MEDIAGRIF

Consolidated Financial Statements

March 31, 2019 and March 31, 2018

Management's Report

To the Shareholders of
Mediagrif Interactive Technologies Inc. / Technologies Interactives Mediagrif Inc.

The consolidated financial statements of Mediagrif Interactive Technologies Inc. / Technologies Interactives Mediagrif Inc. (the "Corporation") as well as the information provided in the Management's Discussion and Analysis are the responsibility of management and are approved by the Board of Directors.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). In accordance with these standards, management makes estimates and assumptions that are reflected in the consolidated financial statements and accompanying notes.

To provide assurance that the consolidated financial statements are, in all material respects, accurate and complete, management relies on an internal control system.

The internal control system includes management's communication to employees of the internal policies on ethical business conduct. In management's opinion, the internal controls provide reasonable assurance that its financial documents are reliable and form a sound basis for preparing consolidated financial statements, and that its assets are properly accounted for and safeguarded.

The Board of Directors carries out its financial reporting responsibilities mainly through its Audit Committee, which is made up solely of independent directors. The Audit Committee, management and independent auditor meet to review the consolidated financial statements and the internal controls over financial reporting. The Audit Committee reviews the Corporation's annual consolidated financial statements and makes appropriate recommendations that the Board of Directors must consider when approving the consolidated financial statements issued to shareholders. The independent auditor has free access to meet with the Audit Committee, with or without the presence of management.

Deloitte LLP, appointed by the shareholders as the Corporation's independent auditor, has audited these consolidated financial statements.

(Signed)
Paul Bourque
Acting President and Chief Executive Officer

(Signed)
Paul Bourque
Chief Financial Officer

June 11, 2019

Deloitte.

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Independent Auditor's Report

To the Shareholders of
Mediagrif Interactive Technologies Inc. / Technologies Interactives Mediagrif Inc.

Opinion

We have audited the consolidated financial statements of Mediagrif Interactive Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Pain.

Signed,
Deloitte LLP [1]

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[1] CPA auditor, CA, public accountancy permit No. A129221

June 11, 2019
Montréal, Québec

MEDIAGRIF

Consolidated Statements of Income
Years ended March 31, 2019 and March 31, 2018

In thousands of Canadian dollars except earnings per share amounts	**2019** **$**	**2018** **$**
Revenues (Note 7)	83,082	80,937
Cost of revenues (Note 19)	20,890	18,023
Gross margin	62,192	62,914
Operating expenses		
General and administrative	12,666	11,009
Selling and marketing	17,425	17,149
Technology (Notes 19 and 20)	18,822	19,832
	48,913	47,990
Operating profit	13,279	14,924
Impairment of assets held for sale (Note 11)	(46,581)	-
Other (expenses) revenues, net (Note 25 b))	533	(1,048)
Financial expenses (Note 25 c))	(1,213)	(1,096)
Share in profit of a joint venture (Note 10)	(6)	211
Profit before income taxes	(33,988)	12,991
Income tax expense (recovery) (Notes 11 and 23)	(8,347)	5,814
Profit for the year	(25,641)	7,177

Earnings per share		
Basic and diluted	(1.73)	0.48
Weighted average number of shares outstanding		
Basic and diluted	14,848,779	14,869,618
Number of shares outstanding at end of year	14,848,779	14,848,779

Refer to the notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income
Years ended March 31, 2019 and March 31, 2018

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Profit for the year	(25,641)	7,177
Items that may be reclassified subsequently in profit or loss		
Change in unrealized losses on foreign currency forward contracts, net of deferred taxes of $189 ($79 in 2018)	(517)	280
Reclassification of realized losses on foreign currency forward contracts, net of deferred taxes of $91 ($116 in 2018)	249	(216)
	(268)	64
Comprehensive income for the year	(25,909)	7,241

Refer to the notes to the consolidated financial statements.

MEDIAGRIF

Consolidated Statements of Financial Position
As at March 31, 2019 and as at March 31, 2018

In thousands of Canadian dollars	**As at March 31, 2019 $**	**As at March 31, 2018 $**
Assets		
Current assets		
Cash and cash equivalents	13,339	13,187
Cash held for the benefit of third parties (Note 12)	826	1,374
Accounts receivable (Note 27)	7,282	8,676
Income taxes receivable	253	427
Tax credits receivable	4,964	2,331
Prepaid expenses and deposits	2,417	2,293
Assets held for sale (Note 11)	28,805	-
	57,886	28,288
Non-current assets		
Property, plant and equipment (Note 13)	1,997	2,318
Intangible assets (Note 14)	6,264	5,708
Acquired intangible assets (Note 14)	7,344	61,301
Goodwill (Note 15)	90,149	107,047
Investment in a joint venture (Note 10)	-	598
Deferred taxes (Note 23)	5,276	4,396
	168,916	209,656
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	10,927	10,440
Other accounts payable (Note 12)	2,114	2,385
Income taxes payable	646	1,305
Deferred revenues (Note 7)	14,727	17,958
Derivative financial instruments	424	58
Current portion of deferred lease inducements	136	135
Liabilities held for sale (Note 11)	4,132	-
	33,106	32,281
Non-current liabilities		
Long-term debt (Note 16)	24,935	28,096
Deferred lease inducements	475	609
Deferred taxes (Note 23)	9,696	16,117
	68,212	77,103
Shareholders' equity		
Share capital (Note 17)	78,051	78,051
Reserves	2,903	3,171
Retained earnings	19,750	51,331
	100,704	132,553
	168,916	209,656

Refer to the notes to the consolidated financial statements.

Approved by the Board of Directors,

_______________________, Director　　_______________________, Director

Gilles Laurin　　Paul Bourque

MEDIAGRIF

Consolidated Statements of Changes in Shareholders' Equity
Years ended March 31, 2019 and March 31, 2018

For the year ended March 31, 2019

		Reserves				
In thousands of Canadian dollars	**Share capital** **$**	**Equity-settled employee benefits** **$**	**Cash flow hedging** **$**	**Total** **$**	**Retained earnings** **$**	**Total** **$**
Balance as at March 31, 2018	78,051	3,213	(42)	3,171	51,331	132,553
Profit for the year	-	-	-	-	(25,641)	(25,641)
Other comprehensive income for the year, net of income tax	-	-	(268)	(268)	-	(268)
Comprehensive income for the year	-	-	(268)	(268)	(25,641)	(25,909)
Dividends declared on common shares	-	-	-	-	(5,940)	(5,940)
Balance as at March 31, 2019	**78,051**	**3,213**	**(310)**	**2,903**	**19,750**	**100,704**

For the year ended March 31, 2018

		Reserves				
In thousands of Canadian dollars	**Share capital** **$**	**Equity-settled employee benefits** **$**	**Cash flow hedging** **$**	**Total** **$**	**Retained earnings** **$**	**Total** **$**
Balance as at March 31, 2017	78,293	3,213	(106)	3,107	50,476	131,876
Profit for the year	-	-	-	-	7,177	7,177
Other comprehensive income for the year, net of income tax	-	-	64	64	-	64
Comprehensive income for the year	-	-	64	64	7,177	7,241
Repurchase of common shares for cancellation (Note 17)	(242)	-	-	-	(383)	(625)
Dividends declared on common shares	-	-	-	-	(5,939)	(5,939)
Balance as at March 31, 2018	**78,051**	**3,213**	**(42)**	**3,171**	**51,331**	**132,553**

Refer to the notes to the consolidated financial statements.

MEDIAGRIF

Consolidated Statements of Cash Flows
Years ended March 31, 2019 and March 31, 2018

In thousands of Canadian dollars	2019 $	2018 $
CASH FLOWS RELATED TO		
Operating activities		
Profit for the year	(25,641)	7,177
Adjustments for the following items:		
Amortization and depreciation (Note 21)	7,532	8,374
Amortization of deferred lease inducements	(133)	(137)
Amortization of deferred financing costs	40	40
Interest expense	1,173	1,487
Foreign exchange	(511)	482
Share in profit of a joint venture	6	(211)
Deferred taxes	(11,656)	(464)
Impairment loss on assets	46,581	-
Loss (gain) on disposal of property, plant and equipment	-	(1)
Current income tax expense recognized in profit or loss	3,309	6,278
Change in non-cash working capital items (Note 25 a))	(2,581)	(609)
Interest paid	(1,172)	(1,505)
Income taxes paid	(4,238)	(2,998)
	12,709	17,913
Investing activities		
Business acquisition, net of cash acquired (Note 8)	-	(1,534)
Acquisition of property, plant and equipment	(823)	(851)
Distribution from a joint venture	436	-
Acquisition of intangible assets	(3,973)	(2,828)
Proceeds on disposal of property, plant and equipment	-	13
	(4,360)	(5,200)
Financing activities		
Repayment of long-term debt	(3,201)	(3,395)
Repurchase of share capital for cancellation (Note 17)	-	(625)
Cash dividends paid on common shares	(5,939)	(5,953)
	(9,140)	(9,973)
Net change in cash and cash equivalents for the year	(791)	2,740
Impact of exchange rate changes on cash and cash equivalents	395	(339)
Cash and cash equivalents at beginning of year	14,561	12,160
Cash and cash equivalents at end of year	14,165	14,561
Cash and cash equivalents consist of the following statement of financial position items:		
Cash and cash equivalents	13,339	13,187
Cash held for the benefit of third parties	826	1,374

Refer to the notes to the consolidated financial statements.

1 INCORPORATION AND NATURE OF OPERATIONS

Mediagrif Interactive Technologies Inc. (the “Corporation”) provides e-business solutions to consumers and businesses. It operates through its wholly owned subsidiaries. The Corporation also owns interests in a joint venture (Note 10).

The Corporation, incorporated on February 16, 1996, under the *Canada Business Corporations Act,* is listed on the Toronto Stock Exchange. Its head office is located at 1111 St-Charles West, East Tower, Suite 255, Longueuil, Quebec, Canada.

The Board of Directors approved the consolidated financial statements on June 11, 2019. Amounts are expressed in Canadian dollars unless indicated otherwise.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The significant accounting policies described below have been applied to all periods presented in these consolidated financial statements. The accounting policies are consistent with International Financial Reporting Standards (IFRS) and interpretations currently issued and in effect for the year ended March 31, 2019.

Basis of preparation

The consolidated financial statements have been prepared using the historical cost method, except for certain financial instruments, which are measured at fair value, and assets held for sale, which are measured at the lower of fair value less costs to sell and carrying amount, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These financial statements have been prepared on a going-concern basis. The significant accounting policies are set out below.

Scope and basis of consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries. The ownership interest in a joint venture is recognized using the equity method.

Subsidiaries

All of the subsidiaries are wholly owned by the Corporation, directly or indirectly.

These consolidated financial statements include the financial statements of the Corporation and the financial statements of the entities it controls (its subsidiaries).

The entities are included in the scope of consolidation from the date the Corporation acquires control until that control ceases. The total comprehensive income of the subsidiaries is attributed to the Corporation’s owners.

All intragroup transactions, balances, revenues and expenses are fully eliminated upon consolidation.

Interest in a Joint Venture

A joint venture is a joint arrangement whereby the parties that exercise joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint venture arrangements that involve the creation of a separate entity in which each venturer has an interest are referred to as jointly-controlled entities.

The Corporation accounts for its interest in a joint venture using the equity method, except when the interest is classified as held for sale, in which case it is accounted for using IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations.* The Corporation records its share of the profit in the joint venture.

Any goodwill that comes from the Corporation's acquisition of an interest in a jointly-controlled entity is recognized using the accounting policy that the Corporation uses to recognize goodwill from a business combination.

Transactions between the Corporation and its joint venture have been measured at the amount of consideration agreed to by the parties.

Foreign currency translation

The Corporation's functional and presentation currency is the Canadian dollar. The functional currency of all the Corporation's entities is also the Canadian dollar. The functional currency is the currency of the primary economic environment in which the entity operates.

Transactions denominated in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

Monetary items are translated at the rate in effect on the reporting date, and non-monetary items, including the related amortization, are translated at their historical rate, whereas revenues and expenses are translated at the average exchange rate for the year. Foreign exchange gains and losses are included in *Other (expenses) revenues.*

Financial instruments

The Corporation classifies financial instruments into categories based on their nature and characteristics. Management determines where to classify financial instruments when they are initially recognized, which is usually the transaction date.

All financial assets, except those at fair value through profit or loss, are tested for impairment annually and written down when there is an indication of impairment in accordance with certain specific criteria mentioned below.

All financial-instrument-related costs are reported in *"Financial expenses."*

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all commissions that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial asset or liability or, when appropriate, a shorter period.

Transaction costs consist primarily of legal, accounting, and underwriter fees and other costs directly attributable to the issuance of the related financial instruments.

Deferred financing costs

The financing costs paid to arrange the revolving credit facility are recognized against long-term debt and amortized using the effective interest rate method over the expected term of the revolving credit facility. When the revolving credit facility is paid in full, the deferred financing costs are presented as an asset because they are attached to a revolving facility that still exists and is still available for use.

Financial assets and liabilities at fair value through profit or loss

All financial instruments included in this category meet the definition of financial asset or financial liability held for trading. Held-for-trading financial instruments are instruments that are held for the purpose of selling them in the short term. Derivative instruments are included in this category unless they are a designated and effective hedging instrument.

The financial instruments included in this category are initially and subsequently recognized at fair value. Directly attributable transaction costs and changes in fair value are recognized in profit or loss. Instruments classified in this category are presented in assets and liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented in current assets when they are recoverable within 12 months of fiscal year-end; otherwise, they are classified as non-current assets. The Corporation includes cash and cash equivalents as well as trade receivables and other receivables in this category. Financial instruments included in this category are initially recognized at fair value plus directly attributable transaction costs. Thereafter, loans and receivables are measured at amortized cost using the effective interest rate method.

If there is objective evidence of impairment on individual loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account or directly against the asset if the account is considered uncollectible. When loans and receivables are deemed to be uncollectible subsequent to the recognition of an allowance, they are written off against the allowance. When the amount of the impairment loss decreases in a subsequent year, and the decrease can be objectively tied to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed through an adjustment to the allowance account. The reversal is not to exceed what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the impairment loss and the amount of the reversal are recognized in profit or loss.

Pending the identification of impairment losses on individual assets, the Corporation carries out a collective assessment of impairment (of the risk of non-recovery of receivables) by grouping financial assets according to similar credit risk characteristics. As soon as information is available that specifically identifies losses on individually impaired assets in a group, those assets are removed from the group. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Estimates of changes in future cash flows reflect and are directionally consistent with changes in factors that are indicative of incurred losses in the Corporation and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Derivative financial instruments and hedge accounting

A portion of the Corporation's revenues and operating expenses is denominated in U.S. dollars. The Corporation uses foreign currency forward contracts to eliminate or reduce the risks of exchange rate fluctuations that have an impact on a portion of these revenues. Management is responsible for setting acceptable levels of risk and does not use derivative financial instruments for speculative purposes. More detailed information on derivative financial instruments is provided in Note 27.

Designation as a hedge is allowed only if the changes in the fair value of the hedging item are expected to substantially offset the changes in the fair value of the hedged item attributable to the risk being hedged. This offset must be provided for at the inception of the hedge and throughout the hedge period.

The Corporation formally documents all relationships between hedging instruments and hedged items as well as the risk management objectives and strategy behind its various hedging activities. The Corporation also formally documents and measures, at the inception of the hedge and continuously thereafter, whether the derivative financial instruments used as a hedge are very effective at offsetting the anticipated changes in the fair value of the hedged items.

Gains and losses on derivative financial instruments not identified in a hedging relationship and gains and losses related to the "ineffective" portion of effective hedges are recognized in other revenues and operating expenses.

Hedge accounting is discontinued prospectively if the hedging instrument or hedged item is terminated or sold or if it is determined that the hedging instrument is no longer effective.

Cash flow hedging

The Corporation designates foreign currency forward contracts as cash flow hedges of forecasted sales in foreign currencies. For cash flow hedges, the change in fair value of the effective portion of the derivative is recorded in other comprehensive income. The change in fair value of the ineffective portion of the derivative is recorded directly in profit or loss. Amounts recognized in other comprehensive income are reclassified to profit or loss when the hedged item affects profit or loss. With regard to forecasted sales, the effective portion of the hedging derivative is reclassified to profit or loss in the period in which such sales are recognized. However, when a planned transaction is subsequently recognized as a non-financial asset, amounts recognized in other comprehensive income are reclassified to the initial carrying amount of the associated asset.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and liquid investments that are readily convertible in the short-term and have a maturity date of less than three months from the date of acquisition, into a known amount of cash and for which the risk of a change in fair value is negligible.

Rebates and accounts receivable and payable arising from disposals and escrow transactions

The Corporation's services include administering a rebate program and running a used equipment trade-in program for certain customers. As part of these services, the Corporation frequently receives cash from customers (in the case of the rebate program) and from used equipment resellers. This cash, minus related commissions earned by the Corporation, must be remitted to the other party to the transaction. Financial statement amounts related to these transactions are described in Note 12.

The amount received up to the reporting date but not yet remitted to the other party is presented in the Consolidated Statement of Financial Position as *Cash held for the benefit of third parties*.

The Corporation also offers an escrow service. As part of this service, the Corporation is named as an escrow agent to receive, hold and transfer funds. The Corporation receives cash that is released to the seller, minus any related fees, costs or charges, once the transaction between seller and buyer is finalized. The cash received is also presented in the Consolidated Statement of Financial Position as *Cash held for the benefit of third parties*.

The offsetting entry is presented in the Consolidated Statement of Financial Position as *Other accounts payable*.

Revenue recognition

The Corporation's revenues, which are derived from the e-business industry, are generated from rights of use, transaction fees, advertising sales, professional services, and maintenance and hosting services. In all cases, revenues are measured as the amounts of consideration that the Corporation expects to receive for the goods or services provided. The Corporation identifies the revenues to be recognized by using the following steps: (1) Identifying the contract with the client, (2) Identifying the performance obligations set out in the contract, (3) Determining the transaction price, (4) Allocating the transaction price to the performance obligations, and (5) Recognizing revenues when the Corporation fulfils a performance obligation. Revenues are recognized when the customer obtains control of the goods or services. Revenues arising from an agreement to render services are gradually recognized over time according to the stage of completion of the contract. Where applicable, rebates and similar deductions are deducted from revenues.

Some contracts contain several performance obligations, including a right of use and professional services, which are determined to be separate from each other.

In addition to these general revenue recognition policies, the following specific revenue recognition policies are applied to the Corporation's main sources of revenue:

- Revenues from rights of use are recognized on a straight-line basis over the term of the agreement or, in some cases, when the service is used. Certain right-of-use revenues are generated from the sale of classified ad packages. These revenues are recognized on a straight-line basis over the estimated life as of the date the ad is posted. The estimated life is determined based on historical data for each type of ad.

- Revenues from transaction fees are recognized when the transaction occurs.

- Revenues from advertising sales are recognized on a straight-line basis over the term of the campaign.

- Revenues from professional services are recognized using the percentage-of-completion method. The percentage of completion is determined by dividing the cumulative costs incurred at the closing date by the sum of cumulative costs incurred and estimated costs to complete the contract.

- Revenues from maintenance and hosting services are recognized on a straight-line basis over the term of the agreement.

Contract costs

The Corporation incurs incremental costs for obtaining contracts, such as commissions paid to sales representatives. When the Corporation expects these costs to be recovered, and the related contracts have a term of more than one year, it capitalizes these costs and amortizes them over the term of the contract or, in some cases, over the expected life of the customer relationship.

Non-current assets held for sale

Non-current assets and liabilities held for sale are measured at the lower of fair value less costs to sell and their carrying amounts, and they are not amortized as long are they classified as held for sale. Non-current assets and disposal groups are classified as held for sale if their carrying amounts must mainly be recovered through a sale transaction rather than through continuing use. This condition is deemed to be met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Depreciation is recognized over the estimated useful lives of the related assets using the following methods and periods:

		Period
Office furniture	[illegible]	3 years
Computer and other equipment	[illegible]	3 years
Leasehold improvements	[illegible]	Lesser of lease term and useful life

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each financial reporting period, and the impact of any change in estimates is accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal when no future economic benefits are expected to arise from the continued use of the asset. A gain or loss arising on the disposal or retirement of an item of property, plant and equipment is the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in *Other (expenses) revenues*.

Impairment of long-lived assets, excluding goodwill

At the end of each financial reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and finite-life intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least once a year and whenever there is an indication that the asset may be impaired.

Certain trademarks acquired in business combinations have been identified as having indefinite lives, as they are highly recognizable in the market and there is no foreseeable time limit to their ability to generate revenues.

Cash-generating units to which indefinite-life trademarks have been allocated are tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated proportionately across the assets of the unit.

Recoverable amount is the higher of fair value less costs to sell and value in use. To measure value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognized in profit or loss.

Intangible assets

Intangible assets comprise software and acquired intangible assets.

Software and internally generated assets

Some software is purchased to meet the Corporation's technology needs and are recognized at cost less accumulated amortization and impairment losses. Intangible assets also include costs to produce internally developed software and websites, including the portion of capitalized labour costs of the Corporation's development group. These costs include all of the expenses incurred starting from the date when all capitalization criteria are met. Where no internally generated intangible asset can be recognized, development expenses are recognized in profit or loss in the period they are incurred. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and impairment losses. These costs are amortized on a straight-line basis over their estimated useful lives ranging from three to five years.

Acquired intangible assets

Acquired intangible assets consist of client bases, technologies, finite-life and indefinite-life trademarks. They are recorded at cost (i.e., the acquisition-date fair value) less accumulated amortization and impairment losses. Acquired intangible assets, except for indefinite-life trademarks that are not amortized but are assessed for impairment annually, are amortized on a straight-line basis over their respective estimated useful lives and using the following periods:

Category	Period
Client bases	2 to 10 years
Technology	3 to 5 years

The estimated useful lives and amortization methods of intangible assets are reviewed at the end of each financial reporting period, and the impact of any change in estimates is accounted for on a prospective basis.

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net proceeds from the disposal of the asset and its carrying amount, are recognized in profit or loss when the asset is derecognized.

Business combinations

Business acquisitions are accounted for under the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Corporation, liabilities incurred by the Corporation to the former owners of the acquiree, and the equity interests issued by the Corporation in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at the acquisition-date fair value, except:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements, which are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits,* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Corporation entered into to replace share-based payment arrangements of the acquiree, which are measured in accordance with IFRS 2 *Share-Based Payment* at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations,* which are measured in accordance with that standard.

Deferred revenues from business combinations are recorded at fair value. This corresponds to the future costs to perform the services, the collection of which took place before the acquisition, plus a profit margin. This profit margin is the average margin that the Corporation realizes to provide the same kind of service.

The fair value of acquired intangible assets is determined as follows:

Trademarks are recognized at fair value according to the avoided royalties method. Acquired technology is measured using the replacement cost method or the avoided royalties method. The replacement cost method estimates the cost to rebuild a platform by adding the estimated loss of profits during the reconstruction. The multiperiod excess earnings method is used to calculate the value of customer relationships. The avoided royalties method, the replacement cost method, and the multiperiod excess earnings method are all primarily based upon anticipated discounted cash flows according to currently available information, such as historical and projected revenues and expenses, the renewal probability of each contract, and certain other relevant assumptions.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after remeasurement, the net balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the total consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously-held interest in the acquiree (if any), the excess amount is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill

Goodwill arising from a business combination is recognized at cost as established at the date of acquisition of the business (see Business Combinations) less accumulated impairment losses, if any.

For impairment testing purposes, goodwill is allocated to each of the Corporation's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Given that the Corporation has only one operating segment, the goodwill impairment test is performed at the level of that segment, except for the portion of goodwill allocated to the cash-generating units whose assets are classified as held for sale.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. The Corporation has determined that it has only one cash-generating unit group, i.e., the operating segment. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss of the Consolidated Statement of Income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The Corporation has selected March 31 as the date for performing its annual goodwill impairment test.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) resulting from a past event, when it is probable that the Corporation will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Corporation as a lessee of an operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Costs for services arising under operating leases are recognized as an expense in the period in which they are incurred.

Deferred lease inducements

When lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Deferred lease inducements refer to the reimbursement of leasehold improvement expenses and free or preferential rent assumed by the landlord under leases for commercial premises. These inducements are amortized on a straight-line basis over the terms of the leases falling due in May 2022, October 2022 and May 2026. Amortization is recorded as a reduction of the rent expense in the Consolidated Statement of Income.

The Corporation as a lessee of a finance lease

Assets held under finance leases are initially recognized as Corporation assets at fair value starting from the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized directly in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Corporation's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Income taxes

Income tax expense is the sum of current taxes and deferred taxes.

Current taxes

Current tax payable is based on taxable income for the year. Taxable income and income reported in the Consolidated Statement of Income differ due to revenue or expense items that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current taxes is calculated using tax rates that have been enacted or substantively enacted by the end of the financial reporting period.

Deferred taxes

The Corporation recognizes income taxes using the asset-liability approach. Under this method, deferred tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amounts and tax bases of assets and liabilities using enacted or substantively enacted tax rates expected to be in effect in the year in which the differences are expected to reverse. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

The carrying amount of deferred tax assets is reviewed at the end of each financial reporting period and is reduced when it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the financial reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that have been recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized, respectively, in other comprehensive income or directly in equity. Where current taxes or deferred taxes arise from the initial accounting for a business combination, the tax impact is included in the accounting for the business combination.

Tax credits

Tax credits, including research and development tax credits, are not recognized until there is reasonable assurance that the Corporation will meet the eligibility criteria of the credits and that they will be received. Tax credits are recognized as a reduction to the related expenses in the year they are incurred.

Employee benefits

Salaries, employee benefits, paid leave, sick leave and bonuses are short-term benefits that are recognized in the period in which the Corporation's employees have rendered the related services.

3 IFRS ADOPTED DURING THE CURRENT FISCAL YEAR

IFRS 9 *Financial Instruments*

On April 1, 2018, the Corporation adopted IFRS 9 *Financial Instruments.* This standard introduces new requirements for classifying and measuring financial assets and liabilities. It includes a new hedging model that expands the scope of hedged items eligible for hedge accounting and more closely aligns hedge accounting with risk management. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or at fair value, and it replaces the multiple requirements of IAS 39, *Financial Instruments: Recognition and Measurement.*

The IFRS 9 approach is based on how an entity manages its financial instruments and on the contractual cash flow characteristics of the financial assets. Most of IAS 39's financial liability classification and measurement requirements have been carried forward in IFRS 9. It also amends the impairment model by introducing a new expected credit loss model for calculating impairment.

The Corporation adopted IFRS 9 on April 1, 2018, and the resulting impacts are not significant.

IFRS 15 *Revenue From Contracts With Customers*

IFRS 15, *Revenue From Contracts With Customers* establishes principles for reporting useful information to financial statement users 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 entities to recognize revenue to depict the transfer of control 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 also results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improves guidance for multiple-element arrangements.

The Corporation adopted IFRS 15 on April 1, 2018. Its impact on the revenue recognition was not significant, since the conclusions of a thorough analysis performed in the previous fiscal year on the Corporation's accounting treatment of revenues are the same as those in the previous IAS 18 standard.

With respect to contract costs, which consist of commissions paid to sales representatives, the Corporation must now record certain costs, previously expensed, as assets. Under the former accounting policy, sales commissions were expensed as incurred. Under IFRS 15, commissions paid on contracts over a one-year term are amortized over the term of the contract or, in some cases, over the expected life of the customer relationship.

The Corporation applies this new standard on a modified retrospective basis without prior period restatement, and the conclusions on the retained earnings analysis as at April 1, 2018 have shown that the impact is not significant. As a result, no adjustments to retained earnings as of April 1, 2018 have been made in these financial statements. Additional disclosures required under the new standard are provided in Note 7.

4 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 assets).

In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 will apply to fiscal years beginning on or after January 1, 2019 with earlier application permitted for companies that have also adopted IFRS 15, *Revenue From Contracts With Customers.* For the Corporation, IFRS 16 applies as of April 1, 2019.

During the year ended March 31, 2019, the Corporation examined the impacts of this new standard. As at April 1, 2019, the Corporation expects to recognize a right-of-use asset of approximately $9,800,000, a lease liability of approximately $10,400,000 and a reduction to the deferred lease inducements of approximately $600,000 in the Statement of Financial Position. These values were determined by measuring the present value of the various lease liabilities at rates ranging from 2.90% to 3.72%.

The Corporation does not expect IFRS 16 to have a significant impact on profit or loss. However, certain costs that were previously recognized in operating expenses will now be recorded as financial expenses in the Consolidated Statement of Income.

The Corporation also expects to make a number of adjustments to the Consolidated Statement of Cash Flows to reflect the fact that a portion of the lease expense will now be recorded as amortization of the right-of-use asset.

5 MANAGEMENT'S ESTIMATES AND JUDGMENTS

In preparing consolidated financial statements in accordance with IFRS, management must make estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the reporting date. Management reviews its estimates regularly, and revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the period being reviewed and future periods. Actual results may differ from these estimates.

Estimates

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment when applying accounting policies and rely on assumptions and estimates that affect the amounts of the assets, liabilities, revenues and expenses reported in these consolidated financial statements and on the contingent liability and contingent asset information provided. The actual results of items subject to assumptions and estimates may differ from these assumptions and estimates.

Explanations about the main assumptions and estimates are presented below:

Revenue recognition

As mentioned in Note 2, the Corporation uses assumptions to recognize certain right-of-use revenues, i.e., the sale of classified ad packages. Management regularly reviews these assumptions. Significant changes in these assumptions would have an impact on the Corporation's profit.

Useful lives of property, plant and equipment and finite-life intangible assets

At the end of each reporting period, the Corporation reviews the estimated useful lives of its property, plant and equipment and finite-life intangible assets. At the end of the current fiscal year, management has determined that the useful lives of property, plant and equipment and finite-life intangible assets were appropriate.

Indefinite-life trademarks

At the end of each reporting period, the Corporation reviews the indefinite-life trademarks in order to determine the appropriateness of the classification of the trademarks as indefinite. At the end of the current fiscal year, indefinite-life trademarks were reclassified as held for sale.

Measurements of assets

When applying the discounted future cash flows model to determine the value-in-use of groups of cash-generating units to which goodwill is allocated, certain parameters must be used, including estimates of future cash flows, discount rates, and other variables; a high degree of judgment must therefore be exercised. Impairment tests on property, plant and equipment, on intangible assets, and on acquired intangible assets are also based on similar assumptions. Any future deterioration in market conditions or poor operational performance could translate into an inability to recover the current carrying amounts of property, plant and equipment, intangible assets, acquired intangible assets, and goodwill.

See Note 11 to learn more about assets held for sale, Note 15 for goodwill impairment testing, and Note 14 for impairment testing of indefinite-life intangible assets.

Business combinations

For business combinations, the Corporation must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Corporation must determine the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Goodwill is measured as the excess of the acquisition cost over the Corporation's share in the fair value of all identified assets and liabilities. These assumptions and estimates have an impact on the asset and liability amounts recorded in the Consolidated Statement of Financial Position on the acquisition date. In addition, the estimated useful lives of the acquired property, plant and equipment, the identification of other intangible assets, and the determination of the finite or indefinite useful lives of intangible assets acquired will have an impact on the Corporation's profit.

See Note 2 for more information on the assumptions and estimates used.

Deferred taxes

The Corporation must determine the income taxes for each jurisdiction in which it operates. Doing so involves estimating a value for existing net operating losses based on the Corporation's assessment of its ability to utilize them against future taxable income before they expire. If the Corporation's assessment of its ability to use the net operating losses proves inaccurate, this would impact the income tax expense and, consequently, affect the Corporation's profit in the relevant year. The Corporation may be audited by the tax authorities of different jurisdictions. Given that the determination of tax liabilities involves some uncertainties in interpreting complex tax regulations, the Corporation uses management's best estimates to determine potential tax liabilities. Differences between the estimates and the actual amount of taxes are recorded in profit at the time they can be determined.

Judgments

The critical accounting policy judgments that have the greatest impact on amounts reported in the consolidated financial statements include the following:

Definition of cash-generating units

The Corporation assesses whether there are any indicators of impairment for all non-financial assets at the end of each financial reporting period. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Determination of cash-generating units is based on management's best estimate of what constitutes the lowest level at which an asset or group of assets is able to generate cash inflows. The Corporation must also determine whether goodwill can be attributed to one or more cash-generating units.

See Note 15 for more information on attributions of goodwill to cash-generating units and Note 14 for the attribution of indefinite-life intangible assets to cash-generating units.

Determination of the reportable segment

Operating segments are determined according to the Corporation's management structure and internal information system. Operating results of each reportable segment are reviewed regularly by the Corporation's chief operating decision-maker regarding the resources to be allocated to the segments and the assessment of their performance based on available discrete financial information.

Management has identified a single operating segment, i.e., that of e-commerce. The information structure indicates how management manages the Corporation and how it classifies its activities for planning and evaluating performance. As a result, management manages its business line as a single strategic business unit.

Functional currency

To determine the functional currency of its U.S. subsidiaries, the Corporation considers both primary and secondary factors. The following judgments are made by management with respect to the U.S. subsidiaries. Strategic decision-making regarding these subsidiaries is the responsibility of the Corporation's senior management, which is headquartered in Canada. In addition, services provided by the Corporation and incurred in Canadian dollars are essential to the continued operations of the U.S. subsidiaries. Finally, the proportion of expenditures incurred in Canadian dollars and attributable to U.S. subsidiaries represents a significant portion of their total expenditures.

Assets held for sale

Following a decision by the Corporation's Board of Directors to dispose of the operations of LesPAC, Jobboom and Réseau Contact, these cash-generating units were classified as held for sale. Accordingly, the related assets and liabilities were measured at fair value less costs of disposal.

For assets and liabilities to be classified as held for sale, IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, requires cash-generating units to be available for immediate sale in their present condition and for the sale to be highly probable.

The Corporation considered decisions made by the Board of Directors, ongoing processes, and contacts with various stakeholders, and it concluded that the criteria were met on March 31, 2019. As a result, the above-named cash-generating units have been classified as held for sale in the Statement of Financial Position.

6 SEGMENT INFORMATION

The Corporation has only one reportable segment.

Geographical information is as follows:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Revenues		
Canada	45,103	46,491
United States	34,823	31,830
Asia and other	1,858	1,666
Europe	1,298	950
	83,082	80,937

In thousands of Canadian dollars	**As at March 31, 2019** **$**	**As at March 31, 2018** **$**
Non-current assets		
Canada	81,352	151,948
United States	24,396	24,406
Asia and other	6	20
	105,754	176,374

Revenues are attributed to geographic regions based on the location of the customers.

Non-current assets include property, plant and equipment, intangible assets, acquired intangible assets, and goodwill.

7 REVENUES

Revenues are detailed as follows:

In thousands of Canadian dollars	2019 $	2018 $
Right-of-use revenues	60,286	60,262
Revenues from transaction fees	9,521	8,566
Revenues from advertising sales	4,148	4,768
Revenues from professional services	7,124	5,414
Revenues from maintenance and hosting services	1,297	1,412
Other	706	515
	83,082	80,937

Contract assets and liabilities

The following table contains information related to contract assets and liabilities recognized in the Statement of Financial Position:

In thousands of Canadian dollars	2019 $	2018 $
Receivables (included in accounts receivable)	6,548	8,113
Contract assets (included in accounts receivable)	734	563
Current deferred revenues	14,727	17,958

Contract assets

The change in unbilled revenue for the year is as follows:

In thousands of Canadian dollars	$
Balance as at March 31, 2018	**563**
Increase in contract assets related to stage of completion	1,227
Decrease in contract assets related to invoicing	(1,056)
Balance as at March 31, 2019	**734**

All contract assets as at March 31, 2019 will be invoiced to customers during the year ending March 31, 2020.

Deferred revenues

The following table contains information related to deferred revenues (contract liabilities):

In thousands of Canadian dollars	$
Balance as at March 31, 2018	**17,958**
Decrease in deferred revenues upon recognition in revenues of services rendered during the year	(14,858)
Increase in deferred revenues upon customer invoicing	14,135
Reclassification of deferred revenues as liabilities held for sale	(2,670)
Foreign exchange and other movements	162
Balance as at March 31, 2019	**14,727**

Deferred revenues come mainly from prepaid rights-of-use.

Transaction prices for unfulfilled (or partially fulfilled) performance obligations represent services that have not yet been recognized, that will be recognized as revenue in future periods, and that totalled $27,876,446 as at March 31, 2019, approximately 74% of which the Corporation expects to account for as revenues within the next 12 months and 26% in subsequent fiscal years.

8 BUSINESS COMBINATIONS

Year ended March 31, 2018

On June 23, 2017, the Corporation acquired substantially all of the assets of Orckestra Inc. ("Orckestra'') for a cash consideration of $1,534,210 net of acquired cash. Certain liabilities were also assumed at the acquisition date. The acquisition was financed in its entirety by the Corporation's revolving credit facility.

Orckestra is a leader in digital unified commerce solutions and omnichannel retail solutions. With this acquisition, the Corporation gained a presence in the fast-growing unified retail commerce sector. A unique and innovative technological platform combined with potential synergies with the Corporation's e-commerce development and expertise were also determining factors in this acquisition.

Assets acquired and liabilities assumed at the acquisition date

In thousands of Canadian dollars	**June 23, 2017 $**
Assets	
Current assets	
Cash and cash equivalents	47
Accounts receivable	929
Prepaid expenses and deposits	23
	999
Non-current assets	
Acquired intangible assets	
Technology	1,191
Client bases	1,294
Total	3,484
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	1,641
Deferred revenues	262
Total	1,903
Identifiable net assets acquired	1,581

Costs related to the acquisition

The total acquisition-related costs amounted to $226,740 and were reported in the *General and administrative expenses* item of the Consolidated Statements of Income.

Impact of the business combinations on the Corporation's financial performance

For the year ended March 31, 2018, the Corporation's profit includes $4,025,194 in revenues and a net loss of $2,341,474 generated from Orckestra's additional business.

If this business combination had been completed on April 1, 2017, the Corporation's consolidated revenues for the year ended March 31, 2018 would have totalled $82,308,758. The consolidated profit for the year ended March 31, 2018, would have totalled $6,804,824 including an additional amortization expense of $114,368. The Corporation considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a twelve-month period. However, pro forma information does not account for synergies or historical transactions and is not necessarily indicative of the profit that the Corporation would have realized if the acquisition actually occurred on April 1, 2017, nor of the profit that may be achieved in the future.

To determine the Corporation's pro forma consolidated revenues and profit if Orckestra had been acquired on April 1, 2017, the Corporation calculated:

- the amortization of other acquired intangible assets based on the fair value arising from initial recognition of the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements;
- the borrowing costs on the Corporation's net indebtedness after the business combination;

- an additional income tax recovery to reflect the pro forma adjustments described above.

9 SUBSIDIARIES

The table below provides details on the subsidiaries that the Corporation owned directly and indirectly as at March 31, 2019.

Subsidiary name	Country of incorporation or registration and operation	Ownership interest percentage	Percentage of voting rights	Industry sector served by the Corporation's e-commerce solutions
Carrus Technologies Inc.	Canada	100	100	Automotive aftermarket
3808891 Canada Inc.	Canada	100	100	Holding company
The Broker Forum Inc.	Canada	100	100	Electronic components
MERX Networks Inc.	Canada	100	100	E-procurement
InterTrade Systems Inc.	Canada	100	100	Supply chain collaboration
4222661 Canada Inc.	Canada	100	100	E-procurement
TIM USA Inc.	United States	100	100	Holding company
Market Velocity, Inc.	United States	100	100	Computer equipment, telecommunication and consumer electronics
Construction Bidboard Inc.	United States	100	100	E-procurement
Power Source On-Line, Inc.	United States	100	100	Computer equipment, telecommunications, and consumer electronics
International Data Base Corp.	United States	100	100	E-procurement
Polygroup, Ltd.	United States	100	100	Diamonds and jewelry
LesPAC Network Inc.	Canada	100	100	Classified ads
Mediagrif Information Consulting (Shenzhen) Co. Ltd	China	100	100	Electronic components
Jobboom Inc.	Canada	100	100	Employment and talent acquisition
Réseau Contact Inc.	Canada	100	100	Online dating
ASC Networks Inc.	Canada	100	100	Contract management solutions
Orckestra Technologies Inc.	Canada	100	100	E-commerce solution
Orckestra A/S	Denmark	100	100	E-commerce solution

10 JOINT VENTURE

On May 29, 2018, the Board of Directors of Société d'investissement M-S S.E.C. "GWS'', a 50% joint venture of the Corporation, unanimously voted to dissolve and liquidate GWS. The dissolution and the distribution of the residual cash balances to the co-venturers were completed on July 27, 2018. During the year ended March 31, 2019, the Corporation received a $435,577 distribution from GWS.

During the year ended March 31, 2019, the Corporation recorded revenues in an amount of nil ($1,618,404 in 2018) from transactions with GWS. Also during the year ended March 31, 2019, the Corporation recharged GWS for operating expenses in an amount of $2,743 ($169,099 in 2018). These recharges were presented against operating expenses in the Consolidated Statement of Income. As at March 31, 2019, the Corporation's accounts receivable from GWS were nil ($69,627 as at March 31, 2018).

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

11 ASSETS HELD FOR SALE

On March 26, 2019, the Corporation's Board of Directors decided to dispose of the LesPAC, Jobboom, and Réseau Contact cash-generating units and subsequently entered into negotiations with interested parties. The disposal of these assets is consistent with the Corporation's long-term strategy of focusing on commercial clients. These operations, which are expected to be sold within 12 months, have been designated as a "disposal group held for sale" and are presented separately in the Statement of Financial Position at the lower of fair value less costs to sell and their carrying amounts.

Fair value was determined using the future cash flows and investments required under a five-year plan, the risks associated with these cash flows and the estimated costs of disposing of these cash-generating units. In addition, to determine fair value, comparable market transactions were analyzed and standard valuation methods were used. The methodologies used to determine fair value use Level 3 data inputs based on the fair value hierarchy disclosed in Note 27.

The Corporation recognized a $46,580,621 impairment charge when classifying the assets and liabilities of the disposal group as assets and liabilities held for sale. This charge consists of a $29,043,539 impairment of acquired intangible assets, a $482,799 impairment of intangible assets, and a $17,054,283 impairment of a portion of goodwill allocated to the disposal group held for sale. The allocation of goodwill to the disposal group held for sale was based on the fair value of the disposal group held for sale relative to the fair value of the Corporation as a whole. These impairment losses resulted in a deferred tax recovery of $11,481,067.

The following tables summarize the carrying amount of the assets and liabilities classified as held for sale:

In thousands of Canadian dollars	**March 31, 2019** **$**
Type of assets	
Accounts receivable	1,694
Income taxes receivable	444
Prepaid expenses and deposits	56
Tax credits	140
Intangible assets	420
Acquired intangible assets	21,040
Deferred taxes	5,011
Total assets held for sale	28,805

In thousands of Canadian dollars	**March 31, 2019** **$**
Type of liabilities	
Accounts payable and accrued liabilities	1,019
Deferred revenues	2,670
Deferred taxes	443
Total liabilities held for sale	4,132

12 REBATES AND ACCOUNTS RECEIVABLE AND PAYABLE ARISING FROM DISPOSALS AND FROM ESCROW TRANSACTIONS

The amount received as at March 31, 2019, for the administration of a rebate program and used equipment trade-in transactions, but not yet remitted to the counterparty, presented in the Consolidated Statement of Financial Position as *Cash held for the benefit of third parties,* amounted to $365,683 (US$273,653) ($97,132 in 2018 (US$75,331)). As at March 31, 2019, the amount of accounts receivable related to rebates and disposals amounted to $1,288,632 (US$964,328) ($1,011,044 in 2018 (US$784,120)).

The amount received as at March 31, 2019 for escrow services and presented in the Consolidated Statement of Financial Position as *Cash held for the benefit of third parties* amounted to $459,952 (US$344,198) ($1,277,250 in 2018 (US$990,577)).

The total accounts payable for these transactions amounted to $2,114,267 (US$1,582,179) ($2,385,426 in 2018 (US$1,850,028)) and are presented in *Other accounts payable* in the Consolidated Statement of Financial Position.

13 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

In thousands of Canadian dollars	**Office furniture** $	**Computer and other equipment** $	**Leasehold improvements** $	**Total** $
Cost				
Balance as at March 31, 2017	2,096	10,277	1,723	14,096
Acquisitions	44	619	188	851
Disposals	(46)	(238)	-	(284)
Balance as at March 31, 2018	2,094	10,658	1,911	14,663
Acquisitions	106	697	20	823
Balance as at March 31, 2019	2,200	11,355	1,931	15,486
Accumulated depreciation				
Balance as at March 31, 2017	(1,648)	(9,228)	(703)	(11,579)
Eliminations related to asset disposals	35	237	-	272
Depreciation for the year	(201)	(660)	(177)	(1,038)
Balance as at March 31, 2018	(1,814)	(9,651)	(880)	(12,345)
Depreciation for the year	(163)	(785)	(196)	(1,144)
Balance as at March 31, 2019	(1,977)	(10,436)	(1,076)	(13,489)
Net carrying amount				
Balance as at March 31, 2018	280	1,007	1,031	2,318
Balance as at March 31, 2019	223	919	855	1,997

14 INTANGIBLE ASSETS AND ACQUIRED INTANGIBLE ASSETS

Intangible assets consist of the following:

	Intangible assets		
	Software	Internally developed software and websites	Total
In thousands of Canadian dollars	$	$	$
Cost			
Balance as at March 31, 2017	6,140	5,005	11,145
Acquisitions	370	2,458	2,828
Balance as at March 31, 2018	6,510	7,463	13,973
Acquisitions	92	3,881	3,973
Impairment	-	(483)	(483)
Reclassification to assets held for sale	-	(420)	(420)
Balance as at March 31, 2019	6,602	10,441	17,043
Accumulated depreciation			
Balance as at March 31, 2017	(4,596)	(1,426)	(6,022)
Amortization for the year	(775)	(1,468)	(2,243)
Balance as at March 31, 2018	(5,371)	(2,894)	(8,265)
Amortization for the year	(732)	(1,782)	(2,514)
Balance as at March 31, 2019	(6,103)	(4,676)	(10,779)
Net carrying amount			
Balance as at March 31, 2018	1,139	4,569	5,708
Balance as at March 31, 2019	499	5,765	6,264

Acquired intangible assets comprise the following:

In thousands of Canadian dollars	Client bases $	Technology $	Indefinite-life trademarks $	Total $
	Acquired intangible assets			
Cost				
Balance as at March 31, 2017	26,248	24,996	46,500	97,744
Disposals	(11,968)	(9,605)	-	(21,573)
Acquisitions through business combinations	1,294	1,191	-	2,485
Balance as at March 31, 2018	15,574	16,582	46,500	78,656
Impairment	(2,766)	-	(26,278)	(29,044)
Reclassification to assets held for sale	(818)	-	(20,222)	(21,040)
Balance as at March 31, 2019	11,990	16,582	-	28,572
Accumulated amortization				
Balance as at March 31, 2017	(16,442)	(17,393)	-	(33,835)
Eliminations related to asset disposals	11,968	9,605	-	21,573
Amortization for the year	(1,792)	(3,301)	-	(5,093)
Balance as at March 31, 2018	(6,266)	(11,089)	-	(17,355)
Amortization for the year	(1,746)	(2,127)	-	(3,873)
Balance as at March 31, 2019	(8,012)	(13,216)	-	(21,228)
Net carrying amount				
Balance as at March 31, 2018	9,308	5,493	46,500	61,301
Balance as at March 31, 2019	3,978	3,366	-	7,344

Impairment test of the trademark with an indefinite useful life

Year ended March 31, 2019

During the year ended March 31, 2019, the trademarks were reclassified as held for sale and therefore recognized at the lower of fair value less costs to sell and their carrying amounts.

Year ended March 31, 2018

To determine the cash-generating units to which the indefinite-life trademarks are attributed, management analyzed the cash flows related to the indefinite-life trademarks and concluded that these inflows were largely independent of the cash flows generated by other assets or groups of assets. The criterion used was the nature of the revenue generated by such trademarks. These revenues cannot be combined with any other identifiable group of assets due to their distinctive features. Consequently, for impairment testing purposes, the trademarks with an indefinite useful life are tested at the level of their cash-generating unit.

During the fourth quarter of its year ended March 31, 2018, the Corporation performed an annual impairment test of the cash-generating units in accordance with the methods described in Note 2. The recoverable amount of the cash-generating units associated with the indefinite-life trademarks exceeded its carrying amount. As a result, no loss in value was recorded on the indefinite-life trademarks during the year ended March 31, 2018.

As at March 31, 2018, the recoverable amounts of the cash-generating units were established by calculating the higher of their fair value less costs of disposal and their value in use. The value-in-use calculation is performed using discounted cash flow projections that are based on the financial budgets prepared by management for a period of five years. These cash flow projections consider the historical results of the cash-generating units, market trends, and the Corporation’s operational strategies. The Corporation measures the final value of the cash-generating units at the end of the five-year projection.

A perpetual growth rate is used to determine future cash flows after the five-year period. The growth rate is established at 2.0% considering the projected inflation rate and growth rate of consumer goods.

Based on observable market data such as the risk-free interest rate, risk premiums observed in the market, the beta of companies operating in the same sector, the premium associated with the size of the Corporation, specific risks associated with the cash-generating units, and the statutory tax rate, the weighted-average cost of capital was determined to be between 11.5% and 15.5%.

Each asset class (working capital, tangible and intangible assets and goodwill) has its own risk and, therefore, a potentially different discount rate. Consequently, discount rates between 11.50% and 13.25% have been selected, which are within the above-mentioned range.

Reasonably possible changes to the perpetual growth rate and to the discount rate would not cause the carrying amount of the cash-generating units to exceed their recoverable amount. A change in other assumptions used would not have changed the results significantly.

A 1.0% upward change in the discount rate would not have reduced the recoverable amount of the cash-generating units below their carrying amount.

15 GOODWILL

As a result of the reclassification and impairment of certain non-current assets held for sale (Note 11) as at March 31, 2019, the goodwill balance stood at $90,149,000 ($107,047,000 in 2018).

The change in goodwill during the year is as follows:

In thousands of Canadian dollars	$
Balance as at March 31, 2018	**107,047**
Write-off following the attribution of goodwill to assets held for sale	(17,054)
Other	156
Balance as at March 31, 2019	**90,149**

For impairment testing purposes, goodwill is tested at the level of the Corporation taken as a whole, excluding the cash-generating units held for sale for which the allocated goodwill is now monitored separately, as management believes that the Corporation as a whole benefits from business combination synergies achieved to date and given that this is the lowest level at which goodwill is monitored for internal management purposes.

During the fourth quarter of the year ended March 31, 2019, the Corporation performed an annual goodwill impairment test in accordance with the methods described in Note 2. The recoverable amount of the Corporation as a whole exceeded its carrying amount. As a result, no impairment loss other than that presented in Note 11 was recorded for goodwill for the years ended March 31, 2019 and March 31, 2018.

As at March 31, 2019, the recoverable amount of the Corporation was established by calculating the higher of its fair value less costs of disposal and its value in use. The value-in-use calculation is performed using discounted cash flow projections that are based on the financial budgets prepared by management for a period of five years. These cash flow projections consider the historical results of the Corporation, market trends, and the Corporation's operational strategies. The Corporation measures the final value of the Corporation at the end of the five-year projection.

A perpetual growth rate is used to determine future cash flows after the five-year period. The growth rate is established at 2.0% considering the projected inflation rate and growth rate of consumer goods.

Based on observable market data such as the risk-free interest rate, risk premiums observed in the market, the beta of companies operating in the same sector, the premium associated with the size of the Corporation, specific risks associated with the cash-generating unit and the statutory tax rate, the weighted-average cost of capital was determined to be between 11.75% and 13.5%. This reflects the overall risk of the Corporation.

Each asset class (working capital, tangible and intangible assets, and goodwill) has its own risk and, therefore, a potentially different discount rate. The Corporation has determined that goodwill is a risk that is similar to the overall risk of the Corporation. Consequently, a discount rate of 11.75% has been selected, which is within the above-mentioned range.

Reasonably possible changes to the perpetual growth rate and to the discount rate would not cause the carrying amount of the Corporation to exceed its recoverable amount. A change in other assumptions used would not have significantly changed the results.

A 1.0% upward change in the discount rate would not have reduced the Corporation's recoverable amount below its carrying amount.

16 LONG-TERM DEBT

On December 18, 2015, the Corporation renewed its credit agreement, which was entered into on November 10, 2011, (the "Credit Agreement") with three Canadian financial institutions pursuant to which lenders made available to the Corporation an $80,000,000 ($80,000,000 as at March 31, 2018) secured five-year revolving credit facility (the "Revolving Facility") and an accordion loan of $40,000,000 ($40,000,000 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 March 31, 2019, the unpaid amount of the Revolving Facility was $25,004,359 ($28,205,020 as at March 31, 2018) and the amount is due in full during the year ending March 31, 2021.

The Revolving Facility bears interest at a rate based either on Canadian prime rate, CDOR, or the bankers' acceptance rate plus a margin in each case. This margin varies according to the ratio of total debt to earnings before interest, taxes, depreciation and amortization (EBITDA), as described below. As at March 31, 2019, the actual rate was 1.97% (1.63% as at March 31, 2018) and the margin was 1.45% (1.45% as at March 31, 2018). In addition, the unused portion of the Revolving Facility bears interest at 0.29% (0.29% as at March 31, 2018) 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 default events 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 March 31, 2019, the Corporation was in compliance with the financial ratios prescribed under these covenants:

1. A fixed charge coverage ratio of not less than 1.20:1.00 (1.20:1.00 as at March 31, 2018) at all times.
2. A total debt to EBITDA ratio of not more than 3.0 (3.0 as at March 31, 2018).

Fixed charge, total debt, and EBITDA, which are used in the calculation of the above-mentioned covenants, are more specifically defined in the Credit Agreement.

Financial ratios are calculated using the financial information of the twelve-month period ending on the date the ratio is calculated.

The following table provides the long-term debt information:

In thousands of Canadian dollars	As at March 31, 2019 $	As at March 31, 2018 $
Revolving credit facility, bearing interest at the bankers' acceptance rate, plus 1.45% (1.45% as at March 31, 2018), maturing in December 2020	25,004	28,205
Deferred financing costs i)	(69)	(109)
	24,935	28,096

i) The deferred financing costs are amortized using the effective interest rate method.

17 SHARE CAPITAL

a) Authorized and paid, unlimited number

- common shares;
- preferred shares, issuable in series with terms, conditions and dividends to be determined by the Board of Directors upon issuance.

b) The following table summarizes common share activity for the last two fiscal years:

	2019		2018	
In thousands	**Shares**	**$**	**Shares**	**$**
Balance at beginning of year	14,849	78,051	14,895	78,293
Repurchased for cancellation i)	-	-	(46)	(242)
Balance at end of year	14,849	78,051	14,849	78,051

i) During the year ended March 31, 2019, the Corporation did not repurchase common shares under its normal course issuer bid, whereas for the year ended March 31, 2018, the Corporation repurchased 46,100 of its common shares for a cash consideration of $625,449. An average issuance price of $5.26 was recorded as a reduction to *Share capital* in a total amount of $242,315 and the balance was charged to *Retained earnings.*

c) Dividends declared

Subsequent to the end of the year ended March 31, 2019, i.e., on June 11, 2019, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on July 15, 2019 to shareholders of record on July 2, 2019.

2019

On February 12, 2019, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on April 15, 2019, to shareholders of record on April 1, 2019.

On November 13, 2018, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on January 15, 2019, to shareholders of record on January 2, 2019.

On August 7, 2018, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on October 15, 2018, to shareholders of record on October 1, 2018.

On June 12, 2018, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on July 16, 2018, to shareholders of record on July 3, 2018.

2018

On February 13, 2018, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on April 16, 2018, to shareholders of record on April 3, 2018.

On November 7, 2017, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on January 15, 2018, to shareholders of record on January 2, 2018.

On August 8, 2017, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on October 16, 2017, to shareholders of record on October 2, 2017.

On June 6, 2017, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on July 17, 2017, to shareholders of record on July 3, 2017.

18 STOCK-BASED COMPENSATION

In July 2004, the Corporation established a stock purchase plan. Certain amendments to the plan have subsequently been adopted and are in effect on March 31, 2019 for all regular full-time and part-time employees who are Canadian residents. Directors are not eligible to participate in this plan. Under the terms of the plan, employees may elect to contribute, through payroll deductions, up to 10% of their annual income up to a maximum of $20,000 annually to purchase common shares in the Corporation on the open market. Under the plan, the Corporation matches employee contributions to the plan up to a maximum contribution of $1,600 per employee ($1,600 in 2018). Employees must hold the portion of shares purchased with the Corporation's contribution for a period of 12 months. The purchase price of shares under the plan is equal to the market price of the Corporation's common shares on the purchase date.

19 RECLASSIFICATION OF TECHNOLOGY EXPENSES AND COST OF REVENUES

During the year ended March 31, 2019, the Corporation reclassified certain *Technology expenses* to present them as *Cost of revenues* in the Consolidated Statement of Income. This reclassification was made retroactively for the period ended March 31, 2018.

Reclassified technology expenses are internal development costs that are recharged directly to external clients with a margin. These costs consist of direct labour costs, and the Corporation believes that these costs incurred and recharged directly to external clients fall within the definition of *Cost of revenues,* insofar as these costs are directly attributable to the underlying revenues. Technology expenses are intended to present the costs incurred to maintain, improve and update existing e-commerce platforms.

During the year ended March 31, 2019, the Corporation reclassified as *Cost of revenues* an amount of $2,158,738 that was previously presented as *Technology expenses* for the year ended March 31, 2018. *Costs of revenues* amounted to $15,864,128 at the time of the release of the 2018 financial statements and now amount to $18,022,866 as a result of the reclassification. Accordingly, gross margin increased from $65,072,740 to $62,914,001. Technology expenses stood at $21,991,431, whereas they now amount to $19,832,390.

20 TECHNOLOGY

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Research and development costs incurred	25,397	26,510
Tax credits	(4,476)	(3,529)
	20,921	22,981
Capitalized internally developed software and websites i)	(3,880)	(2,458)
Amortization of capitalized internally developed software and websites	1,781	1,468
	18,822	21,991
Reclassification to Cost of revenues (Note 19)	-	(2,159)
	18,822	19,832

i) Capitalized internally developed software and websites are shown net of tax credits of $1,286,692 ($804,507 in 2018). These tax credits were capitalized because they are related to the internally developed software and websites.

21 EXPENSES BY TYPE

Operating profit includes the following items:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Amortization and depreciation		
Property, plant and equipment	1,144	1,038
Intangible assets	2,514	2,243
Acquired intangible assets	3,873	5,093
Total	7,531	8,374
Employee benefits expense		
Salaries and employee benefits	43,674	40,958
Termination benefits	995	833
	44,669	41,791
Tax credits	(4,476)	(3,529)
Total	40,193	38,262

22 LEASES

The operating leases are for office spaces and have terms of 1 to 10 years. Some of these leases feature renewal options. The Corporation will not be able to acquire the leased assets at the end of the leases.

Payments recognized as expenses:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Minimum lease payments	2,094	1,981

Obligations under non-cancellable operating leases:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Less than 1 year	1,787	2,020
More than 1 year and less than 5 years	3,600	4,975
More than 5 years	454	698
	5,841	7,693

23 INCOME TAXES

a) The income tax expense (recovery) consists of the following:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Current tax expense		
Current taxes	3,308	6,245
Adjustments recognized during the year for the current taxes of prior years	1	33
Deferred tax expense		
Deferred tax expense relating to the origination and reversal of temporary differences	(11,637)	(2,293)
Adjustments recognized during the year for the deferred taxes of prior years	(20)	326
Effect of change in statutory rate on deferred taxes	1	1,503
Income tax expense (recovery)	(8,347)	5,814

b) The income tax expense is calculated using an actual tax rate that differs from the statutory tax rate for the following reasons:

	2019 %	2018 %
Weighted-average statutory tax rate	26.68	26.78
Increase (decrease) arising from:		
Geographic distribution of operating profits	0.06	1.33
Non-deductible expenses and other	(2.28)	2.32
Change in statutory rate i)	0.04	11.57
Prior-year tax adjustments and contributions	0.06	2.76
Actual tax rate	24.56	44.75

The tax rates used for the above-reconciled results for 2019 and 2018 are the tax rates applied to the taxable income of Canadian companies under tax law in this jurisdiction.

i) The amendment to the statutory tax rate for the year ended March 31, 2018 is attributable to the U.S. tax reform announced on December 22, 2017. This reform lowers the corporate income tax rate from 35% to 21%. Consequently, the Corporation's deferred tax assets, consisting mostly of deferred U.S. tax losses, have been reduced to reflect this rate decrease. However, this rate reduction will reduce the tax expense for future fiscal years.

Reconciliation of deferred tax assets (liabilities) by type of temporary differences recognized in the Consolidated Statement of Financial Position:

In thousands of Canadian dollars	Property, plant and equipment $	Intangible assets $	Foreign exchange impact on foreign subsidiary $	Provision $	Deferred rent $	Foreign tax credit $	Derivative financial instruments $	Financing costs $	Research and development $	Tax losses $	Tax credits $	Total $
Balance as at March 31, 2017	1,554	(16,945)	23	282	243	113	39	(8)	1	4,246	(1,566)	(12,018)
Deferred tax (expense) recovery for the year recognized in profit	29	(7)	(24)	(91)	(46)	-	-	-	-	166	437	464
Foreign exchange impact from remeasurement of deferred taxes	-	-	-	-	-	-	-	-	-	(144)	-	(144)
Deferred tax recovery for the year related to other comprehensive income	-	-	-	-	-	-	(23)	-	-	-	-	(23)
Balance as at March 31, 2018	1,583	(16,952)	(1)	191	197	113	16	(8)	1	4,268	(1,129)	(11,721)
Deferred tax (expense) recovery for the year recognized in profit	(1)	11,298	4	(20)	(58)	(30)	-	-	(1)	750	(286)	11,656
Foreign exchange impact from remeasurement of deferred taxes	-	-	-	-	-	-	-	-	-	116	-	116
Deferred tax recovery for the year related to other comprehensive income	-	-	-	-	-	-	97	-	-	-	-	97
Reclassification to assets held for sale	-	(4,568)	-	-	-	-	-	-	-	-	-	(4,568)
Balance as at March 31, 2019	1,582	(10,222)	3	171	139	83	113	(8)	-	5,134	(1,415)	(4,420)

The following balances were recognized in the Consolidated Statements of Financial Position:

In thousands of Canadian dollars	**March 31, 2019 $**	**March 31, 2018 $**
Deferred tax assets	5,276	4,396
Deferred tax liabilities	(9,696)	(16,117)
	(4,420)	(11,721)

Certain tax losses from Canadian and U.S. subsidiaries resulted in a deferred tax asset being recognized in the Consolidated Statement of Financial Position, as management considers it probable that these tax consequences will be used against future taxable income.

Tax risk

In the normal course of business, the Corporation is subject to reviews by the tax authorities in the jurisdictions where it conducts business. These authorities may contest or refuse some of the positions taken by management. The Corporation periodically examines the possibility of unfavourable outcomes from tax audits and makes provisions for this purpose if the Corporation considers that an unfavourable outcome may occur.

Deferred tax losses

As at March 31, 2019, the Corporation's U.S. subsidiaries had accumulated net operating losses at the federal level of approximately US$37,276,462 (CA$49,812,536) for tax purposes. Some of these losses are limited to a maximum annual amount and expire from 2020 through 2030. Therefore, an amount of approximately US$26,560,545 (CA$35,492,856) in losses can never be used against future taxable income. A deferred tax asset has been recognized on a deferred tax loss amount of US$10,715,917 (CA$14,319,680).

In addition, the Corporation's U.S. subsidiaries had accumulated net operating losses at the state level of approximately US$9,056,764 (CA$12,102,554). These losses expire from 2020 through 2035. A valuation allowance of approximately US$6,005,647 (CA$8,025,346) has been recorded for these losses. A deferred tax asset has been recognized on a deferred tax loss amount of US$3,051,117 (CA$4,077,208).

As at March 31, 2019, the Corporation's Canadian subsidiaries had accumulated net operating losses of $6,547,886 at the federal and provincial level, which may be carried forward and used to reduce the taxable income of future years. These losses expire from 2036 through 2039. The tax consequences of these items were recognized as deferred tax assets.

24 RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The following table presents the compensation of directors and the management team for the year:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Directors – Director fees	411	259
Management team		
Short-term benefits	3,759	3,207
Termination benefits	665	-
	4,835	3,466

The management team's compensation is set by a compensation committee and is based on individual performance and market trends.

25 SUPPLEMENTARY STATEMENTS OF INCOME AND CASH FLOW INFORMATION

a) Changes in non-cash working capital items are as follows:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Decrease (increase) in:		
Accounts receivable	(300)	(2,098)
Tax credits receivable	(2,773)	1,493
Prepaid expenses and deposits	(182)	(892)
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,506	197
Other accounts payable	(271)	1,129
Deferred revenues	(561)	(438)
	(2,581)	(609)

During the year ended March 31, 2019, the Corporation reclassified an amount of $773,046 ($2,162,392 in 2018) from *Tax credits receivable* to *Income taxes payable* because the Corporation expects to apply these tax credits against income taxes payable during the next financial year.

b) Other revenues (expenses) consist of the following:

In thousands of Canadian dollars	2019 $	2018 $
Foreign exchange gain (loss)	533	(618)
Interest recovery (expense) related to a tax settlement	-	(431)
Other revenues (expenses)	-	1
	533	(1,048)

c) Financial expenses consist of the following:

In thousands of Canadian dollars	2019 $	2018 $
Amortization of deferred financing costs	40	40
Interest on long-term debt	1,173	1,056
	1,213	1,096

26 CAPITAL DISCLOSURES

The Corporation's capital management objective is to ensure it has sufficient liquidity to pursue its organic growth strategy, to make selective acquisitions, and to provide an appropriate return on investment to its shareholders. The Corporation's capital consists of long-term debt, shareholders' equity, and deferred revenues, net of cash and cash equivalents.

The Corporation's primary uses of capital are to finance increased non-cash working capital requirements, capital expenditures, business acquisitions, share repurchases, and dividend payments.

The Corporation may, from time to time, repurchase shares, adjust its capital level by issuing shares, or secure bank debt to finance its operations or business acquisitions.

Other than the financial ratios described in Note 16 and required by a financial institution, the Corporation's capital is not subject to any externally imposed capital requirements, and the Corporation does not currently use any quantitative measures to manage its capital.

27 FINANCIAL RISK MANAGEMENT

The Corporation's financial assets and financial liabilities expose it to the following risks: market risk, including foreign currency risk and interest rate risk, credit risk, and liquidity risk. The Corporation's main risk management objective is to ensure that risks are properly defined and resolved to minimize likely adverse effects on financial performance.

The finance department is responsible for risk management, which includes identifying and assessing risks in close cooperation with management. The finance department is responsible for creating adequate controls and procedures to ensure that financial risks are mitigated.

Foreign currency risk

Foreign currency risk comes from transactions that the Corporation concludes in foreign currencies, primarily the U.S. dollar. Foreign currency risk also comes from future sale and purchase transactions and from financial assets and liabilities denominated in foreign currencies.

The Corporation's main objective in managing foreign currency risk is to reduce its impact on performance. In order to reduce the potentially adverse effects of a fluctuating Canadian dollar, the Corporation has entered into foreign currency forward contracts to stabilize anticipated future revenues denominated in U.S. dollars. Foreign currency forward contracts are used only for managing foreign currency risk and not for speculative purposes.

The balances in foreign currencies are as follows:

In thousands of dollars	**2019** **US$**	**2018** **US$**
Cash and cash equivalents	8,772	8,103
Accounts receivable	1,292	1,608
Accounts payable and accrued liabilities	(708)	(750)
Total in foreign currencies	9,356	8,961
Total in Canadian dollars	12,502	11,554

The following table details the arrangements used as hedging instruments. The currency of the purchase agreements is the Canadian dollar while the currency of the sale is the U.S. dollar:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Notional amount US$	11,950	11,500
Weighted-average rate USD-CAD	1.2942	1.2789
Maturity (fiscal year)	2020-2021	2019-2020

Foreign currency forward contracts are contracts whereby the Corporation has the obligation to sell or buy U.S. dollars in advance at a fixed rate.

Taking into account the foreign currency forward contracts and assuming that all other variables remain constant, a 5.0% appreciation of the Canadian dollar against the U.S. dollar would have the following impact on profit and other comprehensive income (in Canadian dollars):

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Decrease in profit	(156)	(160)
Increase in other comprehensive income	654	651

A 5.0% depreciation of the Canadian dollar against the U.S. dollar would have had the opposite impact on profit and other comprehensive income.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow risk. The Corporation’s cash and cash equivalents earn interest at market rates.

Financial assets and liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation is not exposed to significant risk with respect to financial assets and financial liabilities due to their short-term maturities.

With respect to floating-rate financial obligations, a negative impact on cash flows would occur if there were an increase in reference rates such as CDOR, the rate of bankers’ acceptances and the Canadian prime rate.

All other things being equal, a reasonably possible 1.0% increase in the interest rate applicable to the daily balances of the Revolving Facility would have had an impact of $320,868 ($359,390 in 2018) on the Corporation’s profit for the year ended March 31, 2019. A 1.0% decrease in the interest rate would have had the opposite impact on the Corporation’s profit.

Credit risk

Credit risk is the risk of the Corporation incurring a financial loss because a customer or other counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that expose the Corporation to credit risk consist mainly of cash and cash equivalents, cash held for the benefit of third parties, and accounts receivable. Cash and cash equivalents and cash held for the benefit of third parties are maintained at major financial institutions; therefore, the Corporation considers the risk of non-performance on these instruments to be remote.

Based on its past experience, the Corporation believes that the credit risk associated with its accounts receivable is low. The Corporation generally does not require collateral for its accounts receivable. Its trade accounts receivable are not concentrated with any specific customers but rather with a broad range of customers. The Corporation establishes an allowance for doubtful accounts for receivables deemed uncollectible. The allowance for doubtful accounts was based on an individual analysis of accounts receivable and an overall analysis that takes into account the current economic environment and historical trends in observed losses.

In light of the above, the Corporation believes credit risk to be immaterial.

The carrying amount of the Corporation's trade accounts receivable is presented net of the allowance for doubtful accounts. Changes in the allowance for the year are as follows:

In thousands of Canadian dollars	**2019 $**	**2018 $**
Balance at beginning of year	(207)	(134)
Write-off	333	252
Reclassification to assets held for sale	9	-
Expense for the year	(290)	(325)
Balance at end of year	(155)	(207)

As at March 31, the aging of trade accounts receivable is as follows:

In thousands of Canadian dollars	**2019 $**	**2018 $**
Current	1,531	2,305
Past due		
1 - 30 days	3,654	4,140
31 - 60 days	780	1,093
61 - 90 days	1,049	870
Over 90 days	268	268
Total accounts receivable	7,282	8,676

There is no impairment or amount past due other than those related to accounts receivable.

Liquidity risk

Liquidity risk is the risk that a Corporation will be unable to meet its obligations as they fall due. To manage liquidity risk, the Corporation makes sure that it always has the cash it needs to meet its obligations when they fall due. The Corporation's financial liabilities, which consist of accounts payable and accrued liabilities and other accounts payable, are due within 12 months or less. As at March 31, 2019, the Corporation had an $80,000,000 Revolving Facility, of which $54,995,641 was undrawn.

Fair value of financial instruments

Financial instruments recognized at fair value are classified using a hierarchy that reflects the significance of the inputs used to measure the fair value.

The fair value hierarchy requires that observable market inputs be used whenever such inputs exist. A financial instrument is classified in the lowest level of the hierarchy for which a significant input has been used to measure fair value.

An entity's own credit risk and the credit risk of the counterparty, in addition to the credit risk of the financial instrument, were factored into the fair value determination of the financial assets and financial liabilities, including derivative instruments. All financial instruments measured at fair value in the Consolidated Statement of Financial Position were classified according to a three-level hierarchy:

- Level 1: Valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

- Level 2: Valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for the instrument being valued; and inputs that are derived mainly from or corroborated by observable market data using correlation or other forms of relationship.

- Level 3: Valuation techniques based significantly on inputs that are not observable in the market.

The Corporation's policy is to recognize transfers made between different hierarchy levels at the date of the event or change in circumstances that caused the transfer. During the years ended March 31, 2019 and 2018, no financial instruments were transferred between levels 1, 2 and 3.

The following table presents the net derivative instruments measured at fair value on a recurring basis, classified using the hierarchy described above:

In thousands of Canadian dollars	**2019** **$**	**2018** **$**
Level 1	-	-
Level 2	(424)	(58)
Level 3	-	-
	(424)	(58)

The negative fair value of these derivative financial instruments is $424,414 (US$317,604) and reflects the estimated amounts that the Corporation would have to pay to settle the contracts as at March 31, 2019, using relevant market rates. As at March 31, 2018, the fair value was a negative amount of $58,252 (US$45,178).

The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximates their carrying amounts due to their short-term maturities.

The fair value of long-term debt is not significantly different from its carrying amount because the contractual interest rate is close to the interest rate that the Corporation could have had on a similar financial instrument.

28 SUBSEQUENT EVENT

On June 11, 2019, the Corporation announced the sale of its subsidiary Réseau LesPAC Inc., a leader in classified ads in Québec, to Trader Corporation. The transaction was for a total cash consideration of $19,000,000, subject to customary adjustments and to certain costs to sell of approximately $300,000.