

## **mdf commerce reports Third Quarter of Fiscal 2023 Financial Results**

- **Q3 FY2023 total revenue of \$31.7 million grew by 3.3% compared to \$30.7 million in Q3 FY2022**
- **Recurring Revenue <sup>(1)</sup> of \$24.7 million in Q3 FY2023 compared to \$25.0 million in Q3 FY2022**
- **Adjusted EBITDA <sup>(2)</sup> of \$0.9 million for Q3 FY2023 compared to \$0.7 million in Q3 FY2022**
- **Sale of InterTrade subsidiary for cash proceeds of \$65.8 million and repayment of the majority of long-term debt**

**Montreal, Canada, February 13, 2023 – mdf commerce inc.** (the “Corporation”) (TSX:MDF), a SaaS leader in digital commerce technologies, reported third quarter financial results for the three-month period ended December 31, 2022 (Q3 FY2023). Financial references are expressed in Canadian dollars unless otherwise indicated.

“This third quarter of fiscal 2023 represents a second consecutive quarter with a positive adjusted EBITDA<sup>(2)</sup>. In response to macroeconomic conditions and shifting client priorities, we’ve reduced of our global workforce by approximately 10% since the beginning of the quarter. When added to the 9% workforce reduction from the sale of InterTrade, this represents a total workforce reduction of approximately 19%. As our hybrid work model has evolved, we’re reducing our real estate footprint across various physical offices. These cost containment efforts are expected to generate additional cost savings over the coming quarters.” said Luc Filiatreault, President and Chief Executive Officer of mdf commerce. “The sale of InterTrade Systems inc. (InterTrade) on October 4, 2022 for \$65.8 million has allowed us to significantly deleverage our balance sheet, providing us with a stronger foundation and more operational focus. Our growth efforts are focused on further leveraging our leadership position in the public eprocurement market and capitalizing on the US Government’s spending initiatives.”

### **Sale of InterTrade and repayment of the majority of long-term debt**

On October 4, 2022, the Corporation entered into a Share Purchase Agreement with SPS Commerce, Inc. (“SPS”) and concurrently closed the transaction for the sale of all the issued and outstanding shares of InterTrade. The preliminary disposal consideration was \$63.9 million (US\$47.1 million), including closing cash, working capital and post-closing adjustments. The disposal consideration also includes a realized loss on forward contracts entered into to hedge the USD to CAD exchange rate fluctuations since the consideration was denominated in U.S. dollars. As a result of the disposal of InterTrade, the Corporation recorded a gain of \$22.9 million (US\$16.9 million). At closing, the Corporation repaid the Term Facility of \$21.7 million (US\$16.0 million) plus accrued interest and made payments of \$6.8 million (US\$5.0 million) on the Revolving Facility drawn in US dollars and \$32.0 million of the Revolving Facility drawn in Canadian dollars. As the Term Facility was available by way of a single use borrowing, it is no longer available to the Corporation.

### Third Quarter Fiscal 2023 Financial Results

Revenues for Q3 FY2023 were \$31.7 million, an increase of \$1.0 million or 3.3% compared to \$30.7 million for Q3 FY2022. On a Constant Currency<sup>(3)</sup> basis, revenues decreased by \$0.4 million or 1.1% compared to Q3 FY2022. Recurring Revenue<sup>(1)</sup> represents \$24.7 million or 77.8% of revenues for Q3 FY2023 compared to \$25.0 million or 75.1% of revenues for Q3 FY2022.

Revenue from InterTrade for Q3 FY2023 was \$0.4 million, which represents a decrease of \$3.0 million in revenue compared to \$3.4 million from both Q2 FY2023 and from Q3 FY2022. The Q3 FY2023 decrease in revenue from the sale of this subsidiary was partially offset by \$0.9 million of revenue which was recorded in the quarter for post-closing transition services provided to the acquirer of InterTrade. Adjusted EBITDA<sup>(2)</sup> from InterTrade decreased by \$0.7 million compared to Q2 FY2023 to nil for Q3 FY2023, and compared to \$1.1 million in Q3 FY2022.

Our two core platforms, eprocurement and ecommerce (previously Unified Commerce before the sale of InterTrade) contributed to revenues of the third quarter as follows:

- The eprocurement platform generated revenues of \$19.8 million, an increase of \$2.9 million or 17.3% compared to \$16.9 million in Q3 FY2022. The US-based eprocurement network, contributed positively to revenue growth with an increase in revenues of \$2.8 million or 23.2%.

Revenues for Q3 FY2023 were impacted by a fair value adjustment on Periscope Intermediate Corporation (“Periscope”) deferred revenues at the closing date of the acquisition on August 31, 2021 which resulted in a reduction in revenues of \$0.1 million compared to \$2.6 million for Q3 FY2022.

Recurring Revenue<sup>(1)</sup> for the eprocurement platform represented 88.6% for Q3 FY2023, compared to 83.0% for Q3 FY2022.

- The ecommerce platform (previously Unified Commerce before the sale of InterTrade), generated revenues of \$6.8 million for Q3 FY2023, a decrease of \$3.0 million or 30.8% compared to \$9.8 million for Q3 FY2022. The sale of InterTrade accounts for \$3.0 million of the decrease, offset by \$0.9 million in other revenue from post-closing transition services provided to the acquirer of InterTrade, and the remaining decrease is mainly due to lower professional services revenues in the Orckestra platform as large deployments and solution integration services have been completed.

Recurring Revenue<sup>(1)</sup> for the ecommerce platform (previously Unified Commerce before the sale of InterTrade), represented 43.5% of platform revenues for Q3 FY2023 compared to 59.3% for Q3 FY2022. The lower Recurring Revenue<sup>(1)</sup> as a percentage of total revenue is due to the sale of InterTrade which had Recurring Revenue<sup>(1)</sup> as a percentage of total revenue trending at over 90%, and partial offset by the reduction of professional services in the Orckestra platform.

Revenues from the emarketplaces platform were \$5.0 million in Q3 FY2023, an increase of \$1.1 million or 27.5% from Q3 FY2022. This increase was from The Broker Forum.

Recurring Revenue<sup>(1)</sup> for the emarketplaces platform represented 81.0% of platform revenues for Q3 FY2023 compared to 75.4% for Q3 FY2022.

Gross margin for Q3 FY2023 was \$17.8 million or 56.3% compared to \$17.2 million or 56.1% for Q3 FY2022.

Operating expenses in Q3 FY2023 were \$23.6 million, an increase of 4.2% compared to \$22.7 million in Q3 FY2022. The decrease in operating costs related to the sale of InterTrade and salary savings from headcount reduction during Q3 FY2023, were partially offset by higher transaction-related costs of \$0.5 million as compared to Q3 FY2022.

The Corporation recorded an operating loss of \$5.8 million during Q3 FY2023, compared to \$5.5 million in Q3 FY2022.

Net earnings were \$15.1 million, or \$0.34 net earnings per share (basic and diluted) for Q3 FY2023, compared to a net loss of \$4.7 million, or \$0.11 net loss per share (basic and diluted) for Q3 FY2022. The increase in net earnings for Q3 FY2023 compared to Q3 FY2022 is mainly due to the gain on disposal of a subsidiary InterTrade of \$22.9 million recognized in Q3 FY2023.

Adjusted net loss<sup>(4)</sup> was \$7.8 million for Q3 FY2023, compared to \$4.7 million for Q3 FY2022. The increase of Adjusted net loss<sup>(4)</sup> in Q3 FY2023 compared to prior comparative quarter is mainly due to higher operating expenses, foreign exchange, restructuring costs including termination benefits and on transaction-related costs as explained previously.

Adjusted EBITDA<sup>(2)</sup> was \$0.9 million for Q3 FY2023, compared to \$0.7 million for Q3 FY2022.

The Periscope acquisition accounting adjustment related to the fair value of deferred revenues at the acquisition date, described above, resulted in a reduction of revenue of \$0.1 million in Q3 FY2023 and \$2.6 million in Q3 FY2022, also had an unfavorable impact on gross margins, operating loss, net earnings, net earnings (loss) per share (basic and diluted), Adjusted EBITDA<sup>(2)</sup> and Adjusted Net Earnings (Loss)<sup>(4)</sup>.

## Summary of consolidated results

<b>Financial Highlights</b>	<b>Q3</b>	<b>Q2</b>	<b>Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>
<i>In thousands of Canadian dollars, unless otherwise noted</i>	<b>FY2023</b>	<b>FY2023</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2022</b>
Revenues	<b>31,652</b>	33,216	30,652	<b>97,064</b>	78,305
Recurring Revenue <sup>(1)</sup>	<b>24,728</b>	26,481	24,952	<b>77,233</b>	60,705
Gross margin	<b>17,832</b>	19,365	17,202	<b>55,693</b>	44,710
Operating loss	<b>(5,787)</b>	(3,946)	(5,465)	<b>(16,708)</b>	(18,576)
Net earnings (loss)	<b>15,082</b>	(89,769)	(4,673)	<b>(81,010)</b>	(15,266)
Adjusted Net Loss <sup>(4)</sup>	<b>(7,804)</b>	(4,769)	(4,673)	<b>(18,896)</b>	(15,266)
Adjusted EBITDA <sup>(2)</sup> (loss)	<b>898</b>	1,355	741	<b>1,168</b>	(1,172)
Net earnings (loss) per share (basic and diluted) (\$) <sup>(4)</sup>	<b>0.34</b>	(2.04)	(0.11)	<b>(1.84)</b>	(0.43)
Adjusted Net Loss per share (basic and diluted) (\$) <sup>(4)</sup>	<b>(0.18)</b>	(0.11)	(0.11)	<b>(0.43)</b>	(0.43)
Basic and diluted weighted average number of shares outstanding (in thousands)	<b>43,971</b>	43,971	43,971	<b>43,971</b>	35,335

## Reconciliation of net earnings (loss), EBITDA (loss) and Adjusted EBITDA<sup>(2)</sup> (loss)

<i>In thousands of Canadian dollars, unless otherwise noted</i>	Q3 FY2023	Q2 FY2023	Q3 FY2022	YTD Q3 FY2023	YTD Q3 FY2022
<b>Net earnings (loss)</b>	<b>15,082</b>	(89,769)	(4,673)	<b>(81,010)</b>	(15,266)
Income tax expense (recovery)	1,194	293	(1,496)	818	(3,693)
Depreciation of property and equipment and amortization of intangible assets	1,018	1,119	1,083	3,104	3,002
Amortization of acquired intangible assets	3,128	3,025	2,920	9,119	5,139
Amortization of right of use assets	566	591	602	1,716	1,597
Finance expenses	228	1,060	397	1,911	646
<b>EBITDA (loss)</b>	<b>21,216</b>	(83,681)	(1,167)	<b>(64,342)</b>	(8,575)
Gain on disposal of a subsidiary	(22,886)	-	-	(22,886)	-
Goodwill impairment loss	-	85,000	-	85,000	-
Foreign exchange loss (gain)	594	(1,780)	1	(1,793)	(569)
Share-based compensation	47	202	306	470	824
Restructuring costs	1,418	809	1,552	2,498	2,392
Transaction-related costs	509	805	49	2,221	4,756
<b>Adjusted EBITDA<sup>(2)</sup> (loss)</b>	<b>898</b>	1,355	741	<b>1,168</b>	(1,172)

## Reconciliation of net earnings (loss) and Adjusted net loss<sup>(4)</sup>

<i>In thousands of Canadian dollars, unless otherwise noted</i>	Q3 FY2023	Q2 FY2023	Q3 FY2022	YTD Q3 FY2023	YTD Q3 FY2022
<b>Net earnings (loss)</b>	<b>15,082</b>	(89,769)	(4,673)	<b>(81,010)</b>	(15,266)
Gain on disposal of a subsidiary	(22,886)	-	-	(22,886)	-
Goodwill impairment loss	-	85,000	-	85,000	-
<b>Adjusted net loss<sup>(4)</sup></b>	<b>(7,804)</b>	(4,769)	(4,673)	<b>(18,896)</b>	(15,266)
Weighted average number of shares outstanding:					
Basic and diluted (in thousands)	43,971	43,971	43,971	43,971	35,335
<b>Net earnings (loss) per share – basic and diluted<sup>(4)</sup></b>	<b>0.34</b>	(2.04)	(0.11)	<b>(1.84)</b>	(0.43)
<b>Adjusted net loss per share – basic and diluted<sup>(4)</sup></b>	<b>(0.18)</b>	(0.11)	(0.11)	<b>(0.43)</b>	(0.43)

## Reconciliation of revenues on a Constant Currency basis<sup>(3)</sup>

<i>In thousands of Canadian dollars</i>	Q3 FY2023	Q3 FY2022	Var. \$	Var. %	Q3 FY2023	Q2 FY2022	Var. \$	Var. %	YTD Q3 FY2023	YTD Q3 FY2022	Var. \$	Var. %
Revenues	31,652	30,652	1,000	3.3	31,652	33,216	(1,564)	(4.7)	97,064	78,305	18,759	24.0
Constant Currency impact	-	1,356	(1,356)	-	-	897	(897)	-	-	986	(986)	-
<b>Revenues in Constant Currency<sup>(3)</sup></b>	<b>31,652</b>	<b>32,008</b>	<b>(356)</b>	<b>1.1</b>	<b>31,652</b>	<b>34,113</b>	<b>(2,461)</b>	<b>(7.2)</b>	<b>97,064</b>	<b>79,291</b>	<b>17,773</b>	<b>22.4</b>

<sup>(1)</sup> Recurring Revenue and Monthly Recurring Revenue (“MRR”) are key performance indicators. Refer to section “11 - Non-IFRS Financial Measures and Key Performance Indicators” of the Management’s Discussion and Analysis (MD&A) for the third quarter ended December 31, 2022.

<sup>(2)</sup> EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures. Refer to section “11 - Non-IFRS Financial Measures and Key Performance Indicators” of the MD&A for the third quarter ended December 31, 2022.

<sup>(3)</sup> 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. Refer to section “11 - Non-IFRS Financial Measures and Key Performance Indicators” of the MD&A for the third quarter ended December 31, 2022.

<sup>(4)</sup> Adjusted net profit (loss) and Adjusted net profit (loss) per share (basic and diluted) are non-IFRS financial measures. Refer to section “11 - Non-IFRS Financial Measures and Key Performance Indicators” of the MD&A for the third quarter ended December 31, 2022.

## **About mdf commerce inc.**

**mdf commerce inc. (TSX:MDF)** enables the flow of commerce by providing a broad set of software as a service (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 (formerly Strategic Sourcing), ecommerce and emarketplaces solutions are supported by a strong and dedicated team of approximately 700 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.

## **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 13, 2023, and unless specifically stated otherwise, all information disclosed herein is provided as at December 31, 2022 and for the third 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 third quarter ended December 31, 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 December 31, 2022 and 2021 and for the three-month periods then ended, MD&A for the third quarter ended December 31, 2022 and its latest Annual Information Form as at March 31, 2022 are available on the Corporation’s website [www.mdfcommerce.com](http://www.mdfcommerce.com) and have been filed with SEDAR at [www.sedar.com](http://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 December 31, 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 net profit (loss), Adjusted net 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 third quarter ended December 31, 2022, as presented in the section "11 - Non-IFRS Financial Measures and Key Performance Indicators". The MD&A for the third quarter ended December 31, 2022, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website [mdfcommerce.com](http://mdfcommerce.com) under the Investors section.

## **Conference call for Third quarter fiscal 2023 financial results**

Date: Monday, February 13, 2023

Time: 2:00 p.m. Eastern Time

To join the phone call: 1-833-630-1956

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

### **For further information:**

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