

# SUREFIRE COMMERCE INC.

## MATERIAL CHANGE REPORT

**Pursuant to:** Subsection 85(1) of the *Securities Act* (British Columbia)  
Subsection 118(1) of the *Securities Act* (Alberta)  
Subsection 75(2) of the *Securities Act* (Ontario)

**Item 1. Reporting Issuer:**

The name of the reporting issuer is SureFire Commerce Inc. (hereinafter "**SureFire**", "**SureFire Commerce**" or the "**company**"). Its principal office is located at 2 Place Alexis Nihon, 3500 de Maisonneuve Blvd. West, Westmount, Quebec, H3Z 3C1 and its telephone number is (514) 380-2700.

**Item 2. Date of Material Change:**

May 3, 2000.

**Item 3. Press release:**

A press release was issued in Montreal, Quebec on May 3, 2000 with respect to the material change.

**Item 4. Summary of Material Change:**

SureFire Commerce reports significant increases in revenues, operating profits, and cash flow in Q4 and year-end results.

**Item 5. Full Description of Material Change:**

See Press Release attached hereto as Schedule "A".

**Item 6. Reliance on: Section 75(3) of the *Securities Act* (Ontario) and Section 73(1) of the *Securities Act* (Quebec)**

Not applicable.

**Item 7. Omitted Information:**

No information has been omitted in respect of the material change.

**Item 8. Senior Officers:**

Further information with respect to the material change described in this material change report may be obtained from:

Mrs. Meredith Meaden

**Goodman Communications Inc.**  
at (416) 924-9100 (extension. 233)  
or at Meredith@goodmanpr.com

or from

Mr. Mark Krakower

**SureFire Commerce Inc.**  
at (514) 380-2703  
or at krakowerm@sfcommerce.com

**Item 9. Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

**DATED** at Westmount, Quebec, this 17<sup>th</sup> day of November, 2000.

**SUREFIRE COMMERCE INC.**

Per: (signed) "Mark Krakower"

Mark Krakower, Senior Vice-President, Corporate Affairs,  
Chief Financial Officer and Secretary

**SUREFIRE COMMERCE REPORTS SIGNIFICANT INCREASES IN REVENUES, OPERATING PROFITS, AND CASH FLOW IN Q4 AND YEAR-END RESULTS**

**Toronto, ON, May 3, 2000...** SureFire Commerce Inc. (TSE: MTP) today announced its fourth quarter and year-end financial results for the period ended March 31, 2000.

Revenues for the fourth quarter were reported at \$11.9 million, up 37 per cent from revenues of \$8.7 million in the preceding quarter.

Results for the quarter represented a 56 percent increase in operating profit (EBITDA) rising from \$0.9 million last quarter to \$1.4 million in Q4, representing \$0.02 per share. The company reported a net loss of \$1.0 million or \$0.01 per share, resulting primarily from \$2.6 million of goodwill amortization related to the acquisitions completed in Q3.

At March 31, 2000, SureFire Commerce reported cash and short-term investments of \$52.3 million and cash held in escrow of \$6.6 million, which will be released to the Corporation upon clearance of the final prospectus by the regulatory authorities. The cash generated from fourth quarter operations was \$10.2 million or \$0.12 per share, which includes customer deposits of \$7.8 million.

“We have demonstrated the ability to deliver on our business plan, while significantly growing revenues and operating profit through our core credit card transaction processing business and are very pleased with our quarter over quarter growth,” said Rory Olson, president and CEO of SureFire Commerce. “In today’s market, few emerging e-commerce companies are building a globally competitive business while remaining both debt-free and operating on a positive cash flow basis.”

Year-end revenues (unaudited) for Fiscal 2000 totaled \$22.7 million as compared to \$6.2 million last year, representing an increase of 266 percent. Revenues for the quarter were up 600 per cent from Q4 1999 when the company reported revenues of \$1.7 million.

“When we announced our reorganization in September of last year, we projected that our e-commerce revenue would reach \$12 million in our initial year as a new e-commerce company,” said Mr. Olson. “To have achieved that number in this past quarter alone is a testament to the demand for our services in the market and our ability to deliver against that demand.”

During the quarter closed, SureFire Commerce completed a number of important initiatives, including: resolving many of the legal and structural issues concerning the pending acquisition of Stumpworld Systems Inc.; completing the integration of Micro Tempus and SureFire Commerce; securing new head office facilities to accommodate the company’s new data and call centres; and raising \$21 million through a special warrant financing lead by CIBC World Markets.

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## **SUREFIRE COMMERCE REPORTS FOURTH QUARTER AND YEAR-END RESULTS ... continued**

In addition, SureFire Commerce continued the development of its proprietary transaction processing engine, as well as its secure file and data management system. Both projects are slated for completion this summer.

“We have been building infrastructure and extending our proprietary technologies,” said Joel Leonoff, executive vice president and chief operating officer of SureFire Commerce. “SureFire Commerce processed \$220 million in gross transaction value during its fourth quarter. Based upon this current trend, we are on target to process in excess of \$1 billion in gross transaction value for the upcoming year. In anticipation of this growth, we have taken the necessary steps to augment, improve and integrate our infrastructure.”

SureFire Commerce Inc. (TSE:MTP) is an application service provider, offering a fully integrated suite of e-commerce solutions. SureFire Commerce enables its business partners to generate e-commerce revenue by allowing them to conduct business effectively on the Internet. SureFire Commerce solutions include merchant enabling, transaction processing, hosting, as well as secure file and document management services. SureFire Commerce is headquartered in Montreal.

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*This news release contains certain forward-looking statements that reflect the current views and/or expectations of SureFire Commerce with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions. Actual results and events may vary significantly.*

For further information, contact:

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david@goodmanpr.com

Mark Krakower  
SureFire Commerce Inc.  
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krakowerm@scommerce.com

**SUREFIRE COMMERCE INC.**  
**CONSOLIDATED BALANCE SHEET**

(In thousands of dollars except for number of shares outstanding)

	As at March 31, 2000 (Unaudited) \$	As at March 31, 1999 (Audited) \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and short term investments	52,282	2,689
Cash held in escrow (1)	6,554	-
Accounts receivable	1,417	991
Tax credits receivable	977	863
Prepaid expenses	912	140
	<u>62,142</u>	<u>4,683</u>
<b>Tax credits receivable</b>	<b>3,624</b>	<b>3,433</b>
<b>Capital assets</b>	<b>451</b>	<b>451</b>
<b>Loan receivable, 10% without repayment terms (2)</b>	<b>3,445</b>	<b>-</b>
<b>Goodwill and strategic alliance</b>	<b>26,306</b>	<b>-</b>
	<u>95,968</u>	<u>8,567</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable, accrued liabilities and customer deposits	37,254	978
Deferred income	2,149	966
	<u>39,403</u>	<u>1,944</u>
<b>Shareholders' equity</b>		
Share Capital	61,352	24,098
Deficit	(4,787)	-17,475
	<u>56,565</u>	<u>6,623</u>
	<u>95,968</u>	<u>8,567</u>

**Equity**  
(unaudited) **As at March 31, 2000**

<b>Equity:</b>	
Number of voting common shares	<u>86,298,593</u>
Special warrants - each warrant is convertible into one common share (1)	<u>3,500,000</u>
<b>Stock option plan:</b>	
Stock option plan for common shares at prices ranging from \$0.21 to \$12.60 per share and maturing on dates up to March 31, 2005	<u>4,678,289</u>

(1) The cash held in escrow related to the issue of special warrants will be released to the Corporation upon clearance of the final prospectus by the regulatory authorities.

(2) In anticipation of completing the Stumpworld Systems Inc. acquisition, the Company has agreed to advance Stumpworld a loan to finance its operations. This loan is fully secured by charges in favour of the Company against Stumpworld's assets, including a specific charge against its intellectual property rights.