MEDIAGRIF

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FIRST QUARTER ENDED JUNE 30, 2019

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The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at August 6, 2019, of the financial position and operating results of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Corporation") should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements and accompanying notes thereto for the quarter ended June 30, 2019, as well as the Corporation's MD&A, audited consolidated financial statements and accompanying notes thereto for the year ended March 31, 2019. This management's discussion and analysis compares performance for the quarters ended June 30, 2019 and 2018. The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A was approved by the Board of Directors of Mediagrif.

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

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

CORPORATION PROFILE

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

MISSION STATEMENT

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

FINANCIAL HIGHLIGHTS – FIRST QUARTER ENDED JUNE 30, 2019

- Sale of LesPAC Network for an amount of $19.0 million on June 11, 2019.
- B2B platform revenues totaled $16.8 million, up 3.4%;
- Revenues from B2C marketplaces held for sale totaled $3.4 million;
- Adjusted EBITDA[1] of $4.1 million for the first quarter ended June 30, 2019.
- Cash flows generated by operating activities amounted to $1.0 million.
- Repayment of $11.8 million to the revolving credit facility using a part of the sale proceeds of LesPAC.
- Adjusted profit[2] of $1.3 million ($0.09 per share).
- Profit of $1.1 million or ($0.07 per share).

[1] See reconciliation of adjusted EBITDA and profit.

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

RECENT EVENTS

As part of a refocusing of its operations, the Corporation 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.

On June 11, 2019, the Corporation sold the shares of its subsidiary LesPAC Network Inc. to Trader Corporation for a total cash consideration of $18,960,206 net of transaction fees of $300,000 and of certain working capital adjustments. As at June 30, a sale price balance of $1,000,000 and an approximate working capital adjustment of $310,206 were to be received. The net book value of the net assets sold on June 11, 2019 was of $19,216,947 resulting in a loss disposal of $256,741 recorded in the Interim Condensed Consolidated Statement of Income during the first quarter of 2020.

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL INFORMATION

In thousands of Canadian dollars, except per share amount. *Unaudited and not reviewed by independent auditors.*	Three months ended June 30 2019 $	 2018 $
REVENUES	**20,228**	21,128
GROSS MARGIN	**14,931**	16,164
OPERATING EXPENSES		
General and administrative	**2,812**	2,817
Selling and marketing	**4,411**	4,864
Technology	**5,194**	5,259
TOTAL OPERATING EXPENSES	**12,417**	12,940
OPERATING PROFIT	**2,514**	3,224
Gain (loss) on foreign exchange	**(364)**	316
Loss on sale of a subsidiary	**(257)**	-
Financial expenses, net amount	**(354)**	(277)
Share of profit of a joint venture	**-**	(6)
Income tax expense	**(488)**	(825)
PROFIT FOR THE PERIOD	**1,051**	2,432
ADJUSTED PROFIT FOR THE PERIOD	**1,308**	2,432
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**4,144**	5,256
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**1,046**	2,353
EARNINGS PER SHARE – BASIC AND DILUTED	**0.07**	0.16
Declared dividends per share	**0.10**	0.10
Weighted average number of shares outstanding (in thousands):		
Basic and diluted	**14,849**	14,849

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	June 30, 2019 $	March 31, 2019 $
TOTAL ASSETS	**160,139**	168,916
LONG-TERM DEBT	**13,145**	24,935

The adoption of IFRS 16 had a favorable impact of $0.4 million on the adjusted EBITDA of the first quarter ended June 30, 2019, i.e., a depreciation expense of the right-of-use asset of $0.3 million and an interest expense on the lease liability for an amount of $0.1 million. Moreover, the adjusted EBITDA of the previous period has not been restated to reflect the impact of IFRS 16.

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT	Three months ended June 30	
	2019	**2018**
In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	**$**	**$**
PROFIT FOR THE PERIOD	**1,051**	2,432
Income tax expense	**488**	825
Depreciation of property, plant and equipment and amortization of intangible assets	**679**	882
Amortization of acquired intangible assets	**601**	1,189
Amortization of right-of-use asset	**350**	-
Amortization of deferred financing costs	**9**	10
Amortization of deferred lease inducement	**-**	(33)
Foreign exchange loss (gain)	**364**	(316)
Loss on sale of a subsidiary	**257**	-
Interest on lease liability	**91**	-
Interest on long-term debt	**254**	267
ADJUSTED EBITDA	**4,144**	5,256

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	Three months ended June 30	
	2019	**2018**
In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	**$**	**$**
PROFIT FOR THE PERIOD	**1,051**	2,432
Loss on sale of a subsidiary	**257**	-
ADJUSTED PROFIT	**1,308**	2,432
ADJUSTED PROFIT PER SHARE	**0.09**	0.16

FIRST QUARTER ENDED JUNE 30, 2019, "FIRST QUARTER OF FISCAL 2020" COMPARED TO FIRST QUARTER ENDED JUNE 30, 2018, "FIRST QUARTER OF FISCAL 2019"

REVENUES

The combined revenues from the B2B platforms and B2C marketplaces for the first quarter of fiscal 2020 amounted to $20.2 million compared to $21.1 million for the first quarter of fiscal 2019 and are detailed as follows:

In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	Three months ended June 30 **2019** **$**	 **2018** **$**
Revenues from B2B platforms	**16,848**	16,295
Revenues from B2C marketplaces held for sale	**3,380**	4,833
REVENUES	**20,228**	21,128

These changes in revenues are mainly explained as follows:

B2B PLATFORMS

- Increase in revenues from Orckestra for an amount of $0.9 million. This increase is due to $0.6 million in professional services revenues and to $0.3 million in revenues from rights of use.

- Increase in revenues from BidNet for an amount of $0.1 million primarily due to an increase in the average revenue per client using the value-added service offering.

- A $0.1 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.

- Decrease in revenues from MERX for an amount of $0.1 million. While revenues from its core business remained stable during the first quarter ended June 30, 2019, non-core services resulted in a $0.1 million decrease in revenues for this platform.

- Lower revenues from Broker Forum, Polygon and Market Velocity for an amount of $0.2 million primarily due to promotional events that were not renewed during the first quarter of 2020 and to a lower number of users on these platforms.

B2C MARKETPLACES HELD FOR SALE

- Lower revenues from LesPAC for an amount of $0.9 million primarily due to the sale of LesPAC Network on June 11, 2019. Consequently, the revenues for the first quarter ended June 30, 2019 were recorded up to and including June 10, 2019 for a 70-day period.

- Decrease of $0.5 million in revenues from Jobboom mainly due to price adjustments made in response to market conditions affecting recruitment revenues and to a lower number of users on this platform.

- Decrease in revenues from Réseau Contact for a total amount of $0.1 million mainly due to a smaller number of members using the platform.

During the first quarter of fiscal 2020, revenues earned in Canadian dollars represented 54% of total revenues, compared to 55% for the first quarter of fiscal 2019.

COST OF REVENUES

Cost of revenues totalled $5.3 million during the first quarter of fiscal 2020 compared to $5.0 million during the first quarter of fiscal 2019. The increase comes mainly from higher professional fees of $0.3 million and hosting costs of $0.2 million partially offset by a decrease of sales commissions to third parties of $0.2 million.

GROSS MARGIN

Based on the information above, gross margin for the first quarter of fiscal 2020 reached 73.8% compared to 76.5% in the first quarter of fiscal 2019.

OPERATING EXPENSES

Operating expenses for the first quarter of fiscal 2020 totalled $12.4 million, compared to $12.9 million for the first quarter of fiscal 2019. Changes in operating expenses are explained as follows:

- General and administrative expenses remained stable at $2.8 million during the first quarter of fiscal 2020 and 2019. The increase in lease expenses for an amount of $0.1 million was offset by a decrease of the same amount for labour costs.

- Selling and marketing expenses totalled $4.4 million during the first quarter of fiscal 2020, compared to $4.9 million for the first quarter of fiscal 2019. This decrease is mainly attributable to lower advertising campaign fees and to lower amortization of acquired intangible assets of $0.2 million each.

- Technology expenses totalled $5.2 million during the first quarter of fiscal 2020, compared to $5.3 million during the corresponding period of fiscal 2019. This decrease is mainly due to the recording of tax credits and capitalized internally developed software costs and website for an additional amount of $0.3 million, to a $0.3 million decrease of amortization expense and to lower lease expenses for an amount of $0.1 million. These decreases were partially offset by a $0.6 million increase in technology-related labour costs.

OPERATING PROFIT

Based on the information above, operating profit reached $2.5 million during the first quarter of fiscal 2020, compared to $3.2 million during the first quarter of fiscal 2019.

FOREIGN EXCHANGE

The Corporation realized a $0.4 million foreign exchange loss on assets denominated in U.S. dollars during the first quarter of fiscal 2020 following an appreciation of the Canadian dollar versus the U.S. dollar compared to a $0.3 million foreign exchange gain during the first quarter of fiscal 2019.

FINANCIAL EXPENSES

Financial expenses totalled $0.4 million during the first quarter of fiscal 2020 compared to $0.3 million during the first quarter of fiscal 2019. Financial expenses consist primarily of interest expenses and standby fees on long-term debt, of interests on lease liabilities and of the amortization of deferred financing costs.

INCOME TAX EXPENSE

For the first quarter of fiscal 2020, income tax expense totalled $0.5 million, representing an effective tax rate of 31.70%, compared to the statutory rate of 26.58%.

The increase in the effective tax rate in comparison to the statutory rate is due to the fact that certain charges are non-deductible, including the loss on sale of LesPAC and certain foreign exchange losses.

For the first quarter of fiscal 2019, income tax expense totalled $0.8 million, representing an effective tax rate of 25.33%, compared to the statutory rate of 26.68%. The decrease in the effective tax rate in comparison to the statutory rate is due to the fact that certain foreign exchange gains are non-taxable and to the fact that a portion of profit is taxable in the United States, a jurisdiction where the statutory tax rate is lower.

PROFIT

Profit for the first quarter of fiscal 2020 totalled $1.1 million ($0.07 per share) compared to $2.4 million ($0.16 per share) for the first quarter of fiscal 2019.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before June 30, 2019, is as follows:

	2020	**2019**				**2018**		
Unaudited by independent auditors	**Q1 June 30, 2019 $**	**Q4 March 31, 2019 $**	**Q3 Dec. 31, 2018 $**	**Q2 Sept. 30, 2018 $**	**Q1 June 30, 2018 $**	**Q4 March 31, 2018 $**	**Q3 Dec. 31, 2017 $**	**Q2 Sept. 30, 2017 $**
Revenues	**20,228**	20,809	20,884	20,261	21,128	20,479	20,456	20,031
Operating profit	**2,514**	1,798	3,426	4,831	3,224	3,427	3,794	3,528
Profit	**1,051**	(34,142)	2,891	3,178	2,432	2,099	952	1,710
Adjusted profit	**1,308**	958	2,891	3,178	2,432	2,099	2,309	1,710
Basic and diluted earnings per share	**0.07**	(2.30)	0.19	0.21	0.16	0.14	0.06	0.11
Adjusted basic and diluted earnings per share	**0.09**	0.06	0.19	0.21	0.16	0.14	0.15	0.11
Weighted average shares outstanding	**14,849**	14,849	14,849	14,849	14,849	14,849	14,849	14,886
Adjusted EBITDA	**4,144**	3,509	5,291	6,616	5,256	5,620	6,085	5,522
Cash flows generated by operating activities	**1,046**	5,039	2,574	2,743	2,353	7,100	6,580	2,079

In thousands of Canadian dollars, except per share amounts.

QUARTERS OF FISCAL 2020

- First quarter ended June 30, 2019: Compared to the fourth quarter of fiscal 2019 ended March 31, 2019, revenues decreased by $0.6 million primarily due to lower revenues of $0.4 million in LesPAC following its sale on June 11, 2019. Jobboom and Market Velocity also decreased for an amount of $0.1 million respectively.

  Also compared to the fourth quarter of fiscal 2019, adjusted EBITDA increased by $0.6 million due to lower labour costs and fringes and to lower professional fees of $0.5 million respectively offset by a decrease in tax credits and capitalized internally developed software and website costs of $0.4 million.

  As a result of the above-mentioned factors, operating profit totalled $2.5 million, in line with the increase in adjusted EBITDA for the quarter.

  Profit for the first quarter of fiscal 2020 totalled $1.1 million including a loss on sale of a subsidiary for an amount of $0.3 million.

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.

LIQUIDITY AND FINANCIAL RESOURCES

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

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

As at June 30, 2019, the Corporation had cash and cash equivalents of $17.0 million and $66.8 million available on its revolving facility of $80.0 million, subject to compliance with financial ratios.

OPERATING ACTIVITIES

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	**Three months ended June 30** **2019** **$**	 **2018** **$**
Cash flows related to operating activities before changes in non-cash working capital items	**2,507**	3,325
Changes in non-cash working capital items	**(1,461)**	(972)
Cash flows related to operating activities	**1,046**	2,353

For the first quarter ended June 30, 2019, cash flows generated by operating activities reached $1.0 million, compared to $2.4 million for the first quarter ended June 30, 2018. The decrease of cash flows related to operating activities is primarily due to lower profit.

INVESTING ACTIVITIES

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	**Three months ended June 30** **2019** **$**	 **2018** **$**
Acquisition of property, plant and equipment	**(127)**	(235)
Sale of a subsidiary	**17,950**	-
Acquisition of intangible assets	**(970)**	(793)
Distribution from a joint venture	**-**	425
Cash flows related to investing activities	**16,853**	(603)

Cash flows used for investing activities amounted to $16.9 million for the first quarter of fiscal 2020, compared to $0.6 million for the first quarter of fiscal 2019.

During the first quarter of fiscal 2020, the Corporation sold the LesPAC Network on June 11, 2019 for an amount of $19.0 million and received an amount of $18.0 million the same day. A sale price balance of $0.1 million was to be received as at June 30, 2019.

The acquisitions of intangible assets for the first quarter of fiscal 2020 include an amount of $0.9 million related to the recognition of internally developed software, compared to $0.7 million for the first quarter of 2019. The Corporation also used $0.1 million to acquire external software during the first quarter of 2020 and 2019.

The distribution from the joint venture Société d’investissement M-S, S.E.C. “GWS” is due to the liquidation of the residual balances following the end of its activities during the first quarter of fiscal 2019.

FINANCING ACTIVITIES

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	Three months ended June 30 2019 $	 2018 $
Repayment of long-term debt	**(11,799)**	(1,200)
Decrease of lease liability	**(358)**	-
Cash dividends paid on common shares	**(1,485)**	(1,485)
Cash flows related to financing activities	**(13,642)**	(2,685)

For the first quarter of fiscal 2020, cash flows used for financing activities amounted to $13.6 million compared to $2.7 million used during the first quarter of fiscal 2019.

During the first quarter of fiscal 2020, the Corporation repaid an amount of $11.8 million on its revolving credit facility compared to $1.2 million during the first quarter of fiscal 2019. During the first quarter of fiscal 2020, the Corporation decreased the amount of its lease liability by $0.4 million following the adoption of IFRS 16 on April 1, 2019.

The dividend paid by the Corporation, i.e., $0.40 per share per year, did not change for each of the periods ended June 30, 2019 and 2018.

CREDIT AGREEMENT

On December 18, 2015, the Corporation renewed its credit agreement, which had previously been concluded on November 10, 2011 (the "Credit Agreement") with three Canadian financial institutions and under which the lenders made available to the Corporation an $80.0 million ($80.0 million as at March 31, 2019) secured revolving five-year credit facility (the "Revolving Facility") and an accordion loan of $40.0 million ($40.0 million as at March 31, 2019) 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 June 30, 2019, the Corporation had drawn $13.2 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 a margin in each case. This margin varies according to the ratio of total debt to the EBITDA defined in the Credit Agreement. As at June 30, 2019, the actual rate was 1.96% 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 events of default customary for loans of this nature, including some limitations to the levels of investments and acquisitions, capital expenditures and distributions. The Credit Agreement is also subject to restrictive covenants requiring certain financial ratios to be maintained. As at June 30, 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 June 30, 2019, the Corporation had cash and cash equivalents of $17.0 million and $66.8 million available on its credit facility of $80.0 million. At that same date, total assets of the Corporation amounted to $160.1 million compared to $168.9 million as at March 31, 2019.

INFORMATION FROM THE STATEMENT OF FINANCIAL POSITION	June 30, 2019	March 31, 2019
In thousands of Canadian dollars	$	$
Cash and cash equivalents	**17,045**	13,339
Accounts receivable	**7,646**	7,282
Tax credits receivable	**4,290**	4,964
Assets held for sale	**8,610**	28,805
Intangible assets	**6,722**	6,264
Acquired intangible assets	**6,743**	7,344
Goodwill	**90,149**	90,149
Accounts payable and accrued liabilities	**8,607**	10,927
Deferred revenues	**15,174**	14,727
Liabilities held for sale	**2,562**	4,132
Long-term debt	**13,145**	24,935
Shareholders' equity	**100,540**	100,704

The main changes in the Corporation's statement of financial position between June 30, 2019 and March 31, 2019 are explained as follows:

- Cash and cash equivalents totalled $17.0 million as at June 30, 2019, an increase of $3.7 million compared to March 31, 2019. This increase is primarily due to the residual amount of the proceeds of disposition of LesPAC Network that has not yet been applied to the long-term debt.

- Tax credits receivable totalled $4.3 million as at June 30, 2019 compared to $5.0 million as at March 31, 2019. This decrease is related to the fiscal 2019 tax credits received since March 31, 2019 and to additional credits recorded.

- Assets held for sale totalled $8.6 million as at June 30, 2019 compared to $28.8 million as at March 31, 2019. Since LesPAC Network wasn sold on June 11, 2019, its assets are no longer part of this group which includes Jobboom and Réseau Contact.

- Intangible assets totalled $6.7 million as at June 30, 2019, rising $0.5 million from March 31, 2019. This was mainly due to the recognition of internally developed software during the first quarter of fiscal 2020.

- Acquired intangible assets reached $6.7 million as at June 30, 2019, a $0.6 million decrease compared to March 31, 2019. This decrease is mainly due to the amortization expense recorded during the first quarter of fiscal 2020.

- Accounts payable and accrued liabilities totalled $8.6 million as at June 30, 2019 compared to $10.9 million as at March 31, 2019. This decrease is explained by the disbursements in the first quarter of fiscal 2020 of amounts related to incentive compensation and certain professional fees that were accrued as at March 31, 2019.

- The liabilities held for sale totalled $2.6 million as at June 30, 2019, compared to $4.1 million as at March 31, 2019. Since LesPAC Network was sold on June 11, 2019, its liabilities are no longer part of this group, which includes Jobboom and Réseau Contact.

- Shareholders' equity totalled $100.5 million as at June 30, 2019, compared to $100.7 million as at March 31, 2019. The change in shareholders' equity reflects the $1.3 million comprehensive income earned by the Corporation during the first quarter of fiscal year 2020 less $1.5 million in dividends.

DERIVATIVE FINANCIAL INSTRUMENTS

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

The Corporation's hedging program will yield an average exchange rate (CAD/USD) of 1.3015 on foreign currency forward contracts of US$ 11.4 million held as at June 30, 2019, which will mature over fiscal years 2020 and 2021. As at June 30, 2018, the Corporation had foreign currency forward contracts of US$ 11.8 million held at an average rate of 1.2709.

During the first quarter of fiscal 2020, there has been no material change to the nature of risks arising from financial instruments, related risk management and classification of financial instruments. Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments that are measured at fair value in the Corporation's consolidated statements 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 quarter ended June 30, 2018, the Corporation received a $425,000 distribution from GWS. Consequently, no operation was recorded during the first quarter of fiscal 2020.

The Corporation recharged GWS an amount of $2,743 for operating expenses during the first three months of 2019. Those recharges were presented against operating expenses in the Interim Condensed Consolidated Statement of Income.

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

RISKS AND UNCERTAINTIES

The Corporation is confident of its long-term prospects. However, in order to ensure that its strategy and growth objectives are met, the Corporation seeks to diminish the risks and uncertainties created by potentially unfavourable situations in its industry sector or its liquidity. The risks that the Corporation faces are technological, operational or financial in nature or are inherent to its business activities or its acquisition strategies. The description of these risks and uncertainties has not changed compared to the description in the Management Discussion & Analysis for the year ended March 31, 2019.

CHANGES IN ACCOUNTING POLICIES

IFRS 16 LEASES

On April 1, 2019, the Corporation adopted IFRS 16, which applies to fiscal years beginning on or after April 1, 2019. The Corporation has retrospectively applied IFRS 16, recognizing the cumulative effect of initial application at the date of initial application without restatement of comparative figures as at March 31, 2019.

IFRS 16 replaces the following standards: IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lease accounting model for lessees whereby all lease agreements are recognized in the Statement of Financial Position through a right-of-use asset and a lease liability. Exemptions are permitted for short-term leases and leases for which the underlying asset is of low value.

For leases previously classified as operating leases, the Corporation recognized a lease liability measured at the present value of the remaining lease payments, discounted using the Corporation’s incremental borrowing rate as at April1, 2019, as well as a right-of-use asset for a corresponding value. In the Consolidated Statement of Income, rent expense is replaced by depreciation of the right-of-use asset and by interest on the lease liability calculated using the effective interest rate method.

As part of the transition to IFRS 16, the Corporation applied the following practical expedients:

- The Corporation applied a single discount rate to a portfolio of leases with similar characteristics; and
- The Corporation accounted for leases with a term of 12 months or less at the date of initial application as short-term leases by recognizing the rent payments in profit or loss on a straight-line basis over the lease term.

The weighted average incremental borrowing rate applied to the lease liabilities recognized in the Statement of Financial Position as at April 1, 2019 is 3.55%.

The adoption of IFRS 16 had a favorable impact of $0.4 million on the adjusted EBITDA of the first quarter ended June 30, 2019.

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, Chief Executive Officer and 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, Chief Executive Officer and 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 June 30, 2019, there were no changes in disclosure controls and procedures of the Corporation and these controls and procedures are still considered efficient.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

As at June 30, 2019, there were no changes in internal control over financial reporting of the Corporation which has affected, or is reasonably likely to materially affect, the Corporation's internal control over the financial information.

ADDITIONAL INFORMATION

This report has been prepared as at August 6, 2019.

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

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

MARKET AND TICKER SYMBOL

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

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Corporate Director

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Senior Vice-President and Chief Operating Officer
Groupe Sélection

André Gauthier
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President
Holding André Gauthier Inc.

Catherine Roy
Quebec, Canada
Vice-President Operations and Strategies

Vivianne Gravel
Quebec, Canada
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Metix Inc.

Natalie Larivière
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