## *mdf commerce reports first quarter of fiscal 2022 results*

- ***Q1 FY22 total revenue of $22.6 million growth of 10% compared to $20.5 million in Q1 FY21***
- ***Core growth platforms continue to perform, ecommerce solutions revenue grew by 15%, Strategic Sourcing grew by 15% and US-based Strategic Sourcing grew by 32% compared to Q1 FY21***

**Montreal, Canada**, **August 11, 2021** - **mdf commerce inc**. (the "Corporation") (TSX:MDF), a SaaS leader in digital commerce technologies, reported Q1 FY2022 financial results for its first quarter ended on June 30, 2021. Financial references are expressed in Canadian dollars unless otherwise indicated.

"Q1 fiscal 2022 continued many of the positive trends seen throughout fiscal 2021," said Luc Filiatreault, CEO of **mdf commerce**. "Our core growth platforms, Strategic Sourcing and ecommerce, both had double digit growth with our ecommerce solutions and US-based Strategic Sourcing achieving 15% and 32% growth respectively, year-over-year. When combined with our legacy platforms, consolidated revenue grew by 10% year-over-year for the first quarter. We continued to win new contracts this quarter and we saw a steady onboarding of public agencies and suppliers for Strategic Sourcing. Our sales pipeline is healthy and gives us confidence that our organic growth will gain momentum in subsequent quarters."

**First Quarter Fiscal 2022 Financial Results**

Total revenue for the quarter was $22.6 million, a $2.0 million or 10.0% increase over $20.5 million reported for Q1 FY2021. Based on constant currency[1], total revenue increased by $2.5 million or 12.4% compared to the first quarter in FY2021.

The recurring revenue ("MRR")[2] portion of total revenue was $16.4 million, or 72.5% of total revenue compared to $15.8 million or 77.0% for the same quarter of FY2021.

The three business platforms contributed to revenue growth for the first quarter as follows:

- Unified Commerce platform, which includes ecommerce and Supply Chain Collaboration solutions, generated revenue of $9.9 million for the first quarter, an increase of 8.7% over $9.1 million reported for the same period last year.
    - ecommerce, which consists of Orckestra and k-ecommerce solutions, represented $6.7 million of Unified Commerce revenue in the first quarter of FY2022, up $0.9 million or 15.3% from $5.8 million reported in the corresponding quarter last year. Right of use revenue was $3.7 million for the first quarter of FY2022 compared to $3.6 million for the first quarter of FY2021. Professional services revenue for ecommerce to

[1] 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. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" section.

[2] "MRR" is a key performance indicator and is composed of subscription and support revenues that are recurring in nature. Therefore, they exclude onetime fees and professional fees and other types of non-recurring revenues. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" section.

support large customer deployments was $3.0 million compared to $2.1 million reported for Q1 FY2021, an increase of 41%.

    - The Supply Chain Collaboration solution represented $3.2 million of Q1 FY2022 Unified Commerce revenue, a decrease of $0.1 million or 2.8% compared to the first quarter of the previous year.

- Strategic Sourcing platform, which includes Merx, Bidnet, governmentbids and ASC solutions, was $8.9 million, a $1.1 million or 14.8% increase over $7.7 million reported for the first quarter of the previous year.

    - US-based Strategic Sourcing represented revenue of $4.6 million, a $1.1 million or 32.3% increase compared to the previous year corresponding quarter. The US-based Bidnet solution benefited from both additional buying agencies, which drove an increase in paying suppliers and from the acquisition of Vendor Registry on November 18, 2021.

- emarketplaces platform revenue was $3.8 million, a 2.8% or $0.1 million increase compared to $3.7 million reported for the same quarter of FY2021. Revenues from Jobboom represented an increase of $0.4 million as this sector is showing recovery after a slowdown in early fiscal 2021 during the COVID-19 pandemic, while revenues from the other solutions remained stable. Revenues from these legacy emarketplaces solutions continue to represent a diminishing percentage of total revenues, representing 16.8% of total revenues for Q1 FY2022 compared to 18.0% in Q1 FY2021.

Gross margin for Q1 FY2022 was $13.2 million or 58.7% compared to $14.0 million or 68.0% reported for Q1 FY2021. The decrease in the gross margin percentage is mainly due higher salary costs, increased headcount and professional fees to support customer implementations and deployments, higher hosting and licencing costs for cloud-based solutions.

Total operating expenses for Q1 FY2022 were $17.5 million, compared to $14.7 million for Q1 FY2021, an increase of $2.9 million or 19.5%.

- General and administrative expenses totalled $5.0 million during Q1 FY2022, $1.3 million higher than $3.7 million for Q1 FY2021. The increase is primarily due to salary and related expenses associated with higher salaries and increased headcount; these expense increases are net of a $0.2 million increase in federal wage subsidies in the context of COVID-19. Professional services and recruiting costs increased by $0.7 million mainly related to the implementation of strategic and foundational initiatives.

- Selling and marketing expenses totalled $6.1 million for Q1 FY2022 compared to $5.0 million for Q1 FY2021. The increase is mainly attributable to a $0.5 million increase in salaries and related expenses associated with salary increases and higher headcount and an increase of $0.6 million in professional fees and promotional costs.

- Technology expenses totalled $6.4 million for Q1 FY2022, $0.5 million higher compared to $5.9 million in the first quarter of FY2021. The increase is mainly attributable to higher professional services costs and lower R&D and e-business tax credits during Q1 FY2022 as compared to the first quarter in FY2021.

The operating loss of $4.3 million for Q1 FY2022 compares to the operating loss of $0.7 million reported for Q1 FY2021. During the first quarter of fiscal 2022 we continued investing in people and foundational upgrades as we aim to accelerate future growth, improve our scalability by simplifying and accelerating project implementation and the integration of new acquisitions, ultimately allowing us to capitalize on emerging market conditions.

The Corporation recorded a net loss of $4.3 million or $0.15 loss per share (basic and diluted) in Q1 FY2022 compared to a net loss of $1.2 million or $0.08 loss per share (basic and diluted) in the same quarter of FY2021.

Adjusted EBITDA[3] loss was $1.5 million for Q1 FY2022 compared to Adjusted EBITDA[3] of $2.1 million reported for Q1 FY2021. Adjusted EBITDA[3] declined year-over-year due to increased foundational investments in operations, salary increases including additional headcount, and additional sales and marketing, 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, and the Corporation expects to continue to make foundational investments to improve scalability as the Corporation grows.

"**mdf commerce** is actively investing to scale our two core growth platforms, Unified Commerce and Strategic Sourcing," remarked CFO Deborah Dumoulin. "We believe that the investments in people and foundational infrastructure will help ensure that we capture the opportunities presented to us by the accelerated market adoption of ecommerce and strategic sourcing solutions, and that we can convert these opportunities into future cashflows that offer compelling value for shareholders."

## Summary of consolidated results

| In thousands of Canadian dollars, except per share amounts | **Q1 Fiscal 2022 $** | **Q4 Fiscal 2021 $** | **Q1 Fiscal 2021 $** |
|---|---|---|---|
| Revenues | **22,573** | 22,030 | 20,534 |
| Operating loss | **(4,289)** | (3,284) | (698) |
| Net loss | **(4,285)** | (2,858) | (1,237) |
| Adjusted EBITDA[3] | **(1,511)** | 221 | 2,053 |
| Adjusted loss[4] | **(4,285)** | (2,858) | (1,237) |
| Loss per share (basic and diluted) | **(0.15)** | (0.12) | (0.08) |
| Adjusted loss per share[4] (basic and diluted) | **(0.15)** | (0.12) | (0.08) |
| Basic and diluted weighted average number of shares outstanding (in thousands) | **28,404** | 23,874 | 16,394 |

[3] Adjusted EBITDA and adjusted EBITDA margin are non-IFRS measure. 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.
[4] Adjusted loss and Adjusted loss per share (basic and diluted) are non-IFRS financial measures. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" section.

**Reconciliation of net loss and adjusted EBITDA[3]**

| In thousands of Canadian dollars | Q1 Fiscal 2022 $ | Q4 Fiscal 2021 $ | Q1 Fiscal 2021 $ |
|---|---|---|---|
| **Net loss** | **(4,285)** | (2,858) | (1,237) |
| Income tax recovery | **(826)** | (704) | (255) |
| Depreciation of property, plant and equipment and amortization of intangible assets | **900** | 1,155 | 922 |
| Amortization of acquired intangible assets | **882** | 1,014 | 1,006 |
| Amortization of right-of-use assets | **489** | 437 | 464 |
| Amortization of deferred financing costs | **57** | 57 | 10 |
| Interest on lease liability | **91** | 91 | 99 |
| Interest on long-term debt | **14** | 9 | 255 |
| Interest revenue | **(167)** | (50) | - |
| **EBITDA** | **(2,845)** | (849) | 1,264 |
| Foreign exchange loss | **827** | 171 | 430 |
| Stock-based compensation expense | **200** | 124 | 107 |
| Restructuring costs | **228** | 723 | 195 |
| Acquisition-related costs | **79** | 52 | 57 |
| **Adjusted EBITDA[3]** | **(1,511)** | 221 | 2,053 |

**Reconciliation of net loss and adjusted loss[4]**

| In thousands of Canadian dollars. | Q1 Fiscal 2022 $ | Q4 Fiscal 2021 $ | Q1 Fiscal 2021 $ |
|---|---|---|---|
| **Net loss** | **(4,285)** | (2,858) | (1,237) |
| **Adjusted loss[4]** | **(4,285)** | (2,858) | (1,237) |
| **Loss per share (basic and diluted)** | **(0.15)** | (0.12) | (0.08) |
| **Adjusted loss per share[4] (basic and diluted)** | **(0.15)** | (0.12) | (0.08) |

**Reconciliation of revenues on a constant currency basis[1] and revenues**

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

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

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

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

## Outlook

The transformation to a high-growth, cloud-based, SaaS commerce technology business continues as planned as we remain focused on delivering to the needs of our clients and capitalizing on the market opportunities that create value for our stakeholders.

We are aligning our resources to focus on building a pipeline of opportunities in Strategic Sourcing and Unified Commerce. We are beginning to convert our growth pipeline into opportunities which we expect will contribute to recurring revenues.

We continue to focus on our M&A pipeline and opportunities to support our strategic plan.

With the noticeable market acceleration in digitalization of commercial interactions brought on by the COVID-19 pandemic, coupled with infrastructures bills planned by governments across North America, we believe that the Corporation is well positioned to capitalize on these positive trends.

Management is optimizing its hiring and onboarding process to ensure maximal impact on revenues and gross margins while monitoring overall labour costs.

Tech talent remains a challenge and we have implemented multiple strategies to address this, including market competitive salary increases starting in Q1 to improve retention, new recruitment campaigns and establishing a development centre in Ukraine providing additional workforce. Our operational and infrastructure investments are focused on improving scalability and gross margins. As we move forward, our challenge will be to strike the right balance between these investments and their impact on margins, while staying in the race to capitalize on the opportunity brought on by this market acceleration.

## Subsequent events

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

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

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

The Acquisition Purchase Price will be financed through a combination of i) $92.0 million of available cash on hand, ii) $50.2 million in debt through an amended and upsized revolving and term credit facilities, iii) $67.8 million through a bought deal public offering of subscription receipts of mdf commerce which will be launched concurrently with the announcement of the Acquisition,

iv) $52.6 million private placement of subscription receipts of mdf commerce with *Fonds de solidarité FTQ* and *Investissement Québec*, and v) the issuance of $4.1 million in rollover shares, as well as the creation of a $4.1 million retention bonus.

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

**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 approximately 700 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.

**Forward-Looking Statements**

*In this press release, "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 press release is dated August 11, 2021 and, unless specifically stated otherwise, all information disclosed herein is provided as at June 30, 2021, the end of the most recent quarter of the Corporation.*

*Certain statements in press release 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.*

*Additional information about mdf commerce, including the Corporation's interim condensed consolidated financial statements as at June 30, 2021 and 2020 and for the three-month periods then ended, Management's Discussion and Analysis for the first quarter ended June 30, 2021 and its latest Annual Information Form as at March 31, 2021 are available on the Corporation's website www.mdfcommerce.com and have been filed with SEDAR at www.sedar.com.*

## Non-IFRS Financial Measures and Key Performance Indicators

*The Corporation's interim condensed consolidated financial statements for the three-month periods ended June 30, 2021 and June 30, 2020 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.*

*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, net profit (loss) before interest, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA, Adjusted EBITDA margin, and certain Revenues presented on a constant currency basis as a non-IFRS measures 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 (MD&A) for the first quarter ended June 30, 2021.*

*In Q4 FY2021, the Corporation amended the definition of Adjusted EBITDA to adjust for acquisition related costs and restructuring costs. Comparative figures prior to March 31, 2021 have been restated to be consistent with the current presentation. Adjusted EBITDA is calculated as profit (loss) before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for foreign exchange gain (loss), gain (loss) on the sale of a subsidiary, compensation under the stock option plan, acquisition related costs and restructuring costs. Refer to the "Non-IFRS Financial Measures and Key Performance Indicators" in Management's Discussion and Analysis for the first quarter ended June 30, 2021.*

## Conference call for first quarter of fiscal 2022 financial results

Date: Wednesday, August 11, 2021
Time: 5:00 p.m. Eastern Daylight Time
Length: 30 minutes
Dial-in: (833) 732-1201 (toll-free) or (720) 405-2161 (international)
Live webcast: register here
*More details*

**For further information:**

**mdf commerce inc.**
Luc Filiatreault, President & CEO
Toll free: 1-877-677-9088, ext. 2004
Email: luc.filiatreault@mdfcommerce.com

Deborah Dumoulin, Chief Financial Officer
Toll free: 1-877-677-9088, ext. 2134
Email: deborah.dumoulin@mdfcommerce.com

André Leblanc, Vice President, Marketing and Public Affairs
Toll Free: 1 877 677-9088, ext. 8220
Email: andre.leblanc@mdfcommerce.com