loss of $0.4 million for the first quarter 2021. 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 $0.2 million and $0.1 million, respectively, in first quarter of fiscal 2022 as well as for the first quarter of fiscal 2021.

Consolidated (Loss) Profit and Selected Financial Information

In thousands of Canadian dollars, except number of shares and per share amounts	Three-month periods ended June 30 2021 $	 2020 $	 2019 $
Revenues	22,573	20,534	20,228
Gross margin	13,241	13,970	14,931
Operating expenses			
General and administrative	4,981	3,707	2,812
Selling and marketing	6,112	5,022	4,411
Technology	6,437	5,939	5,194
Total operating expenses	17,530	14,668	12,417
Operating (loss) profit	(4,289)	(698)	2,514
Loss on sale of a subsidiary	-	-	(257)
Foreign exchange loss	(827)	(430)	(364)
Finance income (expenses)	5	(364)	(354)
Income tax recovery (expense)	826	255	(488)
Net (loss) profit	(4,285)	(1,237)	1,051
Adjusted (loss) profit [2]	(4,285)	(1,237)	1,308
Adjusted EBITDA[1]	(1,511)	2,053	4,144
(Loss) profit per share – basic and diluted	(0.15)	(0.08)	0.07
Adjusted (loss) profit [2] per share – basic and diluted	(0.15)	(0.08)	0.09
Declared dividends per share	-	-	0.10
Weighted average number of shares outstanding Basic and diluted	28,404,116	16,394,436	14,848,779

	June 30, 2021 $	March 31, 2021 $	March 31, 2020 $
Total assets	276,171	276,400	171,085
Long-term debt	1,500	1,500	26,975
Other liabilities	54,267	50,333	51,271
Total liabilities	55,767	51,833	78,246
Shareholders' equity	220,404	224,567	92,839

First quarter ended June 30, 2021 versus First quarter ended June 30, 2020

Revenues

First quarter ended June 30, 2021 revenues reached $22.6 million, compared to $20.5 million for first quarter ended June 30, 2020 representing a $2.0 million, or 9.9%, increase. Based on constant currency[3], total revenue increased by $2.5M or 12.4% compared to the first quarter in FY2021.

- Revenue from right of use reached $16.4 million for first quarter of fiscal 2022, an increase of $1.1 million or 7.2% over $15.3 million for first quarter of fiscal 2021. Revenue from professional services increased by $0.9 million or 34.5% from $2.6 million to $3.5 million. Revenues from transaction fees, maintenance and hosting services, and other comprise the remaining $2.6 million of first quarter of fiscal 2022 revenues and stood unchanged in total compared to the first quarter of fiscal 2021.
- The Corporation's ecommerce solutions and those in the Strategic Sourcing platform saw the highest revenue growth in first quarter of fiscal 2022 while those in Supply Chain Collaboration solution, part of our Unified Commerce platform saw a decline in revenue in the first quarter of fiscal 2022 as compared to first quarter of fiscal 2021, which is explained as follows:
- Revenue from the Unified Commerce platform, including ecommerce and Supply Chain Collaboration solutions, was $9.9 million, a 8.7% increase over $9.1 million reported for the same period last year.
- ecommerce, which consists of Orckestra and k-eCommerce solutions, represented $6.7 million of Unified Commerce revenue in the first quarter of FY2022, up $0.9 million or 15.3% from $5.8 million reported in the corresponding quarter last year.
- Orckestra, had a $0.4 million or 10.5% increase compared to first quarter of fiscal 2021. Professional services revenues increased by $0.8 million or 47.2% as a result of large customer deployments, while right of use revenues decreased by $0.4 million mainly from a combination of lower transaction volumes particularly in the egrocery sectors.
- k-eCommerce, an ecommerce solution, added $0.5 million or 27.0% growth in revenues in the first quarter of fiscal 2022, compared to the first quarter of fiscal 2021, including an increase in right of use revenues of $0.4 million or 31.3% over the same period of fiscal 2021.
- The Corporation's Supply Chain Collaboration solution, part of our Unified Commerce platform, saw a $0.1 million or 2.8% decrease compared to the first quarter revenues of fiscal 2021.
- Overall, the revenue from Strategic Sourcing platform was $8.9 million, contributing $1.1 million or 14.8% of revenue growth from $7.7 million in the first quarter of fiscal 2021. The US-based BidNet, contributed to increased revenues of $1.1 million, representing growth of 35.1% for the first quarter of fiscal 2022 compared to the same quarter of fiscal 2021. 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 the acquisition of Vendor Registry on November 18, 2021. The COVID-19 pandemic has accelerated the adoption of electronic procurement solutions within the public sector, as it faced a pressing need to digitally transform the procurement process in order to ensure business continuity. With fewer employees, cloud-based, end-to-end solutions are becoming part of governments

critical infrastructure, all of which presents a solid growth opportunity for our Strategic Sourcing platform.

- Revenues from the emarketplaces platform was stable at $3.8 million, increasing by $0.1 million or 2.8% growth from the first quarter of fiscal 2021. Jobboom revenues increased by $0.4 million or 61.2% reaching $1.0 million of revenue for the first quarter of fiscal 2022 primarily due to an active Canadian job market. Revenues of Broker Forum, Carrus Technologies, Power Source Online and Polygon remained stable compared to the first quarter of fiscal 2021.

Cost of Revenues

Cost of revenues totalled $9.3 million in first quarter of fiscal 2022 compared to $6.6 million in first quarter of fiscal 2021, an increase of $2.8 million driven mainly by the increase in salaries and related expenses of $1.6 million which is net of a $0.1 million quarter over quarter decrease in the federal subsidies in the context of COVID-19. Professional services costs increased by $0.7 million primarily due to implementation costs to support new client deployments. Hosting and licences costs increased by $0.4 million as compared to the first quarter of fiscal 2021, primarily as a result of the transfer costs associated with the Corporation's transition to a cloud-based strategy.

Gross Margin

The gross margin for first quarter of fiscal 2022 was $13.2 million or 58.7% compared to $14.0 million or 68.0% for first quarter of fiscal 2021. This decrease in the gross margin percentage is mainly due to higher salaries, increased headcount and recruiting cost, increased professional fees to support customer implementations and deployments with lower margins than right of use revenues, and higher hosting and licences costs primarily as a result of the transfer costs associated with the Corporation's transition to a cloud-based strategy.

Operating Expenses

For the first quarter of fiscal 2022 operating expenses totalled $17.5 million, compared to $14.7 million in first quarter of fiscal 2021.

- General and administrative expenses totalled $5.0 million in first quarter of fiscal 2022, $1.3 million higher compared to $3.7 million in first quarter of fiscal 2021. The Corporation incurred higher salary and related expenses of $0.5 million, net of $0.2 million quarter over quarter increase in federal subsidies in the context of COVID-19, from higher year-over-year salaries. Professional services and recruiting costs increased by $0.7 million to support the implementation of strategic and foundational initiatives.
- Selling and marketing expenses totalled $6.1 million during first quarter of fiscal 2022, $1.1 million higher compared to $5.0 million in first quarter of fiscal 2021. The increase is mainly attributable to a $0.5 million increase in salary and related expenses, net of a reduction of less than $0.1 million in federal subsidies in the context of COVID-19. The Corporation also incurred higher professional services and the costs of promotional activities totalling $0.6 million.
- Technology expenses totalled $6.4 million during first quarter of fiscal 2022, $0.5 million higher compared to $5.9 million in the first quarter of fiscal 2021. The increase is mainly attributable to a $0.1 million increase in salary and related expenses which is net of $0.3 million quarter over quarter reduction in federal subsidies in the context of COVID-19, to higher professional services

costs of $0.4 million and to lower R&D and e-business tax credits of $0.2 million, slightly offset by a $0.2 million decrease in amortization expense.

Operating Loss

The Corporation recorded an operating loss of $4.3 million during first quarter of fiscal 2022, compared to operating loss of $0.7 million in first quarter of fiscal 2021, primarily due to lower quarter-over-quarter gross margin, higher operating expenses mainly due to an increase in salary and related expenses, including market competitive salary increases starting in Q1 for retention and additional headcount, and an increase in professional fees to support growth as part of the strategic plan. These costs were partially offset by a federal wage subsidy in the context of COVID-19 of $0.8 million in the first quarter of fiscal 2022, compared to $0.5 million in the first quarter of fiscal 2021.

Foreign Exchange

The foreign exchange loss was $0.8 million in first quarter of fiscal 2022, driven by the appreciation of the Canadian dollar versus the U.S. dollar, compared to a $0.4 million foreign exchange loss in first quarter of fiscal 2021.

Finance income (expense)

Financial expenses reported on a net basis, amounted to nil during first quarter of fiscal 2022 compared to an expense of $0.4 million during first quarter of fiscal 2021. Interest on lease liabilities and amortisation of deferred financing costs were offset by interest revenue on cash and cash equivalents. In October 2020, the Corporation repaid all amounts due under the previous revolving credit facility.

Income Tax Recovery

For first quarter of fiscal 2022, the Corporation recorded an income tax recovery of $0.8 million, representing an effective tax rate of 16.2%, compared to the statutory rate of 26.5%. For first quarter of fiscal 2021, the income tax recovery was $0.3 million, and the effective tax rate was at 17.1%.

The difference between the statutory rate of 26.5% and the effective tax rate of 16.2% 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 $4.3 million or $0.15 net loss per share basic and diluted in first quarter of fiscal 2022, compared to a net loss of $1.2 million or $0.08 net loss per share basic and diluted in first quarter of fiscal 2021.

In fiscal 2021, 13.4 million treasury shares were issued primarily from bought deal offerings, increasing the weighted number of shares outstanding as at June 30, 2021 to 28.4 million shares, compared to 16.4 million shares on June 30, 2020.

Adjusted EBITDA[1]

Adjusted EBITDA[1] loss was $1.5 million for the first quarter of fiscal 2022 compared to an Adjusted EBITDA[1] of $2.1 million reported for first quarter of fiscal 2021. Adjusted EBITDA[1] declined compared to the first quarter of fiscal 2021 due to 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.	2022 Q1 June 30 2021 $	2021 Q4 Mar. 31 2021 $	Q3 Dec. 31 2020 $	Q2 Sept.30 2020 $	Q1 June 30 2020 $	2020 Q4 Mar.31 2020 $	Q3 Dec.31 2019 $	Q2 Sept.30 2019 $
Revenues	**22,573**	**22,030**	21,403	20,752	20,534	18,917	18,072	18,211
Operating (loss) profit	**(4,289)**	**(3,284)**	(2,716)	(93)	(698)	(2,210)	(1,753)	2,008
(Loss) profit	**(4,285)**	**(2,858)**	(2,853)	(643)	(1,237)	(6,758)	(1,879)	1,834
Adjusted (loss) profit [2]	**(4,285)**	**(2,858)**	(2,853)	(643)	(1,237)	(1,451)	(1,879)	1,660
(Loss) earnings per share – basic and diluted	**(0.15)**	**(0.12)**	(0.14)	(0.04)	(0.08)	(0.45)	(0.13)	0.12
Adjusted (loss) profit [2] per share – basic and diluted	**(0.15)**	**(0.12)**	(0.14)	(0.04)	(0.08)	(0.10)	(0.13)	0.11
Weighted average number of shares outstanding	**28,404**	**23,874**	20,844	17,161	16,394	15,052	14,913	14,849
Adjusted EBITDA[1]	**(1,511)**	**221**	1,021	2,451	2,053	660	1,643	3,894

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, 2021 versus Fourth quarter ended March 31, 2021

Revenues

First quarter ended June 30, 2021 revenues reached $22.6 million, compared to $22.0 million for the fourth quarter ended March 31, 2021 representing a $0.6 million, or 2.5% increase. Based on constant currency[3], total revenue increased by $0.7 million or 3.3% compared to the fourth quarter of FY2021. This is explained as follows:

- Revenue from right of use reached $16.4 million for first quarter of fiscal 2022, an increase of $0.4 million or 2.5% over $16.0 million for the fourth quarter of fiscal 2021. Revenues from professional services for the first quarter of fiscal 2022 were $3.5 million consistent with $3.4 million in the fourth quarter of fiscal 2021. These professional services are mainly in the ecommerce platform to support large deployments. Revenues from transaction fees, maintenance and hosting and other, comprise the remaining $2.6 million of first quarter of fiscal 2022 revenues and stood unchanged in total compared to the fourth quarter of fiscal 2021.
- The Unified Commerce platform, including ecommerce solutions and Supply Chain Collaboration revenue was $9.9 million for the first quarter of fiscal 2022 compared to $9.7 million for the fourth quarter of fiscal 2021. Orckestra and k-eCommerce, ecommerce solutions, had a combined $6.7 million revenue representing and increase of $0.2 million or 3.7% sequential increase. Supply Chain Collaboration revenues were stable sequentially.
- Strategic Sourcing platform revenue was $8.9 million, representing an increase of $0.2 million or 1.9% compared to the fourth quarter of fiscal 2021. The US-based BidNet, a solution within the Strategic Sourcing platform, contributed a $0.2 million increase in revenues representing 4.9% growth sequentially.
- Total emarketplaces platform revenues represented a $0.1 million or 3.4% increase in revenues sequentially, with Jobboom representing increase of $0.2 million or 37.1% sequential primarily due to an active Canadian job market.

Cost of Revenues

- Cost of revenues totalled $9.3 million in first quarter of fiscal 2022 compared to $8.6 million in the fourth quarter of fiscal 2021, an increase of $0.8 million driven mainly by the increase in salaries and related expenses of $0.4 million and professional services costs which increased by $0.3 million primarily due to implementation costs to support new client deployments while hosting costs increased by $0.1 million due to the Corporation's transition to a cloud-based strategy.

Gross Margin

The gross margin for first quarter of fiscal 2022 stood at $13.2 million and reached 58.7% compared to 61.1% for the fourth quarter of fiscal 2021.

Operating Expenses

- General and administrative expenses totalled $5.0 million in first quarter of fiscal 2022, $0.4 million lower compared to $5.3 million in fourth quarter of fiscal 2021. Sequentially, total salaries increased due to salary adjustments, higher recruiting fees of $0.2 million, partially offset by a reduction in termination benefits of $0.5 million.
- Selling and marketing expenses totalled $6.1 million during first quarter of fiscal 2022, $0.3 million higher compared to $5.8 million in fourth quarter of fiscal 2021. The increase is mainly attributable to a $0.1 million increase in both salary expenses and professional services.
- Technology expenses totalled $6.4 million during first quarter of fiscal 2022, $0.9 million higher compared to $5.6 million in fourth quarter of fiscal 2021. The increase is mainly attributable to lower R&D and e-business tax credits as well as lower capitalized internally developed software together representing $0.9 million.

Operating Loss

The Corporation recorded an operating loss of $4.3 million during first quarter of fiscal 2022, compared to operating loss of $3.3 million in fourth quarter of fiscal 2021.

Net Loss

Net loss was $4.3 million or $0.15 net loss per share basic and diluted in first quarter of fiscal 2022, compared to a net loss of $2.9 million or $0.12 net loss per share basic and diluted in fourth quarter of fiscal 2021.

Adjusted EBITDA[1]

Adjusted EBITDA[1] loss was $1.5 million for first quarter of fiscal 2022 compared to Adjusted EBITDA[1] $0.2 million reported for fourth quarter of fiscal 2021. Adjusted EBITDA[1] declined sequentially 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.

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 support 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 June 30, 2021, the Corporation had cash and cash equivalents of $107.7 million (excluding cash held for the benefit of third parties).

Summary of the Consolidated Statements of cash Flows

	For the quarters ended June 30,	
In thousands of Canadian dollars.	2021 $	2020 $
Net cash inflows related to operating activities	884	801
Net cash outflows related to investing activities	(834)	(925)
Net cash (outflows) inflows related to financing activities	(482)	5,368
Net (decrease) increase in cash and cash equivalents for the periods	(432)	5,244
Effect of foreign exchange rate changes on cash and cash equivalents	(127)	(626)
Cash and cash equivalents at beginning of periods	110,782	15,176
Cash and cash equivalents at end of periods	110,223	19,794
Cash and cash equivalents consist of the following statement of financial position items:		
Cash and cash equivalents	107,700	19,365
Cash held for the benefit of third parties	2,523	429

Cash from Operations

Net cash inflows from operating activities increased slightly to $0.9 million, compared to $0.8 million in first quarter of fiscal 2021. During the first quarter of fiscal 2022, the cash generated for non-cash working capital items was $3.7 million, compared to $0.9 million used in the first quarter of fiscal 2021. This difference is offset by the larger net loss in the first quarter of fiscal 2022 compared to the first quarter of fiscal 2021.

Investing Activities

For the first quarter of fiscal 2022, cash flows used in investing activities totalled $0.8 million, compared to $0.9 million used during first quarter of fiscal 2021. The decrease was primarily due to a reduction in purchases of property and equipment in the first quarter of fiscal 2022 of $0.1 million, compared to first quarter of fiscal 2021.

Financing Activities

Cash flows used in financing activities was $0.5 million in first quarter of fiscal 2022 compared to $5.4 million financing cash flows generated during first quarter of fiscal 2021, representing a net decrease of $5.7 million over the first quarter of fiscal 2021.

In the first quarter of fiscal 2021, the Corporation received the proceeds from the issuance of common shares from a bought deal offering which closed on May 21, 2020 of $14.8 million, net of issuance costs. This was partially offset by net repayment of long-term debt of $9.0 million and lease payments of $0.4 million.

No dividends were paid in first quarters of fiscal 2022 or 2021. The Corporation's current policy is to reinvest excess cash in the strategy aimed at increasing the Corporation's growth and 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").

The Credit Agreement matures on October 15, 2023, and any unpaid amounts are due in full at maturity. As at June 30, 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.

Revolving Facility

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 June 30, 2021, the maximum borrowing capacity available under the Revolving Facility was $33.1 million.

Term Facility

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 $6.6 million, of which $1.5 million was drawn by the Corporation as at June 30, 2021.

Financial Position

The Corporation has a strong financial position and is able to meet its financial obligations. As at June 30, 2021, excluding cash held for the benefit of third parties, the Corporation had cash and cash equivalents of $107.7 million ($109.6 million as at March 31, 2021).

As at June 30, 2021, total assets were $276.2 million compared to $276.4 million as at March 31, 2021, and total liabilities were $55.8 million as at June 30, 2021 compared to $51.8 million as at March 31, 2021.

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

Selected information from the Consolidated Statements of Financial Position

In thousands of Canadian dollars.	June 30, 2021 $	March 31, 2021 $
Cash and cash equivalents	**107,700**	109,637
Trade and other receivables	**9,935**	10,602
Tax credits receivable	**9,919**	9,653
Derivative financial instruments asset	**540**	645
Goodwill	**101,029**	101,029
Other	**47,047**	44,834
Total assets	**276,170**	276,400
Accounts payable and accrued liabilities	**11,381**	12,212
Deferred revenue	**22,494**	20,310
Long-term debt	**1,500**	1,500
Lease liabilities	**10,724**	10,522
Other	**9,668**	7,289
Total liabilities	**55,767**	51,833
Shareholders' equity	**220,403**	224,567

The main changes in the Corporation's Consolidated Statements of Financial Position between June 30, 2021 and March 31, 2021 are explained as follows:

- Cash and cash equivalents (excluding cash held for the benefit of third parties) totalled $107.7 million as at June 30, 2021 compared to $109.6 million as at March 31, 2021. Refer to the "Liquidity and Capital resources" section for details.
- Trade and other receivables totalled $9.9 million as at June 30, 2021, a decrease of $0.7 million compared to $10.6 million as at March 31, 2021. This decrease is mainly due to timing of invoices.
- Tax credit receivable, including R&D and e-business tax credits receivable totalled $9.9 million as at June 30, 2021 compared to $9.7 million as at March 31, 2021. This increase is related to the recognition of additional credits in first quarter of fiscal 2022.
- Goodwill remained unchanged at $101.0 million as at June 30, 2021.
- Derivative financial instruments asset remained at $0.6 million as at June 30, 2021 (Refer to the "Derivative financial instruments" section).
- Deferred revenue totalled $22.5 million as at June 30, 2021 compared to $20.3 million as at March 31, 2021, the increase is primarily attributable to annual invoicing that occurred at the beginning of the first quarter of fiscal 2022.
- Lease liabilities totalled $10.7 million as at June 30, 2021 compared to $10.5 million as at March 31, 2021. The increase is mainly attributable to new leases signed in the first quarter of fiscal 2022.
- Long-term debt remained at $1.5 million as at June 30, 2021 consistent with March 31, 2021.
- Shareholders' equity totalled $220.4 million as at June 30, 2021, compared to $224.6 million as at March 31, 2021.

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 year ended March 31, 2021.

In thousands of Canadian dollars	June 30, 2021 $	March 31, 2021 $
Notional amount US$	9,375	9,300
Weighted-average foreign exchange rate (USD/CAD)	1.2978	1.3261
Maturity dates (fiscal years)	2022-2023	2022-2023

At June 30, 2021, the Corporation has open foreign currency forward contracts with a notional amount of US$9.4 million, a weighted-average (US$/CA$) foreign exchange rate of 1.2978 with contractual maturity dates between fiscal years 2022 and 2023. As at March 31, 2021, the Corporation had open foreign currency forward contracts with a notional amount of US$9.3 million, a weighted-average foreign exchange rate of 1.3261 with contractual maturity dates between fiscal years 2021 and 2023.

During the first quarter of fiscal 2022, 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 Interim Condensed Consolidated Statements of Financial Position for the three-month period ended June 30, 2021.

Risk Factors and Uncertainties

The Corporation is confident of its long-term prospects. However, in order to ensure that its strategy and growth objectives are met, the Corporation seeks to diminish the risks and uncertainties created by potentially unfavourable situations in its industry sector or its liquidity. The risk that the Corporation faces is technological, operational or financial in nature or is inherent to its business activities or its acquisition strategies. Other than the risks and uncertainties relating to COVID-19 described in the "COVID-19" section, the description of these risks and uncertainties has not changed as compared to the MD&A and the Annual Information Form for the year ended March 31, 2021.

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, share-based compensation, 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 share-based compensation 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 EBITDA margin is calculated as Adjusted EBITDA divided by revenues.

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.

Constant currency basis

Certain revenue figures and changes from prior period are analyzed and presented on a constant currency basis and are obtained by translating revenues from the comparable period of the prior year denominated in foreign currencies at the foreign exchange rates of the current period. The Company believes that this Non-IFRS financial measure is useful to compare its performance that excludes certain elements prone to volatility.

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

Reconciliation of Adjusted EBITDA and loss (profit)

	2022	2021					2020				
In thousands of Canadian dollars.	Q1 June 30 2021 $	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	(4,285)	(7,591)	(2,858)	(2,853)	(643)	(1,237)	(5,752)	(6,758)	(1,879)	1,834	1,051
Impairment loss of assets charge	-	-	-	-	-	-	7,221	7,221	-	-	-
Income tax (recovery) expense	(826)	(1,618)	(704)	(625)	(34)	(255)	(1,515)	(1,890)	(502)	389	488
Depreciation of property and equipment and amortization of intangible assets	900	4,217	1,155	1,121	1,019	922	3,474	1,264	797	734	679
Amortization of acquired intangible assets	882	3,815	1,014	885	910	1,006	2,816	934	680	601	601
Amortization of right of use assets	489	1,735	437	415	419	464	1,665	483	435	397	350
Amortization of deferred financing costs	57	135	57	58	10	10	39	10	10	10	9
Interest on lease liability	91	381	91	93	98	99	380	105	91	93	91
Interest on long-term debt	14	536	9	106	166	255	892	291	211	136	254
Interest revenue	(167)	(61)	(50)	(11)	-	-	-	-	-	-	-
EBITDA	(2,845)	1,549	(849)	(811)	1,945	1,264	9,220	1,660	(157)	4,194	3,523
Foreign exchange loss (gain)	827	1,427	171	516	310	430	(788)	(1,188)	316	(280)	364
Loss (gain) on sale of a subsidiary	-	-	-	-	-	-	83	-	-	(174)	257
Share-based compensation	200	467	124	156	80	107	-	-	-	-	-
Restructuring costs	228	1,966	723	932	116	195	1,400	97	1,158	145	-
Acquisition related costs	79	337	52	228	-	57	426	91	326	9	-
Adjusted EBITDA	(1,511)	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	2022 Q1 June 30 2021 $	2021 Total $	Q4 Mar. 31 2021 $	Q3 Dec. 31 2020 $	Q2 Sept. 30 2020 $	Q1 June 30 2020 $	2020 Total $	Q4 Mar. 31 2020 $	Q3 Dec. 31 2019 $	Q2 Sept. 30 2019 $	Q1 June 30 2019 $
(Loss) profit	**(4,285)**	(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	**(4,285)**	(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	**28,404**	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	**(0.15)**	(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	**(0.15)**	(0.38)	(0.12)	(0.14)	(0.04)	(0.08)	(0.03)	(0.10)	(0.13)	0.11	0.09

Reconciliation of revenues on a constant currency basis and revenues

First quarter ended June 30, 2021 versus First quarter ended June 30, 2020

In thousands of Canadian dollars	For the three-month periods ended June 30, 2021	June 30, 2020	$ Change As reported	Foreign exchange Impact	In constant currency	% Change As reported	In constant currency
Revenues	22,573	20,534	2,039	449	2,488	9.9 %	12.4 %

First quarter ended June 30, 2021 versus Fourth quarter ended March 31, 2021

In thousands of Canadian dollars	For the three-month periods ended June 30, 2021	March 31, 2021	$ Change As reported	Foreign exchange Impact	In constant currency	% Change As reported	In constant currency
Revenues	22,573	22,030	543	178	721	2.5 %	3.3 %

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.

Recurring revenue and Monthly Recurring Revenue (MRR) are composed of revenues in respect of which subscriptions, licensing, maintenance, and hosting services provide access to goods and services with cyclical billing frequencies. Recurring revenue is a subset of total revenues as determined in accordance with IFRS. The recurring revenue 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.

During the quarter ended June 30, 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 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 August 11, 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 August 11, 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."

Head Office

1111 St-Charles Street West, Suite 255
Longueuil, Quebec, Canada J4K 5G4
Tel.: 450-449-0102 Fax: 450-449-8725
www.mdfcommerce.com

Board of Directors

Gilles Laporte
Quebec, Canada
Chairman of the Board of the Corporation
Corporate Director

Luc Filiatreault
Quebec, Canada
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
Quebec, Canada
Corporate Director

Honourable Clément Gignac, ASC
Quebec, Canada

Jean-François Sabourin
Quebec, Canada
Managing Director, Canaccord Genuity Direct
President, JitneyTrade Inc.

Gilles Laurin, CPA, CA
Quebec, Canada
Corporate Director

Zoya Shchupak, CPA, CA
Quebec, Canada
Managing Partner, Innovobot Fund I L.P.

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Transfer agent and auditor

Computershare Investor Services Inc.
1500 Robert-Bourassa Blvd, Suite 700,
Montreal, Quebec, Canada H3A 3S8
Tel.: 514-982-7888 Fax: 514-982-7580
www.computershare.com

Deloitte LLP
1190 Avenue des Canadiens de Montréal
Montreal, Quebec, Canada H3B 0M7
Tel.: 514-393-7115 Fax: 514-390-4100
www.deloitte.ca