Management's Discussion and Analysis

For the third quarter ended December 31, 2021

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Basis of presentation

This Management's Discussion Analysis ("MD&A"), dated February 9, 2022, 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 December 31, 2021 and for the third quarters ended December 31, 2021 and December 31, 2020. The MD&A should be read in conjunction with the unaudited interim condensed financial statements for the three-month and nine-month periods ended December 31, 2021 and 2020 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 December 31, 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 Recurring Revenue[4] and Monthly Recurring Revenues ("MRR")[4] as key performance indicators. 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.

[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] Recurring Revenue and Monthly Recurring Revenue ("MRR") are key performance indicators. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" section.

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".

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 February 9, 2022 and, unless specifically stated otherwise, all information disclosed herein is provided as at December 31, 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 eprocurement (formerly Strategic Sourcing), ecommerce, Supply Chain Collaboration and emarketplaces solutions are supported by a strong and dedicated team of approximately 800 employees based in Canada, the United States, Denmark, Ukraine and China.

Mission Statement

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

Overview

For the third quarter of fiscal 2022, total revenue was $30.7 million, a 43.2% increase compared to $21.4 million in the third quarter of prior year. On a constant currency[3] basis, total revenue increased by $9.7 million or 46.3% compared to the third quarter in fiscal 2021. Recurring revenue[4] represents $26.7 million or 80.3% of total revenues for third quarter of fiscal 2022 compared to $16.0 million or 75.0% of total revenues for third quarter of fiscal 2021.

This growth was positively impacted by the recognition of three months of revenue from Periscope Intermediate Corporation ("Periscope"), an acquisition on August 31, 2021, which contributed $7.7 million of revenues in the third quarter of fiscal 2022. Revenues for the third quarter of fiscal 2022 were impacted by an acquisition accounting fair value adjustment on Periscope deferred revenues at the closing date of the acquisition and which resulted in a reduction in revenues of $2.6 million for the quarter. The adjustment also had an unfavorable impact on gross margin, operating loss, net loss, Adjusted EBITDA[1] and loss per share (basic and diluted) for the third quarter of fiscal 2022.

Third quarter fiscal 2022 included full-quarter results from the acquisition of Periscope and reflects the transformational impact that this acquisition has on the execution of our growth plan:

- mdf commerce becomes a North American leader in public eprocurement, with the ability to service all types of government agencies.
- Periscope allows us to expand both our geographic footprint and technology offering for our eprocurement platform.
- We are now the platform of record and can deliver full end-to-end eprocurement solutions for over 6,000 government agencies with a network of 500,000+ active suppliers across 40 states and 10 provinces and territories in North America.
- Periscope integration efforts are on track, including management team structure, product integration and innovation initiatives.

- Revenue growth for the eprocurement platform will be focused on driving revenues via our innovative transaction fee model, which allows us to earn revenue as a percentage of government agency spend on procurement transactions relating to everyday needs such as office and medical supplies, legal services, gas and electricity, to more complex construction and infrastructure projects.
- We believe that this innovative model is highly scalable and has the potential to generate significant upside to our growth objectives.

For Unified Commerce, which includes the ecommerce and Supply Chain Collaboration solutions, the focus for growth is organic and primarily in ecommerce as businesses implement new or upgraded ecommerce infrastructure at an accelerated pace. For this platform, our focus is on executing on our direct sales efforts as well as sales via our growing partner network. These efforts are starting to yield growth in our leads pipeline.

As is the case for many companies in all sectors of activity, the labour market remains an important challenge. 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.

Board renewal – transformation

The Honourable Clément Gignac was appointed to the Senate of Canada on July 29, 2021. As a result of his appointment as a Senator, the Honourable Clément Gignac has decided to resign as a member of the Board of Directors of mdf commerce, effective as of February 9, 2022, to focus on his responsibilities as a Senator. The Honourable Clément Gignac will be a member of three of the Senate committees, namely the National Finance Committee, the Banking, Trade and Commerce Committee as well as the Energy, the Environment and National Resources Committee.

Mr. Gilles Laporte, Chair of the Board, has also announced that, after serving on the mdf commerce Board of Directors for 11 years, he will not stand for re-election at the next annual meeting of the Corporation, unless at such time no new director has been selected.

mdf commerce has initiated a recruiting process to replace Messrs. Gignac and Laporte on the Board of Directors. The Board has formed a Search Committee headed by Mary-Ann Bell, an independent Board member, to hire an executive search firm, to conduct the search and to make recommendations of candidates to the full Board.

Previously provided forward-looking financial information

In the second quarter of fiscal 2022, the Corporation reported that given Periscope's calendar year-to-date performance and high near-term visibility for contracted revenue and pipeline developments, that Management remained confident that Periscope would achieve revenues of approximately US$33 million in calendar year 2021, compared to US$23.1 million in calendar year 2020.

Periscope calendar year 2021 revenues were US$30.7 million, excluding the acquisition accounting adjusting entries on the fair value of deferred revenues. The remaining variance in revenue of US$2.3 million is related to temporary delays in the deployment of a State contract. Deployment delays in the third quarter of fiscal 2022 also impacted the implementation of other projects, resulting in lower professional fee revenue. These delays were caused primarily by personnel shortages due to COVID-19 related absenteeism and the holiday season and implementation activities are expected to resume in the near term.

Outlook

In the short-term, we continue to execute as planned on the integration of Periscope, and on adopting and leveraging the unique Transactional solution model for our eprocurement platform. Concurrently, we are accelerating the onboarding of new States and public agencies. Management believes that it could realize estimated annual revenue synergies of at least $15 million and annual cost synergies of approximately $5 million within 3 years of the August 31, 2021 acquisition date.

For Unified Commerce, our focus continues to be on organic growth. As the COVID-19 pandemic evolves, we believe that the accelerated market adoption of ecommerce solutions presents a "long-tail" market opportunity, as retailers are replacing or upgrading their ecommerce infrastructure. We plan on continuing to capitalize on these opportunities going forward.

The ongoing pandemic has created several macro-economic trends that the Corporation needs to contend with. These trends include supply-chain challenges, staff shortages, delays in the roll-out of some signed contracts among others. In response to these challenges, our focus is on the constant improvement of operational efficiency and cost optimization. These efforts should improve our profitability metrics over the next few quarters.

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 condition, 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 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 are 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.

The COVID-19 pandemic created a climate of uncertainty during fiscal 2021 and the trend has continued in fiscal 2022. The Corporation ecommerce and eprocurement activities, benefit from an acceleration in digitalization, specifically in the retail and grocery verticals as well as in public eprocurement. The Corporation and certain of its subsidiaries benefited from the Canadian Federal government's assistance programs for COVID-19 in the first quarter of fiscal 2022 and in fiscal 2021.

The ongoing pandemic has created several macro-economic trends that the Corporation needs to contend with. These trends include supply-chain challenges, staff shortages, delays in the roll-out of some signed contracts among others.

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 trend of transformation to ecommerce and digital technology will continue or accelerate and that the Corporation 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.

Financial Highlights – Third Quarter Ended December 31, 2021 ("Third quarter of fiscal 2022")

Total revenues and Recurring Revenues (MRR)[4]

- Total revenues for third quarter of fiscal 2022 reached $30.7 million, an increase of $9.2 million or 43.2% compared to $21.4 million for third quarter of fiscal 2021. On a constant currency[3] basis, total revenue increased by $9.7 million or 46.3% compared to the third quarter in fiscal 2021. Revenues for the third quarter of fiscal 2022 were impacted by an acquisition accounting fair value adjustment on Periscope deferred revenues at the closing date of the acquisition and which resulted in a reduction in revenues of $2.6 million for the quarter.
- Recurring revenue[4] represents $26.7 million or 80.3% of total revenues for third quarter of fiscal 2022 compared to $16.0 million or 75.0% of total revenues for third quarter of fiscal 2021.
- The eprocurement platform generated revenues of $16.9 million, an increase of $8.6 million or 104.7% compared to $8.3 million in third quarter of fiscal 2021. The US-based eprocurement network, contributed positively to revenue growth with an increase in total revenues of $8.2 million or 203.5%, compared to third quarter of fiscal 2021, including revenues from Periscope of $7.7 million. Revenues for the third quarter of fiscal 2022 were reduced by $2.6 million, relating to a fair value adjustment on Periscope deferred revenues at the closing date of the acquisition.
- Recurring revenue[4] for the eprocurement platform represented 91.8% of platform revenues for third quarter of fiscal 2022 compared to 92.1% for third quarter of fiscal 2021.
- The Unified Commerce platform, which includes both ecommerce and Supply Chain Collaboration solutions, generated revenues of $9.8 million for the third quarter of fiscal 2022, an increase of $0.4 million or 3.8% compared to revenues of $9.4 million for the third quarter of fiscal 2021.
- Recurring revenue[4] for the Unified Commerce platform represented 59.3% of platform revenues for the third quarter of fiscal 2022 compared to 57.4% for the third quarter of fiscal 2021.
- The emarketplaces platform generated revenues of $4.0 million for third quarter of fiscal 2022, an increase of $0.2 million or 6.6% compared to revenues of $3.7 million for third quarter of fiscal 2021. The net increase is primarily due to The Broker Forum, contributing $0.5 million in revenue in the third quarter of fiscal 2022, primarily due to increased activity on the platform driven by the online network demand for electronic components and related escrow services.

Loss and Adjusted EBITDA[1]

- For third quarter of fiscal 2022, total operating expenses increased by $6.5 million or 40.5% compared to third quarter of fiscal 2021, from $16.1 million to $22.7 million, primarily related to the addition of Periscope operations as of the acquisition on August 31, 2021.
- Higher operating expenses for the third quarter of fiscal 2022 include the first full quarter of Periscope's operations and higher year-over-year quarterly expenses to support the Corporation's revenue growth and transformation strategy.

- These expenses included higher salary costs, mainly from additional headcount in sales, marketing and technology and higher professional fee expenses. In the third quarter of fiscal 2021, operating expenses were net of $0.6 million salary subsidies related to federal wage subsidy in the context of COVID-19 while the Corporation did not claim subsidies in the third quarter of 2022.
- Net loss was $4.7 million, or $0.11 loss per share (basic and diluted) for the third quarter of fiscal 2022, compared to a net loss of $2.9 million, or $0.14 loss per share (basic and diluted) for the third quarter of fiscal 2021. During the third quarter of fiscal 2022, the acquisition of Periscope, resulted in higher restructuring costs, an increase in fair value of the contingent purchase price consideration, and higher amortization expense on acquired intangible assets and right of use assets.
- Adjusted EBITDA[1] was $0.7 million for third quarter of fiscal 2022, compared to Adjusted EBITDA of $1.0 million for third quarter of fiscal 2021.
- The acquisition accounting adjustment to the fair value of deferred revenues as the acquisition date, which resulted in a reduction of revenue of $2.6 million in the third quarter of fiscal 2022, also had an unfavorable impact on gross margin, operating loss, net loss, Adjusted EBITDA[1] and loss per share (basic and diluted) for the third quarter of fiscal 2022.

Consolidated (Loss) Profit and Selected Financial Information

In thousands of Canadian dollars, except number of shares and per share amounts	Three-month periods ended December 31 2021 $	2020 $	2019 $
Revenues	**30,652**	21,403	18,072
Gross margin	**17,202**	13,412	12,728
Operating expenses			
General and administrative	**6,201**	5,226	4,096
Selling and marketing	**8,414**	4,816	4,120
Technology	**8,052**	6,086	6,265
Total operating expenses	**22,667**	16,128	14,481
Operating (loss) profit	**(5,465)**	(2,716)	(1,753)
Foreign exchange (loss) gain	**(1)**	(516)	(316)
Finance expenses	**(397)**	(246)	(312)
Change in fair value of purchase price contingent consideration	**(306)**	-	-
Income tax recovery (expense)	**1,496**	625	502
Net (loss) profit	**(4,673)**	(2,853)	(1,879)
Adjusted (loss) profit [2]	**(4,673)**	(2,853)	(1,879)
Adjusted EBITDA[1]	**739**	1,021	1,643
(Loss) profit per share – basic and diluted	**(0.11)**	(0.14)	(0.13)
Adjusted (loss) profit [2] per share – basic and diluted	**(0.11)**	(0.14)	(0.13)
Declared dividends per share	**-**	-	-
Weighted average number of shares outstanding Basic and diluted	**43,970,943**	20,844,499	14,912,768

	Dec. 31, 2021 $	March 31, 2021 $	March 31, 2020 $
Total assets	**471,688**	276,400	171,085
Long-term debt	**47,397**	1,500	26,975
Other liabilities	**93,558**	50,333	51,271
Total liabilities	**140,955**	51,833	78,246
Shareholders' equity	**330,733**	224,567	92,839

Third quarter ended December 31, 2021 versus Third quarter ended December 31, 2020

Revenues

- Revenues for the third quarter ended December 31, 2021 reached $30.7 million, compared to $21.4 million for the third quarter ended December 31, 2020 representing a $9.2 million, or 43.2%, increase. On a constant currency[3] basis, total revenue increased by $9.7 million or 46.3% compared to the third quarter in fiscal 2021. Revenues for the third quarter of fiscal 2022 were impacted by a fair value adjustment on Periscope deferred revenues at the closing date of the acquisition and which resulted in a reduction of revenues for the quarter of $2.6 million.
- Revenues by nature includes right of use revenue that reached $21.7 million for third quarter of fiscal 2022, an increase of $6.0 million or 38.6% over $15.6 million for third quarter of fiscal 2021. Revenue from professional services increased by $2.9 million or 92.9% from $3.1 million to $6.0 million. Periscope contributed $7.7 million of revenue mainly from right of use and professional services for the implementation and support of eprocurement technology solutions for U.S government agencies where large deployments are in progress. Revenues from transaction fees, maintenance and hosting services, and other comprise the remaining $3.0 million of third quarter of fiscal 2022 revenues representing an increase of $0.3 million compared to the third quarter of fiscal 2021.
- The Corporation's eprocurement platform solutions saw the highest revenue growth in third quarter of fiscal 2022 which is explained as follows:
- Revenue from the eprocurement platform was $16.9 million, contributing revenue growth of $8.6 million or 104.7% compared to $8.3 million in the third quarter of fiscal 2021. The third quarter of fiscal 2022 includes the first full quarter of revenue related to the Periscope acquisition which closed on August 31, 2021. The US-based eprocurement solutions, which includes Bidnet and Periscope, contributed $12.3 million, compared to $4.0 million in the third quarter of fiscal 2021, an increase of $8.2 million or 203.5%. Revenue from the Corporation's US-based eprocurement solutions benefited from the acquisition of Periscope revenues for the third quarter were $7.7 million, were impacted by a fair value adjustment on deferred revenues at the closing date of the Periscope acquisition and which resulted in a reduction of revenues of $2.6 million for the quarter, and from an organic increase in revenues from new buying agencies, and an increase in paying suppliers.
- A global shift to digital technologies and the COVID-19 pandemic have accelerated the adoption of eprocurement solutions within the public sector, as it faces a pressing need to digitally transform the procurement process to ensure business continuity. Cloud-based, end-to-end solutions are becoming part of governments critical infrastructure, all of which presents a solid growth opportunity for our eprocurement platform.
- Revenue from the Unified Commerce platform, including ecommerce and Supply Chain Collaboration solutions, was $9.8 million, a 3.8% increase over $9.4 million reported for the same quarter last year.

- ecommerce, which consists of Orckestra and k-eCommerce solutions, represented $6.4 million of Unified Commerce revenue in the third quarter of fiscal 2022, up $0.2 million or 3.9% from $6.2 million reported in the corresponding quarter of fiscal 2021.
- The Orckestra solution contributed $0.2 million or 4.0% increase in revenue compared to third quarter of fiscal 2021 mostly due to higher professional services revenues.
- The k-eCommerce solution, added $0.1 million or 3.6% growth in revenues in the third quarter of fiscal 2022, compared to the third quarter of fiscal 2021 due to an increase in right of use revenues.
- The Corporation's Supply Chain Collaboration solution, part of our Unified Commerce platform, had a $0.1 million or 3.7% increase in revenue compared to the third quarter revenues of fiscal 2021.
- Revenues from the emarketplaces platform totalled $4.0 million, increasing by $0.2 million or 6.6% from the third quarter of fiscal 2021. The Broker Forum revenues increased by $0.5 million or 114.8% reaching $1.0 million for the third quarter of fiscal 2022, primarily due to increased activity on the platform driven by online network demand for electronic components and related escrow services. Revenues from the other solutions, Jobboom, Carrus Technologies, Power Source Online and Reseau Contact together account for a $0.3 million decrease compared to the third quarter of fiscal 2021.

Cost of Revenues

Cost of revenues totalled $13.5 million in third quarter of fiscal 2022, $5.5 million higher compared to $8.0 million in third quarter of fiscal 2021. As compared to the third quarter of fiscal 2021, total salaries and related expenses increased by $3.0 million, hosting and licenses costs together increased by $1.8 million directly related to the Corporation's transition to a cloud-based strategy, and professional services costs increased by $0.5 million primarily due to implementation costs to support client deployments. There were no federal wage subsides in the context of COVID-19 in the third quarter of fiscal 2022, compared to $0.2 million in the third quarter of fiscal 2021.

Gross Margin

Gross margin for the third quarter of fiscal 2022 was $17.2 million or 56.1% compared to $13.4 million or 62.7% for third quarter of fiscal 2021. The decrease in the gross margin percentage is due to the increased cost of revenues mainly from higher headcount, higher salaries and increased professional fees to support customer implementations and deployments which have lower margins than right of use revenues, and higher hosting and licenses costs directly related the Corporation's transition to a cloud-based strategy.

Operating Expenses

For the third quarter of fiscal 2022 total operating expenses were $22.7 million, compared to $16.1 million in third quarter of fiscal 2021.

- General and administrative expenses totalled $6.2 million in third quarter of fiscal 2022, $1.0 million higher compared to $5.2 million in third quarter of fiscal 2021. The increase is mainly attributable to higher salary and related expenses of $0.7 million and to higher amortization expense of $0.2 million.

- Selling and marketing expenses totalled $8.4 million during third quarter of fiscal 2022, $3.6 million higher compared to $4.8 million in third quarter of fiscal 2021. The increase is mainly attributable to higher amortization expense of $1.6 million mainly related to Periscope acquisition, to increased salary and related expenses of $1.1 million, to higher professional fees of $0.4 million and to an increase of $0.2 million in promotional activities.
- Technology expenses totalled $8.1 million during third quarter of fiscal 2022, $2.0 million higher compared to $6.1 million in the third quarter of fiscal 2021. The increase is mainly attributable to an increase of $1.8 million in salary and related expenses, to higher amortization expense of $0.4 million mainly related to intangible assets recognized on the Periscope acquisition and to additional professional fee expenses of $0.2 million. These increases are partly offset by higher capitalized internally developed software and e-business tax credits of $0.4 million.

Operating Loss

The Corporation had an operating loss of $5.5 million during third quarter of fiscal 2022, compared to operating loss of $2.7 million in third quarter of fiscal 2021. Lower quarter-over-quarter gross margin percentage and higher operating expenses are mainly due to an increase in salary and related expenses, to additional amortization expense related to the Periscope acquisition and to an increase in hosting fees related to the Corporation's transition to a cloud-based strategy. Operating expenses for the third quarter of the previous year included a federal wage subsidy in the context of COVID-19 of $0.6 million while no subsidies were claimed in the third quarter of fiscal 2022.

Foreign Exchange

The foreign exchange impact netted to nil in third quarter of fiscal 2022, driven by the appreciation of the U.S. dollar versus the Canadian dollar, compared to a $0.5 million foreign exchange loss in third quarter of fiscal 2021. With the acquisition of Periscope, the Corporation's US-based revenues as a percentage of total consolidated revenues has increased to 58.7% of $30.7 million revenues for the third quarter of fiscal 2022, compared to 47.2% of $21.4 million revenues in the same quarter of fiscal 2021.

Finance expenses

Finance expenses reported on a net basis, amounted to $0.4 million during the third quarter of fiscal 2022 compared to $0.2 million during the third quarter of fiscal 2021. Finance expenses consists of expenses and standby fees on long-term debt, interest expense on lease liabilities, amortization of deferred financing costs and other finance costs.

Income Tax Recovery

For the third quarter of fiscal 2022, the Corporation recorded an income tax recovery of $1.5 million, representing an effective tax rate of 24.3%, compared to the statutory rate of 26.5%. For the third quarter of fiscal 2021, the income tax recovery was $0.6 million, and the effective tax rate was at 18.0%.

The difference between the statutory rate of 26.5% and the effective tax rate of 24.3% mainly results from the fact that certain expenses recognized are not deductible for tax purposes, mainly related to the acquisition-related costs for the Periscope transaction.

Net Loss

Net loss was $4.7 million or $0.11 net loss per share (basic and diluted) in the third quarter of fiscal 2022, compared to a net loss of $2.9 million or $0.14 net loss per share (basic and diluted) in the third quarter of fiscal 2021. During the third quarter of fiscal 2022, the acquisition of Periscope, resulted in higher restructuring costs, expense related to the increase in fair value of the contingent purchase price consideration, and higher amortization expense on acquired intangible assets and right of use assets.

Adjusted EBITDA[1]

Adjusted EBITDA[1] was $0.7 million for the third quarter of fiscal 2022 compared to an Adjusted EBITDA[1] of $1.0 million reported for third quarter of fiscal 2021. Adjusted EBITDA[1] decreased compared to the third 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 to support large deployments of client contracts.

The acquisition accounting adjustment to the fair value of deferred revenues as the acquisition date, which resulted in a reduction of revenue of $2.6 million in the third quarter of fiscal 2022, also had an unfavorable impact on gross margin, operating loss, net loss, Adjusted EBITDA[1] and loss per share (basic and diluted) for the third quarter of fiscal FY2022.

Nine-month period ended December 31, 2021, versus Nine-month period ended December 31, 2020

Revenues

Revenues reached $78.3 million for the nine-month period ended December 31, 2021, compared to $62.7 million for the nine-month period ended December 31, 2020 representing a $15.6 million, or 24.9% increase. Revenues for the nine-month period ended December 31, 2021, were impacted by a fair value adjustment on deferred revenues at the closing date of the Periscope acquisition and which resulted in a reduction of revenues of $3.6 million year-to-date. On a constant currency[3] basis, total revenue increased by $17.0 million or 27.6% compared to the first nine-months of fiscal 2021.

- Revenues by nature includes revenue from right of use which reached $55.9 million for the first nine-month period of fiscal 2022, an increase of $10.0 million or 21.6% over $46.0 million for the first nine-months of fiscal 2021. Revenue from professional services increased by $4.9 million or 55.0% from $9.0 million to $13.9 million. Revenues from transaction fees, maintenance and hosting services, and other comprise the remaining $8.4 million of first nine-month period of fiscal 2022 revenues and increased by $0.7 million in total compared to the first nine-month period of fiscal 2021.
- The Corporation's two core platforms, eprocurement and Unified Commerce saw the highest revenue growth in the first nine-month period of fiscal 2022 compared to the same period in the prior year, which is explained as follows:
- Revenue from the eprocurement platform was $37.0 million, contributing $13.0 million or 54.2% of revenue growth from $24.0 million in the first nine-months of fiscal 2021. Revenues for the nine-month period ended December 31, 2021, were impacted by a fair value adjustment on deferred revenues at the closing date of the Periscope acquisition and which resulted in a reduction of revenues of $3.6 million year-to-date.

With revenues of $23.8 million year-to-date fiscal 2022, an increase of $12.5 million or 111.0% over the same period of prior year, the Corporation's US-based eprocurement saw the largest growth from both the acquisition of Periscope and from an organic increase in revenues driven by new buying agencies, which drove an increase in paying suppliers. 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 to ensure business continuity. Cloud-based, end-to-end eprocurement solutions are becoming part of governments critical infrastructure, all of which presents a solid growth opportunity for our eprocurement platform.

- Revenue from the Unified Commerce platform, including ecommerce and Supply Chain Collaboration solutions, was $29.7 million, a $2.1 million or 7.7% increase over $27.6 million reported for the same period last year.
- ecommerce, which consists of Orckestra and k-eCommerce solutions, represented $19.7 million of Unified Commerce revenue in the first nine-month period of fiscal 2022, up $2.0 million or 11.1% from $17.8 million reported in the corresponding period last year.
- Orckestra, had a $1.2 million or 9.4% increase compared to first nine-months of fiscal 2021, mainly due to higher professional services revenues from customer deployments.
- k-eCommerce, an ecommerce solution, added $0.8 million or 14.8% growth in revenues in the first nine-months of fiscal 2022, mostly in right of use revenues, compared to the same period of fiscal 2021.
- For the Corporation's Supply Chain Collaboration solution, part of our Unified Commerce platform, revenues increased by $0.2 million compared to the first nine-month period of fiscal 2021.
- Revenues from the emarketplaces platform was $11.5 million, an increase of $0.5 million or 4.3% from the first nine months of fiscal 2021 mostly related to The Broker Forum, with an increase in revenues of $0.8 million and Jobboom with an increase in revenues of $0.7 million due to an active Canadian job market. Combined revenues from the other solutions, including Carrus Technologies, Reseau Contact and Power Source Online decreased by $1.0 million compared to the same period of fiscal 2021.

Cost of Revenues

Cost of revenues totalled $33.6 million in the first nine months of fiscal 2022 compared to $21.5 million for the same period of fiscal 2021, an increase of $12.1 million driven mainly by the acquisition of Periscope, the increase in salaries and related expenses of $7.0 million, to hosting and licenses costs of $3.0 million directly related to the Corporation's migration to a cloud-based strategy and to higher professional services costs of $1.9 million primarily due to implementation costs to support client deployments. The first nine-month period of fiscal 2022 included $0.1 million of federal wage subsidy in the context of COVID-19, compared to $0.9 million in the first nine months of fiscal 2021.

Gross Margin

The gross margin for first nine months of fiscal 2022 was $44.7 million or 57.1% compared to $41.2 million or 65.8% for first nine months of fiscal 2021. This decrease in the gross margin percentage is mainly due to higher total salary expense, higher headcount and higher professional fees to support customer implementations and deployments with lower margins than right of use revenues, and higher hosting and licenses costs directly related to the Corporation's migration to a cloud-based strategy and to the addition of Periscope results for 4-months.

Operating Expenses

For the first nine months of fiscal 2022 operating expenses totalled $63.3 million (including 4-months of Periscope), compared to $44.7 million in first nine months of fiscal 2021.

- General and administrative expenses totalled $21.6 million in first nine months of fiscal 2022, (including 4-months of Periscope), $8.8 million higher compared to $12.8 million in first nine months of fiscal 2021. The increase is mainly attributable to higher professional fee expenses of $5.5 million including $4.8 million of acquisition-related costs for Periscope. The Corporation incurred higher salary and related expenses of $2.0 million from higher year-over-year headcount and salaries, stock-based compensation expense increased by $0.5 million, financial fees increased by $0.1 million while recruiting and training costs increased by $0.2 million, to support the implementation of strategic and foundational initiatives.
- Selling and marketing expenses totalled $21.1 million during first nine months of fiscal 2022 (including 4-months of Periscope), $6.5 million higher compared to $14.6 million in first nine months of fiscal 2021. Salary and related expenses increased by $2.3 million, professional services expenses increased by $0.9 million and costs of promotional activities increased by $0.7 million. The Corporation also incurred higher depreciation and amortization expenses of $2.2 million mostly related to the intangible assets acquired with the acquisition of Periscope.
- Technology expenses totalled $20.6 million during first nine months of fiscal 2022 (including 4-months of Periscope), $3.2 million higher compared to $17.4 million in the first nine months of fiscal 2021. The increase is mainly attributable to a $3.3 million increase in salary and related expenses and to higher professional services costs of $0.9 million. These increases were partly offset by higher capitalized internally developed software and e-business tax credits of $0.9 million.

Operating Loss

The Corporation recorded an operating loss of $18.6 million during first nine months of fiscal 2022 (including 4-months of Periscope), compared to operating loss of $3.5 million in first nine months of fiscal 2021, primarily due to lower year-over-year gross margin percentage, from higher operating expenses mainly due to an increase in headcount, salary and related expenses, including market competitive salary increases starting in the first quarter of fiscal 2022 for retention and additional headcount, and an increase in professional fees to support growth as part of the strategic plan. Operating expenses during the first nine months of fiscal 2022 included $0.7 million of federal wage subsidy in the context of COVID-19, compared to $1.9 million in the first nine months of fiscal 2021.

Foreign Exchange

The foreign exchange gain was $0.6 million in first nine months of fiscal 2022, driven by the appreciation of the U.S. dollar versus the Canadian dollar, compared to a $1.3 million foreign exchange loss in first nine months of fiscal 2021. With the acquisition of Periscope, the Corporation's US-based revenues as a percentage of total consolidated revenues has increased to 51.0% of $78.3 million revenues for the third quarter of fiscal 2022, compared to 44.7% of $62.7 million revenues in the same quarter of fiscal 2021.

Finance expenses

Finance expenses reported on a net basis, amounted to $0.6 million during first nine months of fiscal 2022 compared to an expense of $0.9 million during first nine months of fiscal 2021. They consist primarily of interest income, expenses and standby fees on long-term debt, of interest expense on lease liabilities and of amortization of deferred financing costs.

Income Tax Recovery

For first nine months of fiscal 2022, the Corporation recorded an income tax recovery of $3.7 million, representing an effective tax rate of 19.5%, compared to the statutory rate of 26.5%. For first nine months of fiscal 2021, the income tax recovery was $0.9 million, and the effective tax rate was at 16.2%.

The difference between the statutory rate of 26.5% and the effective tax rate of 19.5% mainly results from the fact that certain expenses recognized are not deductible for tax purposes, mainly related to the acquisition-related costs for the Periscope transaction.

Net Loss

Net loss was $15.3 million or $0.43 net loss per share (basic and diluted) in first nine months of fiscal 2022, compared to a net loss of $4.7 million or $0.26 net loss per share (basic and diluted) in first nine months of fiscal 2021.

During the first nine months of fiscal 2022, the Corporation issued 15,566,827 common shares, 15,057,389 relating to financing the Periscope acquisition and 509,438 shares were issued to the seller of Periscope as partial settlement of the purchase consideration. During the first nine months of fiscal 2021, the Corporation issued 7.7 million treasury shares primarily as a result of bought deal offerings.

The weighted average number of shares outstanding (basic and diluted) for the nine-month period ending December 31, 2021 was 35.3 million, compared to 18.4 million shares for the same period of the prior year.

Adjusted EBITDA[1]

Adjusted EBITDA[1] loss was $1.2 million for the first nine months of fiscal 2022 compared to an Adjusted EBITDA[1] of $5.5 million reported for first nine months of fiscal 2021. Adjusted EBITDA[1] decreased compared to the first nine months 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 deployments of client contracts, and Periscope results are included for 4-months since the acquisition date.

The acquisition accounting adjustment to the fair value of deferred revenues as the acquisition date, which resulted in a reduction of revenue of $3.6 million in the first nine months of fiscal 2022, also had an unfavorable impact on gross margin, operating loss, net loss, Adjusted EBITDA[1] and loss per share (basic and diluted) for the nine-month period.

Summary of quarterly results

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

	2022			**2021**				**2020**
In thousands of Canadian dollars, except per share amounts.	**Q3 Dec. 31, 2021 $**	**Q2 Sept. 30, 2021 $**	**Q1 June 30 2021 $**	**Q4 Mar. 31 2021 $**	**Q3 Dec. 31 2020 $**	**Q2 Sept.30 2020 $**	**Q1 June 30 2020 $**	**Q4 Mar.31 2020 $**
Revenues	**30,652**	25,080	22,573	22,030	21,403	20,752	20,534	18,917
Operating (loss) profit	**(5,465)**	(8,822)	(4,289)	(3,284)	(2,716)	(93)	(698)	(2,210)
Net (Loss) profit	**(4,673)**	(6,308)	(4,285)	(2,858)	(2,853)	(643)	(1,237)	(6,758)
Adjusted (loss) profit [2]	**(4,673)**	(6,308)	(4,285)	(2,858)	(2,853)	(643)	(1,237)	(1,451)
(Loss) earnings per share – basic and diluted	**(0.11)**	(0.19)	(0.15)	(0.12)	(0.14)	(0.04)	(0.08)	(0.45)
Adjusted (loss) profit [2] per share – basic and diluted	**(0.11)**	(0.19)	(0.15)	(0.12)	(0.14)	(0.04)	(0.08)	(0.10)
Weighted average number of shares outstanding	**43,971**	33,536	28,404	23,874	20,844	17,961	16,394	15,052
Adjusted EBITDA (loss)[1]	**739**	(402)	(1,511)	221	1,021	2,451	2,053	660

Quarters of Fiscal 2022.

- Third quarter ended December 31, 2021: Revenues for the third quarter of fiscal 2022 totalled $30.7 million compared to $25.1 million for the second quarter of fiscal 2022, an increase of $5.6 million or 22.2%. This increase is mainly due to Periscope revenues for three months in the third quarter of fiscal 2022, which totalled $7.7 million. Periscope revenues for the third quarter were impacted by a fair value adjustment on deferred revenue at the closing date of the acquisition and which resulted in a reduction of revenues of $2.6 million for the quarter. Periscope revenues for one month in the second quarter of fiscal 2022, totalled $2.4 million, and were impacted by a $1.0 million decrease in revenues due to the fair value adjustment on acquisition date deferred revenue.

  Cost of revenues totalled $13.5 million in third quarter of fiscal 2022 compared to $10.8 million in the second quarter of fiscal 2022, an increase of $2.6 million mainly attributable to the increase in salaries and related expenses of $1.7 million, to licenses and hosting services costs respectively of $0.7 million and $0.4 million.

  Operating expenses decreased by $0.4 million during the third quarter of fiscal 2022, compared to the second quarter of fiscal 2022. The reduction of acquisition-related costs for the Periscope transaction which amounted to $4.6 million during the second quarter of fiscal 2022 was partially offset by addition of Periscope expenses for a full quarter, including additional amortization expenses on intangible assets acquired in the Periscope acquisition and higher restructuring costs.

  The Corporation recorded an operating loss of $5.5 million for the third quarter of fiscal 2022, compared to operating loss of $8.8 million for the second quarter of fiscal 2022.

  Net loss was $4.7 million or $0.11 net loss per share (basic and diluted) in the third quarter of fiscal 2022, compared to a net loss of $6.3 million or $0.19 net loss per share (basic and diluted) in second quarter of fiscal 2022.

  Adjusted EBITDA[1] was $0.7 million for third quarter of fiscal 2022, compared to Adjusted EBITDA[1] loss of $0.4 million reported for second quarter of fiscal 2022.

- Second quarter ended September 30, 2021: Revenues for the second quarter of fiscal 2022 totalled $25.1 million compared to $22.6 million for the first quarter of fiscal 2022, an increase of $2.5 million or 11.1% mainly due to Periscope revenues for one month, totalled $2.4 million, and were impacted by a $1.0 million decrease in revenues due to the fair value adjustment on the acquisition date deferred revenues at the closing date of the Periscope transaction.

  Cost of revenues totalled $10.8 million in second quarter of fiscal 2022 compared to $9.3 million in the first quarter of fiscal 2022, an increase of $1.5 million mainly attributable to the increase in salaries and related expenses of $0.6 million, to higher hosting and professional services costs respectively of $0.4 million and $0.3 million.

  Operating expenses increased by $5.6 million during the second quarter of fiscal 2022, compared to the first quarter of fiscal 2022. The increase is mainly attributable to the acquisition-related costs of the Periscope transaction which amounted to $4.6 million.

  The Corporation recorded an operating loss of $8.8 million during second quarter of fiscal 2022, compared to operating loss of $4.3 million in first quarter of fiscal 2022.

Net loss was $6.3 million or $0.19 net loss per share basic and diluted in second quarter of fiscal 2022, compared to a net loss of $4.3 million or $0.15 net loss per share basic and diluted in first quarter of fiscal 2022.

Adjusted EBITDA[1] loss was $0.4 million for second quarter of fiscal 2022, compared to Adjusted EBITDA[1] loss of $1.5 million reported for first quarter of fiscal 2022.

- First quarter ended June 30, 2021: Revenues for the first quarter of fiscal 2022 totalled $22.6 million compared to $22.0 million for the fourth quarter of fiscal 2021, an increase of $0.6 million or 2.5%.

  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.

  Operating expenses increased by $0.8 million during the first quarter of fiscal 2022, compared to the fourth quarter of fiscal 2021. The increase is mainly attributable lower R&D and e-business tax credits as well as lower capitalized internally developed software during the first quarter of fiscal 2022, compared to the fourth quarter of fiscal 2021.

  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 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] 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] decreased sequentially due to increased foundational investments on operations, sales and marketing, R&D and professional services to support the Corporation in implementing its strategic initiatives, transformation plan and large deployment contracts.

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 eprocurement 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 eprocurement 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 million 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.

Considering 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.

  Considering 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 fair value adjustment on acquisition date 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, 2021 versus Second quarter ended September 30, 2021

Revenues

Third quarter ended December 31, 2021 revenues reached $30.7 million, compared to $25.1 million for the second quarter ended September 30, 2021 representing a $5.6 million, or 22.2% increase. On a constant currency[3] basis, total revenue increased by $5.8 million or 23.3% regarding reported revenues. Revenue variances are explained as follows:

- Revenue by nature includes revenue from right of use which reached $21.7 million for third quarter of fiscal 2022, an increase of $3.8 million or 21.5% over $17.8 million for the second quarter of fiscal 2022. Revenues from professional services for the third quarter of fiscal 2022 were $6.0 million, an increase of $1.6 million or 36.6% compared to $4.4 million for the second quarter of fiscal 2022. These professional services are mainly in the eprocurement platform, specifically for Periscope, and in the ecommerce platform to support large customer deployments. Revenues from transaction fees, maintenance and hosting and other, comprise the remaining $3.0 million of third quarter of fiscal 2022 revenues and increased by $0.1 million compared to the second quarter of fiscal 2022.
- eprocurement platform revenue was $16.9 million for the third quarter of fiscal 2022, representing an increase of $5.7 million or 50.2% compared to the second quarter of fiscal 2022. The increase is mainly due the US-based eprocurement which includes Periscope revenues for three months in the third quarter of fiscal 2022, which totalled $7.7 million. Periscope revenues for the third quarter were impacted by a fair value adjustment on deferred revenue at the closing date of the acquisition and which resulted in a reduction of revenues of $2.6 million for the quarter. Periscope revenues for one month in the second quarter of fiscal 2022, totalled $2.4 million, and were impacted by a $1.0 million decrease in revenues due to the fair value adjustment on acquisition date deferred revenue.
- The Unified Commerce platform, including ecommerce solutions and Supply Chain Collaboration revenue was $9.8 million for the third quarter of fiscal 2022 compared to $10.0 million for the second quarter of fiscal 2022. Orckestra and k-eCommerce, ecommerce solutions, had combined revenue of $6.4 million for the third quarter of fiscal 2022, a decrease of $0.2 million compared to second quarter of fiscal 2022, while Supply Chain Collaboration revenues remained stable.
- Total emarketplaces platform revenues represented $4.0 million for third quarter of fiscal 2022 and increased by $0.2 million compared to second quarter of fiscal 2022.

Cost of Revenues

- Cost of revenues totalled $13.5 million in third quarter of fiscal 2022 compared to $10.8 million in the second quarter of fiscal 2022, an increase of $2.6 million driven mainly by a full quarter of Periscope, including higher salary and related expenses of $1.7 million and an increase in license and hosting costs of $1.1 million slightly offset by lower professional fees expenses of $0.1 million.

Gross Margin

The gross margin for third quarter of fiscal 2022 was $17.2 million or 56.1% compared to $14.3 million or 56.9% for second quarter of fiscal 2022.

Operating Expenses

- General and administrative expenses totalled $6.2 million in third quarter of fiscal 2022, $4.2 million lower compared to $10.4 million in second quarter of fiscal 2022. The decrease is mainly attributable to lower professional fees of $4.7 million which were mostly acquisition-related costs for the Periscope transaction recorded during the second quarter of fiscal 2022 offset by the addition of salary and related expenses of $0.7 million, mainly due to a full quarter of Periscope, compared to 1-month in the second quarter.
- Selling and marketing expenses totalled $8.4 million during third quarter of fiscal 2022, an increase of $1.9 million compared to $6.5 million in second quarter of fiscal 2022. The increase is mainly attributable to a full quarter of Periscope, including $1.1 million in amortization expenses on intangible assets acquired on the Periscope acquisition and to the addition of salary and related expenses of $0.6 million.
- Technology expenses totalled $8.1 million during third quarter of fiscal 2022, $1.9 million higher compared to $6.1 million in second quarter of fiscal 2022. The increase is mainly attributable to Periscope for a full quarter, including higher salary and related expenses of $0.8 million, lower capitalized internally developed software and e-business tax credits together representing $0.7 million and to higher amortization expense of $0.5 million.

Operating Loss

The Corporation recorded an operating loss of $5.5 million during third quarter of fiscal 2022, compared to operating loss of $8.8 million in second quarter of fiscal 2022. The second of fiscal 2022 included acquisition-related costs of $4.6 million related to the Periscope transaction, while the third quarter of fiscal 2022, included a full quarter of amortization expense on intangible assets acquired with the Periscope acquisition of $1.6 million and higher restructuring costs of $0.9 million.

Net Loss

Net loss was $4.7 million or $0.11 net loss per share (basic and diluted) in third quarter of fiscal 2022, compared to a net loss of $6.3 million or $0.19 net loss per share (basic and diluted) in second quarter of fiscal 2022.

Adjusted EBITDA[1]

Adjusted EBITDA[1] was $0.7 million for third quarter of fiscal 2022 compared to Adjusted EBITDA[1] loss of $0.4 million reported for second quarter of fiscal 2022.

The acquisition accounting adjustment to the fair value of deferred revenues as the acquisition date, which resulted in a reduction of revenue of $2.6 million in the third quarter of fiscal 2022 and $1.0 million in the second quarter of fiscal 2022, also had an unfavorable impact on gross margin, operating loss, net loss, Adjusted EBITDA[1] and loss per share (basic and diluted) for the third and second quarters of fiscal 2022.

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 its capacity to meet working capital requirements, to support the Corporation's planned growth, fund the activities of its business plan, and maintain an appropriate level of capital spending.

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

As at December 31, 2021, the Corporation had cash and cash equivalents of $8.2 million (excluding cash held for the benefit of third parties).

Summary of the Consolidated Statements of cash Flows

	Three-month periods ended December 31,		Nine-month periods ended December 31,	
In thousands of Canadian dollars.	**2021 $**	**2020 $**	**2021 $**	**2020 $**
Net cash inflow (outflow) from operating activities	**13,556**	2,554	**918**	1,786
Net cash (outflow) inflow from investing activities	**(1,531)**	(7,408)	**(231,108)**	(9,375)
Net cash (outflow) inflow from financing activities	**(1,081)**	32,423	**147,082**	32,790
Net increase (decrease) in cash and cash equivalents for the periods	**10,944**	27,569	**(83,108)**	25,201
Effect of foreign exchange rate changes on cash and cash equivalents	**104**	(282)	**(226)**	(1,124)
Cash and cash equivalents at beginning of periods	**16,400**	11,966	**110,782**	15,176
Cash and cash equivalents at end of periods	**27,448**	39,253	**27,448**	39,253
Cash and cash equivalents consist of the following statements of financial position items:				
Cash and cash equivalents	**8,242**	38,752	8,242	38,752
Cash held for the benefit of third parties	**19,206**	501	19,206	501

Cash from Operating Activities

Net cash inflow from operating activities was $13.6 million, compared to net cash inflow of $2.6 million in the third quarter of fiscal 2021.

During the third quarter of fiscal 2022, non-cash working capital items contributed $13.1 million, compared to $2.6 million generated in the third quarter of fiscal 2021.

The change in non-cash working capital includes an $11.7 million and a $0.2 million increase of other accounts payable for the third quarters of fiscal 2022 and 2021 respectively, amounts which are exactly offset in both periods, by the change in cash held for the benefit of third parties under an escrow arrangement. Excluding this escrow arrangement, the change in non-cash working capital represents a cash inflow from operations of $1.4 million for the third quarter of fiscal 2022 compared to a $2.4 million for the third quarter of fiscal 2021.

For the first nine months of fiscal 2022, net cash inflow from operating activities amounted to $0.9 million, compared to net cash inflow of $1.8 million in the first nine months of fiscal 2021.

During the first nine months of fiscal 2022, non-cash working capital items contributed cash inflow from operations of $6.8 million, compared to $1.6 million used in the first nine months of fiscal 2021.

Investing Activities

For the third quarter of fiscal 2022, cash flows used in investing activities totalled $1.5 million compared to $7.4 million used during the third quarter ended December 31, 2020 which included $6.9 million of cash paid for the acquisition of Vendor Registry. In the third quarter of fiscal 2022, cash used for purchases of equipment and the acquisition of intangible assets together totalled $1.5 million, compared to $0.5 million during third quarter of fiscal 2021.

For the first nine months of fiscal 2022, cash flows used in investing activities totalled $231.1 million, including $227.2 million of cash paid for the acquisition of Periscope, compared to $9.4 million for first nine months of fiscal 2021, including $6.9 million of cash paid for the acquisition of Vendor Registry. The remaining cash outflow of $3.9 million was for the purchase of equipment and the acquisition of intangible assets compared to $2.5 million in the same period of fiscal 2021.

Financing Activities

Cash outflow from financing activities was $1.1 million in the third quarter of fiscal 2022 compared to $32.4 million cash inflows during third quarter of fiscal 2021, representing a net decrease in cash from financing activities of $33.5 million compared to the third quarter of fiscal 2021.

In the third quarter of fiscal 2022, the Corporation repaid a net amount of $0.1 million of its revolving facility included in long-term debt, while in the third quarter of fiscal 2021, on October 15, 2020, the Corporation repaid all amounts owed under the previous credit facility that matured on December 18, 2020 using the credit facility under the Credit Agreement maturing on October 15, 2023. In the same period of fiscal 2021, 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 issued at a price of $10.00 per common share for total gross proceeds of $47.8 million. The net proceeds of the offering were $44.6 million, net of fees of $3.2 million. All amounts owed under the Revolving Credit Facility maturing on October 15, 2023 were repaid following the bought deal offering.

The cash used for financing activities includes lease payments of $0.7 million and interest paid of long-term debt of $0.3 million in third quarter of fiscal 2022. During the third quarter of fiscal 2021, lease payments amounted to $0.4 million and deferred financing costs totaled $0.7 million.

Cash inflows generated from financing activities was $147.1 million in first nine months of fiscal 2022 compared to $32.8 million financing cash inflow generated during first nine months of fiscal 2021, representing a net increase of $114.3 million over the first nine months of fiscal 2021.

In the first nine months of fiscal 2022 the net increase of long-term debt was $35.5 million compared to net repayment of long-term debt of $25.5 million in the same period of fiscal 2021.

In the first nine months of fiscal 2022, the Corporation received gross proceeds from the issuance of common shares from a bought deal offering of $63.0 million net of issuance costs, gross proceeds from the issuance of a private placement from two investors of $51.2 million net of issuance costs, both transactions closed on August 31, 2021.

In the first nine months of fiscal 2021, the Corporation received the proceeds from issuance of common shares of bought deal offers closed on May 21, 2020 of $14.8 million net of issuance costs and $44.6 million, net of issuance costs of the transaction offer closed on November 6, 2020.

No dividends were paid in first nine months of fiscal 2022 or 2021. The Corporation's current policy is to manage long-term debt or reinvest excess cash, if any, in the business strategy aimed at increasing the Corporation's growth and future development.

Long-term Debt

On August 31, 2021, the Corporation and Tim USA Inc., a wholly-owned subsidiary of the Corporation, entered into a new credit agreement (the "Credit Agreement") with a Canadian financial institution under which the lender has provided a three-year secured revolving facility (the "Revolving Facility") of up to $50 million with an accordion amount on the Revolving Facility up to $20 million subject to the lender's approval and a non-revolving credit facility (the ''Term Facility'') of up to US$16 million. The Credit Agreement matures on August 31, 2024, and any unpaid amounts are due in full at maturity.

Revolving Facility

The maximum amount available under the Revolving Facility is calculated monthly using a percentage of the balance of eligible accounts receivable (as defined in the Credit Agreement), and a multiple of the Corporation's monthly recurring revenue (as defined in the Credit Agreement), up to a maximum amount of $50 million. As at December 31, 2021, the maximum borrowing base under the Revolving Facility was $50 million.

Borrowings under the Revolving Facility can be made by way of the following options: i) prime rate ii) US dollar base rate loans; iii) bankers' acceptances; iv) LIBOR; and v) letters of credit up to a maximum amount of $5 million and for a term not exceeding one year.

Borrowings under the Revolving Facility bear interest at rates varying according to the chosen option, plus a margin based on the rate of use of the Revolving Facility. Moreover, starting on August 31, 2021, the unused portion of the Revolving Facility bears interest at rates from 0.35% to 0.45% as standby fees.

Term Facility

The Term Facility of US$16 million is available by way of a single borrowing on the closing date of the acquisition of Periscope. As at December 31, 2021, the borrowing under the Term facility is at the full available amount.

Loans under the Term Facility can be made by way of the following options: i) U.S. dollar base rate loans; ii) LIBOR.

The Term Facility bears interest at a rate based either on the U.S. base rate plus a margin of 2.25% or bankers' acceptance and LIBOR, plus a margin of 3.50%.

The Term Facility is repayable in equal consecutive monthly payments based on an amortization rate of 10% per annum starting on September 30, 2022.

As at December 31, 2021, $12.0 million was drawn on the Revolving Facility in Canadian dollars and CA$15.8 million (US$12.5 million) on the Revolving Facility in U.S. dollars. As at December 31, 2021, the amount drawn on the Term Facility in U.S. dollars was CA$20.3 million (US$16.0 million).

All obligations under the Credit Agreement are secured by a first-ranking lien on substantially all of the Corporation's consolidated assets, tangible and intangible, present and future during the term of the Credit Agreement.

The Credit Agreement contains certain financial and restrictive covenants customary for loans of this nature, including certain limitations to the amounts of investments, acquisitions, dispositions or sale of assets or equity interest in subsidiaries, debt, capital expenditures and distributions. As at December 31, 2021, the Corporation was in compliance with the financial ratios and restrictive covenants prescribed as set out in the Credit Agreement.

Deferred financing costs

Deferred financing costs, in the amount of $1.0 million, include legal and consulting fees, regulatory filing fees and other financing costs incurred in connection with the Credit Agreement. These costs are amortized over the term of the Credit Agreement. The unamortized portion of deferred financing costs amounted to $0.7 million as of December 31, 2021.

Previous Credit Agreement

All amounts due under the previous credit agreement entered into on October 14, 2020 were reimbursed on August 31, 2021 including the repayment of the term loan of $1.5 million plus accrued interest.

Financial Position

The Corporation has a strong financial position and is able to meet its financial obligations as they come due. As at December 31, 2021, the Corporation had cash and cash equivalents of $8.2 million ($109.6 million as at March 31, 2021), excluding cash held for the benefit of third parties. The change in cash balance from March 31, 2021 is primarily due to the cash portion of the purchase consideration paid for the acquisition of Periscope on August 31, 2021.

As at December 31, 2021, total assets were $471.7 million compared to $276.4 million as at March 31, 2021, and total liabilities were $141.0 million as at December 31, 2021 compared to $51.8 million as at March 31, 2021. The change in total assets and total liabilities from March 31, 2021 to December 31, 2021 is primary from the net assets acquired and net liabilities assumed on the acquisition of Periscope, and the increase in total liabilities from the borrowings on long-term debt to partially finance the purchase consideration for the acquisition of Periscope.

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.	December 31, 2021 $	March 31, 2021 $
Cash and cash equivalents	**8,242**	109,637
Cash held for the benefit of third parties	**19,206**	1,145
Trade and other receivables	**12,091**	10,602
Unbilled receivables	**16,555**	-
Tax credits receivable	**12,406**	9,653
Derivative financial instruments asset	**-**	645
Acquired intangible assets	**100,655**	12,335
Goodwill	**270,390**	101,029
Other	**32,143**	31,354
Total assets	**471,688**	276,400
Accounts payable and accrued liabilities	**20,187**	12,212
Other accounts payable	**19,206**	1,145
Deferred revenue	**27,237**	20,310
Long-term debt	**47,397**	1,500
Lease liabilities	**10,470**	10,522
Other	**16,458**	6,144
Total liabilities	**140,955**	51,833
Shareholders' equity	**330,733**	224,567

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

- Cash and cash equivalents (excluding cash held for the benefit of third parties) totalled $8.2 million as at December 31, 2021 compared to $109.6 million as at March 31, 2021. The use of cash relates mainly to the cash portion of the purchase price consideration for the Periscope acquisition on August 31, 2021. Refer to the "Liquidity and Capital resources" section for details.
- Trade and other receivables totalled $12.1 million as at December 31, 2021, an increase of $1.5 million compared to $10.6 million as at March 31, 2021. This increase is mainly due to the addition of Periscope receivables totalling $3.1 million partly offset by Advanced software concepts, Orckestra and k-eCommerce lower receivables totalling $1.1 million.
- Unbilled receivables totalled $16.6 million as at December 31, 2021, compared to nil at March 31, 2021 and relate to Periscope operations.
- Tax credit receivable, including R&D and e-business tax credits receivable totalled $12.4 million as at December 31, 2021 compared to $9.7 million as at March 31, 2021. This increase is related to the additional credits recognized in fiscal 2022.
- Acquired intangibles assets totalled $100.7 million as at December 31, 2021 compared to $12.3 million as at March 31, 2021. This increase is mainly due to the addition of intangible assets relating to Periscope totalling $90.3 million as at December 31, 2021.
- Goodwill totalled $270.4 million as at December 31, 2021 compared to $101.0 million as at March 31, 2021, the increase of $168.7 million is attributable to the acquisition of Periscope.

- Accounts payable and accrued liabilities amounted to $20.2 million, an increase of $8.0 million compared to $12.2 million as at March 31, 2021, mainly related to the addition of liabilities related to Periscope operations which totalled $7.0 million.
- Deferred revenue totalled $27.2 million as at December 31, 2021 compared to $20.3 million as at March 31, 2021. The increase is primarily attributable to the addition of Periscope operations deferred revenues totalling $5.7 million.
- Lease liabilities totalled $10.5 million as at December 31, 2021 and remained unchanged compared to March 31, 2021.
- Long-term debt totalled $47.4 million as at December 31, 2021 compared to $1.5 million as at March 31, 2021. To finance the acquisition of Periscope, the Corporation used long-term debt available under a new credit agreement dated August 31, 2021, including a revolving facility and a term loan. Borrowings of $1.5 million drawn under the previous credit agreement dated October 14, 2020 were reimbursed on August 31, 2021. (Refer to the "Long-term debt" section).
- Shareholders' equity totalled $330.7 million as at December 31, 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 its 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	**December 31, 2021 $**	**March 31, 2021 $**
Notional amount US$	6,825	9,300
Weighted-average foreign exchange rate (USD/CAD)	1.2655	1.3261
Maturity dates (fiscal years)	2022-2023	2022-2023

As at December 31, 2021, the Corporation has open foreign currency forward contracts with a notional amount of US$6.8 million, a weighted-average (US$/CA$) foreign exchange rate of 1.2655 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 2022 and 2023.

During the third 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 and nine-month periods ended December 31, 2021 and December 31, 2020.

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 and the risks relating to the Acquisition (as defined below) described below, 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.

Possible Failure to Realize Anticipated Benefits of the Acquisition of Periscope

The Corporation believes that the Periscope Acquisition (the "Acquisition") will provide certain benefits to the Corporation. Achieving the benefits of the Acquisition depends in part on successfully consolidating functions, integrating and leveraging operations, procedures and personnel in a timely and efficient manner, as well as mdf's ability to realize the opportunities from combining the Periscope's businesses and operations with those of mdf. The integration of Periscope's business with mdf's operations, which includes the combination of operational, financial and management systems and personnel of the two companies, is currently in progress. The integration requires the dedication of substantial management effort, time and resources, which may divert the management's focus and resources from other strategic opportunities and from operational matters during this process. The Corporation incurred $4.6 million of acquisition-related costs during the second quarter of fiscal 2022 in connection with the acquisition of Periscope's. At December 31, 2021, no significant business integration costs with mdf's operations had been incurred. The Corporation anticipates that certain integration costs may be incurred during the remainder of fiscal 2022. The integration process may result in the disruption of ongoing business, customer and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisition, including the ability to realize the anticipated cost synergies, revenue synergies and other synergies from combining the two entities. A variety of factors may also adversely affect the ability of the anticipated benefits of the Acquisition to materialize or to occur within the time periods anticipated by the Corporation. In addition, the overall integration of the two companies may result in unanticipated operational problems, costs, expenses, liabilities, loss of contracts and customers and business disruption (including, without limitation, difficulties in maintaining relationships with employees or customers) and, consequently, the failure to realize, in whole or in part, the anticipated benefits of the Acquisition.

With the acquisition of Periscope, the Corporation has increased in size and now has approximately 800 employees based in Canada, the U.S., Denmark, Ukraine and China. The Corporation must effectively communicate and manage its culture, values, standards and policies throughout the larger organization, which poses challenges and requires time for the members of management and employees involved.

The Corporation may not be able to achieve its strategic objectives if it does not overcome the challenges associated with its new size. In addition, the Corporation may not be able to retain key management or employees of mdf and of Periscope, which could have a significant impact on mdf's operations, specifically if such departures were to occur in positions or roles which require significant technical and operational knowledge and for which qualified replacement personnel is scarce.

Potential Undisclosed Liabilities Associated with the Acquisition

In connection with the Acquisition, there may be liabilities that the Corporation failed to discover at this stage or was unable to quantify in the due diligence conducted prior to closing of the Acquisition and which could have a material and adverse effect on the business, prospects, financial condition and operating results of the Corporation.

Increased Indebtedness

The Acquisition led to material increase in mdf's consolidated indebtedness and, as a result, increased mdf's leverage.

The Corporation's degree of leverage could have important consequences for investors, including the following:

- it may limit the Corporation's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- certain of the Corporation's borrowings are at variable rates of interest and expose the Corporation to the risk of increased interest rates;
- it may limit the Corporation's ability to adjust to changing market conditions and place the Corporation at a competitive disadvantage compared to its competitors that are less leveraged;
- the Corporation may be vulnerable in a downturn in general economic conditions; and
- the Corporation may be unable to make capital expenditures that are important to its growth and strategies.

If any of these circumstances arise in the future, this could have a material adverse effect on the Corporation's business and financial condition. Moreover, mdf may not be able to achieve its strategic growth objectives where the required capital resources are not available to fund growth strategy.

In addition, non-compliance with financial covenants set out by the lenders in the Credit Agreement could lead to financial losses, increased costs or cross defaults, which in turn could have a material adverse impact on mdf's business and financial condition.

Under the terms of the Credit Agreement, the Corporation is permitted to incur additional debt in certain circumstances. However, doing so could increase the risks described above. The Credit Agreement contains certain financial covenants including compliance with an interest coverage ratio and leverage ratio. The Credit Agreement contains covenants restricting the Corporation's ability to incur liens on its assets, incur additional debt or effect acquisitions or dispositions or fundamental changes in its business. Such covenants limit the Corporation's discretion in the operation of its business.

Client Concentration Risk

Periscope derives a significant portion of its revenue from the services it provides to various U.S. states and local government agencies, a small number of which who have adopted Periscope's transaction fee model represents a large and growing portion of Periscope's revenue. We expect that this will continue for the foreseeable future while Periscope increases the number of U.S. states and other government agencies adopting this revenue model. While these customers enter into long-term arrangements with Periscope and there is "stickiness" to the relationship, there can, however, be no assurance that each such U.S. state and other government agency will continue to utilize Periscope's services to the same extent, or at all in the future. In the event that a significant U.S. state or other government agency were to limit, reduce or eliminate the business it awards to Periscope, Periscope might be unable to recover the lost revenue with work from other U.S. state or other government agencies or other clients, and, as a result, the business, prospects, financial condition and operating results of the Corporation could be materially and adversely affected.

Uncertainties Presented by Business with Government Customers

Periscope derives a significant portion of its revenue from government contracts. Government contracts generally can present risks and challenges not present in private commercial agreements. For instance, Periscope may be subject to government audits and investigations relating to these contracts, could be suspended or debarred as a governmental contractor, could incur civil and criminal fines and penalties, and in certain circumstances government contracts may be rescinded. Some agreements may allow a government to terminate without cause and provide for higher liability limits for certain losses. Some contracts may be subject to periodic funding approval, reductions, or delays which could adversely impact public-sector demand for our products and services. These events could negatively impact the results of operations, financial condition and reputation of the Corporation.

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 are considered to relate to non-core activities. Share-based compensation is adjusted when it will be settled in newly issued treasury shares upon vesting. 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 and other salary-related expenses 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				
	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
In thousands of Canadian dollars.	Dec. 31, 2021 $	Sept. 30, 2021 $	June 30, 2021 $	$	Mar. 31 2021 $	Dec. 31 2020 $	Sept. 30 2020 $	June 30 2020 $	$	Mar. 31 2020 $	Dec. 31 2019 $	Sept. 30 2019 $	June 30 2019 $
(Loss) profit	**(4,673)**	(6,308)	(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	**(1,496)**	(1,371)	(826)	(1,618)	(704)	(625)	(34)	(255)	(1,515)	(1,890)	(502)	389	488
Depreciation of property and equipment and amortization of intangible assets	**1,083**	1,019	900	4,217	1,155	1,121	1,021	922	3,474	1,264	797	734	679
Amortization of acquired intangible assets	**2,920**	1,337	882	3,815	1,014	885	908	1,006	2,816	934	680	601	601
Amortization of right of use assets	**602**	506	489	1,735	437	415	419	464	1,665	483	435	397	350
Amortization of deferred financing costs	**69**	158	57	135	57	58	10	10	39	10	10	10	9
Interest on lease liability	**93**	173	91	381	91	93	98	99	380	105	91	93	91
Interest on long-term debt	**211**	135	14	536	9	106	166	255	892	291	211	136	254
Other finance costs	**24**	131	-	-	-	-	-	-	-	-	-	-	-
Interest income	**-**	(343)	(167)	(61)	(50)	(11)	-	-	-	-	-	-	-
EBITDA	**(1,167)**	(4,563)	(2,845)	1,549	(849)	(811)	1,945	1,264	9,220	1,660	(157)	4,194	3,523
Foreign exchange loss (gain)	**(1)**	(1,397)	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	**306**	319	200	467	124	156	80	107	-	-	-	-	-
Restructuring costs	**1,552**	611	228	1,966	723	932	116	195	1,400	97	1,158	145	-
Acquisition-related costs	**49**	4,628	79	337	52	228	-	57	426	91	326	9	-
Adjusted EBITDA	**739**	(402)	(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

	2022			2021					2020				
In thousands of Canadian dollars, except per share amounts	Q3 Dec. 31, 2021 $	Q2 Sept. 30, 2021 $	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	**(4,673)**	(6,308)	(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	**(4,673)**	(6,308)	(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	**43,971**	33,536	28,404	19,752	23,874	20,844	17,961	16,394	14,915	15,052	14,913	14,849	14,849
(Loss) earnings per share – basic and diluted	**(0.11)**	(0.19)	(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	**(0.11)**	(0.19)	(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

Third quarter ended December 31, 2021 versus Third quarter ended December 31, 2020

In thousands of Canadian dollars	**Quarter ended December 31, 2021**	**Quarter ended December 31, 2020**	**VAR $**	**VAR %**
Revenues	30,652	21,403	9,249	43.2%
Constant Currency Impact	-	(454)	-	-
Revenues in Constant Currency	**30,652**	**20,949**	9,703	46.3%

Third quarter ended December 31, 2021 versus Second quarter ended September 30, 2021

In thousands of Canadian dollars	**Quarter ended December 31, 2021**	**Quarter ended September 30, 2021**	**VAR $**	**VAR %**
Revenues	30,652	25,080	5,572	22.2%
Constant Currency Impact	-	(212)	-	-
Revenues in Constant Currency	**30,652**	**24,868**	5,784	23.3%

Nine-month period ended December 31, 2021 versus nine-month period ended December 31, 2020

In thousands of Canadian dollars	**Nine months ended December 31, 2021**	**Nine months ended December 31, 2020**	**VAR $**	**VAR %**
Revenues	78,305	62,689	15,616	24.9%
Constant Currency Impact	-	(1,344)	-	-
Revenues in Constant Currency	**78,305**	**61,345**	16,960	27.6%

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 period over period. MRR disclosed as a percentage represents monthly recurring revenue as a percentage of total revenue.

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 recognize 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 recognize 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 December 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 of internal controls over financial reporting exclude the controls, agreements and procedures of Periscope, which was acquired on August 31, 2021. 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 February 9, 2022.

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 February 9, 2022, there were 43,970,943 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

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California, United States
Consultant, Neolync Holdings Ltd.

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