MEDIAGRIF

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2020

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The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at June 29, 2020, of the financial position and operating results of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Corporation") should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto for the year ended March 31, 2020. This MD&A compares performance for the fiscal years ended March 31, 2020 and 2019 and for the quarters then ended. The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A was approved by the Board of Directors of Mediagrif.

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

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

CORPORATION PROFILE

Mediagrif Interactive Technologies Inc. (TSX: MDF) enables the flow of commerce by providing a broad set of software as a service (SaaS) solutions that optimize and accelerate commercial interactions between buyers and sellers. Our platforms and services empower businesses around the world, allowing then to generate billions of dollars in transactions on an annual basis. Our strategic sourcing, unified commerce, and eMarketplace solutions are supported by a strong and dedicated team of nearly 600 employees based in Canada, the United States, Denmark, Ukraine and China.

MISSION STATEMENT

Our mission is to *Enable the Flow of Commerce*.

FINANCIAL HIGHLIGHTS – FISCAL YEAR ENDED MARCH 31, 2020

- Sale of LesPAC Network Inc. to Trader Corporation on June 11, 2019.
- Luc Filiatreault was appointed President and Chief Executive Officer on September 16, 2019.
- Acquisition of kCentric Technologies Inc. closed on December 3, 2019.
- The five-year strategic plan was completed and launched.
- B2B platform revenues totalled $68.9 million, up $2.8 million from 2019, which includes an amount of $2.0 million from kCentric Technologies.
- B2C marketplace revenues amounted to $6.5 million compared to $17.0 million in fiscal 2019, with the decrease mainly relating to the sale of LesPAC on June 11, 2019.
- Adjusted EBITDA[1] was $10.8 million, before non-recurring expenses of $2.3 million consisting mainly of termination benefits and professional fees.
- The net loss of $5.8 million ($0.39 per share) includes an impairment charge relating to the B2C platforms, net of the related income taxes totalling $5.3 million. This impairment charge had no impact on cash.

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[1] See reconciliation of adjusted EBITDA and profit.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. In response to this extraordinary situation, the Corporation was proactive and quickly implemented a business continuity plan. The Corporation also acted to ensure that all of its employees were able to continue their activities remotely, thereby placing the health and safety of all at the heart of its concerns. This quick reorganization has enabled us to provide our customers with uninterrupted and high-quality support.

Although COVID-19 has created a climate of uncertainty, the Corporation has experienced significant growth in its e-commerce activities and in strategic supply management, while our supply chain collaboration platform has remained stable to date. Some of our marketplaces have experienced a decline and some of them benefit from the federal government's assistance program.

The medium and long-term economic effects of the COVID-19 pandemic remain unknown and could affect our results to come. However, we believe that the transformation to e-commerce and digital technology will accelerate and that we will be able to capitalize on this trend through our main platforms. Our business solutions and expertise in this industry put us in a good position to continue helping our customers, secure their organizations, and optimize their business transactions in these unprecedented times.

FIVE-YEAR STRATEGIC PLAN

The Corporation adopted a five-year strategic plan to transform Mediagrif under its new vision as a high-growth, cloud-based technology company with an SaaS business model.

Mediagrif's five-year plan is built around five main strategies:

- *One* SaaS company – A strategy to unify our brands, promote the business data of our different families of products, and adopt a set of SaaS performance metrics, within a simplified operational and corporate structure.
- Product development – A product development strategy based on the acceleration of development cycles, innovation, and monetization of data through high value-added services based on AI and on the promotion and recognition of our products among industry specialists.
- Customer acquisition – A sustained organic growth plan with a focus on developing a sales culture and cross-selling synergies between our families of products.
- Merger, acquisition and integration – A strategic acquisition plan aimed at increasing our customer base, expanding our geographic footprint and strengthening our existing product offerings with technology components, all executed following a proven integration strategy.
- Culture, talent and operational efficiency – An investment plan in our leaders and employees to develop skills and foster collaboration, engagement, and a sense of belonging, all while focusing on operational efficiency.

SUBSEQUENT EVENT

Bought deal offering

On May 21, 2020, the Corporation completed a bought deal offering under which a total of 2,909,091 common shares of the Corporation were issued at a price of $5.50 per common share for total gross proceeds of $16,000,000, including common shares issued following the partial exercise of the Underwriters' option granted to the Underwriters. The net proceeds of the offering were $14,957,729, net of fees of $1,042,271.

ACQUISITION OF KCENTRIC TECHNOLOGIES INC. ("K-ECOMMERCE")

On December 3, 2019, the Corporation acquired all of the shares of kCentric Technologies Inc., ("k-eCommerce"), a leader providing integrated e-commerce and payment solutions, for a cash consideration of $15.0 million, including assumed debt on the acquisition date of $6.5 million, as well as for the issuance of 203,000 common shares of the Corporation, subject to subsequent adjustments to working capital and long-term debt. The acquisition was entirely financed by the Corporation's revolving credit facility.

This strategic acquisition will allow the Corporation to substantially increase its offerings in the high-growth e-commerce market. Moreover, due to the Corporation's expertise and solid financial position, k-eCommerce will be better able to invest in technological development and explore new marketing opportunities. Potential synergies in the Corporation's sales and marketing, e-commerce development and expertise were also determining factors in this acquisition.

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

If this business combination had been completed on April 1, 2019, the Corporation's consolidated revenues for the year ended March 31, 2020, would have totalled $79.9 million, including a negative adjustment on deferred revenues at the acquisition date of $0.6 million. The consolidated net loss for the 12-month period ended March 31, 2020 would have totalled $8.4 million, including the negative adjustment to deferred acquisition revenues of $0.6 million, and an additional amortization expense of $0.8 million relating to acquired intangible assets. The Corporation considers the pro forma figures to represent an approximate measurement of the financial performance of the combined business over a twelve-month period. However, pro forma information does not account for synergies or changes to historical transactions and is not necessarily indicative of the profit of the Corporation if the acquisition had actually occurred on April 1, 2019, nor of the profit that may be achieved in the future.

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL INFORMATION

In thousands of Canadian dollars, except per share amounts. Unaudited by independent auditors	2020 $	2019 $	2018 $	2017 $	2016 $
REVENUES	**75,428**	83,082	80,937	77,738	73,020
GROSS MARGIN	**53,874**	62,192	62,914	62,676	58,652
OPERATING EXPENSES					
General and administrative	**13,252**	12,666	11,009	10,035	9,323
Selling and marketing	**17,072**	17,425	17,149	16,397	15,389
Technology	**22,991**	18,822	19,832	14,797	10,905
TOTAL OPERATING EXPENSES	**53,315**	48,913	47,990	41,229	35,617
OPERATING PROFIT	**559**	13,279	14,924	21,447	23,035
Impairment loss on assets	**(7,221)**	(46,581)	-	-	-
Loss on sale of a subsidiary	**(83)**	-	-	-	-
Other (expenses) revenues, net amount	**788**	533	(1,048)	346	(400)
Financial expenses, net amount	**(1,310)**	(1,213)	(1,096)	(1,010)	(815)
Share in profit of a joint venture	**-**	(6)	211	137	163
Income tax recovery (expense)	**1,515**	8,347	(5,814)	(5,079)	(6,151)
PROFIT (LOSS)	**(5,752)**	(25,641)	7,177	15,841	15,832
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**8,515**	20,672	23,372	28,554	28,576
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**3,086**	12,709	17,913	23,728	22,310
EARNINGS PER SHARE – BASIC AND DILUTED	**(0.39)**	(1.73)	0.48	1.06	1.05
Declared dividends per share	**0.20**	0.40	0.40	0.40	0.40
Weighted average number of shares outstanding (in thousands):					
Basic and diluted	**14,915**	14,849	14,870	14,993	15,140
TOTAL ASSETS	**171,085**	168,916	209,656	209,321	194,129
LONG-TERM DEBT (INCLUDING CURRENT PORTION)	**26,975**	24,935	28,096	31,451	26,311

The adoption of IFRS 16 had a favourable impact of $2.1 million on the adjusted EBITDA of the year ended March 31, 2020, i.e., a depreciation expense of the right-of-use asset of $1.7 million and an interest expense on the lease liability in the amount of $0.4 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 *In thousands of Canadian dollars (unaudited)*	**Fiscal years ended March 31, 2020 $**	**2019 $**
PROFIT (LOSS)	**(5,752)**	(25,641)
Impairment loss on assets	**7,221**	46,581
Income tax expense (recovery)	**(1,515)**	(8,347)
Depreciation of property, plant and equipment and amortization of intangible assets	**3,474**	3,658
Amortization of acquired intangible assets	**2,816**	3,874
Amortization of right-of-use asset	**1,665**	-
Amortization of deferred financing costs	**39**	40
Amortization of deferred lease inducement	**-**	(133)
Foreign exchange loss (gain)	**(788)**	(533)
Loss (gain) on sale of a subsidiary	**83**	-
Interest on lease liability	**380**	-
Interest on debt	**892**	1,173
ADJUSTED EBITDA	**8,515**	20,672

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 (LOSS) AND ADJUSTED PROFIT (LOSS) *In thousands of Canadian dollars (unaudited)*	**Fiscal years ended March 31, 2020 $**	**2019 $**
PROFIT FOR THE YEAR	**(5,752)**	(25,641)
Impairment of assets, net of related taxes – See Note 10 to the financial statements	**5,307**	35,100
ADJUSTED PROFIT (LOSS)	**(445)**	9,459
ADJUSTED PROFIT PER SHARE	**(0.03)**	0.64

FISCAL YEAR ENDED MARCH 31, 2020 ("FISCAL 2020") COMPARED TO FISCAL YEAR ENDED MARCH 31, 2019 ("FISCAL 2019")

REVENUES

For fiscal 2020, revenues totalled $75.4 million compared to $83.1 million for fiscal 2019. The change in revenue is mainly explained as follows:

- The addition of k-eCommerce's revenues since its acquisition on December 3, 2019 for a total of $2.0 million. Revenues reflect an adjustment made when measuring acquisition date deferred revenues at fair value, reducing revenues from pre-acquisition sales by $0.4 million.
- Increase in revenues from Orckestra in the amount of $1.4 million. This increase is due to $1.6 million in rights of use whereas professional services revenues decreased by $0.2 million.

- The increase in revenues of Bidnet of $0.6 million is primarily due to higher average revenue per client using the value-added service offering.
- The revenues of Advanced Software Concepts decreased by $0.5 million, mainly due to the $0.4 million decline in professional services revenues.
- A $0.2 million increase in revenues attributable to an increase in the average effective exchange rate on foreign currency forward contracts and to the change in exchange rates between the U.S. dollar and the Canadian dollar.
- A $0.3 million decrease in revenues from Broker Forum, mainly due to a decrease in the number of users on this platform, and a $0.4 million decrease in revenues from Market Velocity, a platform that ceased operations in October 2019.
- A $10.5 million decrease in revenues from the B2C platforms, mainly related to the sale of LesPAC on June 11, 2019, and a $1.6 million decrease in revenues from Jobboom & Réseau Contact.

During fiscal 2020, revenues earned in Canadian dollars represented 50% of total revenues compared to 55% for fiscal 2019.

COST OF REVENUES

Cost of revenues was $21.6 million during fiscal 2020 compared to $20.9 million during fiscal year 2019. The increase is mainly attributable to the addition of k-eCommerce expenses totalling $1.2 million since its acquisition on December 3, 2019, the $0.8 million increase in professional services fees and the $0.6 million increase in the cost of hosting services. Sales commissions payable to third parties decreased by $1.7 million due to the sale of LesPAC in the first quarter of fiscal 2020.

Service costs also reflect a non-recurring charge of $0.2 million relating to an allowance for an onerous contract.

GROSS MARGIN

Based on the information above, gross margin for fiscal year 2020 was 71.4% compared to 74.9% during fiscal year 2019.

OPERATING EXPENSES

Operating expenses for fiscal 2020 totalled $53.3 million, compared to $48.9 million for fiscal 2019. This change in operating expense is explained as follows:

- General and administrative expenses stood at $13.3 million during fiscal 2020 compared to $12.7 million for fiscal 2019. This increase is mainly attributable to the addition of k-eCommerce costs totalling $0.5 million, including a $0.1 million retention incentive as well as the cost of professional services also relating to the acquisition of k-eCommerce.
- Selling and marketing expenses totalled $17.1 million during fiscal 2020 compared to $17.4 million for fiscal 2019. The decrease is mainly attributable to a $0.7 million decline in depreciation expenses on assets acquired and a $0.6 million decrease in selling and marketing costs relating to the sale of LesPAC during the first quarter of 2020, partly offset by the addition of k-eCommerce costs totalling $0.9 million.
- Technology expenses stood at $23.0 million during fiscal 2020 compared to $18.8 million for fiscal 2019. This increase is mainly attributable to a $2.0 million rise in labour costs (of which $0.4 million relates to termination benefits), to the recording of lower tax credits and internally developed software and websites

capitalized of $1.7 million and the addition of k-eCommerce costs totalling $0.6 million. These cost increases were partly offset by a decrease in professional service fees in the amount of $0.4 million.

OPERATING PROFIT

Based on the information above, operating profit reached $0.6 million during fiscal 2020 compared to $13.3 million during fiscal 2019.

FOREIGN EXCHANGE

The Corporation realized a $0.8 million foreign exchange gain on assets denominated in U.S. dollars during fiscal 2020 following a depreciation of the Canadian dollar versus the U.S. dollar compared to a $0.5 million foreign exchange gain during fiscal 2019.

FINANCIAL EXPENSES

Financial expenses totalled $1.3 million during fiscal 2020 compared to $1.2 million for fiscal 2019. These expenses consist primarily of interest expenses and standby fees on long-term debt and of the amortization expense on deferred financing costs.

INCOME TAX EXPENSE

For the year ended March 31, 2020, there was an income tax recovery of $1.5 million, representing an effective tax rate of 20.85% compared to a statutory rate of 26.58%. During fiscal 2019, the effective tax rate was at 24.56%.

The difference between the statutory rate of 26.58% and the effective tax rate of 20.85% mainly results from the impact of reclassifying Jobboom, which has changed the manner in which the carrying value of assets is expected to be recovered. The expense can be explained by the reversal of the effect of an increase in the tax base of intangible assets available only in an asset sale scenario.

The difference between the statutory tax rate of 26.68% and the effective rate of 24.56% during fiscal 2019 is mainly attributable to the fact that certain charges recognized are not deductible for tax purposes—in particular a portion of the impairment charge relating to assets held for sale.

PROFIT

For fiscal 2020, the Corporation posted a net loss of $5.8 million ($0.39 per share) compared to a loss of $25.6 million ($1.73 per share) for fiscal 2019. The fiscal 2020 net loss includes a $7.2 million non-cash impairment charge related to the B2C platforms (Jobboom and Réseau Contact) less a $1.9 million deferred tax recovery.

FOURTH QUARTER ENDED MARCH 31, 2020 ("FOURTH QUARTER OF FISCAL 2020")

In thousands of Canadian dollars, except per share amounts. *(unaudited)*	**Three months ended March 31,** **2020** **$**	**2019** **$**
REVENUES	**18,917**	20,809
GROSS MARGIN	**12,718**	15,277
OPERATING EXPENSES		
General and administrative	**3,403**	4,218
Selling and marketing	**4,831**	4,765
Technology	**6,694**	4,496
TOTAL OPERATING EXPENSES	**14,928**	13,479
OPERATING PROFIT	**(2,210)**	1,798
Impairment loss on assets	**(7,221)**	(46,581)
Other revenues (expenses), net amount	**1,188**	(352)
Financial expenses	**(405)**	(334)
Share in profit of a joint venture	**-**	-
Income tax recovery (expense)	**1,890**	11,327
PROFIT FOR THE YEAR	**(6,758)**	(34,142)
PROFIT before impairment loss on assets	**(1,451)**	958
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**472**	3,509
PROFIT PER SHARE – BASIC AND DILUTED	**(0.45)**	(2.30)
ADJUSTED PROFIT PER SHARE – BASIC AND DILUTED	**(0.10)**	0.06
Weighted average number of shares outstanding (in thousands)		
Basic and diluted	**15,052**	14,849

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT	Three months ended March 31,	
	2020	**2019**
In thousands of Canadian dollars (unaudited)	**$**	**$**
PROFIT FOR THE YEAR	**(6,758)**	(34,142)
Impairment loss on assets	**7,221**	46,581
Income tax expense (recovery)	**(1,890)**	(11,327)
Depreciation of property, plant and equipment and amortization of intangible assets	**1,264**	928
Amortization of acquired intangible assets	**935**	817
Amortization of right-of-use asset	**482**	-
Amortization of deferred financing costs	**10**	10
Amortization of deferred lease inducement	**-**	(34)
Foreign exchange loss (gain)	**(1,188)**	352
Interest on lease liability	**105**	-
Interest on debt	**291**	324
Loss (gain) on disposal of property, plant, equipment and intangible assets	**-**	-
ADJUSTED EBITDA	**472**	3,509

REVENUES

For the fourth quarter of fiscal 2020, revenues totalled $18.9 million, a decrease of $1.9 million compared to $20.8 million in the fourth quarter of fiscal 2019. The change in revenue is mainly explained as follows:

- The addition of k-eCommerce's revenues since its acquisition on December 3, 2019 for a total of $1.6 million. Revenues reflect an adjustment made when measuring acquisition date deferred revenues at fair value, which reduced revenues from pre-acquisition sales by $0.3 million.
- The increase in revenues of Bidnet and InterTrade for a total of $0.3 million is primarily due to higher average revenue per client using the value-added service offering.
- A $0.2 million increase in revenues attributable to the higher average effective exchange rates on foreign exchange contracts and to the change in exchange rates between the U.S. dollar and the Canadian dollar.
- A $0.2 million decrease in revenues from Advanced Software Concepts due to a decrease in professional services revenues.
- A $0.2 million decrease in revenues from Polygon, mainly due to a decrease in the number of users on this platform, and a $0.2 million decrease in revenues from Market Velocity, a platform that ceased operations in October 2019.
- Lower revenues from LesPAC for an amount of $2.6 million due to the sale of its shares on June 11, 2019. No revenue was therefore recognized for the fourth quarter ended March 31, 2020.
- A $0.5 million decrease in the revenues from the Jobboom & Réseau Contact platforms during the fourth quarter of 2020 due to price adjustments made in response to market conditions affecting recruitment revenues and to a decrease in the number of users on these platforms.

During the fourth quarter of fiscal 2020, revenues earned in Canadian dollars represented 53% of total revenues, compared to 57% in the fourth quarter of fiscal 2019.

COST OF REVENUES

Cost of revenues totalled $6.2 million during the fourth quarter of fiscal 2020 compared to $5.5 million during the fourth quarter of fiscal 2019. The increase is attributable to the addition of k-eCommerce activities representing an amount of $0.9 million during the quarter as well as the recognition of a $0.2 million allowance on an onerous contract with a client. Sales commissions to third parties decreased by an amount of $0.5 million as a result of the sale of LesPAC in the first quarter of fiscal 2020.

GROSS MARGIN

Based on the information above, gross margin for the fourth quarter of fiscal 2020 reached 67.2% compared to 73.4% in the fourth quarter of fiscal 2019.

OPERATING EXPENSES

Operating expenses for the fourth quarter of fiscal year 2020 totalled $14.9 million compared to $13.5 million for the fourth quarter of fiscal 2019. The changes in operating expenses are explained as follows:

- General and administrative expenses stood at $3.4 million during the fourth quarter of fiscal 2020 compared to $4.2 million for the same quarter of fiscal 2019. This decrease is mainly attributable to lower labour costs in the amount of $1.0 million (including $0.6 million relating to termination benefits) in addition to a $0.1 million decrease in professional services fees, mainly offset by the addition of k-eCommerce costs totalling $0.4 million.

- Selling and marketing expenses remained stable at $4.8 million for both the fourth quarter of fiscal 2020 and 2019. The addition of k-eCommerce costs totalling $0.7 million was fully offset by a $0.6 million decrease in promotional costs.

- Technology expenses stood at $6.7 million during the fourth quarter of fiscal 2020 compared to $4.5 million during the same quarter of fiscal 2019. This increase is mainly due to an increase in labour costs in the amount of $0.3 million, to the recording of lower tax credits and internally developed software and websites capitalized of $0.9 million, a $0.6 million increase in amortization expenses in respect of intangible assets and the addition of k-eCommerce costs totalling $0.5 million.

OPERATING PROFIT

Based on the information above, operating loss totalled $2.2 million during the fourth quarter of fiscal 2020 compared to a $1.8 million gain during the fourth quarter of fiscal 2019.

FOREIGN EXCHANGE

During the fourth quarter of fiscal 2020, the Corporation realized a $1.2 million foreign exchange gain on assets denominated in U.S. dollars compared to a foreign exchange loss of $0.4 million during the fourth quarter of fiscal 2019.

FINANCIAL EXPENSES

Financial expenses stood at $0.4 million for the fourth quarter of fiscal 2020 and $0.3 million for the corresponding period of 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 fourth quarter of fiscal 2020, there was an income tax recovery of $4.5 million, representing an effective tax rate of 23.98% compared to a statutory rate of 26.58%.

The difference between the statutory rate of 26.58% and the effective tax rate of 23.98% mainly results from the impact of reclassifying Jobboom, which has changed the manner in which the carrying value of assets is expected to be recovered. The expense can be explained by the reversal of the effect of an increase in the tax base of intangible assets available only in an asset sale scenario.

The difference between the statutory tax rate of 26.68% and the effective rate of 24.56% during fiscal 2019 is mainly attributable to the fact that certain charges recognized are not deductible for tax purposes in particular a portion of the impairment charge relating to assets held for sale.

PROFIT

As a result of the above items, the Corporation posted a net loss of $6.8 million ($0.45 per share) in the fourth quarter of fiscal 2020 compared to a loss of $34.1 million ($2.30 per share) in the fourth quarter of fiscal 2019. The net loss for the fourth quarter of fiscal 2020 reflects a non-monetary impairment charge of $7.2 million, less a deferred income tax recovery of $1.9 million relating to the B2C platforms, i.e., Jobboom and Réseau Contact.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before March 31, 2020 is as follows:

	2020				2019			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Unaudited by independent auditors	**March 31, 2020 $**	**Dec. 31, 2019 $**	**Sept. 30, 2019 $**	**June 30, 2019 $**	**March 31, 2019 $**	**Dec. 31, 2018 $**	**Sept. 30, 2018 $**	**June 30, 2018 $**
Revenues	**18,917**	18,072	18,211	20,228	20,809	20,884	20,261	21,128
Operating profit	**(2,210)**	(1,753)	2,008	2,514	1,798	3,426	4,831	3,224
Profit (loss)	**(6,758)**	(1,879)	1,834	1,051	(34,142)	2,891	3,178	2,432
Adjusted profit (loss)	**(1,451)**	(1,879)	1,660	1,308	958	2,891	3,178	2,432
Basic and diluted profit (loss) per share	**(0.45)**	(0.13)	0.12	0.07	(2.30)	0.19	0.21	0.16
Adjusted basic and diluted profit (loss) per share	**(0.10)**	(0.13)	0.11	0.09	0.06	0.19	0.21	0.16
Weighted average outstanding shares	**15,052**	14,913	14,849	14,849	14,849	14,849	14,849	14,849
Adjusted EBITDA	**472**	159	3,740	4,144	3,509	5,291	6,616	5,256
Cash flows generated by operating activities	**2,608**	(1,154)	586	1,046	5,039	2,574	2,743	2,353

In thousands of Canadian dollars, except per share amounts.

QUARTERS OF FISCAL 2020

- Fourth quarter ended March 31, 2020: Compared to the third quarter of fiscal 2020 ended December 31, 2019, revenues have increased mainly due to the addition of k-eCommerce revenues totalling $1.2 million (including a negative adjustment on acquisition deferred revenue in the amount of $0.3 million). This increase was partly offset by a $0.2 million decrease in B2C platform revenues and the $0.2 million decrease in revenues for Advanced Software Concepts.

  When higher revenues and the addition of k-eCommerce costs totalling $1.4 million are taken into account, adjusted EBITDA increased by $0.3 million mainly due to a $1.0 million decline in salaries and benefits relating mainly to termination benefits recognized in the third quarter.

  The operating loss increased slightly mainly due to an additional amortization charge in respect of tangible and intangible assets in the amount of $0.5 million including the addition of k-eCommerce depreciation for a full quarter.

  The net loss for the fourth quarter of fiscal 2020 totalled $6.8 million, which includes a non-monetary amortization charge of $7.2 million, less a deferred income tax recovery of $1.9 million relating to the Jobboom and Réseau Contact B2C platforms.

- Third quarter ended December 31, 2019: Compared to the second quarter of fiscal 2020 ended September 30, 2019, the revenues decreased slightly by $0.1 million. The addition of k-eCommerce revenues totalling $0.4 million was cancelled by the $0.3 million decrease in Jobboom revenues and the decline in Orckestra and ASC revenues representing a combined amount of $0.2 million.

Adjusted EBITDA decreased by $3.6 million, mainly due to termination benefits totalling $1.0 million, professional services fees in the amount of $0.4 million essentially relating to the acquisition of k-eCommerce and a $0.8 million increase in salaries and benefits. The Corporation has also recorded tax credits and internally developed websites and software capitalized for $0.3 million less than in the second quarter of fiscal 2020.

Also related to third quarter results, k-eCommerce operations generated a $0.2 million loss whereas lower Jobboom, Orckestra and ASC revenues also had a negative impact on the adjusted EBITDA for the quarter.

As a result of the above-mentioned factors, operating loss totalled $1.8 million, in line with the decrease in adjusted EBITDA for the quarter. Consequently, the net loss for the third quarter of fiscal 2020 totalled $1.9 million, or $0.13 per share.

- 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 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 websites 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 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 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 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.

  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.

LIQUIDITY AND FINANCIAL RESOURCES

The Corporation's capital management objective is to ensure it has sufficient liquidity to pursue its organic growth strategy, to make selective acquisitions, and to provide an appropriate return on investment to its shareholders.

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

As at March 31, 2020, the Corporation had cash and cash equivalents of $14.3 million and $53.0 million available on its $80.0 million revolving credit facility, subject to compliance with financial ratios.

On May 19, 2020, the Corporation applied to reduce the credit facility from $80 million to $40 million, effective May 25, 2020.

OPERATING ACTIVITIES

	Fiscal years ended March 31,	
	2020	**2019**
In thousands of Canadian dollars	**$**	**$**
Cash flows related to operating activities before changes in non-cash working capital items	**4,435**	15,290
Changes in non-cash working capital items	**(1,349)**	(2,581)
Cash flows generated by operating activities	**3,086**	12,709

For fiscal 2020, cash flows generated by operating activities reached $3.1 million compared to $12.7 million for fiscal 2019. The decrease in cash flows related to operating activities is mainly due to lower profit.

INVESTING ACTIVITIES

	Fiscal years ended March 31,	
	2020	**2019**
In thousands of Canadian dollars	**$**	**$**
Sale of a subsidiary	**19,433**	-
Business acquisition	**(8,024)**	-
Acquisition of property, plant and equipment	**(731)**	(823)
Acquisition of intangible assets	**(3,110)**	(3,973)
Distribution from a joint venture	**-**	436
Cash flows related to investing activities	**7,568**	(4,360)

Cash flows used for investing activities amounted to $7.6 million for fiscal 2020, compared to $4.4 million used for fiscal 2019.

During fiscal 2020, the Corporation sold LesPAC on June 11, 2019 for an amount of $19.4 million. An amount of $18.0 million was received at that date and a $1.0 million balance of sale as well as an amount of $0.5 million relating to the working capital adjustment were subsequently received in fiscal 2020.

The Corporation acquired all of the shares of kCentric Technologies Inc. during fiscal 2020 (i.e., on December 3, 2019) for a $15.0 million cash consideration including $6.5 million in debt assumed at the acquisition date (immediately repaid upon closing of the transaction) and 203,000 common shares of the Corporation.

During fiscal 2020, the Corporation used $0.7 million for acquisitions of property, plant and equipment compared to $0.8 million used in fiscal 2019. Also during fiscal 2020, it used an amount of $2.8 million for acquisitions of intangible assets (related to the recognition of internally developed software) compared to $3.9 million used during fiscal 2019. The Corporation also used $0.3 million to acquire external software during fiscal 2020 compared to $0.1 million during fiscal 2019.

FINANCING ACTIVITIES

	Fiscal years ended March 31,	
	2020	**2019**
In thousands of Canadian dollars	**$**	**$**
Increase in long-term debt	**14,474**	-
Repayment of long-term debt	**(18,890)**	(3,201)
Decrease in lease liability	**(1,544)**	-
Cash dividends paid on common shares	**(4,455)**	(5,939)
Cash flows related to financing activities	**(10,415)**	(9,140)

For fiscal 2020, cash flows used for financing activities amounted to $10.4 million compared to $9.1 million used during fiscal 2019.

During the year ended March 31, 2020, the Corporation repaid $18.9 million of the credit facility following the sale of LesPAC on June 11, 2019. It then used $14.5 million of the credit facility to acquire k-eCommerce on December 3, 2019.

The amount paid as dividends by the Corporation, i.e., $4.5 million or $0.30 per share for the period ended March 31, 2020, is less than the $5.9 million or $0.40 per share paid during the period ended March 31, 2019 since the Corporation announced on November 12, 2019 that it was suspending its dividend to allocate the related amounts to its future development efforts.

CREDIT AGREEMENT

On December 18, 2015, the Corporation renewed its credit agreement, which was entered into on November 10, 2011, (the “Credit Agreement”) with three Canadian financial institutions pursuant to which lenders made available to the Corporation an $80.0 million ($80.0 million as at March 31, 2018) secured five-year revolving credit facility and an accordion loan of $40.0 million ($40.0 million as at March 31, 2018) subject to lenders’ acceptance.

The amount that can be borrowed on the credit facility was reduced, at the Corporation’s request, as of May 25, 2020, to a total amount of $40 million. In addition, on June 25, 2020, the Credit Agreement was further amended (the "Amended Credit Agreement") to temporarily suspend application of a restrictive covenant set out in the Credit Agreement requiring a certain financial ratio to be maintained for the reference periods applicable to the quarters ending on March 31, 2020 and June 30, 2020.

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

As at March 31, 2020, the Corporation had drawn $27.0 million on its credit facility.

The credit facility bears interest at a rate based either on Canadian prime rate, CDOR, or the bankers’ acceptance rate plus an applicable margin in each case. This margin varies according to the ratio of total debt to the EBITDA defined in the Amended Credit Agreement. As at March 31, 2020, the actual rate was 1.25% and the margin was 2.00%. In addition, the unused portion of the credit facility bears interest at 0.40% as standby fees.

All obligations under the Amended 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 Amended Credit Agreement contains certain covenants and certain default events customary for loans of this nature, including some limitations to the levels of investments and acquisitions, capital expenditures, and distributions. The Amended Credit Agreement is also subject to restrictive covenants requiring certain financial ratios to be maintained. As at March 31, 2020, the Corporation was in compliance with the financial ratios prescribed under the restrictive covenants set out in the Amended Credit Agreement.

Furthermore, subsequent to the close of the fiscal year-end, the Corporation initiated the measures required to refinance the credit facility with the support of financial advisors. These measures are underway and expected to be completed before the end of the quarter ending September 30, 2020.

FINANCIAL POSITION

As a whole, the Corporation has a sound financial position and is able to meet its financial obligations. As at March 31, 2020, the Corporation's cash and cash equivalents totalled $14.3 million. At the same date, its assets totalled $171.1 million compared to $168.9 million as at March 31, 2019.

INFORMATION FROM THE STATEMENT OF FINANCIAL POSITION	**Fiscal years ended March 31**	
	2020	**2019**
In thousands of Canadian dollars	**$**	**$**
Cash and cash equivalents	**14,319**	13,339
Accounts receivable	**6,103**	8,097
Tax credits receivable	**8,040**	5,104
Prepaid expenses and deposits	**3,725**	2,448
Assets held for sale	**-**	20,148
Intangible assets	**6,907**	6,319
Acquired Intangible assets	**13,158**	14,565
Goodwill	**96,852**	90,149
Accounts payable and accrued liabilities	**10,662**	11,342
Other accounts payable	**857**	2,114
Deferred revenues	**17,796**	17,396
Liabilities held for sale	**-**	605
Current/long-term debt	**26,975**	24,935
Shareholders' equity	**92,839**	100,704

The main changes in the Corporation's Statement of Financial Position between March 31, 2020 and 2019 are explained as follows:

- Accounts receivable totalled $6.1 million as at March 31, 2020, down $2.0 million from March 31, 2019. The difference is mainly attributable to lower receivables for LesPAC, which was sold on June 11, 2019, as well as the discontinuation of Market Velocity operations.

- Tax credits receivable totalled $8.0 million as at March 31, 2020 compared to $5.1 million as at March 31, 2019. This increase is related to the fiscal 2019 tax credits not yet received as at March 31, 2020 and to the recognition of additional credits following the addition of the activities of k-eCommerce.

- Assets and liabilities held for sale were reclassified in their respective initial categories as at March 31, 2020 since they are no longer held for sale.

- Intangible assets totalled $6.9 million as at March 31, 2020, rising $0.6 million from March 31, 2019. This was mainly due to the recognition of internally developed software during fiscal 2020.
- Acquired intangible assets totalled $13.2 million as at March 31, 2020, down $1.4 million from March 31, 2019. This decrease is essentially attributable to a $7.2 million impairment charge relating to B2C platforms, namely Jobboom and Réseau Contact, as well as amortization expenses of $2.8 million recognized during fiscal 2020. Intangible assets from the acquisition of k-eCommerce totalling $8.6 million were added.
- Goodwill as at March 31, 2020 totalled $96.9 million, a $6.7 million increase due to the acquisition of k-eCommerce on December 3, 2019.
- Accounts payable and accrued liabilities stood at $10.7 million as at March 31, 2020 compared to $11.3 million as at March 31, 2019. This decrease is mainly attributable to provisions for termination benefits, which were not recurring amounts as at March 31, 2020.
- Shareholders' equity totalled $92.8 million as at March 31, 2020 compared to $100.7 million as at March 31, 2019. The change in equity is explained by the subtraction of comprehensive income totalling $6.1 million during fiscal 2020 and the addition of $1.2 million following a share issue relating to the acquisition of k-eCommerce, minus declared dividends in the amount of $3.0 million.

CONTRACTUAL OBLIGATIONS

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

In thousands of Canadian dollars	**Total $**	**Less than 1 year $**	**More than 1 year and less than 5 years $**	**5 years and over $**
Long-term debt (current portion)	27,005	27,005	-	-
Operating leases	13,274	1,995	6,775	4,503
Total contractual obligations	40,279	29,000	6,775	4,503

DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Corporation is exposed to certain financial risks. The Corporation does not hold financial instruments for speculative purposes but only to reduce the volatility of its results from its exposure to these risks. The nature and the extent of the risks arising from the financial instruments and their related risk management are described in Note 27 to the Corporation's audited consolidated financial statements as at March 31, 2020.

The Corporation's hedging program will yield an average (CA$/US$) exchange rate of 1.3243 on foreign currency forward contracts of US$10.9 million held as at March 31, 2020, which will mature over fiscal years 2020 and 2021. As at March 31, 2019, the Corporation had US$12.0 million in foreign currency forward contracts held at an average rate of 1.2942.

During the fiscal year ended March 31, 2020, there has been no significant change to the nature of the risks arising from financial instruments, to the related risk management, or to the classification of financial instruments.

Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments measured at fair value in the Corporation's Consolidated Statement of Financial Position.

RELATED PARTY TRANSACTIONS

On May 29, 2018, the Board of Directors of Société d'investissement M-S S.E.C. "GWS," a 50% joint venture of the Corporation, unanimously voted to dissolve and liquidate GWS. The dissolution and distribution of the residual cash balances to the co-venturers were completed on July 27, 2018. During the nine-month period ended December 31, 2018, the Corporation received an amount of $435,577 as a distribution from GWS. Consequently, no transaction was recorded during fiscal 2020.

The Corporation recharged GWS an amount of $2,743 for operating expenses during fiscal 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.

RETENTION OF CUSTOMERS

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

ACQUISITIONS

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

RESPONSE TO INDUSTRY'S RAPID PACE OF CHANGE

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

COMPETITION

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

DEFECTS IN SOFTWARE OR FAILURES IN PROCESSING OF TRANSACTIONS

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

POTENTIAL RISKS OF USING OF "OPEN SOURCE" SOFTWARE

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

INFRINGING ON THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS

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

PROTECTING OUR INTELLECTUAL PROPERTY RIGHTS

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

RETENTION OF KEY PERSONNEL

Our performance depends largely on the efficiency of our technical key and senior management personnel. Our success is highly dependent on our continued ability to identify, hire, train, motivate, promote, and retain highly qualified personnel in the areas of management, administration, technology services, product management, sales and marketing. Competition for such personnel is always strong. Our inability to attract or retain the necessary personnel in these areas, or to attract such employees on a timely basis, could have a material adverse effect on our business, results of operations, financial condition and the price of our securities.

REGULATION

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

CYBER SECURITY

In the ordinary course of business, we collect, store, process and/or transmit sensitive data belonging to clients, partners, vendors, employees and contractors as well as our own proprietary business information and intellectual property. The secure processing, maintenance and transmission of this information is critical to our operations and delivery of products and services to our clients. Despite the rigorous security procedures implemented, our data, systems and infrastructure may be vulnerable to cyber attacks or breached due to employee error, phishing attempts, malfeasance or other disruptions. These security breaches could materially compromise our information, disrupt our business operations or cause us to breach our client obligations thereby exposing us to liability, reputational harm and/or significant remediation costs. A theft, loss, corruption, exposure, fraudulent use or misuse of client information whether by third parties or as a result of employee malfeasance could result in significant remediation and other costs, fines, litigation or regulatory actions against us, as well as cause reputational harm, negatively impact our competitive position and affect our financial results. We also rely on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over our data and system processing. Such third parties may also be vulnerable to security breaches for which we may not be indemnified and which could cause materially adverse harm to our reputation and competitive position and affect our financial results.

DOING BUSINESS IN EMERGING COUNTRIES

We are doing business in emerging countries. Certain risks are associated with conducting our business in emerging countries that could negatively impact our operating results, which include, but are not limited to:

- Language barriers, conflicting international business practices, and other difficulties related to the management and administration of a global business.
- Difficulties and costs of staffing and managing geographically disparate direct and indirect operations.
- Exchange rate fluctuations on the currencies.
- Multiple, and possibly overlapping, tax structures and the burden of complying with a wide variety of foreign laws.
- Trade restrictions and tariff rates.
- The need to consider characteristics unique to technology systems used internationally.
- Economic or political instability in some markets.
- Other risk factors set out herein.

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

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

STRATEGIC PLAN

Our ability to achieve revenue growth and sustain profitability in future periods depends on our ability to execute our strategic plan and effectively manage our growth. Failure to do so could have an adverse effect on our business, financial condition and results of operations. Also, our revenue, cash flow, operating results and profitability may experience fluctuations from quarter to quarter, while we execute our strategic plan and invest in our operations.

PANDEMIC (COVID-19)

The Corporation's business, results of operations and financial position may be affected by the COVID-19 global pandemic (the "Pandemic") declared by the World Health Organization in March 2020. The efforts to contain it have negatively impacted the global economy, disrupted manufacturing operations as well as global supply chains and created significant volatility and disruption of financial markets. Moreover, the Pandemic may result in a global recession. Businesses in many countries around the globe, including Canada, the United States and other countries in which we operate, have been required to close, or materially alter their day-to-day operations due to government-ordered or recommended shutdowns or equivalent restrictions on individuals and businesses, which may prevent many businesses from operating. We have implemented measures that allow our employees to work remotely from home and continue to service and support our customers and ensure the uninterrupted availability of our various solutions, most of which are delivered by way of a software-as-a-service (SaaS). However, a pandemic poses the risk that our employees, clients and business partners may be prevented from conducting business activities for an indefinite period due to the transmission of the disease or due to emergency measures or restrictions that may be requested by government authorities. These emergency measures and restrictions, and future measures and restrictions taken in response to the Pandemic or other pandemics, have and may cause, material disruptions to businesses globally. The Pandemic may affect the financial viability of our customers, and could cause them to exit certain business lines, or change the terms on which they are willing to purchase our services and solutions. Customers may also slow down decision-making, delay planned work, seek to terminate existing agreements, not renew existing agreements or be unable to pay us in accordance with the terms of existing agreements. Uncertain and unfavourable economic conditions can also lead to an increase in reimbursements and chargebacks. Any of these events could cause or contribute to risk and uncertainty and could adversely affect our business, results of operations and financial position.

Finally, as a result of the Pandemic, global equity and capital markets have experienced significant volatility and weakness. The extent to which the Pandemic impacts our future business, including the market for our securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the Pandemic and the actions taken to contain or treat the Pandemic. It is not possible to reliably estimate the length and severity of these developments or the negative impact on our financial results, share price and financial position in future periods. Many of the risks, uncertainties and other risk factors identified are, and will be, amplified by the Pandemic.

FOREIGN EXCHANGE

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

SHARE PRICE

Our common shares do not necessarily trade at prices determined by reference to the underlying value of our business and cannot be predicted. The market price of the common shares may be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, securities markets have experienced significant price and volume fluctuations from time to time in recent years, and even more so since the beginning of the Pandemic, that are often unrelated or disproportionately related to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of our common shares.

NO DIVIDEND

The board of directors of the Corporation adopted a policy to pay quarterly dividends commencing February 8, 2011. Although we have paid dividends in the past, the board of directors suspended, on November 12, 2019, the payment of the dividend to reinvest in the Corporation's strategic plan and growth. As a result, we do not expect to pay cash dividends on our securities for the foreseeable future. The decision to pay dividends on the shares in the future will rest exclusively with the board of directors and will depend, among other things, on our operating results, our current and forecasted surplus and cash requirements, our financial situation and other factors that the board of directors may deem relevant.

LIQUIDITY AND FINANCING RISKS

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

ESTIMATES

Explanations about the main assumptions and estimates are presented below:

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

Explanations about the main assumptions and estimates are presented below:

COVID-19

Global economic conditions are currently highly volatile due to the novel coronavirus (COVID-19) pandemic, which the World Health Organization declared on March 11, 2020. The scope, duration and gravity of COVID-19 are hard to predict and could affect the estimates and judgments used in the preparation of the consolidated financial statements, in particular but not limited to the following items: revenue recognition, goodwill, impairment losses on intangible assets and expected credit losses.

Revenue recognition

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

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

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

Measurements of assets

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

Business combinations

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

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

Deferred taxes

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

Judgments

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

Definition of cash-generating units

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

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

Revenue recognition of multiple deliverable arrangements

Assessing whether the deliverables within an arrangement are separate performance obligations requires judgment by management. A deliverable is identified as a separate performance obligation if the customer benefits from it on its own or together with resources that are readily available to the customer and if it is separately identifiable from the other deliverables in the contract. The Corporation assesses if the deliverables are separately identifiable in the context of the contract by determining if it is highly interrelated with other deliverables in the contract. If these criteria are not met, the deliverables are accounted for as a combined performance obligation.

Determination of the reportable segment

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

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

Functional currency

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

Assets held for sale

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

The Corporation considered decisions made by the Board of Directors, ongoing processes, and contacts with various stakeholders, and it concluded that the criteria were met on March 31, 2019. As a result, the cash-generating units in Note 10 have been classified as held for sale in the Consolidated Statement of Financial Position.

The Corporation reviewed this assessment again as at March 31, 2020, concluding that the cash-generating units still held by the Corporation no longer met the criteria. The respective assets and liabilities were therefore reclassified in the corresponding assets and liabilities in the Consolidated Statement of Financial Position.

FUTURE CHANGES IN ACCOUNTING POLICIES

IAS 1, Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* were amended to clarify the definition of "material" and how it should be applied to ensure that it is consistent across all IFRS standards. The amendments apply to the Corporation for fiscal years beginning on or after April 1, 2020. While early application is permitted, the Corporation has not early adopted these amendments and is currently assessing the impact of these changes on its consolidated financial statements.

IFRS 3, Business Combinations

In October 2018, IFRS 3, *Business Combinations* was amended to clarify the definition of a "business," with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments apply to the Corporation for fiscal years beginning on or after April 1, 2020. While early application is permitted, the Corporation has not early adopted these amendments and is currently assessing the impact of these changes on its consolidated financial statements.

IAS 1, Presentation of Financial Statements

On January 23, 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* regarding the classification of liabilities as current or non-current. These amendments clarify that the classification of liabilities as either current or non-current should be based on the entity's rights at the end of the reporting period and make clear the link between the settlement of the liability and the outflow of the entity's resources. These amendments are effective for fiscal years beginning on or after January 1, 2022 and should be applied retrospectively. The Corporation does not intend to early adopt these amendments and is assessing their impact on its consolidated financial statements.

FORWARD-LOOKING STATEMENTS

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

CONTROLS AND PROCEDURES

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

DISCLOSURE CONTROLS AND PROCEDURES

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

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the effectiveness of the Corporation's disclosure controls and procedures in accordance with the rules of the Canadian Securities Administrators. As at March 31, 2020, there were no changes in the Corporation's disclosure controls and procedures, and these controls and procedures are still considered effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the design and effectiveness of the Corporation's internal control over financial reporting and has concluded that such controls were effective for the fiscal year ended March 31, 2020.

Management's evaluation and conclusion regarding the design of internal controls over financial reporting exclude the controls, agreements and procedures of k-eCommerce, which was acquired on December 3, 2019. The Corporation has a period of one year from the date of acquisition to perform this analysis and to implement the internal controls deemed necessary.

As at March 31, 2020, there were no changes to the Corporation's internal control over financial reporting that had, or are reasonably likely to have, a material impact on the Corporation's internal control over financial reporting.

ADDITIONAL INFORMATION

This report has been prepared as at June 29, 2020.

At that date, the number of common shares outstanding was 17,960,870.

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."

HEAD OFFICE

1111 St-Charles Street West, Suite 255
Longueuil, Québec, Canada J4K 5G4
Tel.: 450-449-0102 Fax: 450-449-8725
www.mediagrif.com

BOARD OF DIRECTORS

Gilles Laporte
Quebec, Canada
Chairman of the Board of the Corporation
Corporate Director

Luc Filiatreault
Quebec, Canada
President and CEO

Philippe Duval
Quebec, Canada
Senior Vice-President and Chief Operating Officer
Groupe Sélection

Catherine Roy
Quebec, Canada
Vice-President, Transformation

Natalie Larivière
Quebec, Canada
Vice-President, Operations and Strategies,
Substance Stratégies Inc.
President, Yuma Stratégies

Jean-François Sabourin
Quebec, Canada
Managing Director, Canaccord Genuity Direct
President, JitneyTrade Inc.

Gilles Laurin
Quebec, Canada
CPA, CA
Corporate Director

Zoya Shchupak
Quebec, Canada
CPA, CA
Corporate Director

TRANSFER AGENT AND AUDITOR

Computershare Investor Services Inc.
1500 Robert-Bourassa Boulevard, Suite 700,
Montreal, Quebec, Canada H3A 3S8
Tel.: 514-982-7888 Fax: 514-982-7580
www.computershare.com

Deloitte LLP
1190 Avenue des Canadiens de Montréal
Montreal, Quebec, Canada H3B 0M7
Tel.: 514-393-7115 Fax: 514-390-4116
www.deloitte.ca