MEDIAGRIF

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FIRST QUARTER ENDED JUNE 30, 2018

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The following Management's Discussion and Analysis ("MD&A"), which has been prepared as at August 7, 2018, 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, 2018, as well as the Corporation's MD&A, audited consolidated financial statements and accompanying notes thereto for the year ended March 31, 2018. This management's discussion and analysis compares performance for the quarters ended June 30, 2018 and 2017.The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A was approved by the Board of Directors of Mediagrif.

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

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

CORPORATION PROFILE

Mediagrif (TSX: MDF) is a Canadian leader in information technology offering strategic sourcing and unified commerce solutions as well as B2B and B2C marketplaces. Mediagrif's 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, 2018

- Revenues increased by 5.8% to total $21.1 million for the first quarter of fiscal 2019 compared to $20.0 million for the first quarter of fiscal 2018.
- Adjusted EBITDA[1] of $5.3 million (including non-recurring costs of $0.1 million) for the first quarter of fiscal 2019 compared to $6.1 million for the first quarter of fiscal 2018.
- Stable profit of $2.4 million ($0.16 per share) for the first quarter of fiscal 2019 compared to the first quarter of fiscal 2018.
- Cash flows generated by operating activities amounted to $2.4 million compared to $2.2 million for the first quarter of fiscal 2018.
- Mediagrif signed an agreement with the SAQ to use Orckestra's e-commerce platform in the development of the Société Québécoise du Cannabis' transactional website (SQDC).

[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 related to a negative working capital of $0.7 million at the date of its acquisition and has committed to pay retention incentives to Orckestra employees for a total amount of $0.9 million during a twelve-month period following the acquisition. The acquisition was financed in its entirety by the Corporation's Credit 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 total acquisition-related costs amounted to $0.2 million and are included in General and administrative expenses in the 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 totalled $21.3 million. The consolidated profit for the three months ended June 30, 2017, would have totalled $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.

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** **2018** **$**	**2017** **$**
REVENUES	**21,128**	19,971
GROSS MARGIN	**16,939**	16,158
OPERATING EXPENSES		
General and administrative	**2,817**	2,698
Selling and marketing	**4,864**	4,581
Technology	**6,034**	4,704
TOTAL OPERATING EXPENSES	**13,715**	11,983
OPERATING PROFIT	**3,224**	4,175
Gain (loss) on foreign exchange	**316**	(431)
Financial expenses, net amount	**(277)**	(234)
Share of profit of a joint venture	**(6)**	45
Income tax expense	**(825)**	(1,139)
PROFIT FOR THE PERIOD	**2,432**	2,416
ADJUSTED EBITDA (see reconciliation of adjusted EBITDA and profit)	**5,256**	6,145
CASH FLOWS GENERATED BY OPERATING ACTIVITIES	**2,353**	2,154
EARNINGS PER SHARE – BASIC AND DILUTED	**0.16**	0.16
Declared dividends per share	**0.10**	0.10
Weighted average number of shares outstanding (in thousands)		
Basic and diluted	**14,849**	14,895

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	**June 30, 2018** **$**	**March 31, 2018** **$**
TOTAL ASSETS	**206,331**	209,656
LONG-TERM DEBT	**26,906**	28,096

RECONCILIATION OF ADJUSTED EBITDA AND PROFIT *In thousands of Canadian dollars. Unaudited and not reviewed by independent auditors.*	**Three months ended June 30** **2018** **$**	**2017** **$**
PROFIT FOR THE PERIOD	**2,432**	2,416
Income tax expense	**825**	1,139
Depreciation of property, plant and equipment and amortization of intangible assets	**882**	777
Amortization of acquired intangible assets	**1,189**	1,183
Amortization of deferred financing costs	**10**	10
Amortization of deferred lease inducement	**(33)**	(35)
Foreign exchange loss (gain)	**(316)**	431
Interest on long-term debt	**267**	224
ADJUSTED EBITDA	**5,256**	6,145

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

FIRST QUARTER ENDED JUNE 30, 2018, "FIRST QUARTER OF FISCAL 2019" COMPARED TO FIRST QUARTER ENDED JUNE 30, 2017, "FIRST QUARTER OF FISCAL 2018"

REVENUES

For the first quarter of fiscal 2019, revenues totalled $21.1 million, an increase of 5.8% or $1.2 million compared to the first quarter of fiscal 2018. This revenue increase is mainly explained as follows:

- Additional revenues from Orckestra for an amount of $1.6 million (including $0.8 million in professional services revenues) for a full three-month period compared to revenues of $0.1 million recorded in the first quarter of the previous fiscal year following its acquisition on June 23, 2017.
- Increase in revenues from InterTrade for an amount of $0.3 million primarily due to an increase of transactions on the Value Added Network ''VAN''.
- Increase in revenues from MERX for an amount of $0.1 million mainly due to increased revenues from the public sector.
- Increase in revenues from Broker Forum of $0.1 million primarily attributable to an increase in sponsorship revenues.
- Stable ads postings and advertising revenues coming from LesPAC.
- Decrease in revenues from ASC of $0.1 million primarily due to lower recurring revenues related to professional services.
- Jobboom revenues decreased by $0.4 million mainly due to price adjustments reflecting market conditions.
- Decrease in revenues from Réseau Contact for a total amount of $0.1 million mainly due to a smaller number of members using the platform.

During the first quarter of fiscal 2019, revenues earned in Canadian dollars represented 55% of total revenues, compared to 57% for the first quarter of fiscal 2018.

COST OF REVENUES

Cost of revenues totalled $4.2 million during the first quarter of fiscal 2019 compared to $3.8 million during the first quarter of fiscal 2018. The increase is mainly due to the addition of Orckestra's expenses for a complete period of three months of $0.5 million offset by lower software maintenance license expenses for an amount of $0.1 million.

GROSS MARGIN

Based on the information above, gross margin for the first quarter of fiscal 2019 reached 80.2% compared to 80.9% in the first quarter of fiscal 2018.

OPERATING EXPENSES

Operating expenses for the first quarter of fiscal 2019 totalled $13.7 million, compared to $12.0 million for the first quarter of fiscal 2018. Changes in operating expenses are explained as follows:

- General and administrative expenses totalled $2.8 million during the first quarter of fiscal 2019 compared to $2.7 million for the corresponding period of fiscal 2018. This increase is mainly attributable to the addition of Orckestra's expenses for an amount of $0.1 million. The increase in labour costs of $0.2 million was completely offset by lower professional service expenses related to Orckestra's acquisition on June 23, 2017.

- Selling and marketing expenses totalled $4.9 million during the first quarter of fiscal 2019, compared to $4.6 million for the first quarter of fiscal 2018. This increase is mainly attributable to the addition of Orckestra's expenses for an amount of $0.3 million. The increase in advertising campaign fees of $0.1 million was offset by the decrease in labour costs of selling and marketing.

- Technology expenses totalled $6.0 million during the first quarter of fiscal 2019, compared to $4.7 million during the corresponding period of fiscal 2018. This increase is mainly due to the addition of Orckestra's expenses for an amount of $1.1 million and to higher labour costs of $0.2 million. The increase in software maintenance and license expenses of $0.1 million was offset by the recording of additional tax credits and internally developed software.

OPERATING PROFIT

Based on the information above, operating profit reached $3.2 million during the first quarter of fiscal 2019, compared to $4.2 million during the first quarter of fiscal 2018.

FOREIGN EXCHANGE

During the first quarter of fiscal 2019, the foreign exchange gain on assets denominated in U.S. dollars amounted to $0.3 million compared to a loss of $0.4 million in the first quarter of fiscal 2018.

FINANCIAL EXPENSES

Financial expenses totalled $0.3 million during the first quarter of fiscal 2019 compared to $0.2 million during the first quarter of fiscal 2018. Financial expenses consist primarily of interest expenses and standby fees on long-term debt and of the amortization of deferred financing costs. The increase in financial expenses is mainly attributable to higher average interests following the increase of the Bank of Canada's interest rate in the past year.

INCOME TAX EXPENSE

For the first quarter of fiscal 2019, income tax expense totalled $0.8 million, representing an effective tax rate of 25.33%, compared to the statutory rate of 26.68%. During the first quarter of fiscal 2018, the effective tax rate was at 32.0% compared to a statutory rate of 26.78%.

During the first quarter of fiscal 2019, the decrease in the effective tax rate in comparison to the statutory rate is due to the fact that certain foreign exchange gains are non-taxable and to the fact that a portion of profit is taxable in the United States, a jurisdiction where the statutory tax rate is lower.

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 was higher.

PROFIT

As a result of the above items, profit for the first quarter of fiscal 2019 totalled $2.4 million ($0.16 per share) and remained stable compared to the first quarter of fiscal 2018.

QUARTERLY PERFORMANCE

Selected quarterly financial information for the eight most recently completed quarters on or before June 30, 2018, is as follows:

Unaudited by independent auditors	**Q1 June 30, 2018 $**	**Q4 Mar. 31 2018 $**	**Q3 Dec. 31, 2017 $**	**Q2 Sept. 30, 2017 $**	**Q1 June 30, 2017 $**	**Q4 Mar. 31 2017 $**	**Q3 Dec. 31, 2016 $**	**Q2 Sept. 30, 2016 $**
Revenues	**21,128**	20,479	20,456	20,031	19,971	19,996	19,267	19,509
Operating profit	**3,224**	3,427	3,794	3,528	4,175	4,579	5,178	6,159
Profit	**2,432**	2,099	952	1,710	2,416	3,578	3,985	4,544
Basic and diluted earnings per share	**0.16**	0.14	0.06	0.11	0.16	0.24	0.27	0.30
Weighted average outstanding shares	**14,849**	14,849	14,849	14,886	14,895	14,975	14,999	14,999
Adjusted EBITDA	**5,256**	5,620	6,085	5,522	6,145	6,384	7,090	8,118
Cash flows generated by operating activities	**2,353**	7,100	6,580	2,079	2,154	8,276	5,111	5,882

In thousands of Canadian dollars, except per share amounts.

2019 QUARTER

- First quarter ended June 30, 2018: Compared to the fourth quarter of fiscal 2018 ended March 31, 2018, revenues increased by $0.6 million primarily due to growing revenues within InterTrade and Merx in the amount of $0.3 million and $0.1 million respectively and to an increase in LesPAC from classified ads for an amount of $0.2 million. Orckestra and Jobboom's revenues remained stable compared to the previous quarter while ASC's revenues decreased by $0.1 million due to lower non-recurring professional services revenues.

Moreover, an increase of $0.2 million in revenues was generated by the change in exchange rates between the U.S. dollar and the Canadian dollar.

Adjusted EBITDA decreased mainly due to higher seasonal advertising expenses for an amount of $0.5 million and to higher labour costs of $0.4 million. The operating profit also decreased but to a lesser extent due to lower amortization of acquired intangible assets of $0.1 million.

Profit for the first quarter totalled $2.4 million compared to $2.1 million during the fourth quarter of fiscal year 2018. The increase in profit is primarily due to a lower income tax expense of $0.3 million compared to the last quarter.

2018 QUARTERS

- Fourth quarter ended March 31, 2018: Compared to the third quarter of fiscal 2018 ended December 31, 2017, revenues remained stable at $20.5 million. During the fourth quarter of 2018, revenues from Orckestra totalled $1.6 million, an increase of $0.4 million (35%) compared to the third quarter of fiscal year 2018. This increase in revenues was offset by a decrease of $0.3 million in LesPAC's advertising revenues and by a decrease in revenues in Jobboom for an amount of $0.1 million.

  Adjusted EBITDA and operating profit decreased primarily due to the increase of $0.6 million in salaries and benefits expenses. This increase was offset by a $0.1 million decrease in professional services and by the increase of tax credits and internally developed software for an amount of $0.1 million.

  Profit for the fourth quarter totalled $2.1 million compared to $1.0 million during the third quarter of fiscal year 2018. The increase in profit is primarily due to a non-recurring income tax expense of $1.4 million ($0.09 per share) recorded during the previous quarter after the U.S. enacted a tax reform beginning on January 1, 2018.

- Third quarter ended December 31, 2017: Compared to the second quarter of fiscal 2018 ended September 30, 2017, the revenues increased due to additional professional services revenues from Carrus for an amount of $0.2 million, to the increase of advertising revenues from LesPAC for an amount of $0.1 million and to the increase of $0.1 million in revenues generated by the change in exchange rates between the U.S. dollar and the Canadian dollar.

  Adjusted EBITDA also increased due to higher revenues and to lower termination benefits for an amount of $0.8 million compared to the second quarter of fiscal 2018. Adjusted EBITDA increase has been partially offset by higher advertising expenses and higher salaries and benefits.

  As a result of the above-mentioned factors, operating profit totalled $3.8 million, in line with the increase in adjusted EBITDA for the quarter.

  Profit was negatively affected by an additional income tax expense of $1.4 million ($0.09 per share) after the U.S. enacted a tax reform announced on December 22, 2017 and beginning on January 1, 2018.

- Second quarter ended September 30, 2017: Compared to the first quarter ended June 30, 2017, the addition of Orckestra revenues in the amount of $1.0 million was offset by a decrease in revenues from Jobboom of $0.3 million and by lower professional service revenues from ASC and InterTrade of

$0.3 million. In addition, the change in exchange rates between the U.S. dollar and the Canadian dollar generated a decrease of $0.2 million in revenues.

Adjusted EBITDA decreased during the second quarter mainly due to Orckestra's unprofitable activities for an amount of $1.0 million including an amount of $0.4 million in termination and retention incentives. Additional termination benefits unrelated to Orckestra of $0.6 million were also recorded during the second quarter ended September 30, 2017. Those items were partially offset by lower advertising expenses and lower salaries and benefits.

As a result of the above-mentioned factors, operating profit totalled $3.5 million, in line with the decline in adjusted EBITDA for the quarter.

Profit for the quarter ended September 30, 2017 also decreased due to an unfavorable foreign exchange rate fluctuation on assets denominated in U.S. dollars of $0.7 million compared to the quarter ended June 30, 2017.

- 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 unfavourable 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 certain foreign exchange losses that are non-deductible and to 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 labour 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 labour 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 for an 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 favourable foreign exchange rate fluctuation on assets denominated in U.S. dollars of $0.3 million compared to the quarter ended June 30, 2016.

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, 2018, the Corporation had cash and cash equivalents of $12.1 million and $53.0 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

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	Three months ended June 30 2018 $	 2017 $
Cash flows related to operating activities before changes in non-cash working capital items	**3,325**	5,022
Changes in non-cash working capital items	**(972)**	(2,868)
Cash flows related to operating activities	**2,353**	2,154

For the first quarter of fiscal 2019, cash flows generated by operating activities reached $2.4 million, compared to $2.2 million for the first quarter of fiscal 2018.

INVESTING ACTIVITIES

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	Three months ended June 30 2018 $	 2017 $
Consideration transferred on business acquisition	**-**	(1,534)
Acquisition of property, plant and equipment	**(235)**	(164)
Distribution from a joint venture	**425**	-
Acquisition of intangible assets	**(793)**	(598)
Cash flows related to investing activities	**(603)**	(2,296)

Cash flows used for investing activities amounted to $0.6 million for the first quarter of fiscal 2019, compared to $2.3 million for the first quarter of fiscal 2018.

The acquisition of Orckestra mainly explains the cash flow utilization difference during the first quarter of fiscal 2019 compared to the first quarter of fiscal 2018.

The distribution from the joint venture Société d'investissement M-S S.E.C. ''GWS'' is due to the liquidation of the residual balances following the end of its activities during the first quarter of fiscal 2019.

FINANCING ACTIVITIES

In thousands of Canadian dollars *Unaudited and not reviewed by independent auditors*	Three months ended June 30 2018 $	 2017 $
Increase (repayment) of long-term debt	**(1,200)**	2,605
Repurchase of common shares for cancellation	**-**	(31)
Cash dividends paid on common shares	**(1,485)**	(1,499)
Cash flows related to financing activities	**(2,685)**	1,075

For the first quarter of fiscal 2019, cash flows for financing activities amounted to $2.7 million compared to $1.1 million generated during the first quarter of fiscal 2018.

During the first quarter of fiscal 2018, the Corporation used $2.6 million of its revolving credit facility primarily in order to finance the acquisition of Orckestra.

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, 2018) secured revolving five-year credit facility (the "Revolving Facility") and an accordion loan of $40.0 million ($40.0 million as at March 31, 2018) 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, 2018, the Corporation had drawn $27.0 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, 2018, the actual rate was 1.65% 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, 2018, 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, 2018, the Corporation had cash and cash equivalents of $12.1 million and $53.0 million available on its credit facility of $80.0 million. At that same date, total assets of the Corporation amounted to $206.3 million compared to $209.7 million as at March 31, 2018.

INFORMATION FROM STATEMENTS OF FINANCIAL POSITION *In thousands of Canadian dollars*	**June 30, 2018 $**	**March 31, 2018 $**
Cash and cash equivalents	**12,073**	13,187
Cash held for the benefit of third parties	**1,767**	1,374
Accounts receivable	**8,456**	8,676
Tax credits receivable	**3,200**	2,331
Prepaid expenses and deposits	**1,873**	2,293
Intangible assets	**5,890**	5,708
Acquired intangibles assets	**60,112**	61,301
Accounts payable and accrued liabilities	**9,103**	10,440
Deferred revenues	**18,472**	17,958
Long-term debt	**26,906**	28,096
Shareholders' equity	**133,210**	132,553

The main changes in the Corporation's statement of financial position between June 30, 2018 and March 31, 2018 are explained as follows:

- Tax credits receivable totalled $3.2 million as at June 30, 2018, an increase of $0.9 million when compared to March 31, 2018. This increase is explained by the recording of tax credits for the first quarter of fiscal 2019.

- Acquired intangible assets reached $60.1 million, a decrease of $1.2 million compared to March 31, 2018. This decrease is mainly due to the amortization expense of $1.2 million recorded during the first quarter of fiscal 2019.

- Accounts payable and accrued liabilities totalled $9.1 million as at June 30, 2018, a $1.3 million decrease compared to March 31, 2018. This decrease is explained by the disbursements in the first quarter of fiscal 2019 of amounts related to incentive compensation and certain professional fees that were accrued as at March 31, 2018.

- Long-term debt totalled $26.9 million as at June 30, 2018, compared to $28.1 million as at March 31, 2018. The variation reflects the repayments made during the first quarter of fiscal 2019.

- Shareholders' equity totalled $133.2 million as at June 30, 2018, compared to $132.6 million as at March 31, 2018. The change in shareholders' equity reflects the $2.1 million comprehensive income earned by the Corporation during the first quarter of fiscal year 2019 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, 2018.

The Corporation’s hedging program will yield an average exchange rate (CAD/USD) of 1.2709 on foreign currency forward contracts of US$ 11.8 million held as at June 30, 2018, which will mature over fiscal years 2019 and 2020. As at June 30, 2017, the Corporation had foreign currency forward contracts of US$ 11.3 million held at an average rate of 1.3176.

During the first quarter of fiscal year 2019, 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

On May 29, 2018, the Board of Directors of Société d’investissement M-S S.E.C. ‘’GWS’’, the Corporation’s 50% ownership joint venture, voted a unanimous resolution to dissolve and liquidate GWS. The dissolution and distribution of the residual cash balances to the co-venturers were done on July 27, 2018. During the first quarter ended June 30, 2018, the Corporation received an amount of $425,000 as a distribution from GWS.

During the three-month period ended June 30, 2018, the revenues from transactions with GWS recorded by the Corporation were nil ($417,778 in 2017). In addition, the Corporation recharged $2,743 ($42,302 in 2017). Those recharges were presented against the operating expenses in the Interim Condensed Consolidated Statement of Income. As at June 30, 2018, the Corporation’s accounts receivable from GWS were nil ($69,627 as at March 31, 2018).

These transactions occurred in the normal course of business and were measured at the amount of consideration agreed to by the parties.

After the end of GWS’s activities, the Corporation reached a long-term agreement with its partner in GWS, La Société des alcools du Québec (SAQ), to continue the maintenance and support of their electronic supply management system previously supported by GWS.

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, 2018.

CHANGES IN ACCOUNTING POLICIES

IFRS ADOPTED DURING THE CURRENT FISCAL YEAR

IFRS 9, Financial Instruments

IFRS 9, *Financial Instruments*, replaces IAS 39, *Financial Instruments*: Recognition and Measurement. This new 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.

The Corporation adopted this Standard as at April 1, 2018 and it has no significant impact.

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 adopted the Standard IFRS 15 as at April 1, 2018. The adoption of the new Standard has no significant impact on the Corporation's revenue recognition since the conclusions of last fiscal year analysis on the accounting of revenues are the same as for the previous Standard IAS 18.

Concerning the contract costs which include commissions paid to sales representatives, the Corporation has to record as assets certain costs that were previously registered in the results. Under the previous Standard, sales commissions were recognized as expenses when they were incurred. With IFRS 15, commissions paid for contracts of more than one year are amortized over the term of the contract or in some cases over the planned period of the client relationship.

The Corporation adopted this new Standard prospectively and the analysis conclusions on the non-distributed results as at April 1, 2018 have no significant impact. Consequently, no financial recovery was made for the present financial statements.

NEW AND REVISED IFRS, ISSUED BUT NOT YET EFFECTIVE

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, 2018. As at June 30, 2018, 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, 2018.

As at June 30, 2018, 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 7, 2018.

As of that date, the number of common shares outstanding was 14,848,779.

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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Philippe Duval
Quebec, Canada
First Vice-President and Chief Operating Officer
Réseau Sélection

André Gauthier
Quebec, Canada
President
Holding André Gauthier Inc.

Gilles Laporte
Quebec, Canada
Corporate Director

Vivianne Gravel
Quebec, Canada
President and Chief Executive Officer
Metix Inc.

Natalie Larivière
Quebec, Canada
President
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Catherine Roy
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