MEDIAGRIF

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FIRST QUARTER ENDED JUNE 30, 2017

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The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at August 8, 2017, of the financial position and operating results of Mediagrif Interactive Technologies Inc. ("Mediagrif" or the "Corporation") should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements and accompanying notes thereto for the quarter ended June 30, 2017, as well as the Corporation's MD&A, audited consolidated financial statements and accompanying notes thereto for the year ended March 31, 2017. This management's discussion and analysis compares performance for the quarters ended June 30, 2017 and 2016.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.

CORPORATION PROFILE

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

MISSION STATEMENT

Our mission is to 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 – FIRST QUARTER ENDED JUNE 30, 2017

- Acquisition of substantially all of the assets of Orckestra Inc. as at June 23, 2017
- Revenues increased by 5.3% to total $20.0 million for the first quarter of fiscal 2018 compared to $19.0 million for the first quarter of fiscal 2017.
- Adjusted EBITDA[1] of $6.1 million (including acquisition costs of $0.3 million) or 31% of revenues for the first quarter of 2018 compared to $7.0 million or 37% of revenues for the first quarter of 2017.
- Profit of $2.4 million ($0.16 per share) for the first quarter of fiscal 2018 compared to $3.7 million ($0.25 per share) for the first quarter of fiscal 2017.

[1] See reconciliation of adjusted EBITDA and profit.

RECENT EVENTS

On June 23, 2017, the Corporation acquired substantially all of the assets of Orckestra Inc. ("Orckestra"), an entity based in Montreal, Canada for a cash consideration of $1.5 million net of acquired cash. The Corporation has also assumed certain liabilities and has committed to pay retention incentives to Orckestra employees for a total amount of $1.0 million during a twelve-month period following the acquisition. The acquisition was financed in its entirety by the Corporation's Revolving facility.

Orckestra is a leading provider of digital unified commerce and omnichannel retail solutions. With this acquisition, the Corporation will be integrating the fast-growing unified retail commerce sector. The unique and innovative technological platform combined with potential synergies between the Corporation's e-commerce development and expertise were also determinant in this acquisition.

The measurement of the acquired intangible assets was not completed as of the date of the actual financial statements. Therefore, the preliminary purchase price allocation including the assets acquired and the liabilities assumed at the date of the acquisition will be presented in Note 6 of the Interim Condensed Consolidated Financial Statements for the three-month period ending September 30, 2017.

The total acquisition-related costs amounted to $0.3 million and are included in General and administrative expenses in the Interim Condensed Consolidated Statements of Income.

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

If this business combination had been completed on April 1, 2017, the Corporation's consolidated revenues for the three months ended June 30, 2017 would have totaled $21.3 million. The consolidated profit for the three months ended June 30, 2017, would have totaled $2.0 million including an additional amortization expense of $0.1 million. The Corporation considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a three-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, 2017, nor of the profit that may be achieved in the future.

At the date of its acquisition, Orckestra was not profitable and the Corporation estimates that a positive contribution from this acquisition will be reached in approximately twelve months after the acquisition.

CONSOLIDATED STATEMENTS OF INCOME AND SELECTED FINANCIAL INFORMATION

In thousands of Canadian dollars, except per share amount. *Unaudited and not reviewed by independent auditors.*	**Three months ended June 30** **2017** **$**	**2016** **$**
REVENUES	**19,971**	18,966
GROSS MARGIN	**16,158**	15,180
OPERATING EXPENSES		
General and administrative	**2,698**	2,296
Selling and marketing	**4,581**	3,966
Technology	**4,704**	3,387
TOTAL OPERATING EXPENSES	**11,983**	9,649
OPERATING PROFIT	**4,175**	5,531
Other expenses, net amount	**(431)**	(162)
Financial expenses, net amount	**(234)**	(202)
Share of profit of a joint venture	**45**	(6)
Income tax expense	**(1,139)**	(1,427)
PROFIT FOR THE PERIOD	**2,416**	3,734
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**6,145**	6,962
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**2,154**	4,459
EARNINGS PER SHARE – BASIC AND DILUTED	**0.16**	0.25
Declared dividends per share	**0.10**	0.10
Weighted average number of shares outstanding (in thousands)		
Basic and diluted	**14,895**	14,999

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	**June 30, 2017** **$**	**March 31, 2017** **$**
TOTAL ASSETS	**212,465**	209,321
LONG-TERM DEBT	**34,066**	31,451

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT	**Three months ended June 30**	
	2017	**2016**
In thousands of Canadian dollars. *Unaudited and not reviewed by independent auditors.*	**$**	**$**
PROFIT FOR THE PERIOD	**2,416**	3,734
Income tax expense	**1,139**	1,427
Depreciation of property, plant and equipment and amortization of intangible assets	**777**	625
Amortization of acquired intangible assets	**1,183**	984
Amortization of deferred financing costs	**10**	10
Amortization of deferred lease inducement	**(35)**	(182)
Foreign exchange loss (gain)	**431**	(9)
Interest on long-term debt	**224**	202
Loss on disposal of property, plant and equipment	**-**	171
ADJUSTED EBITDA	**6,145**	6,962

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

OPERATING ANALYSIS

The operating analysis takes into consideration the impact of the acquisitions of Orckestra and ASC, respectively completed on June 23, 2017, and May 31, 2016.

FIRST QUARTER ENDED JUNE 30, 2017, "FIRST QUARTER OF FISCAL 2018" COMPARED TO FIRST QUARTER ENDED JUNE 30, 2016, "FIRST QUARTER OF FISCAL 2017"

REVENUES

For the first quarter of fiscal 2018, revenues totaled $20.0 million, an increase of 5.3% or $1.0 million compared to the first quarter of fiscal 2017. This revenue increase is mainly explained as follows:

- Additional revenues from ASC for an amount of $1.5 million (including $0.3 million in setup and implementation fees) for a full three-month period compared to revenues of $0.2 million recorded in the first quarter of the previous fiscal year following its acquisition on May 31, 2016.

- Increase in revenues from InterTrade for an amount of $0.3 million mainly due to an increase in professional services of $0.2 million and to higher average revenues of existing clients of $0.1 million due to additional cross-selling opportunities.

- Addition of Orckestra revenues for an amount of $0.1 million since its acquisition on June 23, 2017.

- Increase in revenues from BidNet for an amount of $0.1 million primarily attributable to higher average revenue per client using the value-added services offering.

- Increase of $0.5 million in revenues attributable to higher average of hedge contracts exchange rates and market exchange rates when comparing the U.S. dollar against the Canadian dollar.

- Jobboom revenues decreased by $0.2 million during the first quarter of fiscal 2018 mainly due to price adjustments reflecting market conditions for an amount of $0.1 million and to lower advertising revenue for an amount of $0.1 million.

- Decrease of $0.6 million in LesPAC's revenues mainly due to a $0.4 million decrease in classified ads revenues and a $0.2 million decrease in advertising revenues. The reduction in classified ads is mainly due to the launch on March 1, 2017 of permanent free ad posting to consumers on several ad categories. Hence, the number of posted ads by consumers rose by 177% compared to the first quarter of fiscal 2017.

- Decrease in revenues from MERX for an amount of $0.2 million mostly related to a lower demand in printed documents.

- Decrease in revenues from Broker Forum and Réseau Contact for a total amount of $0.2 million mainly due to a smaller number of members using the platforms.

During the first quarter of fiscal 2018, revenues earned in Canadian dollars represented 57% of total revenues, compared to 62% for the first quarter of fiscal 2017.

COST OF REVENUES

Cost of revenues remained stable at $3.8 million during the first quarters of the 2018 and 2017 fiscal years. The increase is mainly due to labor costs of $0.2 million of which an amount of $0.1 million is due to the addition of ASC's activities for an additional period of two months. This increase was completely offset by lower sales commissions on advertising revenues in LesPAC and by lower printed document costs in MERX.

GROSS MARGIN

Based on the information above, gross margin for the first quarter of fiscal 2018 reached 80.9% compared to 80.0% in the first quarter of fiscal 2017.

OPERATING EXPENSES

Operating expenses for the first quarter of fiscal 2018 totaled $12.0 million, compared to $9.6 million for the first quarter of fiscal 2017. Changes in operating expenses are explained as follows:

- General and administrative expenses totaled $2.7 million during the first quarter of fiscal 2018 compared to $2.3 million for the corresponding period of fiscal 2017. This increase is mainly attributable to higher professional services expenses of $0.3 million related to the acquisition of Orckestra and to the addition of ASC's activities of $0.1 million.

- Selling and marketing expenses totaled $4.6 million during the first quarter of fiscal 2018, compared to $4.0 million for the first quarter of fiscal 2017. This increase is mainly attributable to higher advertising campaign fees of $0.4 million and to higher labor costs of $0.3 million. These increases were partially offset by lower depreciation and amortization expenses of $0.1 million.

- Technology expenses totaled $4.7 million during the first quarter of fiscal 2018, compared to $3.4 million during the corresponding period of fiscal 2017. This increase is mainly due to the addition of ASC activities for an additional period of two months in the amount of $0.7 million (including $0.2 million of additional amortization of acquired intangible assets), to higher labor costs of $0.3 million, to higher software maintenance and license expenses of $0.2 million, and to higher amortization expense of $0.2

million. These increases were partially offset by the recording of additional tax credits and internally developed software for an amount of $0.2 million.

OPERATING PROFIT

Based on the information above, operating profit reached $4.2 million during the first quarter of fiscal 2018, compared to $5.5 million during the first quarter of fiscal 2017.

FOREIGN EXCHANGE

During the first quarter of fiscal 2018, the foreign exchange loss on assets denominated in US dollars amounted to $0.4 million compared to a nil amount in the first quarter of fiscal 2017.

FINANCIAL EXPENSES

Financial expenses totaled $0.2 million during the first quarters of fiscal 2018 and 2017. Financial expenses consist primarily of interest expenses and standby fees on long-term debt and of the amortization of deferred financing costs.

INCOME TAX EXPENSE

For the first quarter of fiscal 2018, income tax expense totaled $1.1 million, representing an effective tax rate of 32.0%, compared to the statutory rate of 26.78%. During the first quarter of fiscal 2017, the effective tax rate was at 27.6% compared to a statutory rate of 26.9%.

During the first quarter of fiscal 2018, the increase in the effective tax rate in comparison to the statutory rate is due to the fact that certain foreign exchange losses are non-deductible and to the fact that a portion of profit is taxable in the United States, a jurisdiction where the statutory tax rate is higher.

During the first 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 revenues is taxable in the United States, a jurisdiction where the statutory tax rate is higher.

PROFIT

As a result of the above items, profit for the first quarter of fiscal 2018 totaled $2.4 million ($0.16 per share), compared to $3.7 million ($0.25 per share) during the first quarter of fiscal 2017.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before June 30, 2017, is as follows:

Unaudited by independent auditors	Q1 June 30, 2017 $	Q4 Mar. 31 2017 $	Q3 Dec. 31, 2016 $	Q2 Sept. 30, 2016 $	Q1 June 30, 2016 $	Q4 Mar. 31, 2016 $	Q3 Dec. 31, 2015 $	Q2 Sept. 30, 2015 $
Revenues	**19,971**	19,996	19,267	19,509	18,966	18,817	18,541	17,953
Adjusted EBITDA	**6,145**	6,384	7,090	8,118	6,962	6,556	8,003	7,539
Operating profit	**4,175**	4,579	5,178	6,159	5,531	5,182	6,619	6,117
Profit	**2,416**	3,578	3,985	4,544	3,734	2,472	4,851	5,089
Basic and diluted earnings per share	**0.16**	0.24	0.27	0.30	0.25	0.16	0.32	0.34
Weighted average outstanding shares	**14,895**	14,975	14,999	14,999	14,999	14,999	15,011	15,093

In thousands of Canadian dollars, except per share amounts.

2018 QUARTER

- First quarter ended June 30, 2017: Compared to the fourth quarter of fiscal 2017 ended March 31, 2017, revenues remained stable at $20.0 million. Variation in revenues is mostly attributable to an increase in revenues from InterTrade, ASC and Polygon for an amount of $0.1 million each and to additional revenues from Orckestra also for an amount of $0.1 million. These increases were offset by lower revenues from LesPAC for an amount of $0.3 million. This decrease from LesPAC is due to lower advertising revenues of $0.4 million, partially offset by the increase in revenues from classified ads of $0.1 million.

  Adjusted EBITDA and operating profit decreased mainly due to professional fees of $0.3 million related to the acquisition of Orckestra and to the increase of advertising fees of $0.3 million, partially offset by lower salary expenses of $ 0.2 million and by lower commission fees of $0.2 million related to lower advertising revenues.

  Following the decrease in operating profit, profit for the first quarter of 2018 also decreased mainly due to unfavorable foreign exchange fluctuation on assets denominated in US dollars for an amount of $0.3 million. Furthermore, the Corporation recorded an additional income tax expense due to the fact that certain foreign exchange losses are non-deductible and to the fact that the impact of the decrease in the Quebec corporate income tax rate and the impact of the income tax adjustment from previous years were all reflected in full during the fourth quarter of fiscal year 2017.

2017 QUARTERS

- Fourth quarter ended March 31, 2017: Compared to the third quarter of fiscal 2017 ended December 31, 2016, revenues mainly increased due to the increase of ASC's revenues in the amount of $0.2 million, the increases in LesPAC and Jobboom revenues of $0.2 million each and also to the increase in revenues from MERX for an amount of $0.1 million.

Adjusted EBITDA and operating profit decreased mainly due to higher labor costs totalling $1.0 million (including $0.4 million in termination benefits), to a $0.3 million decrease in tax credits and to a $0.1 million increase in sales commissions on advertising revenues.

Profit also decreased, however, to a lesser extent, as a result of a lower income tax expense during the fourth quarter related to a lower income tax statutory rate.

- Third quarter ended December 31, 2016: Compared to the second quarter ended September 30, 2016, the revenues decreased slightly mainly due to lower setup and implementation revenues of $0.2 million attributable to ASC and to a decrease in LesPAC and Jobboom revenues for an amount of $0.3 million partially offset by an increase in revenues of $0.2 million at InterTrade.

  The adjusted EBITDA and operating profit also decreased mainly due to higher labor costs for an amount of $0.4 million and to higher advertising and promotion activities of $0.5 million.

  Profit also decreased but to a lesser extent due to a lower income tax expense during the third quarter of fiscal 2017.

- 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 Corporation recorded a provision for a legislative contingency of $0.2 million compared to a nil amount 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 fluctuation 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 of fiscal 2016 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 (CAD/USD) on revenues of $0.2 million. These increases were partially reduced by a decrease in revenues from Jobboom and Market Velocity.

  Still comparing 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 Corporation 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 of fiscal 2016 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 (CAD/USD) 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 of fiscal 2016 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 (CAD/USD) on revenues. These increases were partially offset by a decrease in revenues from Jobboom and by a decrease in revenues from LesPAC, some of which is 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.

LIQUIDITY AND FINANCIAL RESOURCES

In general, the Corporation finances its operations, capital expenditures, dividends, repurchase of common shares and business acquisitions using funds generated by its operations and cash on hand.

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

As at June 30, 2017, the Corporation had cash and cash equivalents of $12.0 million and $45.8 million available on its revolving facility of $80.0 million, subject to compliance with financial ratios and other usual restrictions included in the credit agreement.

OPERATING ACTIVITIES

	Three months ended June 30	
In thousands of Canadian dollars	**2017**	**2016**
Unaudited and not reviewed by independent auditors	**$**	**$**
Cash flows related to operating activities before changes in non-cash working capital items	**5,022**	5,218
Changes in non-cash working capital items	**(2,868)**	(759)
Cash flows related to operating activities	**2,154**	4,459

For the first quarter of fiscal 2018, cash flows generated by operating activities reached $2.2 million, compared to $4.5 million for the first quarter of fiscal year 2017.

This decrease in generated cash flows is mainly due to the accounts receivable variation included in non-cash working capital items. Certain amounts usually received during the first quarter were still outstanding at the end of the first quarter of fiscal 2018 when compared to the end of the first quarter of fiscal 2017.

INVESTING ACTIVITIES

	Three months ended June 30	
In thousands of Canadian dollars	**2017**	**2016**
Unaudited and not reviewed by independent auditors	**$**	**$**
Consideration transferred on business acquisition	**(1,534)**	(17,238)
Acquisition of property, plant and equipment	**(164)**	(413)
Acquisition of intangible assets	**(598)**	(636)
Cash flows related to investing activities	**(2,396)**	(18,287)

Cash flows used for investing activities amounted to $2.4 million for the first quarter of fiscal 2018, compared to $18.3 million for the first quarter of fiscal year 2017.

The acquisition of Orckestra closed on June 23, 2017, mainly explains the cash flow utilization during the first quarter of fiscal 2018 while in the first quarter of fiscal 2017, the Corporation closed the ASC acquisition for an amount of $17.2 million.

FINANCING ACTIVITIES

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	**Three months ended June 30** **2017** **$**	 **2016** **$**
Increase of long-term debt	**2,605**	14,700
Repurchase of common shares for cancellation	**(31)**	-
Cash dividends paid on common shares	**(1,499)**	(1,500)
Cash flows related to financing activities	**1,075**	13,200

For the first quarter of fiscal 2018, cash flows from for financing activities amounted to $1.1 million compared to $13.2 million used during the first quarter of fiscal year 2017.

During the first quarter of fiscal 2018, the Corporation used $2.6 million of its revolving credit facility in order to finance the acquisition of Orckestra while the Corporation had used $14.7 million for the acquisition of ASC during the first quarter of 2017.

CREDIT AGREEMENT

On December 18, 2015, the Corporation renewed its credit agreement, which had previously been concluded on November 10, 2011 (the "Credit Agreement") with three Canadian financial institutions and under which the lenders made available to the Corporation an $80.0 million ($80.0 million as at March 31, 2017) secured revolving five-year credit facility (the "Revolving Facility") and an accordion loan of $40.0 million ($40.0 million as at March 31, 2017) 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 June 30, 2017, the Corporation had drawn $34.2 million on its Revolving Facility.

The Revolving Facility bears interest at a rate based either on Canadian prime rate, LIBOR or the bankers' acceptance rate plus a margin in each case. This margin varies according to the ratio of total debt to the EBITDA defined in the Credit Agreement. As at June 30, 2017, the actual rate was 0.98% 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 Corporation's present and future tangible and intangible assets.

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 June 30, 2017, the Corporation was in compliance with the financial ratios prescribed under these covenants.

FINANCIAL POSITION

As a whole, the Corporation has a sound financial position and is able to meet its financial obligations. As at June 30, 2017, the Corporation had cash and cash equivalents of $12.0 million and $45.8 million available on its credit facility of $80.0 million. At that same date, total assets of the Corporation amounted to $212.5 million compared to $209.3 million as at March 31, 2017.

INFORMATION FROM STATEMENTS OF FINANCIAL POSITION	**June 30,**	**March 31,**
	2017	**2017**
In thousands of Canadian dollars	**$**	**$**
Cash and cash equivalents	**12,036**	11,325
Accounts receivable	**8,371**	5,649
Tax credits receivable	**4,436**	5,221
Prepaid expenses and deposits	**1,469**	1,360
Intangible assets	**5,208**	5,123
Acquired intangibles assets	**65,221**	63,909
Goodwill	**107,047**	107,047
Accounts payable and accrued liabilities	**8,231**	8,616
Other payables	**1,536**	1,256
Deferred revenues	**18,357**	18,134
Long-term debt	**34,066**	31,451
Shareholders' equity	**133,081**	131,876

The main changes in the Corporation's statement of financial position between June 30, 2017 and March 31, 2017 are explained as follows:

- Accounts receivable totaled $8.4 million as at June 30, 2017, an increase of $2.7 million compared to March 31, 2017. This increase is mainly attributable to the addition Orckestra's receivables for an amount of $0.9 million and to certain amounts usually received during the first quarter that were still outstanding as of June 30, 2017.

- Tax credits receivable totaled $4.4 million as at June 30, 2017, a decrease of $0.8 million when compared to March 31, 2017. This decrease is explained by the collection of tax credits during the first quarter of fiscal year 2018.

- Acquired intangibles assets reached $65.2 million, up $1.3 million from March 31, 2017. This increase is mainly due to the addition of the acquired intangible assets of Orckestra for $2.5 million less the amortization expense of $1.2 million recorded during the first quarter of fiscal 2018.

- Accounts payable and accrued liabilities totaled $8.2 million as at June 30, 2017, a $0.4 million decrease compared to March 31, 2017. This decrease is explained by the disbursements in the first quarter of 2018 of amounts related to incentive compensation and certain professional fees that were accrued as at March, 31 2017.

- Deferred revenues reached $18.4 million, up $0.2 million compared to March 31, 2017. This increase is mainly due to the addition of the deferred revenues arising from the acquisition of Orckestra.

- Long-term debt totaled $34.1 million as at June 30, 2017, compared to $31.5 million as at March 31, 2017. This increase in long-term debt mainly represents the amounts used in order to proceed with the acquisition of Orckestra.

- Shareholders' equity totaled $133.1 million as at June 30, 2017, compared to $131.9 million as at March 31, 2017. The change in shareholders' equity reflects the $2.7 million comprehensive income earned by the Corporation during the first quarter of fiscal year 2018 less $1.5 million in dividends.

DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Corporation is exposed to certain financial risks. The Corporation does not hold financial instruments for speculative purposes but only to reduce the volatility of its results from its exposure to these risks. The nature and the extent of the risks arising from the financial instruments and their related risk management are described in the Corporation's audited consolidated financial statements as at March 31, 2017.

The Corporation's hedging program will yield an average exchange rate (CAD/USD) of 1.3176 on foreign currency forward contracts of US $11.3 million held as at June 30, 2017, which will mature over fiscal years 2018 and 2019. As at June 30, 2016, the Corporation had foreign currency forward contracts of US $11.0 million held at an average rate of 1.3105.

During the first quarter of fiscal year 2018, 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 Corporation's consolidated statements of financial position.

RELATED PARTY TRANSACTIONS

The Corporation 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 the first quarter of fiscal year 2018, the Corporation recorded revenues of $0.4 million from transactions with GWS compared to $0.5 during the first quarter of fiscal 2017. In addition, the Corporation recharged $42,302 in operating expenses to GWS during the first quarter of fiscal 2018 compared to an amount of $0.2 million during the first quarter of fiscal 2017. As at June 30, 2017, the Corporation's accounts receivable reached $1.0 million from GWS compared to $0.2 million as at March 31, 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 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. 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, 2017.

FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS 9 FINANCIAL INSTRUMENTS

On July 24, 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, 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 Corporation is currently evaluating the impacts of this new standard. IFRS 9 will apply to the Corporation 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 Corporation 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 Corporation is currently evaluating the impacts of this new standard. IFRS 15 will apply to the Corporation for the annual period beginning on 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 Corporation has not yet examined the impacts of this new standard. IFRS 16 will apply to the Corporation for the annual period beginning on April 1, 2019.

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 and has concluded that such disclosure controls and procedures are efficient for the fiscal year ended March 31, 2017. As at June 30, 2017, there were no changes in disclosure controls and procedures of the Corporation and these controls and procedures are still considered efficient.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, management has evaluated the design and the effectiveness of the Corporation's internal control over financial reporting and has concluded that such controls were efficient for the fiscal year ended March 31, 2017.

The management evaluation of the design and effectiveness of the Corporation's internal control over financial reporting exclude controls, conventions and procedures regarding Orckestra acquired on June 23 2017. The Corporation has a period of one year from the acquisition date to conduct this analysis and to implement internal controls deemed necessary.

As at June 30, 2017, there were no changes in internal control over financial reporting of the Corporation which has affected, or is reasonably likely to materially affect, the Corporation's internal control over the financial information.

ADDITIONAL INFORMATION

This report has been prepared as at August 8, 2017.

As of that date, the number of common shares outstanding was 14,892,879.

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

MARKET AND TICKER SYMBOL

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

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Consultant

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President
Holding André Gauthier Inc.

Gilles Laporte
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