



Press Release
FOR IMMEDIATE RELEASE

TSX:MDF

www.mdfcommerce.com

mdf commerce Reports Q2 2021 Total Revenue Growth of 14% Year-over-Year to \$20.8 Million, driven by a 54% increase in Unified Commerce Revenue

Montreal, Canada, November 11, 2020 – **mdf commerce inc. (TSX:MDF)**, a SaaS leader in digital commerce technologies, reported Q2 2021 financial results for the period ending September 30th, 2020. All dollars are expressed in Canadian currency.

“We are pleased to see the acceleration of revenue growth this quarter”, said Luc Filiatreault, CEO of **mdf commerce**. “This validates our ongoing investments to exploit the significant market opportunities available to us globally.”

Second Quarter Fiscal 2021 Financial Results

Total revenue for the quarter was \$20.8M, a 14.0% increase over \$18.2M reported for Q2, 2020.

Three consolidated platforms of business contributed to revenue for the quarter:

- Strategic Sourcing Platform generated \$8.0M of revenue for the quarter, a 5.4% increase over \$7.6M reported for the previous year quarter and 3.9% growth sequentially from Q1, 2021. The recurring portion of Strategic Sourcing revenue grew by 6.4% to \$7.5M over \$7.0M reported for the previous year quarter.
- Unified Commerce Platform, which includes supply chain management, generated \$9.1M of revenue, a 54% increase over \$5.9M reported for the previous year quarter. The recurring portion of revenue grew by 37% to \$5.3M, up from \$3.9M reported in the previous year.
- Marketplaces Platform contributed \$3.7M of revenue, a 23% decrease from \$4.7M reported for the previous quarter. The marketplaces are comprised of platforms where the Company is focused on maximizing cash contribution. As a percentage of total, marketplace revenue declined from 26.0% to 17.7% in Q2, 2020. As revenue scales in Strategic Sourcing and Unified Commerce, sunsetting Marketplace revenue will continue to become less impactful on future performance.

Monthly recurring revenue (MRR⁴) represented 76% of total revenue, which was stable in comparison to Q1, 2021. For the Strategic Sourcing Platform, recurring revenue represented 93% of its revenue, while Unified Commerce generated 58% recurring revenue as a percentage of its revenue.

Total gross margin was reported at 67%, in comparison to 74% reported for Q2, 2020. The decline in gross margin is associated with product mix, as it mainly relates to the implementation of our solutions to new clients from Unified Commerce, where gross margin was 59% for the quarter.

Total Adjusted EBITDA¹ reported for the quarter was \$2.3 million, down 38% in comparison to \$3.7 million reported for Q2, 2020. Total adjusted EBITDA margin for the quarter was 11.4%. Adjusted EBITDA in Q2, 2021 includes a net amount (net of a tax credit reduction of \$0.2 million) of \$1.2 million of wage subsidy as part of the federal government’s assistance program introduced on March 27, 2020 in the context of COVID-19. Total adjusted EBITDA declined year-over-year primarily due to increased investments in sale,

marketing, product development and R&D to support the 5-Year Transformation Plan. The company plans to achieve SaaS growth by exploiting significant global market opportunities in digital commerce.

Operating loss for the quarter was \$0.1 million, in comparison to \$2.0 million operating profit reported for Q2, 2020. The decline in operating profits, similar to adjusted EBITDA, was impacted by increased investments in growth in order to fulfill the 5-year Transformation Plan. On a per share basis, total net loss for the quarter was reported at \$0.04 per share compared to net income per share of \$0.12 reported in the previous year quarter.

Year-to-date total revenue was \$41.3 million, a 7.4% increase over \$38.4 million reported for the corresponding period of fiscal 2020. For the first half of fiscal 2021, total adjusted EBITDA was \$4.1 million, compared to \$7.9 million for the first half of fiscal 2020. This decrease was due to divestitures in Q1 fiscal 2020.

Total deferred revenue, which management uses as a proxy for Software-as-a-Service bookings, was \$18.1 million in Q2 2021, up 32% over \$13.8 million reported for Q2, 2020.

During the quarter, approximately 6,000 suppliers were added to the Strategic Sourcing Platform, along with 66 new active procuring entities. Approximately 161 SME, and 2 enterprise-level mandates were added to the Unified Commerce Platform.

“Deferred revenue growth of 32% this quarter is a good lead indicator that recurring revenue trajectories should remain positive going forward” said Luc Filiatreault. “We are actively investing and reallocating resources in support of our long-term strategic plan and are quickly repositioning the Company in order to capitalize on the vast global market opportunities in the SaaS commerce technology category.”

As at the end of Q2, fiscal year 2021, the company had liquidity of \$14.3M. Subsequent to the end of the quarter, **mdf commerce** refinanced and expanded access to debt, and also raised \$44.6M of net additional equity via a bought deal syndicate led by Stifel GMP. As a result, liquidity has expanded to approximately \$88M.

“Our investments in sales, marketing and product development are beginning to drive the performance that we planned for in our 5-year Transformation Plan.” added Paul Bourque, CFO of **mdf commerce**. “After our debt re-financing and our equity raise, we are satisfied with current levels of liquidity”.

SUMMARY OF CONSOLIDATED RESULTS

	Three months ended		Six months ended	
	September 30th		September 30th	
	2020	2019	2020	2019
In thousands of Canadian dollars, except per share amounts	\$	\$	\$	\$
Revenues	20,752	18,211	41,286	38,439
Adjusted EBITDA¹	2,335	3,740	4,136	7,884
Operating (loss) profit	(93)	2,008	(791)	4,522
Profit (loss)	(643)	1,834	(1,880)	2,885
Adjusted profit²(loss)	(643)	1,660	(1,880)	2,968
Adjusted earnings²(loss) per share (basic and diluted)	(0.04)	0.11	(0.11)	0.20
Earnings (loss) per share (basic and diluted)	(0.04)	0.12	(0.11)	0.19
Basic and diluted weighted average number of shares outstanding (in thousands)	17,961	14,849	17,182	14,849

¹ Adjusted EBITDA is a non-IFRS financial measure; see the Reconciliation of adjusted EBITDA and profit as well as the “About mdf commerce inc.” sections.

² Adjusted profit (loss) and adjusted basic and diluted profit (loss) per share are non-IFRS financial measures; see the Reconciliation of adjusted profit and profit as well as the “About mdf commerce inc.” sections.

³ Unless otherwise indicated, all amounts are in Canadian dollars.

⁴ MMRs are a non-IFRS financial measure and are composed of subscription and support revenues that are recurring in nature. Therefore, they exclude one-time fees and professional fees and other types of non-recurring revenues.

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT (LOSS)

	Three months ended		Six months ended	
	September 30th 2020	2019	September 30th 2020	2019
In thousands of Canadian dollars.	\$	\$	\$	\$
Profit (loss)	(643)	1,834	(1,880)	2,885
Income tax expense (recovery)	(34)	389	(289)	877
Depreciation of property, plant and equipment and amortization of intangible assets	1,019	734	1,941	1,413
Amortization of acquired intangible assets	910	601	1,916	1,202
Amortization of right-of-use assets	419	397	883	747
Amortization of deferred financing costs	10	10	20	19
Foreign exchange loss (gain)	310	(280)	740	84
Loss (gain) on disposal of a subsidiary	-	(174)	-	83
Stock-based compensation expense	80	-	187	-
Interest on lease liability	98	93	197	184
Interest on long-term debt	166	136	421	390
Adjusted EBITDA	2,335	3,740	4,136	7,884

RECONCILIATION OF PROFIT (LOSS) AND ADJUSTED PROFIT (LOSS)

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About mdf commerce inc.

mdf commerce inc. (TSX:MDF), formerly known as Mediagrif Interactive Technologies Inc., enables the flow of commerce by providing a broad set of SaaS solutions that optimize and accelerate commercial interactions between buyers and sellers. Our platforms and services empower businesses around the world, allowing them to generate billions of dollars in transactions on an annual basis. Our strategic sourcing, unified commerce and marketplace platforms are supported by a strong and dedicated team of more than 600 employees based in Canada, the United States, Denmark, Ukraine and China. For more information, please visit us at mdfcommerce.com, follow us on [LinkedIn](#) or call at 1-877-677-9088.

In addition to providing IFRS earnings calculations, the Company uses non-IFRS financial performance measures to assess operating performance, including but not limited to monthly recurring revenue, adjusted earnings, adjusted earnings per share and earnings before interest, tax, depreciation and amortization, foreign exchange gain (loss) and other income (expense) ("Adjusted EBITDA").

Operating profit and adjusted EBITDA are not intended to be measures that should be regarded as an alternative to other financial operating performance measures prepared in accordance with IFRS. Those measures do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Operating expenses, adjusted EBITDA and net profit are provided to assist investors in determining the Corporation's ability to generate profitability from its operations and to evaluate its financial performance.

This press release contains certain forward-looking statements with respect to the Corporation. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those expected by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable but caution the

reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to the risks and uncertainties that affect us. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation. Unless otherwise indicated, all amounts are in Canadian dollars.

Audited consolidated financial statements, accompanying notes and MD&A are available on www.mdfcommerce.com and have been filed with SEDAR at www.sedar.com.

See Key Performance Indicators and Non-IFRS Performance Measures in Management's Discussion and Analysis of the Sept 30, 2021 Financial Statements.

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For further information:

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