

Mediagrif reports Third Quarter 2020 Financial Results and Presents the Company's new 5-Year Strategic Plan

Highlights:

- Acquisition of kCentric Technologies inc. completed on December 3rd, 2019;
- 5-year strategic plan now completed and launched;
- Total revenues, excluding those from B2C marketplaces amount to \$17.1 million, a rise of 1.5%;
- Adjusted EBITDA¹ of \$ 1.6 million or 9% of revenue before non-recurring expenses of 1.4 M \$;
- Net loss of \$1.9 million, i.e., \$ (0.13) per share.

Longueuil, Canada, February 11, 2020 – Mediagrif Interactive Technologies Inc. (TSX: MDF), a leader in commerce technologies, today unveiled its financial results² for the third quarter of fiscal 2020 which ended on December 31st, 2019. The Company also announced the completion and launch of its new strategic plan which outlines its three main pillars of growth, and key areas of operational focus.

“We’re pleased to announce that our third quarter results are in line with our forecast.” said Luc Filiatreault, President and CEO of Mediagrif. “We are excited to provide an update on our now-approved 5-year strategy aimed at accelerating the Company’s growth. We’ve already implemented several elements of the plan, as demonstrated by the acquisition of k-eCommerce. Our goal is to hit the ground running and continue to implement the plan swiftly and effectively.”

5-YEAR STRATEGIC PLAN

Following a thorough strategic review process, conducted by the management team under the leadership of Luc Filiatreault, who joined in September 2019, Mediagrif has now completed and launched its five-year strategic plan.

This plan aims to transform Mediagrif in line with its new vision of becoming a fast growing, cloud-based commerce technology company with a SaaS business model.

Mediagrif’s 5-year strategy is built around three main pillars of growth:

- E-Commerce
- Strategic Sourcing
- Supply Chain Collaboration

¹ See the Reconciliation of adjusted EBITDA and profit as well as the “About Mediagrif Interactive Technologies Inc.” sections.

² Unless otherwise indicated, all amounts are in Canadian dollars.

As for Mediagrif's e-marketplaces, they continue to perform well and generate appreciable profitability although with less growth opportunity.

These three growth pillars operate in markets having respective compounded annual growth rates of 15, 12 and 11 %. Mediagrif has conducted detailed market studies in each of these sectors. The results show that there is considerable growth to be captured in each of these markets and Mediagrif has a solid foundation to seize these opportunities and successfully compete in this competitive landscape.

Mediagrif is a commerce enabler that develops and operates various SaaS platforms supporting billions of dollars of transactional revenue between approximately 5,000 buyers and 150,000 suppliers.

Our networks are centered around ecosystems of large buyers around which thousands of suppliers connect into for their daily business. Most of our revenue is supplier based and is of a recurring nature, providing better visibility and predictability, and lower dependency and concentration.

We conduct business in numerous verticals such as:

- Food
- General Merchandise & Apparel
- Retail
- Manufacturing
- Infrastructure and construction

The majority of our growth will come from:

- Our strategic M&A plan, laser-focused on increasing our customer count and expanding our geographic coverage in areas in which we are not present. We will also be seeking technology components that bolster our existing product and service offerings. We plan on strengthening our corporate development efforts to build our pipeline of opportunities and accelerate the execution of our M&A strategy.
- Our sustained organic growth plan, compounded by the effect of strategic M&A, where the focus is directed on developing and implementing a sales-driven culture throughout the company.
- A product development strategy built on innovation and monetization of data through high value, AI-based services.

The implementation of this strategy will require the allocation of additional capital and investments, which is expected to create compression on our EBITDA margins. We nevertheless anticipate to generate EBITDA margins of approximately 8 to 12% in the short term while aiming to reach, once the strategic plan is in full execution, a healthy combination of growth and profitability margins.

Funding of the execution of our strategic plan is expected to come from cash flow from operations as well as other sources of financing that may be available to the company, including debt, equity and quasi-equity financing.

SUMMARY OF CONSOLIDATED RESULTS

In thousands of Canadian dollars, except per share amounts Unaudited by independent auditors	Three months ended December 31 st		Nine months ended December 31 st	
	2019 \$	2018 \$	2019 \$	2018 \$
Revenues	18,072	20,884	56,511	62,273
B2B platforms revenues	17,074	16,819	50,800	49,185
B2C marketplaces revenues	998	4,065	5,711	13,088
Adjusted EBITDA¹	159	5,291	8,043	17,163
Operating profit (loss)	(1,753)	3,426	2,769	11,481
Profit (loss)	(1,879)	2,891	1,006	8,501
Adjusted profit (loss) for the period³	(1,879)	2,891	1,089	8,501
Adjusted earnings (loss) per share³ (basic and diluted)	(0.13)	0.19	0.07	0.57
Earnings (loss) per share (basic and diluted)	(0.13)	0.19	0.07	0.57
Weighted average number of shares outstanding (basic and diluted)	14,913	14,849	14,870	14,849

THIRD QUARTER OF FISCAL 2020

For the third quarter of fiscal 2020, revenues totaled \$18.1 million compared to revenues of \$20.9 million for the third quarter of fiscal 2019. Of the \$18.1 million of revenues, \$17.1 million came from our B2B platforms and \$1.0 million from our B2C platforms.

B2B platforms MERX and BidNet revenues increased by a total of \$0.4 million during the third quarter while the revenues of k-eCommerce, company acquired on December 3rd, 2019, also contributed positively to this quarter's revenues to the extent of \$0.3 million out of the total \$0.4 million generated this quarter, due to the adjustment made to recognize the fair value of deferred revenues at the acquisition date of k-eCommerce.

These increases in revenues from B2B have been partially offset by the decrease in revenues from Orkestra of \$0.1 million as well as the decrease in revenues of Broker Forum, Polygon and Market Velocity totaling \$0.3 million.

Revenues from B2C marketplaces totaled \$1.0 million compared to \$4.2 million during the corresponding quarter of fiscal 2019. The decrease in revenues from B2C is mainly due to the sale of LesPAC on June 11, 2019, a subsidiary that recorded revenues of \$2.7 million in the third quarter of fiscal 2019, as well as a decrease in revenues from Jobboom and Réseau Contact totaling \$0.4 million.

Adjusted EBITDA was negatively impacted during the third quarter of fiscal 2020 by non-recurring costs totaling \$1.4 million, consisting of termination benefits of \$1.1 million and professional services fees in connection with the acquisition of k-eCommerce of \$0.3 million.

Excluding these non-recurring costs, the adjusted EBITDA for the third quarter of fiscal 2020 totaled \$1.6 million.

The adjusted EBITDA for the quarter also takes into consideration a decrease in tax credits and capitalized internally developed software and web site for an amount of \$0.7 million and a \$0.2 million loss from k-eCommerce operations.

³ See the Reconciliation of adjusted profit and profit as well as the "About Mediagrif Interactive Technologies Inc." sections

NET LOSS

Net loss for the third quarter of fiscal 2020 totaled \$1.9 million or \$0.13 per share compared to a net profit of \$2.9 million or \$0.19 per share for the third quarter of fiscal 2019.

FINANCIAL POSITION AND FINANCING

As at December 31, 2019, the Corporation had \$12.4 million in cash and cash equivalents whereas the debt totalled \$28.0 million at this same date.

During the third quarter of fiscal 2020, the Corporation invested \$9.1 million for acquisitions and repaid an amount of \$3.6 million on its long-term debt. The Corporation also paid out a total of \$1.5 million in dividends.

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT (LOSS)

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

In thousands of Canadian dollars Unaudited and not reviewed by independent auditors	Three months ended December 31 st ,		Nine months ended December 31 st ,	
	2019 \$	2018 \$	2019 \$	2018 \$
Profit (loss)	(1,879)	2,891	1,006	8,501
Income tax expense (recovery)	(502)	1,039	375	2,980
Depreciation of property, plant and equipment and amortization of intangible assets	797	987	2,210	2,730
Amortization of acquired intangible assets	680	910	1,882	3,057
Amortization of right-of-use assets	435	-	1,182	-
Amortization of deferred financing costs	10	10	29	30
Amortization of deferred lease inducement	-	(32)	-	(99)
Foreign exchange loss (gain)	316	(825)	400	(885)
Loss (gain) on disposal of a subsidiary	-	-	83	-
Interest on lease liability	91	-	275	-
Interest on long-term debt	210	311	600	849
Adjusted EBITDA	159	5,291	8,043	17,163

The adoption of IFRS 16 had a favourable impact of \$0.5 million on the adjusted EBITDA of the third quarter ended December 31, 2019 (\$1.5 million for the nine months ended December 31, 2019), consisting of depreciation expense of the right-of-use asset for \$0.4 million (\$1.2 million for nine months) and an interest expense on the lease liability in the amount of \$0.1 million (\$0.3 million for nine months). Moreover, the adjusted EBITDA of the previous period has not been restated to reflect the impact of IFRS 16.

RECONCILIATION OF PROFIT (LOSS) AND ADJUSTED PROFIT (LOSS)

In thousands of Canadian dollars Unaudited and not reviewed by independent auditors	Three months ended December 31 st ,		Nine months ended December 31 st ,	
	2019 \$	2018 \$	2019 \$	2018 \$
Profit (loss)	(1,879)	2,891	1,006	8,501
Gain (loss) on disposal of a subsidiary – see Note 5 to the financial statements	-	-	(83)	-
Adjusted profit (loss) for the period	(1,879)	2,891	1,089	8 501
Profit (loss) per share	(0.13)	0.19	0.07	0.57
Adjusted profit (loss) per share	(0.13)	0.19	0.07	0.57

ABOUT MEDIAGRIF INTERACTIVE TECHNOLOGIES INC.

Mediagrif Interactive Technologies Inc. (TSX: MDF) enables the flow of commerce by providing a broad set of SaaS solutions that optimize and accelerate commercial interactions between buyers and sellers. Our platforms and services empower businesses around the world, allowing them to generate billions in transactions on an annual basis. Our strategic sourcing, e-commerce, supply chain collaboration and e-marketplace solutions are supported by a strong and dedicated team of more than 600 employees based in Canada, the United States, Denmark, Ukraine and China.

In addition to providing profit measures in accordance with IFRS, the Corporation shows operating profit and earnings before interest, taxes, depreciation, amortization, foreign exchange gain (loss) and other revenues (expenses) ("Adjusted EBITDA") as well 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 expenses, adjusted EBITDA and net profit are provided to assist investors in determining the Corporation's ability to generate profitability from its operations and to evaluate its financial performance.

This press release contains certain forward-looking statements with respect to the Corporation. These forward-looking 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. We consider the assumptions on which these forward-looking statements are based to be reasonable but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to the risks and uncertainties that affect us. We disclaim 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. Unless otherwise indicated, all amounts are in Canadian dollars.

Audited consolidated financial statements, accompanying notes and MD&A are available on www.mediagrif.com and have been filed with SEDAR at www.sedar.com.

- 30 -

For further information:

Mediagrif Interactive Technologies Inc.

Luc Filiatreault
President & CEO
Toll free: 1-877-677-9088 ext. 2004
Email: lfiliatreault@mediagrif.com

André Leblanc
Vice-President, Marketing &
Communication
Toll free: 1-877-677-9088 ext. 8220
Email: aleblanc@mediagrif.com

Paul Bourque
Chief Financial Officer
Toll free: 1-877-677-9088 ext. 2135
Email: pbourque@mediagrif.com