



Press Release
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mdf commerce Reports Third Quarter Fiscal 2022 Results

Third quarter revenue grew 43% year-over-year

- ***Q3 FY22 total revenue of \$30.7 million grew by 43.2% compared to \$21.4 million in Q3 FY21***
- ***Recurring revenue⁽²⁾ for the third quarter represents \$26.7 million (MRR 80%⁽²⁾) and grew by 66.8% compared to \$16.0 million (MRR 75%⁽²⁾) for Q3 FY21***
- ***Integration of transformational Periscope acquisition is on track***
- ***The Corporation has initiated a recruiting process to appoint new members to the Board of Directors***

Montreal, Canada, February 9th, 2022 -- mdf commerce inc. (the "Corporation") (TSX:MDF), a SaaS leader in digital commerce technologies, reported Q3 FY2022 financial results for the three-month and nine-month periods ended December 31, 2021. Financial references are expressed in Canadian dollars unless otherwise indicated.

"Q3 FY2022 marks the inclusion of the first full quarter of Periscope results, the US-based eprocurement entity that was acquired in August 2021. For the quarter, Periscope contributed \$7.7 million of revenue, after the acquisition accounting fair value adjustment on deferred revenue which had the impact of reducing revenue by \$2.6 million in the quarter. Periscope's growth trajectory is solid" said Luc Filiatreault, CEO of mdf commerce. "\$30.7 million is the highest revenue reported in a single quarter for mdf commerce, and this would have been \$2.6 million higher had it not been for the acquisition accounting adjustment on Periscope deferred revenues. Our focus for the quarter was the integration of Periscope and we're happy to report that efforts are on track: the combined leadership team is in place, early product integration has generated quick wins and the longer-term product roadmap is now confirmed. This performance was achieved despite considerable macro-economic challenges, including those caused by the Omicron wave of the COVID-19 pandemic."

Third Quarter Fiscal 2022 Financial Results

Total revenues for the third quarter of fiscal 2022 reached \$30.7 million, an increase of \$9.2 million or 43.2% compared to \$21.4 million for the third quarter of fiscal 2021. On a constant currency ⁽¹⁾ basis, total revenue increased by \$9.7 million or 46.3% compared to the third quarter of fiscal 2021. Total Q3 FY2022 revenues were impacted by a fair value adjustment on deferred revenues at the closing date of the Periscope acquisition, and resulted in a \$2.6 million reduction of revenue for the quarter.

Recurring revenue⁽²⁾ represents \$26.7 million or 80% (MRR)⁽²⁾ of total revenues for Q3 FY2022 and grew by \$10.7 million compared to \$16.0 million or 75% (MRR)⁽²⁾ of total revenues for Q3 FY2021.

Our two core platforms, eprocurement and Unified Commerce contributed to revenue growth for the third quarter as follows:

Overall, the eprocurement platform generated revenues of \$16.9 million, an increase of \$8.6 million or 104.7% compared to \$8.2 million in Q3 FY2021. Excluding Periscope revenues, the platform grew organically by \$0.9 million or by 11% compared to Q3 of the previous fiscal year. The US-based eprocurement network, which includes revenues from Periscope, contributed \$8.2 million to revenue growth, compared to Q3 FY2021. Revenues for Periscope for the quarter were \$7.7 million, after the acquisition accounting fair value adjustment of \$2.6 million on Periscope deferred revenues at the closing date of the acquisition. Recurring revenue (MRR)⁽²⁾ for the eprocurement platform represented 92% of platform revenues for Q3 FY2022, remaining unchanged compared to Q3 FY2021. We achieved \$7.7 million, despite the \$2.6 million fair value adjustment on deferred revenue, even as implementation activities for existing customer contracts were slower than expected due mainly to the Omicron virus and its impacts on personnel at our clients and within our teams.

The Unified Commerce platform, which includes both ecommerce and Supply Chain Collaboration solutions, generated revenues of \$9.8 million for Q3 FY2022, an increase of \$0.4 million or 3.8% compared to revenues of \$9.4 million for Q3 FY2021. Recurring revenue (MRR)⁽²⁾ for the Unified Commerce platform represented 59% of platform revenues for Q3 FY2022 compared to 57% for Q3 FY2021.

The marketplaces platform generated revenues of \$4.0 million for Q3 FY 2022, an increase of \$0.2 million or 6.6% compared to revenues of \$3.7 million for Q3 FY2021.

Gross margin for Q3 FY2022 was \$17.2 million or 56.1% compared to \$13.4 million or 62.7% for Q3 FY2021. The decrease in the gross margin percentage is due to the increased cost of revenues mainly from increased 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 to the Corporation's transition to a cloud-based strategy.

For Q3 FY2022, total operating expenses were \$22.7 million, an increase of 41% compared to \$16.1 million in Q3 FY2021.

General and administrative expenses totalled \$6.2 million in Q3 FY2022, selling and marketing expenses were \$8.4 million and technology expenses were \$8.1 million, compared to \$5.2 million, \$4.8 million and \$6.1 million respectively for Q3 FY2021.

The Corporation recorded an operating loss of \$5.5 million during Q3 FY2022, compared to operating loss of \$2.7 million in Q3 FY2021.

Higher operating expenses are mainly due to 4-months of Periscope operations, an increase in headcount, 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.

Net loss was \$4.7 million or \$0.11 net loss per share basic and diluted in Q3 FY2022, compared to a net loss of \$2.9 million or \$0.14 net loss per share basic and diluted in Q3 FY2021.

Adjusted EBITDA⁽³⁾ was \$0.7 million for Q3 FY2022 compared to Adjusted EBITDA⁽³⁾ of \$1.0 million reported for Q3 FY2021.

The acquisition accounting adjustment to the fair value of deferred revenues as of the acquisition date, which resulted in a reduction of revenue of \$2.6 million in Q3 FY2022, also had an unfavorable impact on gross margin, operating loss, net loss, Adjusted EBITDA⁽³⁾ and loss per share (basic and diluted) for Q3 FY2022.

"We are excited about the acquisition of Periscope, in particular how the eprocurement solutions and the business model can be leveraged across our entire eprocurement platform with the goal of maximizing earnings potential," remarked CFO Deborah Dumoulin.

“As we progress with the integration and sales efforts, an opportunity lies in expanding the transactional model which has the potential to generate high-margin recurring revenue. Our focus is on operational efficiency and cost optimization.”

Summary of consolidated results the three and nine-months ended December 31:

	Three-month periods ended			Nine-month periods ended	
	Dec. 31 2021	Sep. 31 2021	Dec. 31 2020	Dec. 31 2021	Dec. 31 2020
In thousands of Canadian dollars, except per share amounts	\$	\$	\$	\$	\$
Revenues	30,652	25,080	21,403	78,305	62,689
Operating loss	(5,465)	(8,822)	(2,716)	(18,576)	(3,507)
Net loss	(4,673)	(6,308)	(2,853)	(15,266)	(4,733)
Adjusted EBITDA (loss) ⁽³⁾	739	(402)	1,021	(1,174)	5,525
Adjusted loss ⁽⁴⁾	(4,673)	(6,308)	(2,853)	(15,266)	(4,733)
Loss per share (basic and diluted)	(0.11)	(0.19)	(0.14)	(0.43)	(0.26)
Adjusted loss per share ⁽⁴⁾ (basic and diluted)	(0.11)	(0.19)	(0.14)	(0.43)	(0.26)
Basic and diluted weighted average number of shares outstanding (in thousands)	43,971	33,536	20,844	35,335	18,407

Reconciliation of net loss and Adjusted EBITDA

	Three-month periods ended			Nine-month periods ended	
	Dec. 31 2021	Sep. 30 2021	Dec. 31 2020	Dec. 31 2021	Dec. 31 2020
In thousands of Canadian dollars, except per share amounts	\$	\$	\$	\$	\$
Net loss	(4,673)	(6,308)	(2,853)	(15,266)	(4,733)
Income tax recovery	(1,496)	(1,371)	(625)	(3,693)	(914)
Depreciation of property and equipment and amortization of intangible assets	1,083	1,019	1,121	3,002	3,064
Amortization of acquired intangible assets	2,920	1,337	885	5,139	2,799
Amortization of right-of-use assets	602	506	415	1,597	1,298
Amortization of deferred financing costs	69	158	58	284	78
Interest on lease liability	93	173	93	357	290
Interest on long-term debt	211	135	106	360	527
Other finance costs (income)	24	131	-	155	-
Interest income	-	(343)	(11)	(510)	(11)
EBITDA	(1,167)	(4,563)	(811)	(8,575)	2,398
Foreign exchange loss (gain)	(1)	(1,397)	516	(571)	1,256
Stock-based compensation expense	306	319	156	825	343
Restructuring costs	1,552	611	932	2,391	1,243
Acquisition-related costs	49	4,628	228	4,756	285
Adjusted EBITDA (loss)³	739	(402)	1,021	(1,174)	5,525

Reconciliation of net loss and Adjusted loss

	Three-month periods ended			Nine-month periods ended	
	Dec. 31 2021	Sep.30 2021	Dec. 31 2020	Dec. 31 2021	Dec. 31 2020
In thousands of Canadian dollars, except per share amounts	\$	\$	\$	\$	\$
Net loss	(4,673)	(6,308)	(2,853)	(15,266)	(4,733)
Adjusted loss⁴	(4,673)	(6,308)	(2,853)	(15,266)	(4,733)
Loss per share (basic and diluted)	(0.11)	(0.19)	(0.14)	(0.43)	(0.26)
Adjusted loss per share⁴ (basic and diluted)	(0.11)	(0.19)	(0.14)	(0.43)	(0.26)

Reconciliation of revenues on a constant currency basis¹

Q3 FY2021 versus Q3 FY2021

<i>In thousands of Canadian dollars</i>	Three-month period ended December 31, 2021	Three- month period ended December 31, 2020	Variance \$	Variance %
Revenues	30,652	21,403	9,249	43.2%
Constant Currency Impact	-	(454)	-	-
Revenues in Constant Currency¹	30,652	20,949	9,703	46.3%

Q3 FY2021 versus Q2 FY2021

<i>In thousands of Canadian dollars</i>	Three-month period ended December 31, 2021	Three- month period ended September 30, 2021	Variance \$	Variance %
Revenues	30,652	25,080	5,572	22.2%
Constant Currency Impact	-	(212)	-	-
Revenues in Constant Currency¹	30,652	24,868	5,784	23.3%

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

<i>In thousands of Canadian dollars</i>	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2020	Variance \$	Variance %
Revenues	78,305	62,689	15,616	24.9%
Constant Currency Impact	-	(1,344)	-	-
Revenues in Constant Currency¹	78,305	61,345	16,960	27.6%

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 Recurring revenue and Monthly Recurring Revenue (“MRR”) are a key performance indicators. Refer to the “Non-IFRS Financial Measures and Key Performance Indicators” section.

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.

Board changes

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. 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.

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 eprocurement, Unified Commerce and emarketplace platforms are supported by a strong and dedicated team of approximately 800 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.

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 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 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, as well as in the “Risk Factors and Uncertainties” section of the Management’s Discussion and Analysis for the third quarter ended December 31, 2021 and elsewhere in the Corporation’s filings with the Canadian securities regulators, as applicable. 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 December 31, 2021 and 2020 and for the three and nine-month periods then ended, Management’s Discussion and Analysis for the third quarter ended December 31, 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 and nine-month periods ended December 31, 2021 and December 31, 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 Recurring Revenue and Monthly Recurring Revenues as key performance indicators. 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.

Certain additional disclosures including the definitions associated with non-IFRS measures as well as a reconciliation to the most comparable IFRS measures, and key performance indicators have been incorporated by reference and can be found in Management's Discussion and Analysis (MD&A) for the third quarter ended December 31, 2021, as presented in the section "Non-IFRS Financial Measures and Key Performance Indicators". The MD&A for the third quarter ended December 31, is available on SEDAR at www.sedar.com and on the Corporation's website mdfcommerce.com under the Investors section.

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, share-based compensation, 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 third quarter ended December 31, 2021.

Conference call for third quarter of fiscal 2022 financial results

Date: Thursday, February 10, 2022

Time: 10:00 a.m. Eastern Standard Time

Dial-in: (833) 732-1201 (toll-free) or (720) 405-2161 (international)

Live webcast: [register here](#)

A replay of the webcast will be available until February 10, 2023, at midnight Eastern Time through the same link following the conference call. Please visit the Investor Relations section on our website on February 9, 2022, to view the earnings release prior to the conference call.

For further information:

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