MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2019

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The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at November 12, 2019, of the financial position and operating results of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Corporation") should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements and accompanying notes thereto for the quarter ended September 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 September 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 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 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 *Enable the Flow of Commerce*.

FINANCIAL HIGHLIGHTS – SECOND QUARTER ENDED SEPTEMBER 30, 2019

- Revenues of $18.2 million for the second quarter of fiscal 2020.
- B2B platform revenues totalled $16.9 million, up 5.0%.
- Revenues from B2C marketplaces held for sale, Jobboom and Réseau Contact, totalled $1.3 million.
- Adjusted EBITDA[1] of $3.7 million including non-recurring expenses of $0.4 million consisting primarily of professional fees and termination benefits.
- Profit of $1.8 million ($0.12 per share) for the second quarter of fiscal 2020, compared to $3.2 million ($0.21 per share) for the second quarter of fiscal 2018.
- Repayment of $2.4 million to the revolving credit facility.

RECENT EVENTS

APPOINTMENT OF A NEW PRESIDENT AND CHIEF EXECUTIVE OFFICER

During its annual meeting on September 11, 2019, the Corporation announced the appointment of technology veteran Luc Filiatreault as President and Chief Executive Officer. Mr. Filiatreault took office on September 16, 2019.

STRATEGY FOR REFOCUSING OUR OPERATIONS

Inspired by its new mission statement, *Enable the Flow of Commerce*, Mediagrif is currently finalizing its action plan to optimize growth in two key sectors in North America: Strategic Sourcing (including its MERX and BidNet subsidiaries) and Unified Commerce (with Orckestra, InterTrade and Carrus). This strategy includes increased investments in resources, sales expertise, marketing and research and development. The creation of synergies between these current business segments and the search for strategic acquisitions will strengthen our strategic position in these same areas of activity.

[1] See reconciliation of adjusted EBITDA and profit.

Moreover, and as part of refocusing 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.

Also in line with this strategy, on June 11, 2019, the Corporation sold the shares of its subsidiary LesPAC Network Inc. to Trader Corporation for a total cash consideration of $19,134,079, net of transaction fees of $300,000 and including a working capital adjustment of $484,079, which was received during the three-month period ended September 30, 2019. As at September 30, 2019, a sale price balance of $1,000,000 was receivable. The net book value of the net assets sold on June 11, 2019 totalled $19,216,947 resulting in a loss on disposal of $82,868 recorded in the Interim Condensed Consolidated Statement of Income during the six-month period ended September 30, 2019.

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL INFORMATION

In thousands of Canadian dollars, except per share amounts. *Unaudited and not reviewed by independent auditors.*	**Three months ended September 30,**		**Six months ended September 30,**	
	2019 $	**2018 $**	**2019 $**	**2018 $**
REVENUES	**18,211**	20,261	**38,439**	41,389
GROSS MARGIN	**13,497**	15,341	**28,428**	31,505
OPERATING EXPENSES				
General and administrative	**2,941**	2,673	**5,753**	5,490
Selling and marketing	**3,710**	3,777	**8,121**	8,641
Technology	**4,838**	4,060	**10,032**	9,319
TOTAL OPERATING EXPENSES	**11,489**	10,510	**23,906**	23,450
OPERATING PROFIT	**2,008**	4,831	**4,522**	8,055
Gain (loss) on foreign exchange	**280**	(256)	**(84)**	60
Gain (loss) on sale of a subsidiary	**174**	-	**(83)**	-
Financial expenses	**(239)**	(281)	**(593)**	(558)
Share in profit of a joint venture	**-**	-	**-**	(6)
Income tax expense	**(389)**	(1,116)	**(877)**	(1,941)
PROFIT	**1,834**	3,178	**2,885**	5,610
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**3,740**	6,616	**7,884**	11,872
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**586**	2,743	**1,632**	5,096
EARNINGS PER SHARE – BASIC AND DILUTED	**0.12**	0.21	**0.19**	0.38
Declared dividends per share	**0.10**	0.10	**0.20**	0.20
Weighted average number of shares outstanding (in thousands):				
Basic and diluted	**14,849**	14,849	**14,849**	14,849

In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	**September 30, 2019 $**	**March 31, 2019 $**
TOTAL ASSETS	**155,481**	168,916
LONG-TERM DEBT	**10,755**	24,935

The adoption of IFRS 16 had a favourable impact of $0.5 million on the adjusted EBITDA of the second quarter ended September 30, 2019, i.e., a depreciation expense of the right-of-use asset of $0.4 million and an interest expense on the lease liability in the 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 September 30,**		**Six months ended September 30,**	
In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**2019 $**	**2018 $**	**2019 $**	**2018 $**
PROFIT	**1,834**	3,178	**2,885**	5,610
Income tax expense	**389**	1,116	**877**	1,941
Depreciation of property, plant and equipment and amortization of intangible assets	**734**	861	**1,413**	1,743
Amortization of acquired intangible assets	**601**	958	**1,202**	2,147
Amortization of right-of-use asset	**397**	-	**747**	-
Amortization of deferred financing costs	**10**	10	**19**	20
Amortization of deferred lease inducement	**-**	(34)	**-**	(67)
Foreign exchange loss (gain)	**(280)**	256	**84**	(60)
Loss (gain) on sale of a subsidiary	**(174)**	-	**83**	-
Interest on lease liability	**93**	-	**184**	-
Interest on long-term debt	**136**	271	**390**	538
ADJUSTED EBITDA	**3,740**	6,616	**7,884**	11,872

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 September 30,**		**Six months ended September 30,**	
In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**2019 $**	**2018 $**	**2019 $**	**2018 $**
PROFIT FOR THE PERIOD	**1,834**	3,178	**2,885**	5,610
Loss (gain) on sale of a subsidiary	**(174)**	-	**83**	-
ADJUSTED PROFIT	**1,660**	3,178	**2,968**	5,610
ADJUSTED PROFIT PER SHARE	**0.11**	0.21	**0.20**	0.38

SECOND QUARTER ENDED SEPTEMBER 30, 2019, "SECOND QUARTER OF FISCAL 2020" COMPARED TO THE SECOND QUARTER ENDED SEPTEMBER 30, 2018, "SECOND QUARTER OF FISCAL 2019"

REVENUES

The combined revenues from the B2B platforms and B2C marketplaces for the second quarter of fiscal 2020 amounted to $18.2 million compared to $20.3 million for the second quarter of fiscal 2019 and are detailed as follows:

In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	**Three months ended Sept. 30,** **2019** **$**	 **2018** **$**
Revenues from B2B platforms	**16,877**	16,071
Revenues from B2C marketplaces held for sale	**1,334**	4,190
REVENUES	**18,211**	20,261

These changes in revenues are mainly explained as follows:

B2B PLATFORMS

- Increase in revenues from Orckestra in the amount of $0.6 million. This increase is due to $0.4 million in revenues from rights of use and to $0.2 million in professional services revenues.
- Increase in revenues from BidNet in the amount of $0.2 million primarily due to an increase in the average revenue per client using the value-added service offering.
- Increase in revenues from InterTrade in the amount of $0.1 million mainly due to additional clients using the catalogue service.
- Lower revenues from Broker Forum, Polygon and Market Velocity in the amount of $0.1 million primarily due to a lower number of users on these platforms.

B2C MARKETPLACES HELD FOR SALE

- Lower revenues from B2C marketplaces primarily due to the sale of LesPAC Network on June 11, 2019, whereas revenues from this subsidiary totalled $2.7 million during the second quarter ended September 30, 2019.
- Decrease in revenues from Jobboom and Réseau Contact of $0.1 million mainly due to price adjustments made in response to market conditions affecting recruitment and to a smaller number of members using the platform.

During the second quarter of fiscal 2020, revenues earned in Canadian dollars represented 49% of total revenues, compared to 55% for the second quarter of fiscal 2019.

See section Derivative Financial Instruments for additional information related to the hegding program (CAD$/US$).

COSTS OF REVENUES

Cost of revenues totalled $4.7 million during the second quarter of fiscal 2020 compared to $4.9 million during the second quarter of fiscal 2019.

During the second quarter of fiscal 2020, the cost of professional services increased and labour costs were higher by $0.3 million and $0.2 million, respectively. These increased costs were offset by the reduction in sales commissions to third parties in the amount of $0.6 million, resulting from the sale of Réseau LesPAC in the first quarter of fiscal 2020.

GROSS MARGIN

Based on the information above, gross margin for the second quarter of fiscal 2020 decreased to 74.1% compared to 75.7% during the second quarter of fiscal 2019.

OPERATING EXPENSES

Operating expenses for the second quarter of fiscal 2020 totalled $11.5 million, compared to $10.5 million for the second quarter of fiscal 2019. Changes in operating expenses are explained as follows:

- General and administrative expenses totalled $2.9 million during the second quarter of fiscal 2020 compared to $2.7 million during the second quarter of fiscal 2019. This increase is mainly due to higher labour costs related to professional services and severance costs for a total of $ 0.4 million. This increase was partially offset by the decrease in LesPAC's general and administrative expenses following the sale of this subsidiary on June 11, 2019.

- Selling and marketing expenses totalled $3.7 million during the second quarter of fiscal 2020, compared to $3.8 million for the second quarter of fiscal 2019. During the second quarter of fiscal 2020, in line with its growth strategy in its two key sectors, Strategic Sourcing and Unified Commerce, the Corporation invested an additional $0.3 million in sales and marketing expenses. This increase was offset by lower amortization expenses on acquired intangible assets of $0.2 million and a reduction in LesPAC's expenses following the sale of this subsidiary on June 11, 2019.

- Technology expenses totalled $4.8 million during the second quarter of fiscal 2020, compared to $4.1 million during the corresponding quarter of fiscal 2019. This increase is mainly due to additional labour investments of $0.4 million also related to the Corporation's growth strategy as well as the recording of a lower amount of $0.5 million of tax credits and capitalized internally developed software and website costs. These cost increases were slightly offset by a decrease of $0.1 million for professional services expenses.

OPERATING PROFIT

Based on the information above, operating profit reached $2.0 million during the second quarter of fiscal 2020, compared to $4.8 million during the second quarter of fiscal 2019.

FOREIGN EXCHANGE

During the second quarter of fiscal 2020, the Corporation realized a foreign exchange gain on assets denominated in U.S. dollars of $0.3 million, compared to a foreign exchange loss of $0.3 million during the second quarter of fiscal 2019.

FINANCIAL EXPENSES

Financial expenses totalled $0.2 million during the second quarter of fiscal 2020 compared to $0.3 million during the second quarter of fiscal 2019. Financial expenses consist primarily of interest expenses and standby fees on long-term debt, of interest on lease liabilities and of amortization of deferred financing costs.

INCOME TAX EXPENSE

For the second quarter of fiscal 2020, income tax expense totalled $0.4 million, representing an effective tax rate of 17.5%, compared to the statutory rate of 25.58%. During the second quarter of fiscal 2019, the effective tax rate stood at 26.0% compared to a statutory rate of 26.68%.

During the second quarter of fiscal 2020, the decrease in the effective tax rate compared to the statutory tax rate is mainly due to the fact that a portion of profit is taxable in the United States, a jurisdiction where the statutory tax rate is lower and to the fact that certain foreign exchange gains and the accounting gain on the sale of a subsidiary are not taxable.

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

PROFIT

Profit for the second quarter of fiscal 2020 totalled $1.8 million ($0.12 per share), compared to $3.2 million ($0.21 per share) during the second quarter of fiscal 2019.

SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2019 "FIRST SIX MONTHS OF FISCAL 2020" COMPARED TO THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2018 "FIRST SIX MONTHS OF FISCAL 2019"

REVENUES

The combined revenues from the B2B platforms and B2C marketplaces for the first six months of fiscal 2020 amounted $38.4 million compared to $41.4 million for the first six months of fiscal 2019 and are detailed as follows:

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**Six months ended Sept. 30, 2019 $**	**2018 $**
Revenues from B2B platforms	**33,726**	32,366
Revenues from B2C marketplaces held for sale	**4,713**	9,023
REVENUES	**38,439**	41,389

These changes in revenues are mainly explained as follows:

B2B PLATFORMS

- Increase in revenues from Orckestra in the amount of $1.6 million. This increase is due to $0.7 million in revenues from rights of use and to $0.8 million in professional services revenues.
- Increase in revenues from BidNet in the amount of $0.3 million primarily due to an increase in the average revenue per client using the value-added service offering.
- Lower revenues from Broker Forum, Polygon and Market Velocity in the amount of $0.4 million primarily due to a lower number of users on these platforms.
- Decrease in revenues from MERX in the amount of $0.1 million. While revenues from its core business remained stable during the second quarter ended September 30, 2019, non-core services resulted in a $0.1 million decrease in revenues for this platform.
- A $0.1 million decrease in revenues attributable to a decrease 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.

B2C MARKETPLACES HELD FOR SALE

- Lower revenues from B2C marketplaces primarily due to the sale of LesPAC Network on June 11, 2019, whereas revenues from this subsidiary totalled $5.8 million during the second quarter ended September 30, 2019.
- Decrease in revenues from Jobboom and Réseau Contact of $0.7 million mainly due to price adjustments made in response to market conditions affecting recruitment and to a smaller number of members using the platform.

During the first six months of fiscal 2020, revenues earned in Canadian dollars represented 52% of total revenues compared to 55% during the first six months of fiscal 2019.

COST OF REVENUES

Cost of revenues totalled $10.0 million during the first six months of fiscal 2020 compared to $9.9 million during the first six months of fiscal 2019.

The increase is mainly due to the $0.6 million increase in professional service expenses and the $0.3 million increase in labour costs, partly offset by the $0.7 million reduction in sales commission fees to third parties related to the sale of Réseau LesPAC during the first quarter of fiscal 2020.

GROSS MARGIN

Based on the information above, the gross margin for the first six months of fiscal 2020 decreased to 74%, compared to 76.1% during the first six months of fiscal 2019.

OPERATING EXPENSES

Operating expenses for the first six months of fiscal 2020 totalled $23.9 million, compared to $23.5 million for the first six months of fiscal 2019. Changes in operating expenses are explained as follows:

- General and administrative expenses totalled $5.8 million during the first six months of fiscal 2020, compared to $5.5 million during the first six months of fiscal 2019. This increase is mainly due to higher professional services expenses in the amount of $0.2 million, which was partly offset by lower labour costs in the amount of $0.1 million.

- Selling and marketing expenses totalled $8.1 million during the first six months of fiscal 2020, compared to $8.6 million for the first six months of fiscal 2019. The increase in mainly due to the $0.6 million increase in professional services expenses and the $0.3 million increase in labour costs, partly offset by the $0.7 million reduction in sales commission fees to third parties related to sale of Réseau LesPAC during the first quarter of fiscal 2020.

- Technology expenses totalled $10.0 million during the first six months of fiscal 2020, compared to $9.3 million during the first six months of fiscal 2019. This increase is mainly due to higher labour costs in the amount of $1.0 million mostly related to the Corporation's growth strategy of the Corporation, as well as the recording of a lower amount of $0.2 million of tax credits and capitalized internally developed software and website costs. These cost increases were partly offset by a decrease in amortization on acquired intangible assets in the amount of $0.3 million.

OPERATING PROFIT

Based on the information above, operating profit amounted to $4.5 million during the first six months of fiscal 2020, compared to $8.1 million during the first six months of fiscal 2019.

FOREIGN EXCHANGE

During the first six months of fiscal 2020, the Corporation realized a foreign exchange loss on assets denominated in U.S. dollars of $0.1 million, compared to a gain of $0.1 million during the first six months of fiscal 2019.

FINANCIAL EXPENSES

Financial expenses remained stable at $0.6 million during the first six months of fiscal 2020 compared to the same period in fiscal 2019. These costs consist primarily of interest expenses and standby fees on long-term debt, of interest on lease liabilities and of amortization of deferred financing costs.

INCOME TAX EXPENSE

For the first six months of fiscal 2020, income tax expense totalled $0.9 million, representing an effective tax rate of 23.31%, compared to the statutory rate of 25.58%.

The decrease in the effective tax rate compared to the statutory tax rate is mainly due to the fact that a portion of the profit is taxable in the United States, a jurisdiction where the statutory tax rate is lower.

During the first six months of fiscal 2019, the income tax expense totalled $1.9 million with an effective tax rate of 25.71% compared to a statutory rate of 26.68%. The decrease in the effective tax rate compared to the statutory tax rate is mainly due to the fact that a portion of the profit is taxable in the United States, a jurisdiction where the statutory tax rate is lower.

PROFIT

Profit for the first six months of fiscal 2020 totalled $2.9 million ($0.19 per share), compared to $5.6 million ($0.38 per share) during the first six months of fiscal 2019.

QUARTERLY PERFORMANCE

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

	2020		**2019**				**2018**	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
	Sept. 30, 2019	**June 30, 2019**	**March 31 2019**	**Dec. 31, 2018**	**Sept. 30, 2018**	**June 30, 2018**	**March 31 2018**	**Dec. 31, 2017**
Unaudited by independent auditors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenues	**18,211**	20,228	20,809	20,884	20,261	21,128	20,479	20,456
Operating profit	**2,008**	2,514	1,798	3,426	4,831	3,224	3,427	3,794
Profit	**1,834**	1,051	(34,142)	2,891	3,178	2,432	2,099	952
Adjusted profit	**1,660**	1,308	958	2,891	3,178	2,432	2,099	2,309
Basic and diluted earnings per share	**0.12**	0.07	(2.30)	0.19	0.21	0.16	0.14	0.06
Adjusted basic and diluted earnings per share	**0.11**	0.09	0.06	0.19	0.21	0.16	0.14	0.15
Weighted average outstanding shares	**14,849**	14,849	14,849	14,849	14,849	14,849	14,849	14,849
Adjusted EBITDA	**3,740**	4,144	3,509	5,291	6,616	5,256	5,620	6,085
Cash flows generated by operating activities	**586**	1,046	5,039	2,574	2,743	2,353	7,100	6,580

In thousands of Canadian dollars, except per share amounts.

QUARTERS OF FISCAL 2020

- Second quarter ended September 30, 2019: Compared to the first quarter of fiscal 2020 ended June 30, 2019, revenues decreased by $2.0 million primarily due to the sale of LesPAC on June 11, 2019. There was therefore no revenue recognized for LesPAC in the second quarter of fiscal 2020 compared to $2.2 million in the first quarter of the same fiscal year. For their part, revenues from BidNet increased by $0.1 million.

  Despite the $2.0 million decrease in revenues, the adjusted EBITDA only decreased by $0.4 million mainly due to $1.0 million less in salaries and employee benefits compared to the first quarter of fiscal 2020. In addition, fees for promotional campaigns and fees for sales commissions to third parties following the sale of Réseau LesPAC also reduced these amounts by $0.6 million and $0.4 million, respectively. Also in comparison to the first quarter of fiscal 2020, the Corporation recognized lower amounts for tax credits and capitalized internally developed software and website in the amount of $0.2 million.

- As a result of the above-mentioned factors, operating profit totalled $2.0 million, in line with the decrease in adjusted EBITDA for the quarter.

- Profit for the second quarter of fiscal 2020 totalled $1.8 million or $0.12 per share. Profit for the second quarter includes a foreign exchange gain and a gain on the sale of a subsidiary totalling $0.5 million compared to a $0.6 million loss of these same elements in the first quarter of the fiscal year.

- 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 in the 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 salaries and employee benefits 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 in the 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.

  Also 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 salaries 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 partly 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 of fiscal 2019. 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. Revenues from Orckestra and Jobboom 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 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 services expenses 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 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.

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.

OPERATING ACTIVITIES

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**Three months ended September 30, 2019 $**	**2018 $**	**Six months ended September 30, 2019 $**	**2018 $**
Cash flows related to operating activities before changes in non-cash working capital items	**2,900**	5,099	**5,407**	8,424
Changes in non-cash working capital items	**(2.314)**	(2,356)	**(3,775)**	(3,328)
Cash flows related to operating activities	**586**	2,743	**1 632**	5,096

For the second quarter of fiscal 2020, cash flows generated by operating activities totalled $0.6 million, compared to $2.7 million for the second quarter of fiscal 2019. The decrease in cash flows is mainly due to lower profit during the period when compared to the corresponding quarter of fiscal 2019.

For the first six months of fiscal 2020, cash flows generated by operating activities totalled $1.6 million, compared to $5.1 million during the first six months of fiscal 2019. The decrease in cash flows related to operating activities is mainly due to lower profit during the period.

INVESTING ACTIVITIES

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**Three months ended September 30, 2019 $**	**2018 $**	**Six months ended September 30, 2019 $**	**2018 $**
Sale of a subsidiary	**-**	-	**17950**	-
Acquisition of property, plant and equipment	**(60)**	(246)	**(187)**	(481)
Acquisition of intangible assets	**(802)**	(1,037)	**(1 772)**	(1,830)
Receipt of a working capital adjustment	**484**	-	**484**	-
Distribution from a joint venture	**-**	11	**-**	436
Cash flows from investing activities	**(378)**	(1,272)	**16 475**	(1,875)

Cash flows from investing activities amounted to $0.4 million for the second quarter of fiscal 2020 compared to $1.3 million during the second quarter of fiscal 2019. The main changes in cash flows are due to the collection of an amount of $0.5 million, representing the working capital adjustment related to the Réseau LesPAC transaction, and to an amount less than $0.2 million in capitalized internally developed software.

During the first six months of fiscal 2020, the Corporation sold the LesPAC Network on June 11, 2019 in the amount of $18.0 million as well as a favourable working capital adjustment of $0.5 million. A sale price balance of $1.0 million was receivable as at September 30, 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 six months of fiscal 2019.

FINANCING ACTIVITIES

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**Three months ended September 30, 2019 $**	**Three months ended September 30, 2018 $**	**Six months ended September 30, 2019 $**	**Six months ended September 30, 2018 $**
Increase in long-term debt	**-**	999	**-**	999
Repayment of long-term debt	**(2,400)**	-	**(14,199)**	(1,200)
Decrease in lease liability	**(342)**	-	**(700)**	-
Cash dividends paid on common shares	**(1,485)**	(1,485)	**(2,970)**	(2,970)
Cash flows from financing activities	**(4,227)**	(486)	**(17,869)**	(3,171)

For the second quarter of fiscal 2020, cash flows used for financing activities amounted to $4.2 million compared to $0.5 million during the second quarter of 2019.

During the second quarter of fiscal 2020, the Corporation repaid an amount of $2.4 million on its credit facility compared to an increase of $1.0 million during the second quarter of fiscal 2019.

The amount paid in dividends by the Corporation of $0.10 per share per quarter, remained unchanged for each of the three- and six-month periods ended September 30, 2019 and 2018.

During the first six months of fiscal 2020, the Corporation repaid an amount of $14.2 million on its long-term debt using a portion of the sales proceeds from Réseau LesPAC on June 11, 2019.

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 "Credit Facility") and an accordion loan of $40.0 million ($40.0 million as at March 31, 2019) subject to lenders' acceptance.

The Credit 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 September 30, 2019, the Corporation used a total of $10.8 million from its Credit Facility.

The Credit Facility bears interest at a rate based either on the Canadian prime rate, CDOR or bankers' acceptance rate plus an applicable margin in each case. This margin varies according to the ratio of total debt to EBITDA, as described in the Credit Agreement. As at September 30, 2019, the actual rate was 1.95% and the applicable margin was 1.20%. In addition, the unused portion of the Credit Facility bears interest at 0.24% as standby fees.

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

The Credit Agreement contains certain covenants and certain events of default customary for loans of this nature, including some limitations to the levels of investments and acquisitions, capital expenditures and distributions. The Credit Agreement is also subject to restrictive covenants requiring certain financial ratios to be maintained. As at September 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 September 30, 2019, the Corporation had cash and cash equivalents of $13.5 million and $69.2 million available on its Credit Facility of $80.0 million. At that same date, total assets of the Corporation amounted to $155.5 million compared to $168.9 million as at March 31, 2019.

INFORMATION FROM STATEMENTS OF FINANCIAL POSITION	**As at September 30, 2019**	**As at March 31, 2019**
In thousands of Canadian dollars	**$**	**$**
Cash and cash equivalents	**13,500**	13,339
Accounts receivable	**5,272**	7,282
Tax credits receivable	**5,239**	4,964
Assets held for sale	**8,944**	28,805
Intangible assets	**7,001**	6,264
Acquired intangible assets	**6,142**	7,344
Goodwill	**90,149**	90,149
Accounts payable and accrued liabilities	**8,291**	10,927
Deferred revenues	**13,752**	14,727
Liabilities held for sale	**2,375**	4,132
Long-term debt	**10,755**	24,935
Shareholders' equity	**100,817**	100,704

The main changes in the Corporation's Consolidated Statement of Financial Position between September 30, 2019 and March 31, 2019 are explained as follows:

- Accounts receivable totalled $5.3 million as at September 30, 2019, a decrease of $2.0 million when compared to March 31, 2019. This change is in large part attributable to the decrease in accounts receivable amounts held for the benefit of third parties in Market Velocity as well as to amounts due as at March 31, 2019, by ASC and Orckestra clients, and received during fiscal 2020.
- Assets held for sale totalled $8.9 million as at September 30, 2019 compared to $28.8 million as at March 31, 2019. The change is mainly due to the sale of the LesPAC Network on June 11, 2019 in the amount of $19 million.
- Intangible assets totalled $7 million as at September 30, 2019, rising $0.7million 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 totalled $6.1 million as at September 30, 2019, a $1.2 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 $8.3 million as at September 30, 2019 compared to $10.9 million as at March 31, 2019. This decrease is explained by the deductions in accounts payable held for the benefit of third parties at Market Velocity and 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 $2.4 million as at September 30, 2019, compared to $4.1 million as at March 31, 2019. The change is mainly due to the sale of the LesPAC Network on June 11, 2019.

- Shareholders' equity totalled $100.8 million as at September 30, 2019, compared to $100.7 million as at March 31, 2019. The change in shareholders' equity reflects the $3.1 million comprehensive income earned by the Corporation during the first six months of fiscal 2020 less $3.0 million in declared 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 (CAD$/US$) exchange rate of 1.3099 on foreign currency forward contracts of US$11.7 million held as at September 30, 2019, which will mature over fiscal years 2020 and 2021. As at September 30, 2018, the Corporation had foreign currency forward contracts of US$11.9 million with an average rate of 1.2752.

During the second quarter of fiscal 2020, there was no material change to the nature of risks arising from financial instruments, related risk management and classification of financial instruments. Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments that are measured at fair value in the Corporation's Consolidated Statement of Financial Position.

RELATED PARTY TRANSACTIONS

On May 29, 2018, the Board of Directors of Société d'investissement M-S S.E.C. "GWS," 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 six-month period ended September 30, 2018, the Corporation received a distribution in the amount of $435,577 from GWS. Consequently, no transaction was recorded during the first six months of fiscal 2020.

The Corporation recharged GWS an amount of $2,743 for operating expenses during the first six months of fiscal 2019. These 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 in 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 Consolidated 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 with a 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 Consolidated Statement of Financial Position as at April 1, 2019 is 3.55%.

The adoption of IFRS 16 had a favourable impact of $0.9 million on the adjusted EBITDA of the first six months ended September 30, 2019, i.e., a depreciation expense of the right-of-use asset of $0.7 million and an interest expense on the lease liability in the amount of $0.2 million

FORWARD-LOOKING STATEMENTS

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

CONTROLS AND PROCEDURES

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

DISCLOSURE CONTROLS AND PROCEDURES

The disclosure controls and procedures of the Corporation have been designed in accordance with the rules of the Canadian Securities Administrators in order to provide reasonable assurance that material information related to the Corporation is made known to the Audit Committee and the Board of Directors and information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the timeframe 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 Administrator. As of September 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 and Chief Executive Officer and the Chief Financial Officer, management has evaluated the design and the effectiveness of the Corporation's internal control over financial reporting and has concluded that such controls were effective for the fiscal year ended March 31, 2019.

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

ADDITIONAL INFORMATION

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

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

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

MARKET AND TICKER SYMBOL

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

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Senior Vice-President and Chief Operating Officer
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