MEDIAGRIF

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2016

The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at November 8, 2016, of the financial position and operating results of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Company") should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements and accompanying notes thereto for the quarter ended September 30, 2016, as well as the Company's MD&A, audited consolidated financial statements and accompanying notes thereto for the year ended March 31, 2016. This management's discussion and analysis compares performance for the quarters ended September 30, 2016 and 2015. The Company 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 Company'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 Company's ability to generate profitability from its operations and to evaluate its financial performance.

COMPANY PROFILE

Mediagrif (TSX: MDF) is a Canadian leader in information technology, owner of several recognized web and mobile platforms including Jobboom, LesPAC, Réseau Contact, MERX, ASC, InterTrade, Carrus and BidNet. Mediagrif's e-commerce solutions are used by millions of consumers and businesses in North America and around the world. The Company has offices in Canada, the United States and China.

MISSION STATEMENT

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

FINANCIAL HIGHLIGHTS – SECOND QUARTER ENDED SEPTEMBER 30, 2016

- Revenues increased 9% to reach $19.5 million for the second quarter of 2017, compared to $18.0 million for the second quarter of 2016.
- Adjusted EBITDA[1] of $8.1 million or 42% of revenues for the second quarter of 2017, compared to $7.5 million or 42% of revenues for the second quarter of 2016.
- Profit of $4.5 million ($0.30 per share) for the second quarter of 2017, compared to $5.1 million ($0.34 per share) for the second quarter of 2016.
- Cash flows generated by operating activities amounted to $5.9 million compared to $5.2 million for the second quarter of 2016.

[1] See reconciliation of Adjusted EBITDA and profit.

RECENT EVENT

On May 31, 2016, the Company acquired substantially all of the assets of Advanced Software Concepts Inc. an entity based in Ottawa, Canada, (the "Acquisition") for a cash consideration of $17.1 million following definitive adjustments for working capital of $1.4 million. The acquisition was entirely financed by the Company's revolving credit facility.

With this strategic acquisition, the Company will incorporate a contract management component within its electronic procurement platforms enabling it to expand its service offering in the fast-growing market of e-procurement software. In addition, the expertise and the financial strength of the Company will accelerate the presence of ASC Networks Inc. ("ASC") in the equally promising market for contract management solutions. Solid profitability combined with potential synergies with the development and expertise of the Company's e-commerce were also determining factors for the Acquisition.

ASC offers best-in-class contract lifecycle management (CLM) solutions to a diversified clientele, principally in North America.

The Company accounted this Acquisition in accordance with IFRS 3. Therefore, the interim unaudited financial results for the quarter ended September 30, 2016 include the results of ASC from June 1, 2016, including transaction costs arising from the Acquisition. The Company has allocated the purchase price on a preliminary basis to the assets acquired and liabilities assumed taking into account all relevant information available to date.

Note 6 to the unaudited interim condensed consolidated financial statements for the second quarter of fiscal 2017 contains a summary of the estimated fair value of the assets acquired and liabilities assumed at the Acquisition date as well as the related goodwill.

The Company's net profit for the three months ended September 30, 2016 included $1.4 million in revenues, contained a negative deferred revenues adjustment of $0.3 million and additional amortization of acquired intangibles of $0.5 million. Consequently, ASC additional activities generated a net loss of $0.1 million. The six-month period ended September 30 2016 included revenues of $1.6 million, contained a negative deferred revenues adjustment of $0.4 million and additional amortization of acquired intangibles of $0.7 million. Consequently, ASC additional activities generated a net loss of $0.3 million.

If this business combination had been completed on April 1, 2016, the Company's consolidated revenues for the six months ended September 30, 2016, would have totaled $39.2 million including a negative adjustment on deferred revenues at the acquisition date of $0.6 million. The consolidated profit for the six months ended September 30, 2016, would have totaled $8,0 million, including an additional amortization expense of $0.3 million and an additional adjustment on interests on long term debt of $0.1 million. The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a six-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 Company if the Acquisition actually occurred on April 1, 2016, 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 and not reviewed by independent auditors.	**Three months ended September 30**		**Six months ended September 30**	
	2016 $	**2015 $**	**2016 $**	**2015 $**
REVENUES	**19,509**	17,953	**38,475**	35,662
GROSS MARGIN	**15,888**	14,455	**31,068**	28,621
OPERATING EXPENSES				
General and administrative	**2,288**	2,068	**4,584**	4,450
Selling and marketing	**3,926**	3,656	**7,892**	7,518
Technology	**3,515**	2,614	**6,902**	5,419
TOTAL OPERATING EXPENSES	**9,729**	8,338	**19,378**	17,387
OPERATING PROFIT	**6,159**	6,117	**11,690**	11,234
Other revenues, net amount	**274**	762	**112**	616
Financial expenses	**(264)**	(198)	**(466)**	(394)
Share of profit of a joint venture	**64**	72	**58**	112
Income tax expense	**(1,689)**	(1,664)	**(3,116)**	(3,059)
PROFIT	**4,544**	5,089	**8,278**	8,509
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**8,118**	7,539	**15,080**	14,017
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**5,882**	5,190	**10,341**	9,150
EARNINGS PER SHARE – BASIC AND DILUTED	**0.30**	0.34	**0.55**	0.56
Declared dividends per share	**0.10**	0.10	**0.20**	0.20
Weighted average number of shares outstanding (in thousands):				
Basic and diluted	**14,999**	15,093	**14,999**	15,276

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**September 30, 2016 $**	**March 31, 2016 $**
TOTAL ASSETS	**210,416**	194,129
LONG-TERM DEBT	**38,831**	26,311

RECONCILIATION OF AJUSTED EBITDA AND PROFIT	**Three months ended September 30**		**Six months ended September 30**	
In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**2016 $**	**2015 $**	**2016 $**	**2015 $**
PROFIT	**4,544**	5,089	**8,278**	8,509
Income tax expense	**1,689**	1,664	**3,116**	3,059
Depreciation of property, plant and equipment and amortization of intangible assets	**622**	509	**1,247**	972
Amortization of acquired intangible assets	**1,321**	881	**2,305**	1,775
Amortization of deferred financing costs	**10**	-	**20**	-
Amortization of deferred lease inducement	**(38)**	(40)	**(220)**	(76)
Foreign exchange gain	**(274)**	(762)	**(283)**	(612)
Interest on long-term debt	**244**	198	**446**	394
Loss (gain) on disposal of property, plant and equipment	**-**	-	**171**	(4)
ADJUSTED EBITDA	**8,118**	7,539	**15,080**	14,017

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

THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016, "SECOND QUARTER OF FISCAL 2017" COMPARED TO THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2015, "SECOND QUARTER OF FISCAL 2016"

REVENUES

For the second quarter of fiscal 2017, revenues totaled $19.5 million, an increase of 9% or $1.6 million compared to the second quarter of fiscal 2016. This revenue increase is mainly explained as follows:

- Increase in revenues from MERX, InterTrade and Bidnet for an amount of $0.5 million.
- The addition of revenues from ASC for $1.4 million which included $0.5 million in customer solutions development revenues. The ASC revenues also reflect an adjustment made to recognize the fair value of deferred revenues at the acquisition date which reduced revenues arising from sales made prior to the Acquisition by $0.3 million.
- Increase of $0.4 million in revenues attributable to changes in the Canadian dollar against the U.S. dollar, combined with hedges in place.
- Decrease in revenues from Market Velocity for an amount of $0.3 million and decrease in revenues from The Broker Forum, Jobboom and LesPAC for a total amount of $0.3 million.
- Decrease in revenues from software development for an amount of $0.1 million.

During the second quarter of fiscal 2017, revenues earned in Canadian dollars represented 63% of total revenues, compared to 61% for the second quarter of fiscal 2016.

COSTS OF REVENUES

Cost of revenues totaled $3.6 million during the second quarter of fiscal 2017 compared to $3.5 million during the second quarter of fiscal 2016. The increase is mainly due to the addition of ASC activities for $0.1 million which are essentially composed of labor costs.

GROSS MARGIN

Based on the information above, gross margin for the second quarter of fiscal 2017 slightly increased to 81.4% compared to 80.5% during the second quarter of fiscal 2016.

OPERATING EXPENSES

Operating expenses for the second quarter of fiscal 2017 totaled $9.7 million, compared to $8.3 million for the second quarter of fiscal 2016. Changes in operating expenses are explained as follows:

- General and administrative expenses totaled $2.3 million during the second quarter of fiscal 2017 compared to $2.1 million during the second quarter of fiscal 2016. The increase is mainly due to the addition of ASC activities for $0.2 million.

- Selling and marketing expenses totaled $3.9 million during the second quarter of fiscal 2017, compared to $3.7 million for the second quarter of fiscal 2016. The increase is mainly attributable to the addition of ASC activities for $0.4 million (including $0.2 million additional amortization of acquired intangible assets) partly offset by lower advertising and promotion costs of $0.2 million.

- Technology expenses totaled $3.5 million during the second quarter of fiscal 2017, compared to $2.6 million during the corresponding quarter of 2016. This increase is primarily due to the addition of ASC activities for $0.8 million (including $0.3 million additional amortization of acquired intangible assets), to the increase in the technology workforce of $0.3 million partly offset by higher internally developed software for an amount of $0.2 million.

OPERATING PROFIT

Based on the information above, operating profit reached $6.2 million during the second quarter of fiscal 2017, compared to $6.1 million during the second quarter of fiscal 2016.

FOREIGN EXCHANGE GAIN

During the second quarter of fiscal 2017, the Company realized a foreign exchange gain on assets denominated in U.S. dollars of $0.3 million, compared to a gain of $0.8 million realized during the second quarter of fiscal 2016.

FINANCIAL EXPENSES

Financial expenses totaled $0.3 million during the second quarter of fiscal 2017 compared to $0.2 million during the corresponding period of fiscal 2016. These costs consist primarily of interest expenses and standby fees on the long-term debt and of amortization of deferred financing costs. The increase in financial expenses is mainly attributable to a higher long-term debt amount related to the acquisition of ASC.

INCOME TAX EXPENSE

For the second quarter of fiscal 2017, income tax expense totaled $1.7 million, representing an effective tax rate of 27.1%, compared to the statutory rate of 26.9%. During the second quarter of fiscal 2016, the effective tax rate stood at 24.6% compared to a statutory rate of 26.9%.

During the second quarter of fiscal 2017, the increase in the effective tax rate compared to the statutory tax rate is mainly due to the fact that a portion of revenue is taxable in the United States, a jurisdiction where the statutory tax rate is higher.

During the second quarter of fiscal 2016, the decrease in the effective tax rate compared to the statutory tax rate is mainly due to the fact that certain foreign exchange gains realized by the Company are non-taxable. This item was partially offset by the fact that a portion of revenue is taxable in the United States, a jurisdiction where the statutory tax rate is higher.

PROFIT

Profit for the second quarter of fiscal 2017 totaled $4.5 million ($0.30 per share), compared to $5.1 million ($0.34 per share) during the second quarter of fiscal 2016.

SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2016 "FIRST SIX MONTHS OF FISCAL 2017" COMPARED TO THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2015 "FIRST SIX MONTHS OF FISCAL 2016"

REVENUES

For the first six months of fiscal 2017, revenues reached $38.5 million, an increase of 8% or $2.8 million when compared to the first six months of fiscal 2016. This increase in revenues was mainly due to the following items:

- Increase in revenues from Merx, InterTrade and BidNet for an amount of $1.1 million.
- The addition of ASC revenues for a period of four months for $1.6 million which included $0.6 million in customer solutions development revenues. The ASC revenues also reflect an adjustment made to recognize the fair value of deferred revenues at the acquisition date which reduced revenues arising from sales made prior to the Acquisition by $0.4 million.
- Increase of $0.9 million in revenues attributable to variation in the Canadian dollar against the U.S. dollar, combined with hedges in place.
- Decrease in revenues from Market Velocity of $0.4 million and also from The Broker Forum and Jobboom for a total amount of $0.4 million.

During the first six months of fiscal 2017 and 2016, revenues earned in Canadian dollars both represented 63% of total revenues.

COSTS OF REVENUES

Cost of revenues totaled $7.4 million during the first six months of fiscal 2017 compared to $7.0 million during the first six months of fiscal 2016. This increase is primarily due to higher labor costs of $0.4 million (including those from the addition of ASC activities).

GROSS MARGIN

Based on the information above, gross margin for the first six months of fiscal 2017 slightly increased to 80.8%, compared to 80.3% during the first six months of fiscal 2016.

OPERATING EXPENSES

Operating expenses for the first six months of fiscal 2017 totaled $19.4 million, compared to $17.4 million for the first six months of fiscal 2016. Changes in operating expenses are explained as follows:

- General and administrative expenses totaled $4.6 million during the first six months of fiscal 2017 compared to $4.5 million for the first six months of fiscal 2016. This increase is primarily due to the addition of ASC activities for $0.2 million and to higher labor costs of $0.1 million. These increases were partly offset by a decrease of $0.2 million for professional fees related to due diligence expenses incurred during the first six months of 2016.

- Selling and marketing expenses totaled $7.9 million during the first six months of fiscal 2017, compared to $7.5 million for the first six months of fiscal 2016. The increase in selling and marketing expenses is mainly due to the addition of ASC activities for $0.5 million (including $0.3 million for additional amortization of acquired intangible assets) partly offset by lower advertising and promotion costs of $0.1 million.

- Technology expenses totaled $6.9 million during the first six months of fiscal 2017, compared to $5.4 million during the first six months of fiscal 2016. The increase is mainly due to the addition of ASC activities for $1.0 million (including $0.4 million for additional amortization of acquired intangible assets) and to higher labor costs of $0.5 million.

OPERATING PROFIT

Based on the information above, operating profit reached $11.7 million during the first six months of fiscal 2017, compared to $11.2 million during the first six months of fiscal 2016.

FOREIGN EXCHANGE GAIN

During the first six months of fiscal 2017, the Company realized a foreign exchange gain on assets denominated in U.S. dollars of $0.3 million, compared to $0.6 gain million during the first six months of fiscal 2016.

FINANCIAL EXPENSES

Financial expenses reached $0.5 million in the first six months of fiscal 2017 compared to $0.4 million during the first six months of fiscal 2016. These costs consist primarily of interest expenses and standby fees on the long-term debt and of amortization of deferred financing costs. The increase in financial expenses is mainly attributable to higher long-term debt amount related to the acquisition of ASC.

INCOME TAX EXPENSE

For the first six months of fiscal 2017, income tax expense totaled $3.1 million, representing an effective tax rate of 27.3%, compared to the statutory rate of 26.9%.

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

During the first six months of fiscal 2016, the effective tax rate stood at 26.4% compared to a statutory rate of 26.9%. The decrease in the effective tax rate compared to the statutory tax rate is mainly due to the fact that certain foreign exchange gains realized by the Company are non-taxable. This item was partially offset by the fact that a portion of revenue is taxable in the United States, a jurisdiction where the statutory tax rate is higher.

PROFIT

Profit for the first six months of fiscal 2017 totaled $8.3 million ($0.55 per share), compared to $8.5 million ($0.56 per share) during the first six months of fiscal 2016.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before September 30, 2016, is as follows:

	Fiscal 2017		**Fiscal 2016**				**Fiscal 2015**	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Unaudited and not reviewed by independent auditors	**Sept. 30 2016 $**	**June 30 2016 $**	**Mar. 31 2016 $**	**Dec. 31 2015 $**	**Sept. 30 2015 $**	**June 30 2015 $**	**Mar. 31 2015 $**	**Dec.31 2014 $**
Revenues	**19,509**	18,966	18,817	18,541	17,953	17,709	17,467	17,537
Adjusted EBITDA	**8,118**	6,962	6,556	8,003	7,539	6,478	6,750	7,003
Operating profit	**6,159**	5,531	5,182	6,619	6,117	5,117	5,373	5,397
Profit	**4,544**	3,734	2,472	4,851	5,089	3,420	4,583	4,056
Basic and diluted earnings per share	**0.30**	0.25	0.16	0.32	0.34	0.22	0.30	0.26
Shares outstanding	**14,999**	14,999	14,999	15,011	15,093	15,460	15,542	15,670

In thousands of Canadian dollars, except per share amounts.

2017 QUARTERS

- Second quarter ended September 30, 2016: Compared to the first quarter ended June 30, 2016, the increase in revenues is attributable to the addition of ASC revenues for a full three month period, compared to one month in the first quarter, of $1.3 million which was partially offset by a decrease in revenues from LesPAC, of which a portion is due to seasonal variation and Jobboom and Merx for an amount of $0.8 million.

  Adjusted EBITDA increased during the second quarter mainly due to the addition of ASC activities as mentioned above, to lower salaries and benefits of $0.5 million, lower advertising and promotion activities of $0.2 million and to higher tax credits and internally developed software amount of $0.2 million.

  Considering the above mentioned factors, operating profit also increased during the second quarter ended September 30, 2016, however, to a lesser extent, as a result of additional amortization of acquired intangible assets of $0.5 million related to the ASC acquisition.

  Profit in the quarter ended September 30, 2016 also increased due to a favorable foreign exchange rate fluctuation on assets denominated in US dollars of $0.3 million compared to the quarter ended June 30, 2016.

- First quarter ended June 30, 2016: Compared to the fourth quarter ended March 31, 2016, revenues increased primarily due to the addition of ASC's revenues of $0.2 million for a period of one month, to the increase of Jobboom and InterTrade for an amount of $0.3 million partly offset by lower revenues in LesPAC and Market Velocity also for an amount of $ 0.3 million.

  Operating profit and Adjusted EBITDA increased mainly due to lower advertising costs of $0.2 million and also to lower sales commissions of $0.2 million associated with lower advertising revenues. In addition, during the fourth quarter of fiscal 2016, the Company recorded a provision for a legislative contingency of $0.2 million compared to nil in the first quarter of fiscal 2017. These decreases were partly offset by a $0.3 million increase in labor costs in the first quarter of fiscal 2017.

  Profit for the first quarter of 2017 also increased mainly due to a $1.0 million favorable foreign exchange fluctuations on assets denominated in US dollars compared to the fourth quarter of 2016.

2016 QUARTERS

- Fourth quarter ended March 31, 2016: Compared to the third quarter ended December 31, 2015, the higher revenues is mainly due to an increases in the revenues from MERX, LesPAC and InterTrade and to software development revenues for a total amount of $0.7 million as well as to a favorable exchange rate impact ($CA/$US) on revenues of $0.2 million. These increases were partially reduced by a decrease in revenues from Jobboom and Market Velocity.

  Still compared to the third quarter, adjusted EBITDA and operating profit decreased, mainly due to additional labor costs of $0.6 million, to a $0.2 million increase in advertising costs and to a $0.3 million increase in sales commissions associated with higher advertising revenues. In addition, during the fourth quarter, the Company posted a $0.4 million decrease in tax credits, a $0.2 million increase in professional fees related primarily to the acquisition of ASC and an additional amount of $0.1 million for a provision for a legislative contingency. These items were partially offset by a $0.2 million increase in internally developed software.

  Profit also decreased, mainly due to a $1.0 million foreign exchange loss during the fourth quarter compared to a $0.5 million foreign exchange gain during the third quarter of fiscal 2016 as well as to interest for a tax settlement of $0.4 million recorded during the fourth quarter of fiscal year 2016.

- Third quarter ended December 31, 2015: Compared to the second quarter ended September 30, 2015, the increase in revenues is mainly attributable to a $0.6 million increase in revenues from LesPAC, Jobboom and Réseau Contact and to a $0.1 million favorable exchange rate impact ($CA/$US) on revenues. These increases were partially offset by a decrease in revenues from Market Velocity.

  Adjusted EBITDA and operating profit also increased, mainly due to $0.3 million increase in tax credits (including $0.2 million related to a prior year) recorded during the third quarter when compared to the previous quarter and to a $0.2 million favorable retroactive adjustment on an advertising agreement. These items were partially offset by additional labor costs of $0.2 million, by a $0.2 million increase in advertising and promotion costs and by the recording of a provision for a legislative contingency of $0.2 million.

  Profit for the quarter ended December 31, 2015 decreased slightly, mainly due to a $0.4 million lower foreign exchange gain during the third quarter compared to the second quarter of fiscal year 2016.

- Second quarter ended September 30, 2015: Compared to the first quarter ended June 30, 2015, the increase in revenues is mainly attributable to higher revenues from InterTrade, Market Velocity and Réseau Contact as well as to a favorable exchange rate impact ($CA/$US) on revenues. These increases were partially offset by a decrease in revenues from Jobboom and by a decrease in revenues from LesPAC, some of it due to seasonal variation.

  Adjusted EBITDA and operating profit also increased, mainly due to lower professional fees (due diligence costs of $0.3 million incurred during the first quarter of fiscal 2016), lower advertising and promotion costs as well as a decrease in salaries and benefits, for a total amount of $0.5 million.

  Profit in the quarter ended September 30, 2015 also increased due to a $0.8 million foreign exchange gain on assets denominated in U.S. dollars compared to a foreign exchange loss of $0.2 million in the quarter ended June 30, 2015.

- First quarter June 30, 2015: Compared to the fourth quarter ended March 31, 2015, the increase in revenues is mainly due to higher revenues from LesPAC, MERX and Carrus, partially offset by a decrease in revenues from Jobboom.

  Adjusted EBITDA and operating profit decreased mainly due to non-recurring due diligence costs of $0.3 million, to higher commissions paid in connection with higher revenue and to lower tax credits.

  Profit in the quarter ended June 30, 2015 was also reduced by the recording of a foreign exchange loss of $0.2 million while a foreign exchange gain of $0.9 million was recorded during the quarter ended March 31, 2015.

2015 QUARTERS

- Fourth quarter ended March 31. 2015: Compared to the third quarter ended December 31, 2014, the Company's revenues and operating profit remained stable.

  Adjusted EBITDA decreased slightly, mainly due to a $0.2 million in termination benefits. On the other hand, operating profit remained stable due to a $0.2 million lower amortization expense.

  Profit increased, primarily due to a $0.6 million higher foreign exchange gain and to lower financial expenses during the fourth quarter compared to the preceding quarter.

- Third quarter ended December 31, 2014: Compared to the second quarter ended September 30, 2014, revenues remained stable at $17.5 million.

  Adjusted EBITDA decreased slightly, mainly due to higher advertising and promotion costs during the third quarter. The increase in operating profit is due to lower amortization expense related to acquired intangible assets as well as to a decrease in the printing costs of certain publications. The lower expenses were partially offset by higher advertising and promotion costs.

  Profit increased due to lower financial expenses and lower income tax expense during the third quarter.

LIQUIDITY AND FINANCIAL RESOURCES

In general, the Company finances its operations, capital expenditures, dividends and business acquisitions using funds generated by its operations and cash on hand.

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

As at September 30, 2016, the Company had cash and cash equivalents of $12.0 million and $41.0 million available on its Revolving Facility of $80.0 million, subject to compliance with financial ratios and other customary restrictions contained in the agreement.

OPERATING ACTIVITIES

	Three months ended September 30		Six months ended September 30	
In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	**2016** **$**	**2015** **$**	**2016** **$**	**2015** **$**
Cash flows related to operating activities before changes in non-cash working capital items	**6,896**	6,291	**12,114**	10,258
Changes in non-cash working capital items	**(1,014)**	(1,101)	**(1,773)**	(1,108)
Cash flows related to operating activities	**5,882**	5,190	**10,341**	9,150

For the second quarter of fiscal 2017, cash flows generated by operating activities reached $5.9 million, compared to $5.2 million for the second quarter of fiscal 2016. The variation in cash flows is mainly due to the addition of ASC activities during the second quarter of fiscal 2017 when compared to the second quarter of fiscal 2016.

For the first six months of fiscal 2017, cash flows generated by operating activities reached $10.3 million, compared to $9.2 million in the first six months of fiscal 2016.

INVESTING ACTIVITIES

	Three months ended September 30		Six months ended September 30	
In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	**2016** **$**	**2015** **$**	**2016** **$**	**2015** **$**
Business acquisition	**-**	-	**(17,238)**	-
Working capital adjustment related to a business acquisition	**93**	-	**93**	-
Acquisition of property, plant and equipment	**(151)**	(128)	**(564)**	(351)
Acquisition of intangible assets	**(561)**	(408)	**(1,197)**	(1,351)
Distribution from a joint venture	**-**	-	**-**	500
Proceeds on disposal of property, plant and equipment	**-**	-	**-**	4
Cash flows related to investing activities	**(619)**	(536)	**(18,906)**	(1,198)

Cash flows used by investing activities amounted to $0.6 million for the second quarter of fiscal 2017 compared to $0.5 million during the second quarter of fiscal 2016.

During the second quarter of fiscal 2017, the Company made acquisitions of property, plant and equipment for an amount of $0.2 million compared to $0.1 million during the corresponding quarter of fiscal 2016. Acquisitions of intangible assets for the second quarter of fiscal 2017 include an amount of $0.6 million of internally developed software compared to $0.4 million for the second quarter of fiscal 2016.

The acquisition of ASC which closed on May 31, 2016, mainly explains the cash flow utilization during the first half of fiscal 2017.

FINANCING ACTIVITIES

In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.	**Three months ended September 30**		**Six months ended September 30**	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Increase of long-term debt	**-**	1,830	**14,700**	8,829
Repayment of long-term debt	**(2,200)**	(2,080)	**(2,200)**	(3,879)
Repurchase of common shares for cancellation	**-**	(1,830)	**-**	(8,829)
Cash dividends paid on common shares	**(1,500)**	(1,513)	**(3,000)**	(3,067)
Cash flows related to financing activities	**(3,700)**	(3,593)	**9,500**	(6,946)

For the second quarter of fiscal 2017, cash flows used for financing activities amounted to $3.7 million compared to $3.6 million during the second quarter of 2016.

During the second quarter of fiscal 2017, the Company did not repurchase any shares under the normal course issuer bid in place while during the three months ended September 30. 2015, the Company used $1.8 million of its revolving credit facility in order to repurchase a total of 108,300 shares.

The amount paid in dividends by the Company of $0.10 per share per quarter, remained unchanged for each periods ended September 30, 2016 and 2015. The decrease in dividends paid is due to a lower number of shares outstanding following the share repurchase by the Company in each of those respective periods.

The increase in long-term debt for the six months ended September 30, 2016 is related to the acquisition of ASC which closed on May 31, 2016. While for the six-month period ended September 30, 2015, the Company used a portion of its credit facility to repurchase of 526,009 shares during the same period in 2015.

CREDIT AGREEMENT

On December 18, 2015, the Company renewed its credit agreement, which had previously been concluded on November 10, 2011 (the "Credit Agreement") with three Canadian financial institutions and under which the lenders made available to the Company an $80.0 million ($60.0 million as at March 31, 2016) secured revolving five-year credit facility (the "Revolving Facility") and an accordion loan of $40.0 million ($40.0 million as at March 31, 2016) subject to lenders' acceptance.

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

As at September 30, 2016, the Company's Revolving Facility stood at $39.0 million.

The Revolving Facility bears interest at a rate based either on Canadian prime rate, LIBOR or bankers' acceptance rate plus a margin in each case. This margin varies according to the ratio of total debt to EBITDA as described in the Credit Agreement. As at September 30, 2016, the actual rate was 0.88% and the margin was 1.45%. In addition, the unused portion of the Revolving Facility bears interest at 0.29% as standby fees.

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

The Credit Agreement contains certain covenants and certain events of default customary for loans of this nature, including some limitations to the levels of investments and acquisitions, capital expenditures and distributions. The Credit Agreement is also subject to restrictive covenants requiring certain financial ratios to be maintained. As at September 30, 2016, the Company was in compliance with the financial ratios prescribed under these covenants.

FINANCIAL POSITION

As a whole, the Company has a sound financial position and is able to meet its financial obligations. As at September 30, 2016, the Company had cash and cash equivalents of $12.0 million and $41.0 million available on its credit facility of $80.0 million. At that same date, total assets of the Company amounted to $210.4 million compared to $194.1 million as at March 31, 2016.

INFORMATION FROM STATEMENTS OF FINANCIAL POSITION	September 30, 2016	March 31, 2016
In thousands of Canadian dollars	**$**	**$**
Cash and cash equivalents	**11,961**	10,901
Accounts receivable	**5,978**	5,927
Tax credits receivable	**4,726**	5,128
Prepaid expenses and deposits	**1,354**	1,145
Intangible assets	**4,124**	3,617
Acquired Intangible assets	**66,283**	57,238
Goodwill	**107,047**	100,280
Accounts payable and accrued liabilities	**6,328**	8,220
Deferred revenues	**17,072**	16,774
Long-term debt	**38,831**	26,311
Shareholders' equity	**129,171**	123,805

The main changes in the Company's statement of financial position between September 30, 2016, and March 31, 2016 are explained as follows:

- Tax credits receivable totaled $4.7 million as at September 30, 2016, a decrease of $0.4 million when compared to March 31, 2016. This decrease is due to the receipt of tax credits during the six-month period ended September 30, 2016.

- Intangible assets increased totaled $4.1 million as at September 30, 2016, an increase of $0.5 million when compared to March 31, 2016. This increase is explained by the recording of internally developed software during the first six months of fiscal 2017.

- Acquired intangible assets reached $66.3 million, up $9.0 million from March 31, 2016. This increase is mainly due to the addition of acquired intangible assets of ASC for $11.4 million less the amortization expenses of $2.3 million recorded during the first six months of fiscal 2017.

- Goodwill increased $6.8 million to $107.0 million as at September 30, 2016 with all of the increase attributable to the acquisition of ASC.

- Accounts payable and accrued liabilities reached $6.3 million as at September 30, 2016, compared to $8.2 million as at March 31, 2016. This decrease is explained by the payments in the first six months of fiscal 2017 of amounts related to incentive compensation and certain professional fees that were accrued as at March 31, 2016.

- Deferred revenues reached $17.1 million, up $0.3 million compared to March 31, 2016. This increase is mainly due to the addition of the deferred revenues arising from the acquisition of ASC.
- Long-term debt totaled $38.8 million as at September 30, 2016, compared to $26.3 million as at March 31, 2016. This increase in long-term debt mainly represents the amounts used in order to proceed with the acquisition of ASC.
- Shareholders' equity stood at $129.2 million as at September 30, 2016, compared to $123.8 million as at March 31, 2016. This increase is explained by the $8.4 million profit earned by the Company during the six-month period ended September 30, 2016 less the dividends declared of $3.0 million.

DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to certain financial risks. The Company 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 24 of the Company's audited consolidated financial statements as at March 31, 2016.

The Company's hedging program will yield an average ($CAD/$US) exchange rate of 1.3140 on foreign currency forward contracts of US$11.0 million held as at September 30, 2016, which will mature over fiscal years 2017 and 2017. As at September 30, 2015, the Company had foreign currency forward contracts of US$11.7 million held at a rate of 1.2120.

During the second quarter of fiscal 2017, there has been no material change to the nature of risks arising from financial instruments, related risk management and classification of financial instruments. Furthermore, there was no change in the methodology used in determining the fair value of the financial instruments that are measured at fair value in the Company's consolidated statements of financial position.

RELATED PARTY TRANSACTIONS

The Company holds a 50% ownership in the joint venture Société d'investissement M-S S.E.C. (a limited partnership), which operates under the brand Global Wine & Spirits ("GWS"), in which it shares joint control with its co-venturers. GWS operates a virtual business-to-business electronic network offering an integrated solution for the purchase and sale of wine and spirits.

During second quarter of fiscal 2017, revenues recorded by the Company from transactions with GWS remained stable at $0.4 million compared to the corresponding period of fiscal 2016. In addition, the Company recharged to GWS operating expenses in the amount of $0.1 million during the second quarter of fiscal 2017 compared to nil for the second quarter of fiscal 2016. As at September 30, 2016, and March 31, 2016, the Company's accounts receivable from GWS stood at $0.1 million.

During the first six months of fiscal 2017, recorded revenues by the Company from transactions with GWS remained stable at $0.8 million compared to the corresponding period in fiscal 2016. In addition, the Company recharged to GWS operating expenses in the amount of $0.2 million during the first six months of 2017 compared to $0.1 million for the corresponding period of last year.

During the first six months of fiscal 2016, the Company received a capital distribution from GWS of an amount of $0.5 million while there was no distribution in the corresponding period of fiscal 2017.

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 Company is confident of its long-term prospects. However, in order to ensure that its strategy and growth objectives are met, the Company seeks to diminish the risks and uncertainties created by potentially unfavorable situations in its industry sector or its liquidity. The risks that the Company faces are technological, operational or financial in nature or are inherent to its business activities or its acquisition strategies. The description of these risks and uncertainties has not changed compared to the description in the Management Discussion & Analysis for the year ended March 31, 2016.

FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS 9, *FINANCIAL INSTRUMENTS*

On July 24, 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* ("IFRS 9"), which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. This final version of IFRS 9 represents the completion of this project and it includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 does not address the specific accounting for open portfolios or macro hedging, as these items are part of a separate IASB project that is currently ongoing. This final Standard introduces a single, principles-based approach that amends both the categories and associated criteria for the classification and measurement of financial assets, which is driven by the entity's business model for the portfolio in which the assets are held and the contractual cash flows of these financial assets. Certain amendments have been made to the financial asset classification and measurement principles in prior versions of IFRS 9. This Standard introduces an amended hedging model which aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model which has an expanded scope, is based on expected credit losses rather than incurred credit losses and generally will result in earlier recognition of losses. This new Standard supersedes all prior versions of IFRS 9. The Company has not yet examined the impacts of this new standard. IFRS 9 will apply to the Company for the annual period beginning on April 1, 2018.

IFRS 15, *REVENUE FROM CONTRACTS WITH CUSTOMERS*

IFRS 15, *Revenue from Contracts with Customers,* establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company has not yet examined the impacts of this new standard. IFRS 15 will apply for the Company for its annual period beginning April 1, 2018.

IFRS 16, *LEASES*

On January 13, 2016, the IASB issued IFRS 16, Leases, which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 will be effective as of January 1, 2019 with earlier application permitted for companies that have also adopted IFRS 15, Revenue from Contracts with Customers. The Company has not yet examined the impacts of this new standard. IFRS 16 will apply to the Company for the annual period beginning on April 1, 2019.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Company. 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 Company 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 Company, may ultimately prove to be incorrect since they are subject to the risks and uncertainties that affect the Company. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

CONTROLS AND PROCEDURES

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

DISCLOSURE CONTROLS AND PROCEDURES

The disclosure controls and procedures of the Company 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 Company is made known to the Audit Committee and the Board of Directors and information required to be disclosed in the Company'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 Company's disclosure controls and procedures in accordance with the rules of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are efficient for the fiscal year ended March 31, 2016. As at September 30, 2016, there were no changes in disclosure controls and procedures of the Company and these controls and procedures are still considered efficient.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the design and the effectiveness of the Company's internal control over financial reporting and has concluded that such controls were efficient for the fiscal year ended March 31, 2016.

The management evaluation of the design and the effectiveness of the Company's internal control over financial reporting exclude controls, conventions and procedures regarding ASC acquired on May 31st 2016. The Company has a period of one year from the acquisition date to conduct this analysis and to implement internal controls deemed necessary.

As at September 30, 2016, there were no changes in internal control over financial reporting of the Company which has had, or is reasonably likely to materially affect, the Company's internal control over the financial information.

ADDITIONAL INFORMATION

This report has been prepared as at November 8, 2016.

As of that date, the number of common shares outstanding was 14,998,979.

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

MARKET AND TICKER SYMBOL

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

HEAD OFFICE

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

BOARD OF DIRECTORS

Claude Roy
Quebec, Canada
President, Chief Executive Officer and
Chairman of the Board of the Company

Michel Dubé
Quebec, Canada
Consultant

André Gauthier
Quebec, Canada
President
Holding André Gauthier Inc.

Gilles Laporte
Quebec, Canada
Director of corporations

Gilles Laurin
Quebec, Canada
CPA, CA
Director of corporations

Catherine Roy
Québec, Canada
Senior Consultant, Executive Search
Décarie Recherche

Jean-François Sabourin
Quebec, Canada
President and Chief Executive Officer
FinlogiK Inc.
President and Chief Executive Officer
JitneyTrade Inc.

TRANSFER AGENT AND AUDITOR

Computershare Investor Services Inc.
1500 Robert-Bourassa Blvd, 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: 514 390-4100
www.deloitte.ca