



mdf commerce enters definitive agreement to be acquired by KKR

March 11, 2024

- *mdf commerce shareholders to receive C\$5.80 in cash per share, representing C\$255 million in total equity value and a premium of approximately 58% to the closing price of the common shares on the TSX on March 8, 2024*
- *Transaction provides immediate liquidity and certainty of value to mdf commerce shareholders*
- *mdf commerce Board of Directors unanimously recommends that shareholders vote in favour of the transaction*
- *KKR to support mdf commerce's ambition to grow into a leading enterprise software platform*

MONTREAL, March 11, 2024 (GLOBE NEWSWIRE) -- mdf commerce inc. ("mdf commerce" or the "Company") (TSX:MDF), a SaaS leader in digital commerce technologies, today announced it has entered into an arrangement agreement (the "Arrangement Agreement") to be acquired by funds managed by KKR, a leading global investment firm, in an all-cash transaction (the "Transaction"). Upon completion of the Transaction, mdf commerce will become a privately held company.

The Company's platforms and services empower businesses around the world, supporting them in generating billions of dollars in transactions on an annual basis. mdf commerce's North American eProcurement platform serves over 6,500 government agencies and more than 650,000 suppliers across Canada and the United States and provides a strong foundation to build a leading government software platform.

"After a comprehensive strategic review process, we are pleased to have reached an agreement with KKR that provides immediate liquidity and certainty of value at an attractive premium to our shareholders," said Pierre Chadi, Chairman of mdf commerce's board of directors (the "Board").

"We are excited to strategically partner with KKR to accelerate our expansion and scale our industry-leading platform even further. We look forward to leveraging their relationships, resources, and expertise as we execute on our strategy and explore new projects and opportunities that will improve mdf commerce's service offering and continue growing market share," stated Luc Filiatreault, President and Chief Executive Officer, mdf commerce. "KKR has a long history of successfully investing in market-leading software businesses globally. I am confident that KKR is the ideal partner for mdf commerce and can contribute to the Company's continued success."

"KKR is closely aligned with management's vision to accelerate technology innovation across the broader mdf commerce platforms," said John Park, Partner at KKR. "We look forward to the enormous opportunity ahead for the mdf commerce eProcurement platform as governments increasingly embrace digital solutions. We have been impressed with the business that Luc and team have built in Montreal and are delighted to welcome one of the leading technology companies in Quebec to the KKR family."

Following the closing of the Transaction, KKR will support mdf commerce in creating an equity ownership program to provide all employees the opportunity to participate in the benefits of ownership of the Company. This strategy is based on the belief that employee engagement is a key driver in building stronger companies. Since 2011, KKR portfolio companies have awarded billions of dollars of total equity value to over 60,000 non-management employees across more than 40 companies.

KKR is making its investment in mdf commerce through its Ascendant Strategy, which invests in middle market businesses in North America as part of KKR's Americas Private Equity platform.

Transaction Highlights

- **Attractive premium for shareholders:** Consideration of C\$5.80 per issued and outstanding common share of the Company (the "Common Shares"), payable entirely in cash (the "Consideration"), represents a premium of approximately 58% to the closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") on March 8, 2024 of C\$3.68 per Common Share, a premium of approximately 59% to the 20-day volume-weighted average share price on the TSX for the period ending on March 8, 2024 of C\$3.65 per Common Share, and a 30% premium to the 52-week high price on the TSX of C\$4.45 per Common Share achieved on December 8, 2023;
- **Certainty of value and immediate liquidity:** The shareholders of mdf commerce (the "Shareholders") will receive a price of C\$5.80 per Common Share, payable entirely in cash, which provides certainty of value and immediate liquidity;
- **Unanimous mdf commerce Board recommendation:** The Board unanimously recommends that Shareholders vote in favour of the Transaction;
- **Alignment with major shareholders:**
 - KKR is closely aligned with mdf commerce's management in a shared vision for the future of the Company and will leverage the expertise of the existing management team led by Luc Filiatreault, President and Chief Executive Officer, to continue to support mdf commerce's growth strategy and to build a global leader headquartered in Québec; and
 - Long Path Partners and each of the directors and executive officers of the Company (collectively, the "Supporting Shareholders"), who currently collectively own approximately 12.4% of the outstanding Common Shares, have entered into support and voting agreements pursuant to which they have agreed to vote their Common Shares in favour of the Transaction.

- **Value supported by two fairness opinions:** Scotiabank and Desjardins Capital Markets (“Desjardins”) each provided a fairness opinion stating that, as at March 10, 2024, subject to the assumptions, limitations and qualifications set out in their respective opinions, the Consideration to be received by the Shareholders pursuant to the Transaction is fair, from a financial point of view, to the Shareholders.

mdf commerce Board Recommendation

The Transaction is the result of an extensive formal sale process conducted by the Board, pursuant to which several proposals from interested parties were considered. The Board has evaluated the Arrangement Agreement with the Company’s management and legal and financial advisors and has unanimously determined that the Transaction is in the best interests of the Company and is fair to the Shareholders. The Board also unanimously recommends that the Shareholders vote in favour of the Transaction at the special meeting of Shareholders to be called to approve the Transaction (the “Meeting”). The Transaction is expected to close in the second quarter of calendar 2024, subject to the receipt of the required approvals from the Company’s shareholders and certain regulatory approvals, as well as the satisfaction of other customary closing conditions.

The Supporting Shareholders, who currently collectively own approximately 12.4% of the outstanding Common Shares, have entered into support and voting agreements pursuant to which they have agreed to vote their Common Shares in favour of the Transaction, subject to certain conditions.

Fairness Opinions

In connection with their review and consideration of the Transaction, the Board engaged Scotiabank as its financial advisor and Desjardins as its independent financial advisor to provide an independent fairness opinion. Both Scotiabank and Desjardins provided a verbal opinion to the Board that, as at March 10, 2024, subject to the assumptions, limitations and qualifications set out in their respective opinions, the Consideration to be received by the Shareholders pursuant to the Transaction is fair, from a financial point of view, to such Shareholders.

Both fairness opinions will be included in the management information circular to be mailed to the Shareholders in connection with the Meeting and to be filed by the Company under its profile on SEDAR+ at www.sedarplus.ca and to be made available on the Company’s website at www.mdfcommerce.com.

Additional Transaction Details

The Transaction will be implemented by way of statutory plan of arrangement under the Canada Business Corporations Act and is subject to approval by certain regulatory bodies and court approval, after considering the procedural and substantive fairness of the Transaction. The Transaction is not subject to any financing condition and KKR is providing an equity-back stop for all the Consideration payable pursuant to the Transaction.

The Transaction is subject to certain approvals at the Meeting, including the approvals by at least two-thirds of the votes cast by Shareholders voting in person or by proxy.

The Arrangement Agreement contains customary non-solicitation covenants on the part of the Company, subject to customary “fiduciary out” provisions, as well as “right to match” provisions in favor of KKR. A termination fee of approximately C\$7.7 million would be payable by the Company to KKR in certain circumstances, including in the context of a superior proposal supported by the Company.

Upon closing of the Transaction, KKR intends to cause the Common Shares to be delisted from the TSX, and to cause the Company to submit an application to cease to be a reporting issuer under applicable Canadian securities laws.

Additional details regarding the terms and conditions of the Transaction, the rationale for the recommendations made by the Board, the fairness opinions, the applicable voting requirements for the Transaction, and how Shareholders can participate in and vote at the Meeting, will be set out in mdf commerce’s management information circular to be prepared and made available to Shareholders in connection with the Meeting on SEDAR+ at www.sedarplus.ca and on the Company’s website at www.mdfcommerce.com. Copies of the Arrangement Agreement, the voting and support agreements, the management information circular and proxy materials in respect of the Meeting will be filed by the Company under its profile on SEDAR+ at www.sedarplus.ca.

Advisors

Scotiabank is acting as exclusive financial advisor to the Company and Desjardins is providing an independent fairness opinion to the Board of Directors. McCarthy Tétrault LLP and Foley & Lardner LLP are acting as legal advisors to the Company. Stikeman Elliott LLP and Dechert LLP are acting as legal advisors to KKR.

About mdf commerce

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, ecommerce and emarketplaces solutions are supported by a strong and dedicated team of approximately 650 employees based in Canada and in the United States. For more information, please visit us at mdfcommerce.com, follow us on LinkedIn or call at 1-877-677-9088.

About KKR

KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com. For additional information about Global Atlantic Financial Group, please visit Global Atlantic Financial Group's website at www.globalatlantic.com.

Forward-Looking Information

This press release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities laws. This information includes, but is not limited to, statements relating to mdf commerce's business objectives, expected growth, results of operations, performance and financial results. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "expects", "estimates", "outlook", "forecasts", "projection", "prospects", "intends", "anticipates", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Forward-looking information in this press release include, among other things, statements relating to mdf commerce's business in general, including its growth; statements relating to the Transaction, the ability to complete the transactions contemplated by the Arrangement Agreement and the timing thereof, including the parties' ability to satisfy the conditions to the consummation of the Transaction, the receipt of the required shareholder approval and court approval and other customary closing conditions, the possibility of any termination of the Arrangement Agreement in accordance with its terms, and the expected benefits to the Company and its Shareholders of the Transaction; the creation by KKR of an equity ownership program.

Risks and uncertainties related to the transactions contemplated by the Arrangement Agreement include, but are not limited to: the possibility that the Transaction will not be completed on the terms and conditions, or on the timing, currently contemplated, and that it may not be completed at all, due to a failure to obtain or satisfy, in a timely manner or otherwise, required regulatory, shareholder and court approvals and other conditions to the closing of the Transaction or for other reasons; the risk that competing offers or acquisition proposals will be made; the negative impact that the failure to complete the Transaction for any reason could have on the price of the Common Shares or on the business of the Company; KKR's failure to pay the Consideration at closing of the Transaction; the business of mdf commerce may experience significant disruptions, including loss of clients or employees due to Transaction related uncertainty, industry conditions or other factors; risks relating to employee retention; the risk of regulatory changes that may materially impact the business or the operations of the Company; the risk that legal proceedings may be instituted against mdf commerce; and risks related to the diversion of management's attention from mdf commerce's ongoing business operations while the Transaction is pending; and other risks and uncertainties affecting mdf commerce, including those described in the "Risk Factors and Uncertainty" section of the Company's Annual Information Form for the year ended as at March 31, 2023, as well as in the "Risk Factors and Uncertainties" section of the Company's Management's Discussion and Analysis for the third quarter ended December 31, 2023 and elsewhere in the Company's filings with the Canadian securities regulators, as applicable.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this press release represents the Company's expectations as of the date of this press release (or as the date they are otherwise stated to be made) and are subject to change after such date. However, the Company disclaims any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. All of the forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements.

Source:

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