

mdf commerce reports First Quarter of Fiscal 2023 Financial Results

- **Q1 FY2023 total revenue of \$32.2 million grew by 42.6% compared to \$22.6 million in Q1 FY2022**
- **Recurring Revenue ⁽¹⁾ grew by 59.1% from \$16.4 in Q1 FY2022 to \$26.0 million in Q1 FY2023**

Montreal, Canada, August 11, 2022 -- **mdf commerce inc.** (the "Corporation") (TSX:MDF), a SaaS leader in digital commerce technologies, reported Q1 FY2023 financial results for the three-month period ended June 30, 2022 (Q1 FY2023). Financial references are expressed in Canadian dollars unless otherwise indicated.

"We continue to further leverage our leadership position in public eprocurement to capitalize on the sustained demand for digital transformation by government agencies of all levels across North America. We added 105 buying agencies and 38,000 suppliers on our platforms during the quarter. Our current focus is to accelerate pipeline conversion." said Luc Filiatreault, CEO of mdf commerce. "Due to post-pandemic headwinds in the sector, we expect limited growth for our ecommerce platform in the near-term. We have focused commercial efforts on our order management system, which is gaining traction to help retailers ensure optimal consumer experience for hybrid shopping. As we enter the third year of our 5-year strategic plan with greater scale, higher quality revenue and increased operational focus, we are focusing our attention on a return to profitability."

First Quarter Fiscal 2023 Financial Results

Total revenues for Q1 FY2023, reached \$32.2 million, an increase of \$9.6 million or 42.6% compared to \$22.6 million reported in Q1 FY2022. On a Constant Currency ⁽²⁾ basis, total revenue increased by \$9.8 million or 43.6% compared to Q1 FY2022.

Total revenues for Q1 FY2023 were impacted by a fair value adjustment on Periscope deferred revenues at the closing date of the acquisition on August 31, 2021 and which resulted in a reduction in revenues of \$1.2 million (nil for Q1 FY2022).

Recurring Revenue ⁽¹⁾ represents \$26.0 million or 77.8% ⁽¹⁾ of total revenues for Q1 FY2023 and grew by \$9.7 million compared to \$16.4 million or 72.5% ⁽¹⁾ of total revenues for Q1 FY2022.

Our two core platforms, eprocurement and Unified Commerce contributed to revenues of the first quarter as follows:

- The eprocurement platform generated revenues of \$17.9 million, an increase of \$9.0 million or 101.4% compared to \$8.9 million in Q1 FY2022. Due to Periscope's US focus, the Corporation's US-based eprocurement revenue grew by 187.5% or \$8.6 million to \$13.2 million in Q1 FY2023, compared to \$4.6 million reported in the same quarter of prior year.

Monthly Recurring Revenue⁽¹⁾ for the eprocurement platform represented \$16.6 million or 86.8% of platform revenues for Q1 FY2023, compared to \$8.0 million or 89.9% for Q1 FY2022.

- The Unified Commerce platform, which includes both ecommerce and Supply Chain Collaboration solutions, generated revenues of \$9.8 million for Q1 FY2023, a slight decrease of \$0.1 million or 1.2% compared to revenues of \$9.9 million for Q1 FY2022.

Monthly Recurring Revenue⁽¹⁾ for the Unified Commerce platform represents \$5.8 million or 59.6% of platform revenues for Q1 FY2023 compared to \$5.7 million or 57.1% for Q1 FY2022.

The emarketplaces platform generated revenues of \$4.6 million for Q1 FY2023, an increase of \$0.8 million or 19.9% compared to revenues of \$3.8 million for Q1 FY2022. The revenue growth in emarketplaces was driven primarily by The Broker Forum, which is an electronics parts marketplace, where volumes increased due to global supply chain shortages.

Gross margin for Q1 FY2023 was \$18.5 million or 57.4% compared to \$13.2 million or 58.7% for Q1 FY2022. The decrease in the gross margin percentage is mainly due to higher total salary expense related to higher headcount, higher professional fees to support customer implementations and deployments with lower margins than right of use revenues, and higher hosting and licenses costs directly related to the Corporation's migration to a cloud-based strategy.

For Q1 FY2023, total operating expenses were \$25.5 million, an increase of 45.3% compared to \$17.5 million in Q1 FY2022. General and administrative expenses totalled \$7.3 million in Q1 FY2023, selling and marketing expenses were \$8.7 million and technology expenses were \$9.5 million, compared to \$5.0 million, \$6.1 million and \$6.4 million respectively for Q1 FY2022. These changes are mainly due to the acquisition of Periscope and professional services to support the Corporation in implementing its strategic initiatives, transformation plan and to support large deployments of client contracts, offset by realized operating efficiencies and cost containment.

Operating expenses for Q1 FY2022 included a federal wage subsidy in the context of COVID-19 of \$0.8 million, while no subsidies were claimed in Q1 FY2023.

The Corporation recorded an operating loss of \$7.0 million during Q1 FY2023, compared to operating loss of \$4.3 million in Q1 FY2022.

Net loss was \$6.3 million or \$0.14 net loss per share basic and diluted in Q1 FY2023, compared to a net loss of \$4.3 million or \$0.15 net loss per share basic and diluted in Q1 FY2022.

Adjusted EBITDA⁽³⁾ loss was \$1.1 million for Q1 FY2023 compared to Adjusted EBITDA⁽³⁾ loss of \$1.5 million reported for Q1 FY2022.

The Periscope acquisition accounting adjustment to the fair value of deferred revenues at the acquisition date, which resulted in a reduction of revenue of \$1.2 million in Q1 FY23, also had an unfavorable impact on gross margins, operating loss, net loss, Adjusted EBITDA⁽³⁾ and net loss per share (basic and diluted).

Summary of consolidated results

In thousands of Canadian dollars, unless otherwise noted	Q1 FY2023	Q1 FY2022
Revenues	32,196	22,573
Operating loss	(6,975)	(4,289)
Net loss and Adjusted Net Loss ⁽⁴⁾	(6,323)	(4,285)
Adjusted EBITDA ⁽³⁾ (loss)	(1,085)	(1,511)
Net loss and Adjusted Net Loss per share (basic and diluted) (\$) ⁽⁴⁾	(0.14)	(0.15)
Basic and diluted weighted average number of shares outstanding (in thousands)	43,971	28,404

Reconciliation of net loss, EBITDA (loss) and Adjusted EBITDA (loss)

In thousands of Canadian dollars	Q1 FY2023	Q1 FY2022
Net loss	(6,323)	(4,285)
Income tax (recovery) expense	(669)	(826)
Depreciation of property and equipment and amortization of intangible assets	967	900
Amortization of acquired intangible assets	2,966	882
Amortization of right of use assets	559	489
Finance expenses	623	(5)
EBITDA ⁽³⁾ (loss)	(1,877)	(2,845)
Foreign exchange loss (gain)	(607)	827
Share-based compensation	221	199
Restructuring costs	271	229
Acquisition-related costs	907	79
Adjusted EBITDA ⁽³⁾ (loss)	(1,085)	(1,511)

Reconciliation of net loss, Adjusted Net Loss and Adjusted Net Loss per share (basic and diluted)

In thousands of Canadian dollars	Q1 FY2023	Q1 FY2022
Net loss	(6,323)	(4,285)
Adjusted net loss ⁽⁴⁾	(6,323)	(4,285)
Net loss per share (basic and diluted)	(0.14)	(0.15)
Adjusted net loss per share ⁽⁴⁾ (basic and diluted)	(0.14)	(0.15)

Reconciliation of revenues on a Constant Currency basis

In thousands of Canadian dollars	Q1 FY2023	Q1 FY2022	Var.	Var. %	Q1 FY2023	Q4 FY2022	Var.	Var. %
Revenues	32,196	22,573	9,623	42.6	32,196	29,954	2,242	7.5
Constant Currency impact	-	(158)	158	-	-	(126)	126	-
Revenues in Constant Currency ⁽²⁾	32,196	22,415	9,781	43.6	32,196	29,828	2,368	7.9

¹ Recurring Revenue and Monthly Recurring Revenue (“MRR”) are key performance indicators. Refer to the “11 - Non-IFRS Financial Measures and Key Performance Indicators” section of the Management’s Discussion and Analysis (MD&A) for the first quarter ended June 30, 2022.

² 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 Corporation believes that this Non-IFRS financial measure is useful to compare its performance that excludes certain elements prone to volatility. Refer to the “11 - Non-IFRS Financial Measures and Key Performance Indicators” section of the MD&A for the first quarter ended June 30, 2022.

³ Adjusted EBITDA and Adjusted EBITDA margin are Non-IFRS financial measures. Refer to the “11 - Non-IFRS Financial Measures and Key Performance Indicators” section of the MD&A for the first quarter ended June 30, 2022.

⁴ Adjusted Net Loss and Adjusted Net Loss per share (basic and diluted) are Non-IFRS financial measures. Refer to the “11 - Non-IFRS Financial Measures and Key Performance Indicators” section of the MD&A for the first quarter ended June 30, 2022.

Board Nomination - Brian Nelson nominated to join mdf commerce’s Board of Directors

The Corporation is pleased to announce the nomination of Brian Nelson to stand for election to its board of directors at its upcoming annual general meeting, scheduled for September 20, 2022, further strengthening and complementing the current skills and capabilities of the board.

Brian Nelson has been a Partner at Long Path Partners, a privately-owned investment firm which owns approximately 11.14% of the shares of the Corporation, and that invests in a limited number of high-quality businesses operating primarily in the enterprise software and business & information service markets, since 2018. He currently serves as a Co-Portfolio Manager of the Long Path Smaller Companies Fund and the Long Path Opportunities Fund. The Corporation looks forward to welcoming Mr. Nelson upon his election and believes his experience and knowledge will be a valuable contribution to the board of directors.

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 emarketplaces 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 August 11, 2022, and unless specifically stated otherwise, all information disclosed herein is provided as at June 30, 2022 and for the first quarter of fiscal 2023.

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, 2022, as well as in the "10 - Risk Factors and Uncertainties" section of the MD&A for the first quarter ended June 30, 2022 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 June 30, 2022 and 2021 and for the three-month periods then ended, MD&A for the first quarter ended June 30, 2022 and its latest Annual Information Form as at March 31, 2022 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, 2022 and 2021 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 measures and key performance indicators to assess operating performance. The Corporation presents Adjusted profit (loss), Adjusted profit (loss) per share, 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 financial measures and Recurring Revenue and Monthly Recurring Revenues as key performance indicators.

These Non-IFRS financial measures and key performance indicators do not have standardized meanings under IFRS and may not be comparable to similar measures presented 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. Management uses both measures that comply with IFRS and Non-IFRS financial measures, in planning, overseeing and assessing the Corporation's performance. Certain additional disclosures including the definitions associated with Non-IFRS financial 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 MD&A for the first quarter ended June 30, 2022, as presented in the section "11 - Non-IFRS Financial Measures and Key Performance Indicators". The MD&A for the first quarter ended June 30, 2022, is available on SEDAR at www.sedar.com and on the Corporation's website mdfcommerce.com under the Investors section.

Conference call for First quarter fiscal 2023 financial results

Date: Friday, August 12, 2022

Time: 8:30 a.m. Eastern Daylight Time

Link to join the phone call: [Click here to register](#)

Live webcast: [Click here to register](#)

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