MEDIAGRIF

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at June 11, 2019, of the financial position and operating results of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Corporation") should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto for the year ended March 31, 2019. This MD&A compares performance for the fiscal years ended March 31, 2019 and 2018 and for the quarters then ended. The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A was approved by the Board of Directors of Mediagrif.

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

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

CORPORATION PROFILE

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

MISSION STATEMENT

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

FINANCIAL HIGHLIGHTS – FISCAL YEAR ENDED MARCH 31, 2019

- Revenues increased by 2.7% to total $83.1 million for fiscal 2019 compared to $80.9 million for fiscal 2018.
- Adjusted EBITDA[1] was $20.7 million, including non-recurring expenses of $1.9 million consisting mainly of termination benefits and professional fees.
- Cash flows from operating activities amounted to $12.7 million.
- An amount of $3.2 million was repaid on the revolving credit facility during fiscal 2019.
- The Corporation is refocusing its operations and announced that B2C marketplaces, notably LesPAC, Jobboom, and Réseau Contact, are available for sale.
- With B2C marketplaces being reclassified as held for sale, in the fourth quarter of fiscal 2019 the Corporation recognized a $35,099,554 impairment charge net of related income taxes. This impairment charge had no impact on cash.
- The Corporation's profit stood at ($25.6 million) or (($1.73) per share), including the impact of the above-mentioned non-cash impairment charge.
- Adjusted profit[2] totalled $9.5 million ($0.64 per share) in fiscal 2019 compared to profit of $7.2 million ($0.48 per share) in fiscal 2018.

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[1] See the reconciliation of adjusted EBITDA and profit.

[2] See the reconciliation of profit and adjusted profit.

REFOCUSING OF OPERATIONS

On March 26, 2019, the Corporation's Board of Directors, as part of a refocusing of the Corporation's operations, decided to dispose of the LesPAC, Jobboom, and Réseau Contact cash-generating units and subsequently entered into negotiations with interested parties. This disposal is consistent with the Corporation's long-term strategy of focusing on commercial clients.

These operations have been designated as a "disposal group held for sale" and are presented separately in the Statement of Financial Position.

As a result of this decision, the Corporation recognized a $46.6 million impairment charge when classifying the assets and liabilities of the disposal group as assets and liabilities held for sale. This charge consists of a $29.0 million impairment of acquired intangible assets, a $0.5 million impairment of intangible assets, and a $17.1 million 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.

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 $19.0 million, subject to customary adjustments.

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL INFORMATION

In thousands of Canadian dollars, except per share amounts. Unaudited by independent auditors	2019 $	2018 $	2017 $	2016 $	2015 $
REVENUES	**83,082**	80,937	77,738	73,020	70,247
GROSS MARGIN	**62,192**	62,914	62,676	58,652	56,275
OPERATING EXPENSES					
General and administrative	**12,666**	11,009	10,035	9,323	8,475
Selling and marketing	**17,425**	17,149	16,397	15,389	14,637
Technology	**18,822**	19,832	14,797	10,905	12,303
TOTAL OPERATING EXPENSES	**48,913**	47,990	41,229	35,617	35,415
OPERATING PROFIT	**13,279**	14,924	21,447	23,035	20,860
Impairment loss on assets	**(46,581)**	-	-	-	-
Other (expenses) revenues, net	**533**	(1,048)	346	(400)	1,174
Financial expenses, net	**(1,213)**	(1,096)	(1,010)	(815)	(1,075)
Share in profit of a joint venture	**(6)**	211	137	163	217
Income tax recovery (expense)	**8,347**	(5,814)	(5,079)	(6,151)	(5,543)
PROFIT	**(25,641)**	7,177	15,841	15,832	15,633
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**20,672**	23,372	28,554	28,576	27,509
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**12,709**	17,913	23,728	22,310	24,082
EARNINGS PER SHARE – BASIC AND DILUTED	**(1.73)**	0.48	1.06	1.05	1.00
Declared dividends per share	**0.40**	0.40	0.40	0.40	0.40
Weighted average number of shares outstanding (in thousands):					
Basic and diluted	**14,849**	14,870	14,993	15,140	15,711
TOTAL ASSETS	**168,916**	209,656	209,321	194,129	191,155
LONG-TERM DEBT (including current portion)	**24,935**	28,096	31,451	26,311	26,100

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT *In thousands of Canadian dollars* *(Unaudited)*	**Fiscal years ended March 31** **2019** **$**	 **2018** **$**
PROFIT	**(25,641)**	7,177
Impairment loss on assets	**46,581**	-
Income tax expense (recovery)	**(8,347)**	5,814
Depreciation of property, plant and equipment and amortization of intangible assets	**3,658**	3,281
Amortization of acquired intangible assets	**3,874**	5,093
Amortization of deferred financing costs	**40**	40
Amortization of deferred lease inducements	**(133)**	(137)
Foreign exchange loss (gain)	**(533)**	618
Interest on long-term debt and interest related to a tax settlement, net	**1,173**	1,487
Loss (gain) on disposal of property, plant, equipment and intangible assets	**-**	(1)
ADJUSTED EBITDA	**20,672**	23,372

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

RECONCILIATION OF PROFIT AND ADJUSTED PROFIT *In thousands of Canadian dollars* *(unaudited)*	**Fiscal years ended March 31** **2019** **$**	 **2018** **$**
PROFIT	**(25,641)**	7,177
Impairment of assets held for sale, net of related taxes – See Note 11 to the financial statements	**35,100**	-
Income tax expense related to the U.S. tax reform	**-**	1,357
ADJUSTED PROFIT	**9,459**	8,534
ADJUSTED EARNINGS PER SHARE	**0.64**	0.57

FISCAL YEAR ENDED MARCH 31, 2019 (“FISCAL 2019”) COMPARED TO FISCAL YEAR ENDED MARCH 31, 2018 (“FISCAL 2018”)

REVENUES

For fiscal 2019, revenues totalled $83.1 million, a 2.7% or $2.1 million year-over-year increase that was mainly due to the following:

- Addition of $8.2 million in revenues from Orckestra for the full twelve-month period compared to $4.0 million in revenues for the ten-month period following the acquisition of Orckestra on June 23, 2017; this increase came from $2.8 million in professional services revenues and from $1.4 million in right-of-use revenues.

- A $1.1 million increase in InterTrade’s revenues, mainly due to a $0.9 million increase in transaction volume on the Value Added Network (“VAN”) and to a $0.3 million increase arising from additional clients using the catalogue service, tempered by a $0.1 million decrease in professional services revenues.

- A \$0.2 million increase in BidNet's revenues, mainly due to an increase in the average revenue per client using the value-added service offering.

- A \$0.4 million increase in revenues attributable to an increase in the average effective exchange rate on foreign currency forward contracts and to the change in exchange rates between the U.S. dollar and the Canadian dollar.

- A \$1.5 million decrease in Jobboom's revenues during fiscal 2019, mainly due to price adjustments made in response to market conditions affecting recruitment revenues and to a lower number of users on this platform.

- A \$0.9 million decrease in LesPAC's revenues arising from a \$0.7 million decrease in advertising revenues and a \$0.2 million decrease in classified ad revenues.

- A \$0.4 million decrease in Réseau Contact's revenues, mainly due to a decrease in the number of users on this platform.

- A \$0.2 million decrease in Carrus's revenues given a decline in professional services revenues during fiscal 2019.

- A \$0.1 million decrease in MERX's revenues; while revenues from its core business grew by \$0.2 million during fiscal 2019, a non-renewal of an agreement for non-core services resulted in a \$0.3 million decrease in revenues for this platform.

During fiscal 2019, revenues earned in Canadian dollars represented 55% of total revenues compared to 57% for fiscal 2018.

COST OF REVENUES

Cost of revenues stood at \$20.9 million during fiscal 2019 compared to \$18.0 million during fiscal 2018. The increase comes mainly from a \$1.6 million increase in labour costs, a \$0.8 million increase in hosting costs, a \$0.4 million increase in professional fees, and a \$0.1 million amortization expense.

GROSS MARGIN

Based on the information above, the fiscal 2019 gross margin was 74.9% compared to 77.7% during fiscal 2018.

OPERATING EXPENSES

The fiscal 2019 operating expenses stood at \$48.9 million compared to \$48.0 million for fiscal 2018. This change in operating expense is explained as follows:

- General and administrative expenses stood at \$12.7 million during fiscal 2019 compared to \$11.0 million for fiscal 2018. This increase in general and administrative expenses was mainly due to a \$1.1 million increase in labour costs (\$0.4 million of which relates to termination benefits) and to a \$0.4 million increase in non-recurring professional fees.

- Selling and marketing expenses stood at \$17.4 million during fiscal 2019 compared to \$17.1 million for fiscal 2018. This increase came mainly from advertising campaign fees of \$0.4 million.

- Technology expenses stood at \$18.8 million during fiscal 2019 compared to \$19.8 million for fiscal 2018. This decrease came mainly from an additional amount of \$2.4 million recognized for tax credits and capitalized internally developed software and website and from a \$0.9 million decrease in the amortization expense on acquired intangible assets. These decreases were partly offset by a $1.4 million increase in technology-related labour costs, a $0.5 million increase in license fees, and a $0.3 million increase in professional fees.

OPERATING PROFIT

Based on the information above, operating profit totalled $13.3 million during fiscal 2019 compared to $14.9 million during fiscal 2018.

FOREIGN EXCHANGE

The Corporation realized a $0.5 million foreign exchange gain on assets denominated in U.S. dollars during fiscal 2019 following a depreciation of the Canadian dollar versus the U.S. dollar compared to a $0.6 million foreign exchange loss during fiscal 2018.

FINANCIAL EXPENSES

Financial expenses stood at $1.2 million during fiscal 2019 compared to $1.1 million in fiscal 2018. These expenses consist primarily of interest expenses and standby fees on long-term debt and of the amortization expense on deferred financing costs.

INCOME TAX EXPENSE

For the year ended March 31, 2019, there was an income tax recovery of $8.3 million, representing an effective tax rate of 24.6% compared to a statutory rate of 26.68%. During fiscal 2018, the effective tax rate was at 44.8%.

With the income tax expense being in a recovery position, the 24.6% effective tax rate corresponds to an increase compared to the 26.68% statutory rate. This increase was mainly due to the fact that certain recognized expenses are not deductible for tax purposes, notably a portion of the impairment charge on assets held for sale.

During fiscal 2018, the significant increase in the effective tax rate relative to the statutory tax rate was mainly due to the U.S. tax reform announced on December 22, 2017. That reform had reduced the corporate income tax rate from 35% to 21% starting January 1, 2018. Consequently, the Corporation's deferred tax assets, consisting mostly of deferred U.S. tax losses, have been reduced by $1.4 million to reflect this rate decrease. Also contributing to the higher effective tax rate were certain prior-year adjustments as well as certain expenses not deductible for tax purposes.

PROFIT

For fiscal 2019, the Corporation posted a net loss of $25.6 million (($1.73) per share) compared to a profit of $7.2 million ($0.48 per share) for fiscal 2018. The fiscal 2019 net loss includes the $46.6 million non-cash impairment charge less an $11.5 million deferred tax recovery following a reclassification, at the lower of carrying amount and fair value less costs of disposal, of the assets and liabilities of LesPAC, Jobboom, and Réseau Contact as groups of assets and liabilities held for sale.

FOURTH QUARTER ENDED MARCH 31, 2019 ("FOURTH QUARTER OF FISCAL 2019")

In thousands of Canadian dollars, except per share amounts. (unaudited)	**Three months ended March 31** **2019** **$**	**2018** **$**
REVENUES	**20,809**	20,479
GROSS MARGIN	**15,277**	15,884
OPERATING EXPENSES		
General and administrative	**4,218**	2,825
Selling and marketing	**4,765**	4,284
Technology	**4,496**	5,348
TOTAL OPERATING EXPENSES	**13,479**	12,457
OPERATING PROFIT	**1,798**	3,427
Impairment loss on assets	**(46,581)**	-
Other revenues (expenses), net	**(352)**	7
Financial expenses	**(334)**	(282)
Share in profit of a joint venture	**-**	57
Income tax recovery (expense)	**11,327**	(1,110)
PROFIT	**(34,142)**	2,099
PROFIT before impairment loss on assets	**958**	2,099
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**3,509**	5,620
EARNINGS PER SHARE – BASIC AND DILUTED	**(2.30)**	0.14
ADJUSTED EARNINGS PER SHARE – BASIC AND DILUTED	**0.06**	**0.14**
Weighted average number of shares outstanding (in thousands)		
Basic and diluted	**14,849**	14,849

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT	**Three months ended March 31**	
	2019	**2018**
In thousands of Canadian dollars (unaudited)	**$**	**$**
PROFIT	**(34,142)**	2,099
Impairment loss on assets	**46,581**	-
Income tax expense (recovery)	**(11,327)**	1,110
Depreciation of property, plant and equipment and amortization of intangible assets	**928**	864
Amortization of acquired intangible assets	**817**	1,304
Amortization of deferred financing costs	**10**	10
Amortization of deferred lease inducements	**(34)**	(33)
Foreign exchange loss (gain)	**352**	(437)
Interest on long-term debt and interest related to a tax settlement, net	**324**	704
Loss (gain) on disposal of property, plant, equipment and intangible assets	**-**	(1)
ADJUSTED EBITDA	**3,509**	5,620

REVENUES

For the fourth quarter of fiscal 2019, revenues totalled $20.8 million, an increase of 1.6% or $0.3 million from the fourth quarter of fiscal 2018. This revenue increase is mainly explained as follows:

- A $0.9 million increase in revenues from Orckestra, of which $0.3 million are right-of-use revenues and $0.6 million are professional services revenues.
- A $0.2 million increase in InterTrade's revenues, mainly due to higher transaction volume on the Value Added Network ("VAN").
- A $0.1 million increase in BidNet's revenues, mainly due to higher average revenue per client using the value-added service offering.
- A $0.2 million increase in revenues attributable to the higher average effective exchange rates on foreign exchange contracts and to the change in exchange rates between the U.S. dollar and the Canadian dollar.
- A $0.3 million decrease in Jobboom's revenues during the fourth quarter of 2019 due to price adjustments made in response to market conditions affecting recruitment revenues and to a decrease in the number of users on this platform.
- A $0.2 million decrease in LesPAC's revenues, mainly due to a decrease in advertising revenues.
- A $0.1 million decrease in MERX's revenues; while its core business activities remained stable during the quarter, a non-renewal of an agreement for non-core services resulted in lower revenues generated by this platform.
- A $0.1 million decrease in Réseau Contact's revenues, mainly due to a decrease in the number of users on this platform.
- A $0.1 million decrease in Carrus's revenues due to a decrease in professional services revenues.

During the fourth quarter of fiscal 2019, revenues earned in Canadian dollars represented 57% of total revenues, compared to 60% in the fourth quarter of fiscal 2018.

COST OF REVENUES

Cost of revenues totalled $5.5 million during the fourth quarter of fiscal 2019 compared to $4.6 million during the fourth quarter of fiscal 2018; this increase stems mainly from a $0.5 million increase in labour costs, a $0.3 million increase in professional fees, and a $0.1 million increase in hosting costs.

GROSS MARGIN

Based on the information above, gross margin for the fourth quarter of fiscal 2019 stood at 73.4% compared to 77.6% in the fourth quarter of fiscal 2018.

OPERATING EXPENSES

Operating expenses for the fourth quarter of fiscal 2019 stood at $13.5 million compared to $12.5 million for the fourth quarter of fiscal 2018. The changes in operating expenses are explained as follows:

- General and administrative expenses stood at $4.2 million during the fourth quarter of fiscal 2019 compared to $2.8 million for the same quarter of fiscal 2018. This increase in general and administrative expenses was mainly due to a $0.9 million increase in labour costs ($0.7 million of which relates to termination benefits) and to a $0.5 million increase in non-recurring professional fees.

- Selling and marketing expenses stood at $4.8 million during the fourth quarter of fiscal 2019 compared to $4.3 million during the fourth quarter of fiscal 2018. This increase was mainly due to a $0.4 million increase in advertising campaign fees and to a $0.1 million increase in labour costs.

- Technology expenses stood at $4.5 million during the fourth quarter of fiscal 2019 compared to $5.3 million during the same quarter of fiscal 2018. This decrease came mainly from an amount of $0.6 million recognized for additional tax credits and capitalized internally developed software and website as well as to a $0.4 million decrease in the amortization expense on acquired intangible assets.

OPERATING PROFIT

Based on the information above, operating profit reached $1.8 million during the fourth quarter of fiscal 2019 compared to $3.4 million during the fourth quarter of fiscal 2018.

FOREIGN EXCHANGE

During the fourth quarter of fiscal 2019, the Corporation realized a $0.4 million foreign exchange loss on assets denominated in U.S. dollars compared to a foreign exchange gain of $0.4 million in the same quarter of fiscal 2018.

FINANCIAL EXPENSES

Financial expenses stood at $0.3 million for both the fourth quarters of fiscal years 2019 and 2018. These expenses consist primarily of interest expenses and standby fees on long-term debt and of the amortization expense on deferred financing costs.

INCOME TAX EXPENSE

For the fourth quarter of fiscal 2018, there was an income tax recovery of $11.3 million, representing an effective tax rate of 24.9% compared to a statutory rate of 26.68%.

With the income tax expense being in a recovery position, the 24.9% effective tax rate corresponds to an increase compared to the 26.68% statutory rate. This increase was mainly due to the fact that certain recognized expenses are not deductible for tax purposes, notably a portion of the impairment charge on assets held for sale.

During the fourth quarter of fiscal 2018, the increase in the effective tax rate relative to the statutory tax rate was mainly due to certain adjustments related to prior fiscal years and to certain non-deductible expenses for tax purposes, both of which were recorded during the fourth quarter of fiscal 2018.

PROFIT

As a result of the above items, the Corporation posted a net loss of $34.1 million (($2.30) per share) in the fourth quarter of fiscal 2019 compared to a profit of $2.1 million ($0.14 per share) in the fourth quarter of fiscal 2018. The fiscal 2019 fourth-quarter net loss includes a $46.6 million non-cash impairment charge and an $11.5 million deferred tax recovery recorded upon the reclassification of the assets and liabilities of the disposal group as assets and liabilities held for sale.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before March 31, 2019 is as follows:

	Fiscal 2019				Fiscal 2018			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Unaudited by independent auditors	**March 31, 2019 $**	**Dec. 31, 2018 $**	**Sept. 30, 2018 $**	**June 30, 2018 $**	**March 31, 2018 $**	**Dec. 31, 2017 $**	**Sept. 30, 2017 $**	**June 30, 2017 $**
Revenues	**20,809**	20,884	20,261	21,128	20,479	20,456	20,031	19,971
Operating profit	**1,798**	3,426	4,831	3,224	3,427	3,794	3,528	4,175
Profit	**(34,142)**	2,891	3,178	2,432	2,099	952	1,710	2,416
Adjusted profit	**958**	2,891	3,178	2,432	2,099	2,309	1,710	2,416
Basic and diluted earnings per share	**(2.30)**	0.19	0.21	0.16	0.14	0.06	0.11	0.16
Adjusted basic and diluted earnings per share	**0.06**	0.19	0.21	0.16	0.14	0.15	0.11	0.16
Weighted average shares outstanding	**14,849**	14,849	14,849	14,849	14,849	14,849	14,886	14,895
Adjusted EBITDA	**3,509**	5,291	6,616	5,256	5,620	6,085	5,522	6,145
Cash flows generated by operating activities	**5,039**	2,574	2,743	2,353	7,100	6,580	2,079	2,154

In thousands of Canadian dollars, except per share amounts.

QUARTERS OF FISCAL 2019

- Fourth quarter ended March 31, 2019: Compared to the third quarter of fiscal 2019 ended December 31, 2018, revenues decreased slightly by $0.1 million, mainly due to a $0.2 million decrease in revenues from ASC, a $0.1 million decrease in revenues from Broker Forum, and a $0.1 million decrease in revenues from LesPAC. These decreases were partly offset by a combined $0.2 million increase in revenues from MERX and Orckestra.

  Still compared to the third quarter of fiscal 2019, adjusted EBITDA decreased by $1.8 million, including $1.2 million related to non-recurring expenses consisting of wages and termination benefits of $0.9 million and professional fees of $0.3 million. In addition, advertising campaign fees were up $0.6 million due to seasonal advertising campaigns at some subsidiaries.

  As a result of the above-mentioned factors, operating profit totalled $1.8 million, in line with the decrease in adjusted EBITDA for the quarter.

  Profit for the fourth quarter of fiscal 2019 totalled $(34.1 million) since it includes a $46.6 million impairment charge and an $11.5 million tax recovery related to the reclassification of the assets and liabilities of the disposal group as assets and liabilities held for sale.

- Third quarter ended December 31, 2018: Compared to the second quarter of fiscal 2019 ended September 30, 2018, revenues increased by $0.6 million, mainly due to a $0.6 million increase in revenues from Orckestra and to higher revenues from ASC and Carrus each in the amount of $0.1 million. These increases were partly offset by a combined $0.1 million decrease in revenues from

MERX and LesPAC, while the revenues from all the other subsidiaries remained stable when compared to the preceding quarter.

During the third quarter of fiscal 2019, adjusted EBITDA was down $1.3 million, mainly due to a $1.0 million increase in salaries and employee benefits and to a $0.6 million increase in professional fees (including a non-recurring amount of $0.2 million).

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

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

- Second quarter ended September 30, 2018: Compared to the first quarter of fiscal 2019 ended June 30, 2018, revenues were down $0.9 million, mainly due to a combined $0.6 million decrease in revenues from Jobboom and LesPAC, a portion of which is seasonal, and to a combined $0.3 million decrease in revenues from MERX and Polygon. These decreases were partially offset by a $0.2 million increase in revenues from Orckestra. In addition, the change in exchange rates between the U.S. dollar and the Canadian dollar resulted in a $0.1 million decrease in revenues.

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

  As a result of the above-mentioned factors, and given a $0.2 million decrease in amortization expense, operating profit rose $1.6 million during the second quarter of fiscal 2019 to reach $4.8 million.

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

- First quarter ended June 30, 2018: Compared to the fourth quarter of fiscal 2018 ended March 31, 2018, revenues were up $0.6 million, mainly due to revenue growth within InterTrade and MERX in the amounts of $0.3 million and $0.1 million, respectively, and to a $0.2 million increase in revenues from LesPAC. Orckestra and Jobboom's revenues remained stable compared to the preceding quarter, while ASC's revenues were down $0.1 million, mainly due to lower non-recurring professional services revenues.

  Moreover, the change in exchange rates between the U.S. dollar and the Canadian dollar resulted in a $0.2 million increase in revenues.

  Adjusted EBITDA was down, mainly due to a $0.5 million increase in advertising expenses and to a $0.4 million increase in labour costs. Operating profit was also down but to a lesser extent due to a $0.1 million lower amortization of acquired intangible assets.

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

QUARTERS OF FISCAL 2018

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

  Adjusted EBITDA and operating profit decreased, mainly due to a $0.6 million increase in labour costs. This increase was offset by a $0.1 million decrease in professional fees and by a $0.1 million increase in tax credits and internally developed software.

  Fourth-quarter profit totalled $2.1 million compared to $1.0 million during the third quarter of fiscal year 2018. The increase in profit was mainly due to a non-recurring income tax expense of $1.4 million ($0.09 per share) recorded during the preceding quarter after the U.S. enacted a tax reform beginning January 1, 2018.

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

  Adjusted EBITDA increased as a result of higher revenues combined with a $0.8 million decrease in termination benefits compared to the amount recorded in the second quarter of fiscal 2018. This increase in adjusted EBITDA was tempered by higher advertising campaign fees and higher salaries and employee benefits.

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

  Profit for the third quarter of fiscal 2018 included a non-recurring income tax expense of $1.4 million ($0.09 per share) after the U.S. tax reform announced on December 22, 2017 took effect on January 1, 2018.

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

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

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

  Profit for the second quarter of 2018 was also down due to a $0.7 million unfavourable foreign exchange rate fluctuation on assets denominated in U.S. dollars compared to the first quarter of fiscal 2018.

- First quarter ended June 30, 2017: Compared to the fourth quarter of fiscal 2017 ended March 31, 2017, revenues remained stable at $20.0 million. The change in revenues was mostly due to an increase in revenues from InterTrade, ASC and Polygon for an amount of $0.1 million each and to additional revenues from Orckestra also for an amount of $0.1 million. These increases were offset by a

$0.3 million decrease in revenues from LesPAC. This decrease in LesPAC's revenues was due to a $0.4 million decrease in advertising revenues, partially offset by a $0.1 million increase in classified ad revenues.

Adjusted EBITDA and operating profit were down, mainly due to $0.3 million in professional fees incurred for the Orckestra acquisition and to a $0.3 million increase in advertising campaign fees, partially offset by a $0.2 million decrease in salary expenses and by a $0.2 million decrease in commissions related to the lower advertising revenues.

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

LIQUIDITY AND FINANCIAL RESOURCES

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

When necessary, the Corporation may also use funds from the unused portion of its credit facility (see the "Financing Activities – Credit Agreement" section) or issue new shares to fund its additional cash requirements and business acquisitions.

As at March 31, 2019, the Corporation had cash and cash equivalents of $13.3 million and $55.0 million available on its $80.0 million revolving credit facility, subject to compliance with financial ratios.

OPERATING ACTIVITIES

	Fiscal years ended March 31	
	2019	**2018**
In thousands of Canadian dollars	**$**	**$**
Cash flows related to operating activities before changes in non-cash working capital items	**15,290**	18,522
Change in non-cash working capital items	**(2,581)**	(609)
Cash flows generated by operating activities	**12,709**	17,913

For fiscal 2019, cash flows generated by operating activities reached $12.7 million compared to $17.9 million for fiscal 2018. This decrease in operating cash flows was mainly due to the decrease in profit and to an amount of $1.6 million in tax credits received after March 31, 2019 compared to the previous fiscal year.

INVESTING ACTIVITIES

	Fiscal years ended March 31	
	2019	**2018**
In thousands of Canadian dollars	**$**	**$**
Business acquisition	**-**	(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
Cash flows related to investing activities	**(4,360)**	(5,200)

For fiscal 2019, cash flows used for investing activities amounted to $4.4 million compared to $5.2 million used during fiscal 2018.

During fiscal 2019, the Corporation used $0.8 million for acquisitions of property, plant and equipment compared to $0.9 million used in fiscal 2018. Also during fiscal 2019, it used an amount of $3.9 million for acquisitions of intangible assets (related to the recognition of internally developed software) compared to $2.4 million used during fiscal 2018. The Corporation also used $0.1 million to acquire external software during fiscal 2019 compared to $0.4 million during fiscal 2018.

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

FINANCING ACTIVITIES

	Fiscal years ended March 31	
	2019	**2018**
In thousands of Canadian dollars	**$**	**$**
Repayment of long-term debt	**(3,201)**	**(3,395)**
Repurchase of share capital for cancellation	**-**	**(625)**
Cash dividends paid on common shares	**(5,939)**	**(5,953)**
Cash flows related to financing activities	**(9,140)**	**(9,973)**

For fiscal 2019, cash flows used for financing activities amounted to $9.1 million compared to $10.0 million used during fiscal 2018.

During fiscal 2019, the Corporation repaid an amount of $3.2 million on its credit facility compared to $3.4 million repaid during fiscal 2018. Also during fiscal 2019, the Corporation did not repurchase any shares under the normal course issuer bid, whereas it had used $0.6 million to repurchase 46,100 shares during fiscal 2018.

The dividend paid by the Corporation, i.e., $0.40 per share per year, did not change for fiscal years 2019 and 2018. The slight decrease in dividends paid is explained by a lower number of shares outstanding following the share repurchases carried out by the Corporation.

CREDIT AGREEMENT

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 $80.0 million ($80.0 million as at March 31, 2018) secured five-year revolving credit facility (the "Revolving Facility") and an accordion loan of $40.0 million ($40.0 million as at March 31, 2018) subject to lenders' acceptance.

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

As at March 31, 2019, the Corporation had drawn $25.0 million on its Revolving Facility.

The Revolving Facility bears interest at a rate based either on Canadian prime rate, CDOR, or the bankers' acceptance rate plus an applicable margin in each case. This margin varies according to the ratio of total debt to the EBITDA defined in the Credit Agreement. As at March 31, 2019, the actual rate was 1.97% and the margin was 1.45%. In addition, the unused portion of the Revolving Facility bears interest at 0.29% as standby fees.

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

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.

FINANCIAL POSITION

As a whole, the Corporation has a sound financial position and is able to meet its financial obligations. As at March 31, 2019, the Corporation had cash and cash equivalents of $13.3 million and $55.0 million available on its $80.0 million Revolving Facility. At that same date, the Corporation had total assets of $168.9 million compared to $209.7 million as at March 31, 2018.

INFORMATION FROM THE STATEMENT OF FINANCIAL POSITION

	Fiscal years ended March 31	
	2019	**2018**
In thousands of Canadian dollars	**$**	**$**
Cash and cash equivalents	**13,339**	13,187
Cash held for the benefit of third parties	**826**	1,374
Accounts receivable	**7,282**	8,676
Tax credits receivable	**4,964**	2,331
Prepaid expenses and deposits	**2,417**	2,293
Assets held for sale	**28,805**	-
Intangible assets	**6,264**	5,708
Acquired intangible assets	**7,344**	61,301
Goodwill	**90,149**	107,047
Accounts payable and accrued liabilities	**10,927**	10,440
Deferred revenues	**14,727**	17,958
Liabilities held for sale	**4,132**	-
Long-term debt	**24,935**	28,096
Shareholders' equity	**100,704**	132,553

The main changes in the Corporation's Statement of Financial Position between March 31, 2019 and 2018 are explained as follows:

- Accounts receivable totalled $7.3 million as at March 31, 2019, down $1.4 million from March 31, 2018. This decrease was mainly due to a reclassification of accounts receivable related to assets now held for sale in an amount of $1.7 million.

- Tax credits receivable totalled $5.0 million as at March 31, 2019 compared to $2.3 million as at March 31, 2018. This increase is related to the fiscal 2018 tax credits not yet received as at March 31, 2019 and to the recognition of additional credits.

- Assets held for sale totalled $28.8 million and liabilities held for sale totalled $4.1 million as at March 31, 2019. Note 11 to the annual consolidated financial statements provides a breakdown of these amounts, which consist mainly of acquired intangible assets in an amount of $21.0 million.

- Intangible assets totalled $6.3 million as at March 31, 2019, rising $0.6 million from March 31, 2018. This was mainly due to the recognition of internally developed software during fiscal 2019.
- Acquired intangible assets totalled $7.3 million as at March 31, 2019, down $54.0 million from March 31, 2018. This decrease stems from a reclassification of $21.0 million as assets held for sale and a $29.0 million non-cash impairment charge. In addition, an amount of $3.9 million was recorded for amortization in fiscal 2019.
- Total goodwill as at March 31, 2019 was $90.1 million, a $16.9 million decrease resulting mainly from an impairment of a portion of goodwill arising from certain assets being reclassified as assets held for sale.
- Accounts payable and accrued liabilities stood at $10.9 million as at March 31, 2019 compared to $10.4 million as at March 31, 2018. This increase was mainly due to non-recurring professional fees incurred in fiscal 2019 but not yet disbursed as of March 31, 2019.
- Shareholders' equity totalled $100.7 million as at March 31, 2019 compared to $132.6 million as at March 31, 2018. This change in shareholders' equity is explained by a $25.9 million decrease in comprehensive income in fiscal 2019 and by $5.9 million in declared dividends.

CONTRACTUAL OBLIGATIONS

The principal repayments required on long-term debt and the commitments under operating leases for the coming fiscal years are as follows:

In thousands of Canadian dollars	**Total** $	**2019** $	**2020 2021** $	**2022 2023** $	**2024 and thereafter** $
Long-term debt	25,004	-	25,004	-	-
Operating leases	7,935	2,094	3,112	2,031	698
Total contractual obligations	32,939	2,094	28,116	2,031	698

DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Corporation is exposed to certain financial risks. The Corporation does not hold financial instruments for speculative purposes but only to reduce the volatility of its results from its exposure to these risks. The nature and the extent of the risks arising from the financial instruments and their related risk management are described in Note 27 to the Corporation's audited consolidated financial statements as at March 31, 2019.

The Corporation's hedging program will yield an average (CA$/US$) exchange rate of 1.2942 on foreign currency forward contracts of US$12.0 million held as at March 31, 2019, which will mature over fiscal years 2020 and 2021. As at March 31, 2018, the Corporation had US$11.5 million in foreign currency forward contracts held at an average rate of 1.2789.

During the fiscal year ended March 31, 2019, there has been no significant change to the nature of the risks arising from financial instruments, to the related risk management, or to the classification of financial instruments. Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments measured at fair value in the Corporation's Consolidated Statement of Financial Position.

RELATED PARTY TRANSACTIONS

On May 29, 2018, the Board of Directors of Société d'investissement M-S S.E.C. "GWS," a 50% joint venture of the Corporation, unanimously voted to dissolve and liquidate GWS. The dissolution and 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 fiscal 2019, the Corporation recorded revenues in an amount of nil ($1.6 million as at March 31, 2018) from transactions with GWS. In addition, the Corporation recharged GWS an amount of $2,743 for operating expenses in fiscal 2019 compared to $0.2 million in fiscal 2018. Those recharges were presented against operating expenses in the Interim Condensed 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.

RISKS AND UNCERTAINTIES

The Corporation is confident of its long-term prospects. However, in order to ensure that its strategy and growth objectives are met, the Corporation seeks to diminish the risks and uncertainties created by potentially unfavourable situations in its industry sector or its liquidity. The risks that the Corporation faces are technological, operational or financial in nature or are inherent to its business activities or its acquisition strategies.

RETENTION OF CUSTOMERS

We depend on our customer base for a significant portion of our revenues. If our customers fail to renew their contracts, or fail to purchase additional services, then our revenues could decrease and our operating results could be adversely affected. Factors influencing such contract terminations could include changes in the financial circumstances of our customers, dissatisfaction with our products or services, our retirement or lack of support for our legacy products and services, our customers selecting or building alternate technologies to replace us, changes in our customers' business that may no longer necessitate the use of our services, or other reasons. Furthermore, our customers could delay or terminate implementations or use of our services or be reluctant to migrate to new services. Such customers will not generate the revenues anticipated within the timelines anticipated, if at all, and may be less likely to invest in additional services or products from us in the future.

ACQUISITIONS

Our growth strategy includes making strategic acquisitions, principally in the information technology industry. There is no assurance that we will find suitable companies in this industry to acquire or that we will have enough resources to complete any acquisition. We could also consider making acquisitions in other promising sectors of the economy, if such acquisitions are likely to increase our value. Acquisitions involve a number of risks, including: diversion of management's attention from current operations; disruption of our ongoing business; lack of expertise of management in the sector of activity of the acquired business; difficulties in integrating and retaining all or part of the acquired business, its customers and its personnel; assumption of disclosed and undisclosed liabilities; dealing with unfamiliar laws, customs and practices in foreign jurisdictions; and the effectiveness of the acquired business's internal controls and procedures. The individual or combined effect of these risks could have a material adverse effect on our business. As well, in paying for an acquisition, we may deplete our cash resources. Furthermore, there is the risk that our valuation assumptions, customer retention expectations, and our models for an acquired product or business may be erroneous or inappropriate due to foreseen or unforeseen circumstances and thereby cause us to overvalue an acquisition target. There is also the risk that the anticipated benefits of an acquisition may not materialize as planned or may not materialize within the time period or to the extent anticipated.

RESPONSE TO INDUSTRY'S RAPID PACE OF CHANGE

We operate in markets that are experiencing constant technological change, evolving industry standards, changing customer needs, frequent new product and service introductions, and short product life cycles. Our success will depend in large part on how well we can anticipate and respond to changes in industry standards and introduce and upgrade new technologies, products and services and upgrade existing products and services. We may face additional financial risks as we develop new products, services and technologies and update them to stay competitive. Newer technologies, for example, may quickly become obsolete or may need more capital than expected. Development could be delayed for reasons beyond our control. Furthermore, substantial investment is usually required before new technologies become commercially viable. There is no assurance that we will be successful in developing, implementing and marketing new technologies, products, services or enhancements within a reasonable time, or that there will be a market for them. New products or services that use new or evolving technologies could make our existing ones unmarketable, or cause their prices to fall.

COMPETITION

The e-business market is intensely competitive, and we have many competitors with substantial financial, marketing, personnel and technological resources. New competitors may also appear as new technologies, products and services are developed. Some of our competitors have financial resources far superior than our own and, in some cases, operate under a business model different from ours. These competitors could affect our pricing strategy or bring us to change our business model, which could lead to a decrease in our revenues and net income. It could also affect our ability to retain existing customers and attract new ones.

DEFECTS IN SOFTWARE OR FAILURES IN PROCESSING OF TRANSACTIONS

Defects in our owned or licensed software products, delays in delivery, as well as failures or mistakes in our processing of electronic transactions could materially harm our business, including our customer relationships and operating results. Our operations are dependent upon our ability to protect our computer equipment and the information stored in our data centers against damage that may be caused by fire, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, and other similar events. Although we have redundant and back-up systems for some of our services and products, these systems may be insufficient or may fail and result in a disruption of availability of our products or services to our customers. Any disruption to our services could impair our reputation and cause us to lose customers or revenues, or face litigation, necessitate customer service or repair work that would involve substantial costs and distract management from operating our business.

POTENTIAL RISKS OF USING "OPEN SOURCE" SOFTWARE

Like many other e-commerce companies, we use "open source" software in order to add functionality to our products and services quickly and inexpensively. We face certain risks relating to our use of open source code. Open source license terms may be ambiguous and may result in unanticipated or uncertain obligations regarding our products and services. Our use of open source software could subject certain portions of our proprietary technology to the requirements of such open source software. That may have an adverse impact on our sale of the products or services incorporating the open source software. Other forms of open source software licensing present license compliance risks for us. If we fail to comply with the license obligations, we could be sued and/or lose the right to use the open source code. Our use of open source code could also result in us developing and selling products that infringe third-party intellectual property rights. It may be difficult for us to accurately determine the developers of the open source code and whether the code incorporates proprietary software.

INFRINGING ON THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS

We cannot be sure that our services and products do not infringe on the intellectual property rights of third parties, and we may have infringement claims asserted against us. These claims may be costly, harm our reputation, and prevent us from providing some services and products. We enter into licensing agreements with our clients for the right to use intellectual property that includes a commitment to indemnify the licensee against liability and damages arising from any third-party claims of patent, copyright, trademark or trade secret infringement. In some instances, the amount of these indemnity claims could be greater than the revenues we receive from the client. Furthermore, our e-business networks are platforms bringing together buyers and sellers to find, buy and sell different products and services. We have no control over the quality of products and services that our members display on our platforms and there may be incidents where these products or services infringe the intellectual property rights of third parties. Although we contractually limit our responsibility as it pertains to the content posted on our networks by users, it is possible that complaints alleging violation of intellectual property rights of third parties are made against us. Any claims or litigation in this area, whether we ultimately win or lose, could be time-consuming and costly, injure our reputation, or require us to enter into royalty or licensing arrangements. Any limitation on our ability to sell or use products or services that incorporate challenged software or technologies could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

PROTECTING OUR INTELLECTUAL PROPERTY RIGHTS

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. We also assert trademark rights in and to our name, product names, logos and other markings used to identify our goods and services in the marketplace. We routinely file for and have been granted trademark registrations from trademark offices worldwide. All of these actions taken allow us to enforce our intellectual property rights should the need arise. However, the laws of some countries in which we conduct business may offer only limited protection of our intellectual property rights; and despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

RETENTION OF KEY PERSONNEL

Our performance is substantially dependent on the performance of our key technical and senior management personnel. Our success is highly dependent on our continuing ability to identify, hire, train, motivate, promote, and retain highly qualified management and directors as well as technology, product management, and sales and marketing personnel. Competition for such personnel is always strong. Our inability to attract or retain the necessary resources in these areas, or to attract such personnel on a timely basis, could have a material adverse effect on our business, operating results, financial condition, and the price of our securities.

REGULATION

The activities of the Corporation are subject to various types of regulations, particularly laws relating to the protection of personal information, consumer protection, and competition. For example, in Canada, we are subject to the *Personal Information Protection and Electronic Documents Act* (the “PIPEDA”). The PIPEDA regulates how private sector companies collect, use or disclose personal information in the course of their commercial activities. This regulatory framework may restrict our marketing activities and our capacity to leverage our databases. In addition, we are subject to the *Canadian Anti-Spam Law* (“CASL”), which prohibits the transmission of a commercial electronic message to an email address without consent and includes requirements relating to form and content. This regulatory framework also restricts our marketing activities. Furthermore, failure to comply with CASL can result in financial penalties which could affect the operating profit and financial position of the Corporation.

FAILURE TO PROTECT OUR DATABASES AND USERS’ PERSONAL INFORMATION

The Corporation maintains databases on the members of its platforms. These databases contain information on members, including personal information. Although we have established rigorous security procedures, member information stored in the databases could be subject to unauthorized access, use or disclosure. Any breach of security on our databases could harm our reputation, result in complaints and investigation by the authorities responsible for the enforcement of the laws on the protection of personal information or lead to legal claims from our customers or sanction measures from the authorities.

DOING BUSINESS IN EMERGING COUNTRIES

We do business in emerging countries. Certain risks are associated with conducting our business in emerging countries and could negatively impact our operating results. These risks include but are not limited to:

- language barriers, conflicting international business practices, and other difficulties related to the management and administration of a global business;
- difficulties and costs of staffing and managing geographically disparate direct and indirect operations;
- exchange rate fluctuations on the currencies;
- multiple, and possibly overlapping, tax structures and the burden of complying with a wide variety of foreign laws;
- trade restrictions and tariffs;
- the need to consider characteristics unique to technology systems used internationally;
- economic or political instability in some markets; and
- other risk factors set out herein.

For instance, in the People’s Republic of China (the “PRC”), the Internet sector is strictly regulated in terms of foreign ownership and content restrictions. While many aspects of these regulations remain unclear, they purport to limit and require licensing of various aspects of the provision of Internet information services. These regulations have created uncertainties regarding the legality of foreign investments and business operations in the PRC for companies who have consulting activities related to the Internet. We have the license enabling us to operate an e-commerce network in the PRC. It is however possible that we could cease to qualify as an authorized recipient of this license and that we could be unable to renew the license at the expiration of its term.

In these emerging countries where we operate, changes in laws, regulations or governmental policy, or the uncertainty associated with the interpretation of these laws and regulations affecting our business activities, may increase our costs, restrict our ability to operate our business or may make it difficult for us to enforce any rights we may have or to know if we are in compliance with all applicable laws, rules and regulations. Political, economic, social or other developments in the countries where we operate may cause us to change the way we conduct our business, suspend the launch of new or expanded services or force us to discontinue our operations altogether.

ECONOMIC CONDITIONS

Adverse economic conditions could result in a decline in our revenues. During an economic downturn, our customers and potential customers may cancel, postpone or delay their new commitments, which would affect the Corporation’s performance.

FOREIGN EXCHANGE

Our revenues are affected by fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. We generate approximately 45% of our revenues in U.S. dollars while approximately 12% of our operating expenses and cost of revenues are in U.S. dollars. As a result, any decrease in the value of the U.S. dollar relative to the Canadian dollar reduces the amount of Canadian dollar revenues we realize on sales, without a corresponding decrease in expenses. Exchange rate fluctuations are beyond our control, and the U.S. dollar may depreciate against the Canadian dollar in the future, which would result in lower revenues and margins. In order to reduce the potential negative effect of a weakening U.S. dollar, we have entered into agreements to hedge the value of a portion of our future U.S. dollar net cash inflows for periods of up to 18 months.

LIQUIDITY AND FINANCING RISKS

Our organic growth and acquisition strategy requires investments, which may come from cash from our operations, loans from credit agreement and issuance of securities from our capital stock. Our access to such funding sources may be limited by our ability to generate liquidity, the ability of financial markets to meet our needs and the volatility of our stock price. In addition, we must generate sufficient liquidity to meet our operational needs and comply with our dividend policy. If our cash flows do not allow us to meet these needs or if we are not able to obtain financing or if such financing is obtained but at rates that are disadvantageous to us, this could harm our ability to repay our debt, pay dividends and to execute our strategy accordingly.

CRITICAL ACCOUNTING 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

Explanations about the main assumptions and estimates are presented below:

REVENUE RECOGNITION

As mentioned in Note 2 to the audited consolidated financial statements for the year ended March 31, 2019, 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 fiscal year, the classification is accurate.

MEASUREMENTS OF ASSETS

When applying the discounted future cash flows model to determine the fair value 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 indefinite-life 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 and intangible assets.

See Note 15 to the Corporation's audited consolidated financial statements for the fiscal year ended March 31, 2019 for more information on 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 to the Corporation's audited consolidated financial statements for the fiscal year ended March 31, 2019 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.

ACCOUNTING 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 to the Corporation's audited consolidated financial statements for the fiscal year ended March 31, 2019 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.

FUTURES CHANGES IN ACCOUNTING POLICIES

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 entity 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 is 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.

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.

FORWARD-LOOKING STATEMENTS

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

CONTROLS AND PROCEDURES

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

DISCLOSURE CONTROLS AND PROCEDURES

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

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the effectiveness of the Corporation's disclosure controls and procedures in accordance with the rules of the Canadian Securities Administrators. As at March 31, 2019, there were no changes in the Corporation's disclosure controls and procedures, and these controls and procedures are still considered effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the design and effectiveness of the Corporation's internal control over financial reporting and has concluded that such controls were effective for the fiscal year ended March 31, 2019.

As at March 31, 2019, there were no changes to the Corporation's internal control over financial reporting that had, or are reasonably likely to have, a material impact on the Corporation's internal control over financial reporting.

ADDITIONAL INFORMATION

This report has been prepared as at June 11, 2019.

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

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

MARKET AND TICKER SYMBOL

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

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Corporate Director

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Senior Vice-President and Chief Operating Officer
Réseau Sélection

André Gauthier
Quebec, Canada
President
Holding André Gauthier Inc.

Catherine Roy
Quebec, Canada
Vice-President Operations and Strategies

Vivianne Gravel
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President and Chief Executive Officer
Metix Inc.

Natalie Larivière
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