MEDIAGRIF

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THIRD QUARTER ENDED DECEMBER 31, 2018

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The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at February 12, 2019, of the financial position and operating results of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Corporation") should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements and accompanying notes thereto for the period ended December 31, 2018, as well as the Corporation's MD&A, audited consolidated financial statements and accompanying notes thereto for the year ended March 31, 2018. This management's discussion and analysis compares performance for the quarters ended December 31, 2018 and 2017. The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A was approved by the Board of Directors of Mediagrif.

In addition to providing profit measures in accordance with IFRS, the Corporation's statement of income shows operating profit and earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenues (expenses) ("Adjusted EBITDA") as supplementary earnings measures. Operating profit and adjusted EBITDA are not intended to be measures that should be regarded as an alternative to other financial operating performance measures prepared in accordance with IFRS. Those measures do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Operating profit and adjusted EBITDA are provided to assist investors in determining the Corporation's ability to generate profitability from its operations and to evaluate its financial performance.

This MD&A contains certain forward-looking statements with respect to the Corporation. Verbs such as "believe," "expect," "anticipate", "estimate" and other similar expressions, in addition to the negative forms of these terms or any variations thereof, appearing in this report generally indicate forward-looking statements. These statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those expected by these forward-looking statements. The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of the Corporation, may ultimately prove to be incorrect since they are subject to the risks and uncertainties that affect the Corporation. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

CORPORATION PROFILE

Mediagrif (TSX: MDF) is a Canadian leader in information technology offering strategic sourcing and unified commerce solutions as well as B2B and B2C marketplaces. Mediagrif's solutions are used by millions of consumers and businesses in North America and around the world. The Corporation has offices in Canada, the United States, Denmark and China.

MISSION STATEMENT

Our mission is to provide to our customers innovative and efficient technological solutions. In doing so, we seek to create value for our customers, our employees and our shareholders.

FINANCIAL HIGHLIGHTS – THIRD QUARTER ENDED DECEMBER 31, 2018

- Revenues increased 2.1% to reach $20.9 million for the third quarter of fiscal 2019, compared to $20.5 million for the third quarter of fiscal 2018;
- Adjusted EBITDA[1] of $5.3 million including non-recurring charges of $0.2 million consisting of termination benefits and professional fees;
- Cash flows generated by operating activities amounted to $2.6 million;
- Repayment of $1.0 million on the revolving credit facility during the third quarter of 2019;
- Profit of $2.9 million ($0.19 per share) during the third quarter of fiscal 2019, compared to $1.0 million ($0.06 per share) during the third quarter of fiscal 2018;

[1] See reconciliation of Adjusted EBITDA and profit.

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL INFORMATION

In thousands of Canadian dollars, except per share amounts. *Unaudited and not reviewed by independent auditors*	**Three months ended December 31** **2018** **$**	 **2017** **$**	**Nine months ended December 31** **2018** **$**	 **2017** **$**
REVENUES	**20,884**	20,456	**62,273**	60,458
GROSS MARGIN	**16,185**	16,423	**49,240**	48,649
OPERATING EXPENSES				
General and administrative	**2,958**	2,714	**8,448**	8,184
Selling and marketing	**4,019**	4,046	**12,660**	12,865
Technology	**5,782**	5,869	**16,651**	16,103
TOTAL OPERATING EXPENSES	**12,759**	12,629	**37,759**	37,152
OPERATING PROFIT	**3,426**	3,794	**11,481**	11,497
Gain (loss) on foreign exchange	**825**	62	**885**	(1,055)
Financial expenses	**(321)**	(306)	**(879)**	(814)
Share in profit of a joint venture	**-**	55	**(6)**	154
Income tax expense	**(1,039)**	(2,653)	**(2,980)**	(4,704)
PROFIT	**2,891**	952	**8,501**	5,078
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**5,291**	6,085	**17,163**	17,753
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**2,574**	6,580	**7,670**	10,813
EARNINGS PER SHARE – BASIC AND DILUTED	**0.19**	0.06	**0.57**	0.34
Declared dividends per share	**0.10**	0.10	**0.30**	0.30
Weighted average number of shares outstanding (in thousands):				
Basic and diluted	**14,849**	14,849	**14,849**	14,876

In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	**December 31, 2018** **$**	**March 31, 2018** **$**
TOTAL ASSETS	**207,996**	209,656
LONG-TERM DEBT	**26,926**	28,096

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT	**Three months ended December 31**		**Nine months ended December 31**	
In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**2018 $**	**2017 $**	**2018 $**	**2017 $**
PROFIT	**2,891**	952	**8,501**	5,078
Income tax expense	**1,039**	2,653	**2,980**	4,704
Depreciation of property, plant and equipment and amortization of intangible assets	**987**	845	**2,730**	2,417
Amortization of acquired intangible assets	**910**	1,424	**3,057**	3,789
Amortization of deferred financing costs	**10**	10	**30**	30
Amortization of deferred lease inducement	**(32)**	(33)	**(99)**	(104)
Foreign exchange loss (gain)	**(825)**	(62)	**(885)**	1,055
Interest on long-term debt	**311**	296	**849**	784
ADJUSTED EBITDA	**5,291**	6,085	**17,163**	17,753

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenues (expenses) as historically calculated by the Corporation.

THREE-MONTH PERIOD ENDED DECEMBER 31, 2018, "THIRD QUARTER OF FISCAL 2019" COMPARED TO THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2017, "THIRD QUARTER OF FISCAL 2018"

REVENUES

For the third quarter of fiscal 2019, revenues totalled $20.9 million, an increase of 2.1% or $0.4 million compared to the third quarter of fiscal 2018. This revenue increase is mainly explained as follows:

- Increase in revenues from Orckestra for an amount of $1.2 million including $0.3 million in rights of use and $0.9 million of revenues from professional services;
- Increase in revenues from InterTrade for an amount of $0.3 million mainly due to an increase of transactions on the Value Added Network "VAN";
- Increase in revenues from ASC for an amount of $0.1 million primarily due to revenues from professional services;
- Increase in revenues from Broker Forum for an amount of $0.1 million primarily due to higher sponsorship and transactional revenues;
- Increase in revenues of $0.1 million attributable to higher average effective exchange rates on foreign exchange contracts and to the fluctuation in the market exchange rates of the U.S. dollar against the Canadian dollar;
- Decrease in revenues from LesPAC for an amount of $0.4 million primarily attributable to a decrease of $0.3 million in advertising revenues;

- Decrease in revenues from Jobboom for an amount of $0.4 million during the third quarter of 2019 mainly due to price adjustments reflecting market conditions in recruiting revenues and to lower number of users of this platform;

- Decrease in revenues from MERX for an amount of $0.1 million. Core business revenues remained stable during the quarter while non-core business was impacted negatively by a contract that was not renewed;

- Decrease in revenues from Réseau Contact for an amount of $0.1 million primarily due to a decrease in the number of users of this platform;

- Lower revenues from Carrus for an amount of $0.1 million primarily due to a decrease in professional services revenues.

During the third quarter of fiscal 2019, revenues earned in Canadian dollars represented 56% of total revenues, compared to 57% for the third quarter of fiscal 2018.

COSTS OF REVENUES

Cost of revenues totalled $4.7 million during the third quarter of fiscal 2019 compared to $4.0 million during the third quarter of fiscal 2018. The increase is mainly due to higher labour and hosting costs both in the amount of $0.2 million and also to the increase in professional fees and amortization expenses for a total amount of $0.2 million.

GROSS MARGIN

Based on the information above, gross margin for the third quarter of fiscal 2019 decreased to 77.5% compared to 80.3% during the third quarter of fiscal 2018.

OPERATING EXPENSES

Operating expenses for the third quarter of fiscal 2019 totalled $12.8 million, compared to $12.6 million for the third quarter of fiscal 2018. Changes in operating expenses are explained as follows:

- General and administrative expenses totalled $3.0 million during the third quarter of fiscal 2019 compared to $2.7 million during the third quarter of fiscal 2018. The increase is mainly due to the addition of non-recurring professional services expenses for an amount of $0.2 million and to the increase in labour costs for an amount of $0.1 million.

- Selling and marketing expenses remained stable at $4.0 million during the third quarter of fiscal 2019 and 2018. The increase in labour costs for an amount of $0.3 million was offset by lower advertising and promotion expenses of $0.2 million and to lower amortization of acquired intangible assets for an amount of $0.1 million.

- Technology expenses totalled $5.8 million during the third quarter of fiscal 2019, compared to $5.9 million during the corresponding quarter of 2018. This decrease is mainly due to the recording of tax credits and capitalized internally developed software and web site for an additional amount of $0.5 million and to lower amortization of acquired intangible assets of $0.4 million partially offset by higher labour costs of $0.3 million and higher professional and licence fees for a total amount of $0.4 million.

OPERATING PROFIT

Based on the information above, operating profit reached $3.4 million during the third quarter of fiscal 2019, compared to $3.8 million during the third quarter of fiscal 2018.

FOREIGN EXCHANGE

During the third quarter of fiscal 2019, the Corporation realized a foreign exchange gain on assets denominated in U.S. dollars of $0.8 million, compared to a foreign exchange gain of $0.1 million during the third quarter of fiscal 2018.

FINANCIAL EXPENSES

Financial expenses remained stable at $0.3 million during the third quarter of fiscal 2019 compared to the same period in fiscal 2018. These costs consist primarily of interest expenses and standby fees on long-term debt and amortization of deferred financing costs.

INCOME TAX EXPENSE

For the third quarter of fiscal 2019, the income tax expense totalled $1.0 million, representing an effective tax rate of 26.43%, compared to the statutory rate of 26.68%. During the third quarter of fiscal 2018, the effective tax rate stood at 73.6% compared to a statutory rate of 26.78%.

During the third quarter of fiscal 2019, the decrease in the effective tax rate compared to the statutory tax rate is mainly due to the fact that a portion of the profit is taxable in the United States, a jurisdiction where the statutory tax rate is lower and to the fact that certain foreign exchange gains are not taxable.

During the third quarter of fiscal 2018, the significant increase in the effective tax rate compared to the statutory tax rate is due to the U.S. tax reform announced on December 22, 2017. This reform lowers the corporate income tax rate from 35% to 21% beginning on January 1, 2018. Consequently, the deferred tax assets of the Corporation, mostly consisting of U.S. tax deferred losses, have been reduced by $1.4 million to reflect this rate decrease.

PROFIT

Profit for the third quarter of fiscal 2019 totalled $2.9 million ($0.19 per share) compared to $1.0 million for the third quarter of fiscal 2018.

NINE-MONTH PERIOD ENDED DECEMBER 31, 2018 "FIRST NINE MONTHS OF FISCAL 2019" COMPARED TO THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2017 "FIRST NINE MONTHS OF FISCAL 2018"

REVENUES

For the first nine months of fiscal 2019, revenues reached $62.3 million, an increase of 3.0% or $1.8 million when compared to the first nine months of fiscal 2018. This increase in revenues is mainly explained by the following items:

- Addition of revenues from Orckestra in the amount of $5.7 million for a complete nine-month period compared to revenues of $2.5 million during a seven-month period following its acquisition on June 23, 2017. This increase is related to professional services revenues for an amount of $2.1 million and to revenues from rights of use for $1.1 million;

- Increase in revenues from InterTrade in the amount of $0.9 million mainly related to an increase in the number of transactions on the Value Added Network "VAN" in the amount of $0.7 million and to an increase of $0.2 million due to additional clients using the catalogue service;

- Increase in revenues from ASC in the amount of $0.1 million primarily related to professional services revenues;

- Increase in revenues from BidNet in the amount of $0.1 million primarily attributable to higher average revenue per client using the value-added services offering;

- Higher core business revenues in MERX in the amount of $0.1 million was offset by lower non core business revenues due to a contract that was not renewed;

- Increase in revenues of $0.2 million attributable to higher average effective exchange rates on foreign exchange contracts and to the fluctuation in the market exchange rates of the U.S. dollar against the Canadian dollar;

- Decrease in revenues from Jobboom in the amount of $1.1 million during the first nine months of fiscal 2019 mainly due to price adjustments reflecting market conditions in recruiting revenues and to lower number of clients using the platform;

- Decrease in revenues from LesPAC of $0.7 million due to lower advertising revenues for an amount of $0.5 million and lower revenues from classified ads in the amount of $0.2 million;

- Decrease in revenues from Réseau Contact in the amount of $0.3 million primarily due to a decrease in the number of clients using the platform;

- Lower revenues from Carrus in the amount of $0.2 million primarily due to a decrease in professional services revenues.

During the first nine months of fiscal 2019, revenues earned in Canadian dollars represented 55% of the total revenues compared to 57% during the first nine months of 2018.

COSTS OF REVENUES

Cost of revenues totalled $13.0 million during the first nine months of fiscal 2019 compared to $11.8 million during the first nine months of fiscal 2018. This increase is primarily due to the addition of cost of revenues from Orckestra for a complete nine-month period in the amount of $1.1 million and to higher labour costs.

GROSS MARGIN

Based on the information above, the gross margin for the first nine months of fiscal 2019 slightly decreased to 79.1%, compared to 80.5% during the first nine months of fiscal 2018.

OPERATING EXPENSES

Operating expenses for the first nine months of fiscal 2019 totalled $37.8 million, compared to $37.2 million for the first nine months of fiscal 2018. Changes in operating expenses are explained as follows:

- General and administrative expenses totalled $8.4 million during the first nine months of fiscal 2019 compared to $8.2 million for the first nine months of fiscal 2018. The increase is attributable to labour costs of $0.2 million and to additional licence fees of $0.1 million, offset by a decrease in professional services expenses of $0.1 million.

- Selling and marketing expenses totalled $12.7 million during the first nine months of fiscal 2019, compared to $12.9 million for the first nine months of fiscal 2018. The decrease is primarily attributable to lower labour costs in the amount of $0.6 million (including termination benefit costs of $0.2 million) and to lower advertising and promotion costs of $0.2 million. This decrease was partially offset by higher sales and marketing costs related to Orckestra in the amount of $0.6 million for a complete nine-month period.

- Technology expenses totalled $16.7 million during the first nine months of fiscal 2019, compared to $16.1 million during the first nine months of fiscal 2018. This increase is primarily attributable to higher labour costs in the amount of $2.1 million including $1.5 million due to the addition of Orckestra expenses for a complete nine-month period, to the increase of licence fees for an amount of $0.4 million and to higher professional fees in the amount of $0.3 million. These increases were primarily offset by the recording of additional tax credits of $0.8 million, capitalized internally developed software costs of $1.0 million and the decrease of amortization expenses of acquired intangible asssets for an amount of $0.5 million.

OPERATING PROFIT

Based on the information above, operating profit remained stable at $11.5 million during the first nine months of fiscal 2019 and fiscal 2018.

FOREIGN EXCHANGE

During the first nine months of fiscal 2019, the Corporation realized a foreign exchange gain on assets denominated in U.S. dollars of $0.9 million, compared to a loss of $1.1 million during the first nine months of fiscal 2018.

FINANCIAL EXPENSES

Financial expenses totalled $0.9 million during the first nine months of fiscal 2019 compared to $0.8 million for the first nine months of fiscal 2018. Financial expenses consist primarily of interest expenses and standby fees on long-term debt and of the amortization of deferred financing costs.

INCOME TAX EXPENSE

For the first nine months of fiscal 2019, income tax expense totalled $3.0 million, representing an effective tax rate of 25.96%, compared to the statutory rate of 26.68%.

During the nine-month period ended December 31, 2018, the decrease in the effective tax rate compared to the statutory tax rate is mainly due to the fact that a portion of the profit is taxable in the United States, a jurisdiction where the statutory tax rate is lower and to the fact that certain foreign exchange gains are not taxable.

During the nine-month period ended December 31, 2017, the significant increase in the effective tax rate compared to the statutory tax rate is due to the the U.S. tax reform announced on December 22, 2017. This reform lowers the corporate income tax rate from 35% to 21% beginning January 1, 2018. Consequently, the deferred tax assets of the Corporation, mostly consisting of U.S. tax deferred losses, have been reduced by $1.4 million to reflect this rate decrease.

PROFIT

Profit for the first nine months of fiscal 2019 totalled $8.5 million ($0.57 per share). For the first nine months of fiscal 2018, profit totalled $5.1 million ($0.34 per share) including a non-recurring tax expense of $1.4 million after the U.S. enacted a tax reform on January 1, 2018.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before December 31, 2018, is as follows:

Unaudited by independent auditors	**Q3 Dec. 31, 2018 $**	**Q2 Sept. 30, 2018 $**	**Q1 June 30, 2018 $**	**Q4 Mar. 31 2018 $**	**Q3 Dec. 31, 2017 $**	**Q2 Sept. 30, 2017 $**	**Q1 June 30, 2017 $**	**Q4 Mar. 31 2017 $**
Revenues	**20,884**	20,261	21,128	20,479	20,456	20,031	19,971	19,996
Operating profit	**3,426**	4,831	3,224	3,427	3,794	3,528	4,175	4,579
Profit	**2,891**	3,178	2,432	2,099	952	1,710	2,416	3,578
Basic and diluted earnings per share	**0.19**	0.21	0.16	0.14	0.06	0.11	0.16	0.24
Weighted average outstanding shares	**14,849**	14,849	14,849	14,849	14,849	14,886	14,895	14,975
Adjusted EBITDA	**5,291**	6,616	5,256	5,620	6,085	5,522	6,145	6,384
Cash flows generated by operating activities	**2,574**	2,743	2,353	7,100	6,580	2,079	2,154	8,276

In thousands of Canadian dollars, except per share amounts

2019 QUARTERS

- Third quarter ended December 31, 2018: Compared to the second quarter of fiscal 2019 ended September 30, 2018, the revenues increased by $0.6 million primarily due to higher revenues from Orckestra in the amount of $0.6 million and to higher revenues from ASC and Carrus each in the amount of $0.1 million. These increases were partially offset by a decrease in revenues from MERX and LesPAC for a total amount of $0.1 million, while the other platforms remained stable when compared to the previous quarter.

  During the third quarter of fiscal 2019, Adjusted EBITDA decreased of $1.3 million primarily attributable to higher salaries and fringe benefits in the amount of $1.0 million and to higher professional service fees in the amount of $0.6 million (which includes a non-recurring amount of $0.2 million).

  As a result of the above-mentioned factors, operating profit totalled $3.4 million, in line with the decrease in adjusted EBITDA for the quarter.

  Profit for the third quarter totalled $2.9 million compared to $3.2 million during the second quarter of 2019. Profit includes a foreign exchange gain of $0.8 million compared to a foreign exchange loss of $0.3 million during the previous quarter of fiscal 2019.

- Second quarter ended September 30, 2018: Compared to the first quarter of fiscal 2019 ended June 30, 2018, revenues decreased by $0.9 million primarily due to lower revenues from Jobboom and LesPAC, a portion of which is seasonal, for a total of $0.6 million and by a decrease in revenues from

MERX and Polygon for a total of $0.3 million. These decreases were partially offset by higher revenues from Orckestra in the amount of $0.2 million. In addition, the change in exchange rates between the U.S. dollar and the Canadian dollar generated a decrease of $0.1 million in revenues.

During the second quarter of fiscal 2019, despite the decrease in revenues, adjusted EBITDA increased by $1.4 million primarily due to lower operating expenses. This decrease in operating expenses is mainly due to lower salaries and fringe benefits of $1.0 million and to a reduction in advertising costs in the amount of $0.8 million. In addition, the Corporation recorded additional tax credits and capitalized internally developed software costs for a total of $0.6 million.

As a result of the above-mentioned factors and to a lower amortization expense of $0.2 million, operating profit increased by $1.6 million during the second quarter of 2019 to reach $4.8 million.

Profit for the quarter increased by $0.7 million to reach $3.2 million when compared to the first quarter of 2019. Profit for the second quarter includes a foreign exchange loss on U.S. denominated assets for an amount of $0.3 million compared to a foreign exchange gain of $0.3 million during the first quarter. In addition, profit for the second quarter of fiscal 2019 includes an additional tax expense of $0.3 million related to the increase of the operating profit.

- First quarter ended June 30, 2018: Compared to the fourth quarter of fiscal 2018 ended March 31, 2018, revenues increased by $0.6 million primarily due to growing revenues within InterTrade and MERX in the amounts of $0.3 million and $0.1 million respectively, and to an increase in LesPAC from classified ads in the amount of $0.2 million. Orckestra and Jobboom's revenues remained stable compared to the previous quarter while ASC's revenues decreased by $0.1 million due to lower non-recurring professional services revenues.

  Moreover, an increase of $0.2 million in revenues was generated by the change in exchange rates between the U.S. dollar and the Canadian dollar.

  Adjusted EBITDA decreased mainly due to higher seasonal advertising expenses in the amount of $0.5 million and to higher labour costs of $0.4 million. The operating profit also decreased but to a lesser extent due to lower amortization of acquired intangible assets of $0.1 million.

  Profit for the first quarter totalled $2.4 million compared to $2.1 million during the fourth quarter of fiscal 2018. The increase in profit is primarily due to a lower income tax expense of $0.3 million compared to the last quarter.

2018 QUARTERS

- Fourth quarter ended March 31, 2018: Compared to the third quarter of fiscal 2018 ended December 31, 2017, revenues remained stable at $20.5 million. During the fourth quarter of 2018, revenues from Orckestra totalled $1.6 million, an increase of $0.4 million (35%) compared to the third quarter of fiscal year 2018. This increase in revenues was offset by a decrease of $0.3 million in LesPAC's advertising revenues and by a decrease in revenues in Jobboom in the amount of $0.1 million.

  Adjusted EBITDA and operating profit decreased primarily due to the increase of $0.6 million in salaries and benefits expenses. This increase was offset by a $0.1 million decrease in professional services and by the increase of tax credits and internally developed software in the amount of $0.1 million.

Profit for the fourth quarter totalled $2.1 million compared to $1.0 million during the third quarter of fiscal 2018. The increase in profit is primarily due to a non-recurring income tax expense of $1.4 million ($0.09 per share) recorded during the previous quarter after the U.S. enacted a tax reform beginning January 1, 2018.

- Third quarter ended December 31, 2017: Compared to the second quarter of fiscal 2018 ended September 30, 2017, the revenues increased due to additional professional services revenues from Carrus in the amount of $0.2 million, to the increase of advertising revenues from LesPAC in the amount of $0.1 million, and to the increase of $0.1 million in revenues generated by the change in exchange rates between the U.S. dollar and the Canadian dollar.

  Adjusted EBITDA also increased due to higher revenues and lower termination benefits in the amount of $0.8 million compared to the second quarter of fiscal 2018. Adjusted EBITDA increase has been partially offset by higher advertising expenses and higher salaries and benefits.

  As a result of the above-mentioned factors, operating profit totalled $3.8 million, in line with the increase in adjusted EBITDA for the quarter.

  Profit was negatively affected by an additional income tax expense of $1.4 million ($0.09 per share) after the U.S. enacted a tax reform announced on December 22, 2017 and beginning January 1, 2018.

- Second quarter ended September 30, 2017: Compared to the first quarter ended June 30, 2017, the addition of Orckestra revenues in the amount of $1.0 million was offset by a decrease in revenues from Jobboom of $0.3 million and by lower professional services revenues from ASC and InterTrade of $0.3 million. In addition, the change in exchange rates between the U.S. dollar and the Canadian dollar generated a decrease of $0.2 million in revenues.

  Adjusted EBITDA decreased during the second quarter mainly due to Orckestra's unprofitable activities in the amount of $1.0 million including an amount of $0.4 million in termination and retention incentives. Additional termination benefits unrelated to Orckestra of $0.6 million were also recorded during the second quarter ended September 30, 2017. Those items were partially offset by lower advertising expenses and lower salaries and benefits.

  As a result of the above-mentioned factors, operating profit totalled $3.5 million, in line with the decline in adjusted EBITDA for the quarter.

  Profit for the quarter ended September 30, 2017 also decreased due to an unfavourable foreign exchange rate fluctuation on assets denominated in U.S. dollars of $0.7 million compared to the quarter ended June 30, 2017.

- First quarter ended June 30, 2017: Compared to the fourth quarter of fiscal 2017 ended March 31, 2017, revenues remained stable at $20.0 million. Change in revenues is mostly attributable to an increase in revenues from InterTrade, ASC and Polygon for an amount of $0.1 million each and to additional revenues from Orckestra also for an amount of $0.1 million. These increases were offset by lower revenues from LesPAC in the amount of $0.3 million. This decrease from LesPAC is due to lower advertising revenues of $0.4 million, partially offset by the increase in revenues from classified ads of $0.1 million.

  Adjusted EBITDA and operating profit decreased mainly due to professional fees of $0.3 million related to the acquisition of Orckestra and to the increase of advertising fees of $0.3 million, partially offset by lower salary expenses of $0.2 million and by lower commission fees of $0.2 million related to lower advertising revenues.

Following the decrease in operating profit, profit for the first quarter of 2018 also decreased mainly due to an unfavourable foreign exchange fluctuation on assets denominated in U.S. dollars for an amount of $0.3 million. Furthermore, the Corporation recorded an additional income tax expense due to certain foreign exchange losses that are non-deductible and to the impact of the decrease in the Quebec corporate income tax rate and the impact of the income tax adjustment from previous years were all reflected in full during the fourth quarter of fiscal 2017.

2017 QUARTERS

- Fourth quarter ended March 31, 2017: Compared to the third quarter of fiscal 2017 ended December 31, 2016, revenues mainly increased due to the increase of ASC's revenues in the amount of $0.2 million, the increase in LesPAC and Jobboom revenues of $0.2 million each, and also to the increase in revenues from MERX in the amount of $0.1 million.

  Adjusted EBITDA and operating profit decreased mainly due to higher labour costs totalling $1.0 million (including $0.4 million in termination benefits), to a $0.3 million decrease in tax credits and to a $0.1 million increase in sales commissions on advertising revenues.

  Profit also decreased, however, to a lesser extent, as a result of a lower income tax expense during the fourth quarter related to a lower income tax statutory rate.

LIQUIDITY AND FINANCIAL RESOURCES

In general, the Corporation finances its operations, capital expenditures, dividends, repurchase of common shares and business acquisitions using funds generated by its operations and cash on hand.

When necessary, the Corporation may also use funds on the unused portion of its credit facility (see section "Financing Activities - Credit Agreement") or issue new shares to fund its operations including business acquisitions.

As at December 31, 2018, the Corporation had cash and cash equivalents of $12.7 million and $53.0 million available on its credit facility of $80.0 million, subject to compliance with financial ratios and other customary restrictions contained in the agreement.

OPERATING ACTIVITIES

	Three months ended December 31		**Nine months ended December 31**	
In thousands of Canadian dollars.	**2018**	**2017**	**2018**	**2017**
Unaudited and not reviewed by independent auditors.	**$**	**$**	**$**	**$**
Cash flows related to operating activities before changes in non-cash working capital items	**4,960**	6,099	**13,384**	15,433
Changes in non-cash working capital items	**(2,386)**	481	**(5,714)**	(4,620)
Cash flows related to operating activities	**2,574**	6,580	**7,670**	10,813

For the third quarter of fiscal 2019, cash flows generated by operating activities totalled $2.6 million, compared to $6.6 million for the third quarter of fiscal 2018. For the first nine months of fiscal 2019, cash flows generated by operating activities totalled $7.7 million, compared to $10.8 million in the first nine months of fiscal 2018.

The decrease in cash flows generated by operating activities during the third quarter and the-nine month period of fiscal 2019 is mainly due to the fact that tax credits were received during the third quarter ended December 31, 2017 while an amount of $2.6 million was yet to be received as at December 31, 2018. Thoses amount will be received during the fourth quarter of fiscal 2019.

INVESTING ACTIVITIES

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**Three months ended December 31**		**Nine months ended December 31**	
	2018 $	**2017 $**	**2018 $**	**2017 $**
Business acquisition, net of cash and cash equivalents	**-**	-	**-**	(1,534)
Acquisition of property, plant and equipment	**(231)**	(211)	**(712)**	(693)
Acquisition of intangible assets	**(925)**	(618)	**(2,755)**	(1,957)
Distribution from a joint venture	**-**	-	**436**	-
Cash flows from investing activities	**(1,156)**	(829)	**(3,031)**	(4,184)

Cash flows from investing activities amounted to $1.2 million for the third quarter of fiscal 2019 compared to $0.8 million during the third quarter of fiscal 2018.

During the third quarter of fiscal 2019, the Corporation made acquisitions of property, plant and equipment in the amount of $0.2 million, the same amount as the corresponding quarter of fiscal 2018. Acquisitions of intangible assets for the third quarter of fiscal 2019 include $0.9 million of capitalized internally developed software compared to $0.6 million for the third quarter of fiscal 2018.

During the first nine months of fiscal 2019 and 2018, the Corporation's acquisitions of property, plant and equipment remained stable at $0.7 million. Acquisitions of intangible assets for the first nine months of fiscal 2019 included an amount of $2.8 million of capitalized internally developed software compared to $2.0 million for the first nine months of fiscal 2018.

The distribution from the joint venture Société d'investissement M-S S.E.C. ''GWS'' is due to the liquidation of the residual balances following the end of its activities during the first six months of fiscal 2019.

FINANCING ACTIVITIES

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**Three months ended December 31**		**Nine months ended December 31**	
	2018 $	**2017 $**	**2018 $**	**2017 $**
Increase in long-term debt	**-**	-	**999**	-
Repayment of long-term debt	**(999)**	(3,983)	**(2,199)**	(579)
Repurchase of common shares for cancellation	**-**	-	**-**	(625)
Cash dividends paid on common shares	**(1,485)**	(1,480)	**4,455**	(4,468)
Cash flows from financing activities	**(2,484)**	(5,463)	**(5,655)**	(5,672)

For the third quarter of fiscal 2019, cash flows used for financing activities amounted to $2.5 million compared to $5.5 million during the third quarter of 2018.

The Corporation repaid an amount of $1.0 million on its revolving credit facility during the third quarter of 2019 compared to an amount of $4.0 million during the third quarter of 2018. For the nine-month period ended December 31, 2018, the Corporation repaid an amount of $2.2 million on its revolving credit facility compared to $0.6 million during the first nine months of fiscal 2018.

During the third quarter of fiscal 2019 and fiscal 2018, the Company did not repurchase any shares under the normal course issuer bid in place. During the first nine months of fiscal 2019, the Company did not repurchase any shares, whereas 46,100 shares were repurchased during the nine-month period of fiscal 2018.

The amount paid in dividends by the Corporation of $0.10 per share per quarter, remained unchanged for each of the periods ended December 31, 2018 and 2017.

CREDIT AGREEMENT

On December 18, 2015, the Corporation renewed its credit agreement, which had previously been concluded on November 10, 2011 (the “Credit Agreement”) with three Canadian financial institutions and under which the lenders made available to the Corporation an $80.0 million ($80.0 million as at March 31, 2018) secured revolving five-year credit facility (the “Credit Facility”) and an accordion loan of $40.0 million ($40.0 million as at March 31, 2018) subject to lenders’ acceptance.

The Revolving Facility expires on December 18, 2020, and any outstanding amounts are due in full at maturity. Amounts under the Credit Agreement are repayable before maturity without penalty.

As at December 31, 2018, the Corporation used a total of $27.0 million from its Credit Facility.

The Credit Facility bears interest at a rate based either on the Canadian prime rate, LIBOR or bankers’ acceptance rate plus a margin in each case. This margin varies according to the ratio of total debt to EBITDA as described in the Credit Agreement. As at December 31, 2018, the actual rate was 2.30% and the applicable margin was 1.45%. In addition, the unused portion of the Credit Facility bears interest at 0.29% as standby fees.

All obligations under the Credit Agreement are secured by a first-rank security (hypothec) on substantially all of the Corporation’s assets, tangible and intangible, present and future.

The Credit Agreement contains certain covenants and certain events of default customary for loans of this nature, including some limitations to the levels of investments and acquisitions, capital expenditures and distributions. The Credit Agreement is also subject to restrictive covenants requiring certain financial ratios to be maintained. As at December 31, 2018, the Corporation was in compliance with the financial ratios prescribed under these covenants.

FINANCIAL POSITION

As a whole, the Corporation has a sound financial position and is able to meet its financial obligations. As at December 31, 2018, the Corporation had cash and cash equivalents of $12.7 million and $53.0 million available on its Credit Facility of $80.0 million. At that same date, total assets of the Corporation amounted to $208.0 million compared to $209.7 million as at March 31, 2018.

INFORMATION FROM STATEMENTS OF FINANCIAL POSITION	December 31,	March 31,
	2018	**2018**
In thousands of Canadian dollars	**$**	**$**
Cash and cash equivalents	**12,695**	13,187
Cash held for the benefit of third parties	**1,472**	1,374
Accounts receivable	**8,471**	8,676
Tax credits receivable	**5,686**	2,331
Prepaid expenses and deposits	**1,951**	2,293
Intangible assets	**6,622**	5,708
Acquired intangible assets	**58,244**	61,301
Accounts payable and accrued liabilities	**9,181**	10,440
Deferred revenues	**16,079**	17,958
Long-term debt	**26,926**	28,096
Shareholders' equity	**135,938**	132,553

The main changes in the Corporation's statement of financial position between December 31, 2018, and March 31, 2018 are explained as follows:

- Tax credits receivable totalled $5.7 million as at December 31, 2018 compared to $2.3 million as at March 31, 2018. This increase is related to the amounts of fiscal 2018 that were not yet received as at December 31, 2018.

- Intangible assets totalled $6.6 million as at December 31, 2018, an increase of $0.9 million when compared to March 31, 2018. This increase is explained by the recording of internally developed software during the first nine months of fiscal 2019.

- Accounts payable and accrued liabilities amounted to $9.2 million as at December 31, 2018, compared to $10.4 million as at March 31, 2018. This decrease is explained by the payments in the first nine months of fiscal 2018 of amounts related to retention incentives and certain professional fees that were accrued as at March 31, 2018.

- Deferred revenues reached $16.1 million, a decrease of $1.9 million compared to March 31, 2018. This change is mainly due to the platforms billing at the beginning of the year for services rendered for several months and, will result in a progressive decrease in the deferred revenues balance during the year.

- Long-term debt totalled $26.9 million as at December 31, 2018, compared to $28.1 million as at March 31, 2018. This decrease represents the reimbursement of long-term debt during the first nine months of fiscal 2019;

- Shareholders' equity stood at $135.9 million as at December 31, 2018, compared to $132.6 million as at March 31, 2018. This change is explained by the $7.8 million comprehensive income earned by the Corporation during the first nine months of fiscal 2019 less the dividends declared of $4.5 million.

DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Corporation is exposed to certain financial risks. The Corporation does not hold financial instruments for speculative purposes but only to reduce the volatility of its results from its exposure to these risks. The nature and the extent of the risks arising from the financial instruments and their related risk management are described in the Corporation's audited consolidated financial statements as at March 31, 2018.

The Corporation's hedging program will yield an average (CA$/US$) exchange rate of 1.2801 on foreign currency forward contracts of US$12.2 million held as at December 31, 2018, which will mature over fiscal years 2019, 2020 and 2021. As at December 31, 2017, the Corporation had foreign currency forward contracts of US$11.5 million with an average rate of 1.2933.

During the third quarter of fiscal 2019, there was no material change to the nature of risks arising from financial instruments, related risk management and classification of financial instruments. Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments that are measured at fair value in the Corporation's consolidated statement of financial position.

RELATED PARTY TRANSACTIONS

On May 29, 2018, the Board of Directors of Société d'investissement M-S S.E.C. ''GWS'', the Corporation's 50% ownership joint venture, voted a unanimous resolution to dissolve and liquidate GWS. The dissolution and distribution of the residual cash balances to the co-venturers were done on July 27, 2018. During the nine-month period ended December 31, 2018, the Corporation received an amount of $435,577 as a distribution from GWS.

During the third quarter of fiscal 2019, the revenues from transactions with GWS recorded by the Corporation were nil ($0.4 million as at December 31, 2017). In addition, the Corporation recharged to GWS operating expenses in the amount of nil ($0.1 million as at December 31, 2017). As at December 31, 2018, the Corporation's accounts receivable from GWS were nil ($69,627 as at March 31, 2018).

During the first nine months of fiscal 2019, the revenues from transactions with GWS recorded by the Corporation were nil ($1.2 million as at December 31, 2017). In addition, the Corporation recharged to GWS $2,743 during the first nine months of 2019 compared to $0.1 million for the corresponding period of last year. Those recharges were presented against the operating expenses in the Interim Condensed Consolidated Statement of Income.

These transactions occurred in the normal course of business and were measured at the amount of consideration agreed to by the parties.

RISKS AND UNCERTAINTIES

The Corporation is confident of its long-term prospects. However, in order to ensure that its strategy and growth objectives are met, the Corporation seeks to diminish the risks and uncertainties created by potentially unfavourable situations in its industry sector or its liquidity. The risks that the Corporation faces are technological, operational or financial in nature or are inherent to its business activities or its acquisition strategies. The description of these risks and uncertainties has not changed compared to the description in the Management Discussion & Analysis for the year ended March 31, 2018.

CHANGES IN ACCOUNTING POLICIES

IFRS ADOPTED DURING THE CURRENT FISCAL YEAR

IFRS 9, Financial Instruments

IFRS 9, *Financial Instruments*, replaces IAS 39, *Financial Instruments*: Recognition and Measurement. This new standard introduces a single, principles-based approach that amends both the categories and associated criteria for the classification and measurement of financial assets, which is driven by the entity's business model for the portfolio in which the assets are held and the contractual cash flows of these financial assets.

Certain amendments have been made to the financial asset classification and measurement principles in prior versions of IFRS 9. This standard introduces an amended hedging model, which aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model, which has an expanded scope, is based on expected credit losses rather than incurred credit losses, and generally will result in earlier recognition of losses.

The Corporation adopted this standard as at April 1, 2018 and it has no significant impact.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Corporation expects to be entitled in exchange for those goods or services.

The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The Corporation adopted IFRS 15 as at April 1, 2018. The adoption of the new standard has no significant impact on the Corporation's revenue recognition since the conclusions of the last fiscal year analysis on the accounting of revenues are the same as for the previous standard IAS 18.

With respect to the contract costs, which include commissions paid to sales representatives, the Corporation has to record as assets certain costs that were previously registered in the results. Under the previous accounting policy, sales commissions were recognized as expenses when they were incurred. With IFRS 15, commissions paid for contracts of more than one year are amortized over the term of the contract or in some cases over the planned period of the client relationship.

The Corporation adopted this new standard prospectively and the analysis conclusions on the non-distributed results as at April 1, 2018 have no significant impact. Consequently, no restatement was made in these financial statements.

NEW AND REVISED IFRS, ISSUED BUT NOT YET IN EFFECT

IFRS 16, Leases

On January 13, 2016, the IASB issued IFRS 16, *Leases*, which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17, *Leases* and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low-value). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 will be effective as of January 1, 2019 with earlier application permitted for companies that have also adopted IFRS 15, *Revenue from Contracts with Customers.* IFRS 16 will apply to the Corporation for the annual period beginning on or after April 1, 2019. The Corporation is currently evaluating the impacts of this new standard.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Corporation. These statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those expected by these forward-looking statements. The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of the Corporation, may ultimately prove to be incorrect since they are subject to the risks and uncertainties that affect the Corporation. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

CONTROLS AND PROCEDURES

In accordance with the Canadian Securities Administrators' Regulation 52-109 respecting *Certification of Disclosure in Issuers' Annual and Interim Filings*, certificates signed by the President and Chief Executive Officer and the Chief Financial Officer have been filed. These documents confirm the adequacy of controls and procedures for disclosure of the Corporation and the design and effectiveness of its internal controls regarding financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

The disclosure controls and procedures of the Corporation have been designed in accordance with the rules of the Canadian Securities Administrators in order to provide reasonable assurance that material information related to the Corporation is made known to the Audit Committee and the Board of Directors and information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time period specified in securities legislation.

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the effectiveness of the Corporation's disclosure controls and procedures in accordance with the rules of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are efficient for the fiscal year ended March 31, 2018. As at December 31, 2018, there were no changes in disclosure controls and procedures of the Corporation and these controls and procedures are still considered efficient.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The internal control over financial reporting has been designed in order to provide reasonable assurance that the financial information reported is reliable and that the financial statements were prepared in accordance with the Corporation's IFRS accounting policies.

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the design and the effectiveness of the Corporation's internal control over financial reporting and has concluded that such controls were effective for the fiscal year ended March 31, 2018.

As at December 31, 2018, there were no changes in internal control over financial reporting of the Corporation which has had, or is reasonably likely to materially affect, the Corporation's internal control over the financial information.

ADDITIONAL INFORMATION

This report has been prepared as of February 12, 2019.

As of that date, the number of common shares outstanding was 14,848,779.

Additional information relating to the Corporation, including the Annual Information Form, is available on SEDAR at www.sedar.com.

MARKET AND TICKER SYMBOL

The Corporation's common shares trade on the Toronto Stock Exchange under the ticker symbol "MDF".

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First Vice-President and Chief Operating Officer
Réseau Sélection

André Gauthier
Quebec, Canada
President
Holding André Gauthier Inc.

Gilles Laporte
Quebec, Canada
Corporate Director

Vivianne Gravel
Quebec, Canada
President and Chief Executive Officer
Metix Inc.

Natalie Larivière
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Yuma Stratégies

Gilles Laurin
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