

## **Mediagrif reports Financial Results for Fourth Quarter and Full Year Fiscal 2020 and Outlook**

*Transformation to a Digital Commerce SaaS Company is well under way. Recurring revenue growth is accelerating.*

**Longueuil, Canada, June 29, 2020** – Mediagrif Interactive Technologies Inc. (TSX: MDF), a leader in digital commerce technologies, today released its financial results<sup>2</sup> for its fourth quarter and full year fiscal 2020 which ended on March 31<sup>st</sup>, 2020. All dollar amounts are expressed in Canadian currency and are prepared in accordance with International Financial Reporting Standards (IFRS).

“Fiscal 2020 was a transformative year at Mediagrif. Since assuming control of the company in the Fall of 2019, management has focused on implementing a five-year strategic plan, streamlining operations and strengthening the balance sheet in preparation for accelerated growth and scale. We are pleased to report that many foundational and transformative elements are now fully completed, and we are already seeing strong results in Q1 2021, especially as the acceptance of Digital Commerce accelerates with the COVID-19 pandemic.”

### **Full Year Fiscal 2020 Results**

For fiscal 2020, revenues totaled \$75.4 million compared to revenues of \$83.1 million in fiscal 2019. Of the \$75.4 million of revenues, \$55.7 million (74%) came from our core platforms while our non-core platforms added \$19.7 million of revenue during the fiscal year.

The increase in revenues from our core platforms for the year came mainly from Unified Commerce platform with a \$3.7 million increase in revenues including, k-eCommerce, a company acquired on December 3<sup>rd</sup>, 2019 and integrated with the Unified Commerce platform, which contributed \$2.0 million to fiscal 2020 revenues.

The Strategic Sourcing Platform added \$0.8 million in revenues coming mainly from our U.S. government procurement solutions. This increase in revenue from core platforms have been partially offset by a decrease in revenues of ASC of \$0.5 million (mainly due to lower revenue from professional services).

Revenues from e-marketplaces totaled \$19.7 million in fiscal 2020, compared to \$31.3 million during the corresponding period of fiscal 2019. The decrease in revenues from non-core activities is mainly due to the sale of LesPAC on June 11, 2019, of \$8.8 million as well as a decrease in revenues from Jobboom and Réseau Contact totaling \$1.6 million and from a decrease in marketplace revenue totaling \$0.4 million, mainly due to rationalization last October.

Gross margins reported for FY2020 were 71.4%, down slightly from 74.9% reported for FY2019.

Adjusted EBITDA for fiscal 2020 totaled \$10.8 million, adjusted for non-recurring costs totaling \$2.3 million, consisting mainly of termination benefits of \$1.3 million, professional services fees of \$0.6 million of which \$0.3 million in connection with the acquisition of k-eCommerce, non-cash retention benefits also related to the acquisition of k-eCommerce of \$0.1 million and a provision for an onerous contract for a client of \$0.2 million.

Adjusted EBITDA for fiscal 2020 also takes into consideration a decrease in tax credits and capitalized internally developed software and web site for an amount of \$1.7 million.

On May 21, 2020, the Company completed a bought deal offering under which an aggregate of 2.9 million common shares of the Company were issued at a price of \$5.50 per common share for aggregate gross proceeds of \$16,000,000. Net proceeds of the offering amounted to \$15.0 million placing the Company in a positive net cash position.

#### **Fourth Quarter 2020 Financial Results:**

Total revenue was \$18.9 million, down 9.1% from \$20.8 million reported for Q4 2019. The decrease was primarily attributable to decline in legacy, non-core platforms.

While our core platforms, Strategic Sourcing and Unified Commerce revenues increased by 13% to \$15.0 from \$13.3 million reported for fiscal 2019, non-core platform revenues declined 48% to \$3.6 million in line with the new focus of the company implemented towards the end of 2019. Again, performance in the non-core platforms was a result of divesting assets and refocussing operations.

MRR exiting Q4 fiscal year 2020 was \$14.9 million, representing 79% of total revenue for the quarter. Total MRR grew by 10% over the previous Q4 reporting period. Going forward, MRR is a key performance metric. As Mediagrif continues to shift emphasis to focus on recurring core SaaS revenue, gross margins have remained relatively stable. Adjusted EBITDA for the fourth quarter totaled \$0.9 million, adjusted for non-recurring costs totaling \$0.4 million consisting of professional services fees and non-cash retention related to the acquisition of k-eCommerce of \$0.2 million and a provision for an onerous contract for a client of \$0.2 million. This compared to \$3.5 million reported for Q4 2019. The reduction in EBITDA is mainly due to the divestment of LesPAC as well as the decrease in the non-core platforms, increased investment in sales & marketing and research & development during the quarter and a decrease in tax credits and capitalized internally developed software and web site.

During the fourth quarter, Mediagrif recognized a non-cash impairment charge of \$7.2 million against Jobboom and Reseau Contact, part of its non-core marketplace properties. This charge is consistent with the Company's ongoing pivot to growth markets serviced by the Strategic Sourcing and Unified Commerce platforms.

Deferred revenue, a proxy for SaaS bookings, grew by 4% to \$17.8 million compared to \$17.2 million reported for the same period of 2019.

The net loss declined in Q4 2020 to \$5.8 million from \$25.6 million in Q4 2019.

#### **Outlook**

Since the beginning of calendar year 2020, combined MRR for Unified Commerce, and Strategic Sourcing has already increased by 15% over last year.

Since the start of the new fiscal year 2021, total revenue for eCommerce enterprise solutions accelerated organically by 56% due to an eight-week surge in demand for Digital Commerce caused by the COVID-19 pandemic. The pandemic drove some spillover demand in Mediagrif's Strategic Sourcing where U.S. government procurement solutions revenue increased by 15%.

Management believes that much of the shift in preference towards Digital Commerce will be largely permanent, which should be reflected in future performance for Unified Commerce and Strategic Sourcing.

"We are very excited about the future of Mediagrif as Digital Commerce takes off." said CEO Luc Filiatreault. "We have worked very hard over the past several months to streamline, reposition and focus the company to profitably scale faster to take advantage of the enormous opportunities available to us in Strategic Sourcing and Unified Commerce market segments. We are confident that our five-year plan will maximize shareholder value now and in the future and we are encouraged by early results from this most recent quarter."

"As we focus our entire company on growing monthly recurring revenue, we should see our revenue trajectories improve over time." said Paul Bourque, Mediagrif CFO. "We hope that shareholders, potential investors, and analysts begin to track our SaaS bookings and MRR growth, because based on all common metrics, we have a growth and earnings profile that compares favorably to our Digital Commerce peers."

#### Q4 and Full Year 2020 Investor Call Details

Date: Tuesday, June 30, 2020

Time: 11:00 a.m. Eastern Time (8:00 a.m. Pacific Time)

Length: 30 minutes

Dial-in: (416) 764-8650 (local) or 1-888-664-6383 (North-America)

Live webcast: [register here](#)

#### SUMMARY OF CONSOLIDATED RESULTS

	Three months ended March 31		Fiscal years ended March 31	
	2020	2019	2020	2019
(In thousands of Canadian dollars, except per share amounts Unaudited and not reviewed by independent auditors)	\$	\$	\$	\$
<b>Revenues</b>	<b>18,917</b>	20,809	<b>75,428</b>	83,082
<b>B2B platforms revenues</b>	<b>18,089</b>	16,887	<b>68,889</b>	66,072
<b>B2C platforms revenues</b>	<b>828</b>	3,922	<b>6,539</b>	17,010
<b>Adjusted EBITDA<sup>1</sup></b>	<b>472</b>	3,509	<b>8,515</b>	20,672
<b>Operating (loss) profit</b>	<b>(2,210)</b>	1,798	<b>559</b>	13,279
<b>Impairment of assets net of related taxes</b>	<b>(5,307)</b>	(35,100)	<b>(5,307)</b>	(35,100)
<b>Net loss</b>	<b>(6,758)</b>	(34,142)	<b>(5,752)</b>	(25,641)
<b>Adjusted (loss) profit<sup>2</sup></b>	<b>(1,451)</b>	958	<b>(445)</b>	9,459
<b>Adjusted (loss) earnings per share<sup>2</sup> (basic and diluted)</b>	<b>(0.10)</b>	0.06	<b>(0.03)</b>	0.64
<b>Loss per share (basic and diluted)</b>	<b>(0.45)</b>	(2.30)	<b>(0.39)</b>	(1.73)
<b>Basic and diluted weighted average number of shares outstanding (in thousands)</b>	<b>15,052</b>	14,849	<b>14,915</b>	14,849

<sup>1</sup> See the Reconciliation of adjusted EBITDA and profit as well as the "About Mediagrif Interactive Technologies Inc." section.

<sup>2</sup> See the Reconciliation of adjusted profit and profit as well as the "About Mediagrif Interactive Technologies Inc." section.

## RECONCILIATION OF ADJUSTED EBITDA AND PROFIT (LOSS)

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors	Three months ended March 31		Fiscal years ended March 31	
	2020 \$	2019 \$	2020 \$	2019 \$
<b>Net loss</b>	<b>(6,758)</b>	(34,142)	<b>(5,752)</b>	(25,641)
Impairment loss on assets	7,221	46,581	7,221	46,581
Income tax recovery	(1,890)	(11,327)	(1,515)	(8,347)
Depreciation of property, plant and equipment and amortization of intangible assets	1 264	928	3 474	3,658
Amortization of acquired intangible assets	935	817	2 816	3,874
Amortization of right-of-use assets	482	-	1 665	-
Amortization of deferred financing costs	10	10	39	40
Amortization of deferred lease inducements	-	(34)	-	(133)
Foreign exchange loss (gain)	(1 188)	352	(788)	(533)
Loss on disposal of a subsidiary	-	-	83	-
Interest on lease liability	105	-	380	-
Interest on long-term debt and interest related to a tax settlement, net	291	324	892	1,173
<b>Adjusted EBITDA</b>	<b>472</b>	3,509	<b>8 515</b>	20,672

The adoption of IFRS 16 had a favourable impact of \$2.1 million on the adjusted EBITDA for the fiscal year 2020 ended March 31, 2020 (\$0.6 million in the fourth quarter), consisting of depreciation expense of the right-of-use asset for \$1.7 million (\$0.5 million in the fourth quarter) and an interest expense on the lease liability in the amount of \$0.4 million (\$0.1 million in the fourth quarter). 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 March 31 <sup>st</sup> ,		Fiscal years ended March 31 <sup>st</sup> ,	
	2020 \$	2019 \$	2020 \$	2019 \$
<b>Net loss</b>	<b>(6,758)</b>	(34,142)	<b>(5,752)</b>	(25,641)
Impairment of assets held for sale, net of related taxes	5,307	35 100	5,307	35,100
<b>Adjusted (loss) profit for the period</b>	<b>(1,451)</b>	958	<b>(445)</b>	9,459
<b>Loss per share</b>	<b>(0.45)</b>	(2.30)	<b>(0.39)</b>	(1.73)
<b>Adjusted (loss) profit per share</b>	<b>(0.10)</b>	0.06	<b>(0.03)</b>	0.64

## 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 nearly 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](http://www.mediagrif.com) and have been filed with SEDAR at [www.sedar.com](http://www.sedar.com).

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### **For further information:**

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