



**Press Release**  
**FOR IMMEDIATE RELEASE**

## **mdf commerce Reports Q3 2021 Total Revenue Growth of 18% Year-over-Year to \$21.4 Million**

### ***Unified Commerce platform reaches 44% of total revenue***

**Montreal, Canada, February 10, 2021** – **mdf commerce inc.** (TSX:MDF), a SaaS leader in digital commerce technologies, reported Q3 FY 2021 financial results for the period ending December 31st, 2020. All amounts are expressed in Canadian dollars.

“The third quarter of 2021 was a busy and exciting time for the Company,” said Luc Filiatreault, CEO of **mdf commerce**. “I’m very pleased that **mdf commerce** was able to deliver solid revenue growth while also successfully managing large customer deployments. We continue to invest in people and processes to capture emerging market opportunities for our growth platforms and ensure effective fulfillment of our robust sales pipeline.”

### **Third Quarter Fiscal 2021 Financial Results**

Total revenue for the quarter was \$21.4M, an 18.4% increase over \$18.1M reported for Q3 FY 2020. The three business platforms contributed to revenue for the quarter as follows:

- Strategic Sourcing Platform generated \$8.3M of revenue for the quarter, a 9.2% increase compared to \$7.6M reported in Q3 FY 2020, and a 2.9% increase from \$8.0M in Q2 FY 2021. Including the acquisition of Vendor Registry during the quarter, US-based revenues increased 23.5% compared to Q3 FY 2020.
- Unified Commerce Platform, which includes supply chain management, generated revenue of \$9.4M, a 54.1% increase compared to \$6.1M reported in the Q3 of the previous year, and a 4.1% increase over \$9.1M reported for Q2 FY 2021. The ecommerce solutions, Orchestra and k-eCommerce, represented a 126% increase over Q3 FY 2020, which included six weeks of revenue recognized from the acquisition of k-eCommerce.
- eMarketplaces Platform reported revenue of \$3.7M, a 13.9% decrease from \$4.3M reported in Q3 FY 2020, and in line with the \$3.7M reported for Q2 FY 2021. As a percentage of total revenue, eMarketplaces Platform declined from 23.8% in Q3 FY 2020 to 17.3% in Q3 FY 2021. As revenue scales in Strategic Sourcing and Unified Commerce, eMarketplaces revenue will continue to become less impactful on future performance.

Monthly recurring revenue <sup>(3)</sup> (“MRR”) was 75% of total revenue, which is stable in comparison to Q2 FY 2021. The recurring portion of Strategic Sourcing revenue was 92% in Q3 FY 2021 compared to 93% in the preceding quarter. The recurring portion of Unified Commerce revenue was 57% in Q3 FY 2021 compared to 58% reported for Q2 FY 2021.

Total gross margin was \$13.4M or 62.7% in Q3 FY 2021 compared to \$12.7M, or 70.4% in Q3 FY 2020 and \$13.8M, or 66.7% in Q2 FY 2021. The decline in gross margin percentage during the quarter was due to elevated professional services activities related to large customer rollouts on the Unified Commerce platform.

Operating loss for the quarter was \$2.7M, compared to a \$1.8M operating loss reported for Q3 FY 2020 and a \$0.1M operating loss reported in Q2 FY 2021. The increase in operating loss, was impacted by increased investments in strategic growth initiatives, and deployment expenses.

Net loss for the quarter was \$2.9M or \$0.14 per share compared to a net loss of \$1.8M or \$0.13 per share reported in the previous year quarter. In Q2 2021, the Company reported net loss of \$0.6M or \$0.04 loss per share.

The Company reported negative Adjusted EBITDA<sup>(1)</sup> of \$0.1M for the quarter compared to a positive Adjusted EBITDA of \$0.2M for Q3 FY 2020 and \$2.3M for Q2 FY 2021. Adjusted EBITDA declined year-over-year and sequentially primarily due to increased investments in sales, marketing, product development, R&D, and professional services to support large deployment contracts. As deployments accelerate over the coming quarters, professional services expenses are expected to remain elevated.

During the quarter, the Company closed a bought deal equity raise of \$47.8M, executed a \$50M credit agreement and acquired Vendor Registry for \$6.9M. The Company incurred restructuring expenses and acquisition related transaction costs totaling \$1.1M, that were specific to Q3 FY 2021 activities, net of wage subsidies from the federal government's assistance program. The Company's definition of Adjusted EBITDA includes foreign exchange gain (loss), stock-based compensation expense, and gain (loss) on sale of a subsidiary. The Company does not adjust for restructuring and acquisition related costs in its definition of Adjusted EBITDA.

Year-to-date total revenue was \$62.7M, a 10.9% increase over \$56.5M in the same period last year. Year-to-date net loss was \$4.7M or \$0.26 loss per share compared to net profit of \$1.0M or \$0.07 per share for the first nine months of fiscal 2020. For the first nine months of fiscal 2021, total Adjusted EBITDA was \$4.0M, compared to \$8.0M for the corresponding period in fiscal 2020. The decline in Adjusted EBITDA is related to strategic investments in sales, marketing, R&D, and professional services associated with accelerated scaling of annual recurring revenue streams. As mentioned above, restructuring expenses and acquisition related costs impacted profitability in year-to-date period.

During the quarter, approximately 6,700 suppliers were added to the Strategic Sourcing Platform, along with 59 new active procuring entities. Approximately 157 SMB, and three enterprise-level mandates were added to the Unified Commerce Platform.

**“mdf commerce** is competing vigorously to capture emerging opportunities in our growth segments,” said Luc Filiatreault. “We will continue to scale our sales and marketing capabilities to be more in line with our peers in the industry to maximize success.”

During Q3 FY 2021, the Company executed a \$50M senior secured credit agreement based on recurring revenue, closed a bought deal public offering with net proceeds of \$47.8M and repaid the full amount of its debt under the previous credit agreement. At the end of Q3 FY 2021, the Company had \$39.3M of cash and cash equivalents. “These activities strengthened our balance sheet, and we are now well positioned to deliver on our 5-year strategic plan,” added Deborah Dumoulin, CFO of **mdf commerce**.

## SUMMARY OF CONSOLIDATED RESULTS

	Three month periods ended December 31 <sup>st</sup>		Nine month periods ended December 31 <sup>st</sup>	
	2020	2019	2020	2019
In thousands of Canadian dollars, except the number of shares and per share amounts	\$	\$	\$	\$
<b>Revenues</b>	<b>21,403</b>	18,072	<b>62,689</b>	56,511
<b>Adjusted EBITDA<sup>1</sup></b>	<b>(139)</b>	159	<b>3,997</b>	8,043
<b>Operating (loss) profit</b>	<b>(2,716)</b>	(1,753)	<b>(3,507)</b>	2,769
<b>(Loss) Profit</b>	<b>(2,853)</b>	(1,879)	<b>(4,733)</b>	1,006
<b>Adjusted (loss) profit<sup>2</sup></b>	<b>(2,853)</b>	(1,879)	<b>(4,733)</b>	1,089
<b>Adjusted earnings (loss) per share (basic and diluted)<sup>2</sup></b>	<b>(0.14)</b>	(0.13)	<b>(0.26)</b>	0.07
<b>Earnings (loss) per share (basic and diluted)</b>	<b>(0.14)</b>	(0.13)	<b>(0.26)</b>	0.07
<b>Basic and diluted weighted average number of shares outstanding (in thousands)</b>	<b>20,844</b>	14,912	<b>18,407</b>	14,870

<sup>1</sup> Adjusted EBITDA is a non-IFRS financial measure; see the Reconciliation of Adjusted EBITDA and Profit (loss) as well as the "About mdf commerce inc." section.

<sup>2</sup> Adjusted profit (loss) and Adjusted earnings (loss) per share (basic and diluted) are non-IFRS financial measures; see the Reconciliation of Adjusted profit (loss) as well as the "About mdf commerce inc." section.

<sup>3</sup> MRR is a key performance indicator and is 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. See the "About mdf commerce inc." section.

## RECONCILIATION OF ADJUSTED EBITDA AND PROFIT (LOSS)

	Three month periods ended December 31 <sup>st</sup>		Nine month periods ended December 31 <sup>st</sup>	
	2020	2019	2020	2019
In thousands of Canadian dollars.	\$	\$	\$	\$
<b>(Loss) profit</b>	<b>(2,853)</b>	(1,879)	<b>(4,733)</b>	1,006
Income tax (recovery) expense	<b>(625)</b>	(502)	<b>(914)</b>	375
Depreciation of property, plant and equipment and amortization of intangible assets	<b>1,121</b>	797	<b>3,064</b>	2,210
Amortization of acquired intangible assets	<b>885</b>	680	<b>2,799</b>	1,882
Amortization of right-of-use assets	<b>415</b>	435	<b>1,298</b>	1,182
Amortization of deferred financing costs	<b>58</b>	10	<b>78</b>	29
Foreign exchange loss	<b>516</b>	316	<b>1,256</b>	400
Loss on disposal of a subsidiary	-	-	-	83
Compensation under the stock option plan	<b>156</b>	-	<b>343</b>	-
Interest on lease liability	<b>93</b>	91	<b>290</b>	275
Interest on long-term debt	<b>95</b>	211	<b>516</b>	601
<b>Adjusted EBITDA</b>	<b>(139)</b>	159	<b>3,997</b>	8,043

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

In thousands of Canadian dollars, except per share amounts	Three month periods ended		Nine month periods ended	
	December 31 <sup>st</sup>		December 31 <sup>st</sup>	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>(Loss) Profit</b>	<b>(2,853)</b>	(1,879)	<b>(4,733)</b>	1,006
Loss on disposal of a subsidiary	-	-	-	83
<b>Adjusted (loss) profit</b>	<b>(2,853)</b>	(1,879)	<b>(4,733)</b>	1,089
<b>Earnings per share (basic and diluted)</b>	<b>(0.14)</b>	(0.13)	<b>(0.26)</b>	0.07
<b>Adjusted earnings (loss) per share (basic and diluted)</b>	<b>(0.14)</b>	(0.13)	<b>(0.26)</b>	0.07

**mdf commerce** announces the resignation of Natalie Larivière, effective February 10, 2021, who was a Board member for three years. All members of the Board of Directors and management team of **mdf commerce** wish to thank Ms. Larivière for her unwavering support and contribution, especially in the context of profound transformation of the Company.

### About mdf commerce inc.

**mdf commerce inc. (TSX:MDF)** 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 eMarketplace 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](http://mdfcommerce.com), follow us on [LinkedIn](#) or call at 1-877-677-9088.

### Non-IFRS Financial Measures and Key Performance Indicators

*The Corporation presents non-IFRS financial performance measures and key performance indicators to assess operating performance. The Corporation presents Adjusted profit, Adjusted profit per share, earnings before interest, taxes, depreciation and amortization (“EBITDA”) and Adjusted EBITDA as a non-IFRS measure and monthly recurring revenues as a key performance indicator.*

*These non-IFRS measures and key performance indicators do not have standardized meanings under IFRS standards 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 standards. Management uses both measures that comply with IFRS standards and non-IFRS measures, in planning, overseeing and assessing the Corporation’s performance. The terms and definitions associated with non-IFRS measures as well as a reconciliation to the most comparable IFRS measures, and key performance indicators are presented in the section “Non-IFRS Financial Measures and Key Performance Indicators” in Management’s Discussion and Analysis for the third quarter ended December 31, 2020.*

### Forward-Looking Statements

*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.*

*The Corporation's most recent interim condensed consolidated and annual audited consolidated financial statements, Management's Discussion and Analysis and its latest Annual Information Form are available on [www.mdfcommerce.com](http://www.mdfcommerce.com) and have been filed with SEDAR at [www.sedar.com](http://www.sedar.com).*

**For further information:**

**mdf commerce inc.**

Luc Filiatreault, President & CEO

Toll free: 1-877-677-9088, ext. 2004

Email: [luc.filiatreault@mdfcommerce.com](mailto:luc.filiatreault@mdfcommerce.com)

**mdf commerce inc.**

Deborah Dumoulin, Chief Financial Officer

Toll free: 1-877-677-9088, ext. 2134

Email: [deborah.dumoulin@mdfcommerce.com](mailto:deborah.dumoulin@mdfcommerce.com)

**mdf commerce inc.**

André Leblanc, Vice President, Marketing and Public Affairs

Toll Free: 1 877 677-9088, ext. 8220

Email: [aleblanc@mdfcommerce.com](mailto:aleblanc@mdfcommerce.com)