



Investors Presentation

Q3 FY2023 Financial Results

[mdf.to](https://www.mdf.to)

February 13, 2023

Disclaimer

In this presentation, “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 presentation is dated February 13, 2023 and, unless specifically stated otherwise, all information disclosed herein is provided as at December 31, 2022, the end of the most recent quarter of the Corporation. Additional information about mdf commerce, including its most recent unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended December 31, 2022 and 2021, the annual audited consolidated financial statements for the years ended March 31, 2022 and 2021, the Management's Discussion and Analysis (MD&A) for the third quarter ended December 31, 2022, the MD&A for the year ended March 31, 2022 and the latest Annual Information Form for the year ended March 31, 2022 are available on www.mdfcommerce.com and have been filed with SEDAR at www.sedar.com.

Forward-Looking Information

This presentation contains “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information also includes, but is not limited to, statements regarding mdf commerce's business objectives, expected growth, results of operations, performance and financial results. Although the forward-looking information is based on what the Corporation believes are reasonable assumptions, current expectations and estimates, investors are cautioned from placing undue reliance on this information as actual results may vary from the forward-looking information. Forward-looking information may be identified by the use of forward-looking terminology such as “believe”, “forecast”, “synergies”, “intend”, “may”, “will”, “expect”, “estimate”, “anticipate”, “continue” or similar terms, variations of those terms or the negative thereof, and the use of the conditional tense as well as similar expressions.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this presentation. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about, the Corporation's ability to retain its customers, the Corporation's ability to implement its growth strategy through acquisition, the Corporation's response to the industry's rapid pace of change, the competitive environment, the Corporation's ability to protect its computer environment and deal with defects in software or failures in processing transactions, the Corporation's use of “open source” software, intellectual property and other proprietary rights, the Corporation's management and employees, the Corporation's cyber security, regulatory changes, the Corporation's ability to do business in emerging countries, the Corporation's ability to execute its strategic plan, the effect of the COVID-19 global pandemic, foreign currency, liquidity, credit, current global financial conditions, additional financing and dilution and market liquidity of the common shares of the Corporation, all as further and more fully described in the “Risk Factors and Uncertainties” section of the Corporation's annual information form dated June 29, 2022 for the fiscal year ended March 31, 2022, in the MD&A of the Corporation for the third quarter ended December 31, 2022 and elsewhere in the Corporation's filings with the Canadian securities regulators, as applicable.

The Corporation cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, projections, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various risk factors. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking information is used to assist readers in obtaining a better understanding of mdf commerce's business, current objectives, strategic priorities, expectations and plans and may not be appropriate for other purposes. Such forward-looking information that is not historical fact, including statements based on management's belief and assumptions cannot be considered as guarantees of future performance. The forward-looking information contained herein reflect mdf commerce's expectations and beliefs as at the date hereof, and are subject to change after this date. The Corporation undertakes no obligation to update publicly any forward-looking information whether as a result of new information, future events or otherwise, other than as required by applicable legislation

Non-IFRS Financial Measures and Key Performance Indicators

The Corporation reports its financial results in accordance with International Financial Reporting Standards (IFRS). This presentation contains references to certain non-IFRS financial measures and key performance indicators that are used by the Corporation as indicators of financial performance measures which do not have standardized meanings under IFRS and are not likely to be comparable to similarly designated measures reported by other corporations. The Corporation believes that these measures are useful supplemental information that may assist investors in assessing the performance of the Corporation.

Investors are cautioned that these measures are being reported in order to complement, and not replace, the analyses of financial results in accordance with IFRS. In this presentation, we use non-IFRS financial measures, including Adjusted net profit (loss), Adjusted net profit (loss) per share, profit (loss) before interest, taxes, depreciation and amortization (“EBITDA”), Adjusted EBITDA, Adjusted EBITDA Margin, certain Revenues presented on a Constant Currency basis and Monthly Recurring Revenues. The terms and definitions associated with non-IFRS financial measures as well as a reconciliation to the most comparable IFRS measures, and key performance indicators are presented in the section “11 - Non-IFRS Financial Measures and Key Performance Indicators” of the MD&A for the third quarter ended December 31, 2022. Please also refer to the appendix to this presentation for the reconciliation of the non-IFRS financial measures used by the Corporation in this presentation.

Executive Summary

- Third year of implementation of our 5-year strategic plan
- Focused on two core platforms: eprocurement and ecommerce (previously Unified Commerce before the sale of InterTrade)
- Transformative acquisition of Periscope
- FY23 Strategy: **Focus – Simplify – Execute**

We enable the flow of **commerce**

~ 700 employees

- Canada
- US
- Denmark
- Ukraine
- China

eprocurement

~63%

Q3 FY23 Revenues⁽¹⁾

Government procurement software catering specifically to public entities + 7 supplier tendering portals across North America.

periscope.



merx.

vendor registry.

bidnet.

governmentbids.

bidnet direct.

construction bidboard.

ecommerce *

~21%

Q3 FY23 Revenues⁽¹⁾

Front and back-end ecommerce solutions that optimize the supply chain and power ecommerce implementation for businesses ranging from SMBs to Enterprise level to power their ecommerce strategies.

orquestra.

k.ecommerce.

emarketplaces

~16%

Q3 FY23 Revenues⁽¹⁾

Integrated online platforms that connect buyers and sellers across a variety of industries

carrus.

the broker forum.

powersource online.

polygon.

jobboom.

réseau contact.

⁽¹⁾ Based on Q3 FY23 platform results presented as a percentage of total revenues.

* Previously Unified Commerce before the sale of InterTrade

Q3 FY2023 Executive Summary

1

+3.3% Revenue

**Growth for Q3
FY23 YoY**

Recurring Revenues⁽¹⁾
1.0% decline YoY

2

**Second
consecutive
quarter with a
positive Adjusted
EBITDA⁽²⁾**

3

Sale of InterTrade

**\$65.8 million⁽³⁾/
~5X revenues**

Strengthened
Balance Sheet

4

**Strategic
prioritization**

with goal of reducing
operational costs and
improving margins

Continued growth generated by our eprocurement platform

(1) Recurring Revenue and Monthly Recurring Revenue ("MRR") are a key performance indicators. Refer to section "11 - Non-IFRS Financial Measures and Key Performance Indicators" of the MD&A for the third quarter ended December 31, 2022.

(2) Adjusted EBITDA, Adjusted Net Loss and Adjusted Net Loss per share are non-IFRS financial measures. Refer to the "Reconciliations of Non-IFRS Financial Measures" appendix.

(3) Total all-cash consideration translated at USD/CAD of 1.3574. The all-cash consideration is before customary post-closing adjustments.

Disposal of InterTrade Systems Inc.

\$65.8M⁽¹⁾

(US\$48.5 million)

**All cash
consideration**

All cash
consideration

~5X⁽²⁾

Revenue

\$22.9M

**Gain on sale
recorded
in Q3**

**Advantageous deal for Shareholders,
Higher Operational Focus**

⁽¹⁾ The all-cash consideration, before customary post-closing adjustments is translated at USD/CAD of 1.3574. The total consideration consists of an upfront payment of \$62.7 million at closing, which is net of amounts in escrow for customary indemnification purposes and the completion of certain transition services within a prescribed timing, the whole subject to customary purchase price adjustments. Refer to the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended December 31, 2022 and 2021, Note 7 – “Disposal of subsidiary”.

⁽²⁾ Revenue multiple calculation is based on InterTrade revenue for the year ended March 31, 2022.

Divestment of Intertrade Systems Inc.

Use of Proceeds

**Repaid
Corporation's**
Term Facility in full
US\$16.0M (CA\$21.7M)

Balance of net proceeds
– used to repay
Revolving Facility
CAD currency : CA\$32.0M
USD currency: US\$5.0M (CA\$6.8M)

Strengthened Balance Sheet



Q3 FY2023 Highlights

mdf commerce

\$31.7M⁽²⁾

Q3 FY23 Revenues

+3.3%

Q3 Growth YoY

(1.1%)

Q3 Decline YoY based on constant currency ⁽¹⁾

Recurring Revenue ⁽⁴⁾

77.8% of total revenues



eprocurement

\$19.8M⁽²⁾

Q3 FY23 Revenues

+17.3%

Q3 Growth YoY



ecommerce*

\$6.8M

Q3 FY23 Revenues

(30.8%)

Q3 Decline YoY

Primarily due to sale of InterTrade on October 4, 2022



emarketplaces

\$5.0M

Q3 FY23 Revenues

+27.5%

Q3 Growth YoY



Results

\$0.9M

Adjusted EBITDA ⁽³⁾

\$15.1M

Net Earnings

\$0.34 net earnings per share, primarily due to gain on sale of InterTrade of \$22.9M or \$0.52 per share (basic and diluted)

(\$7.8M)

Adjusted Net Loss ⁽³⁾

(\$0.18) Adjusted net loss per share ⁽³⁾ (basic and diluted)

(1) Certain revenues are 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. This measure is a non-IFRS financial measure. Refer to the "Reconciliations of Non-IFRS Financial Measures" appendix.

(2) Total Q3FY23 revenues were impacted by an acquisition accounting fair value adjustment on deferred revenues at the closing date of the Periscope acquisition and which resulted in a \$0.1 million reduction of revenues for Q3 FY23.

(3) Adjusted EBITDA, Adjusted Net Loss and Adjusted Net Loss per share are non-IFRS financial measures. Refer to the "Reconciliations of Non-IFRS Financial Measures" appendix.

(4) Recurring revenue and Monthly Recurring Revenue ("MRR") are a key performance indicators. Refer to section "11 - Non-IFRS Financial Measures and Key Performance Indicators" in MD&A for the third quarter ended December 31, 2022.

* Previously Unified Commerce before the sale of InterTrade

YTD Q3 FY2023 Highlights

mdf commerce

\$97.1M⁽²⁾

YTD Q3 FY23 Revenues

+24.0%

Q3 Growth YTD

+22.4%

YTD Q3 Growth YoY based on constant currency⁽¹⁾

Recurring Revenue⁽⁴⁾

78.2% of total revenues



eprocurement

\$57.0M⁽²⁾

YTD Q3 FY23 Revenues

+53.8%

Q3 Growth YTD



ecommerce*

\$25.8M

YTD Q3 FY23 Revenues

(13.2%)

Q3 Decline YTD

Primarily due to sale of InterTrade on October 4, 2022



emarketplaces

\$14.3M

YTD Q3 FY23 Revenues

+23.9%

Q3 Growth YTD



Results

\$1.2M

Adjusted EBITDA⁽³⁾

(\$81.0M)

Net Loss

(\$1.84) net loss per share, primarily due to non-cash impairment charge of \$85.0M in Q2 FY2023 and Q3 FY2023 gain on sale of InterTrade of \$22.9M, or (\$1.41) (basic and diluted)

(\$18.9M)

Adjusted Net Loss⁽³⁾

(\$0.43) Adjusted net loss per share⁽³⁾ (basic and diluted)

(1) Certain revenues are 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.

This measure is a non-IFRS financial measure. Refer to the "Reconciliations of Non-IFRS Financial Measures" appendix.

(2) Total YTD Q3FY23 revenues were impacted by acquisition accounting fair value adjustments on deferred revenues at the closing date of the Periscope acquisition and which resulted in a \$1.7 million reduction of revenues for YTD Q3 FY23.

(3) Adjusted EBITDA, Adjusted Net Loss and Adjusted Net Loss per share are non-IFRS measures. Refer to the "Disclaimer – Non-IFRS Measures and Key Performance Indicators" section.

(4) Recurring revenue and Monthly Recurring Revenue ("MRR") are a key performance indicators. Refer to the section "11 - Non-IFRS Financial Measures and Key Performance Indicators" in MD&A for the third quarter ended December 31, 2022.

* Previously Unified Commerce before the sale of InterTrade

The background is a dark gray grid of squares. Each square contains a different geometric pattern in black or light gray. Patterns include solid circles, concentric circles, semi-circles, and grids of small dots. The overall aesthetic is modern and minimalist.

Appendix

Reconciliations of Non-IFRS Measures

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

Refer to section “11 - Non-IFRS Financial Measures and Key Performance Indicators” in the Corporation’s MD&A for the third quarter ended December 31, 2022.

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

Reconciliation of net earnings (loss) and Adjusted Net Loss

Refer to section “11 - Non-IFRS Financial Measures and Key Performance Indicators” in the Corporation’s MD&A for the third quarter ended December 31, 2022.

<i>In thousands of Canadian dollars, unless otherwise noted</i>	Q3 FY2023	Q3 FY2022	YTD Q3 FY2023	YTD Q3 FY2022
Net earnings (loss)	15 082	(4 673)	(81 010)	(15 266)
Gain on disposal of a subsidiary	(22 886)	-	(22 886)	-
Goodwill impairment loss	-	-	85 000	-
Adjusted Net Loss	(7 804)	(4 673)	(18 896)	(15 266)
Weighted average number of shares outstanding:				
Basic and diluted (in thousands)	43 971	43 971	43 971	35 335
Net earnings (loss) per share – basic and diluted (in \$)	0,34	(0,11)	(1,84)	(0,43)
Adjusted net loss per share – basic and diluted (in \$)	(0,18)	(0,11)	(0,43)	(0,43)

Reconciliation of revenues on a Constant Currency basis

Revenues on a Constant Currency basis are Non-IFRS financial measures 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” in the Corporation’s MD&A for the third quarter ended December 31, 2022.

<i>In thousands of Canadian dollars</i>	Q3 FY2023	Q3 FY2022	Var. \$	Var. %	YTD Q3 FY2023	YTD Q3 FY2022	Var. \$	Var. %
Revenues	31 652	30 652	1 000	3,3	97 064	78 305	18 759	24,0
Constant Currency impact	-	1 356	(1 356)	-	-	986	(986)	-
Revenues in Constant Currency	31 652	32 008	(356)	(1,1)	97 064	79 291	17 773	22,4



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