2019

ANNUAL REPORT

FISCAL 2019

Year Ended March 31, 2019 | Stingray Group Inc.

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WORD FROM THE CEO

Dear investors, partners, clients, and colleagues,

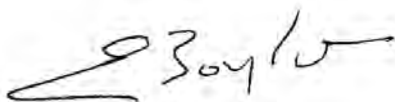
If there's one word that I would use to describe the past year, it's "transformative." Transformation has always dictated our business strategy, approach to client service, and vision for our present and future, but never more so than in 2018.

We achieved more in the past 12 months than the most optimistic stakeholder would have ever thought possible. And for that I thank you. I thank each and every one of you for your commitment, support, and unwavering belief in the Stingray story. Every milestone we reach reflects the trust you have in us. This year, your trust led to record numbers in virtually every sector.

Without you we would not have grown our workforce by 800, would not have successfully launched a broadcast radio division, and would not have added direct-to-consumer services to our proven B2B business model.

We are committed to building an agile company that adapts to market demand while staying true to its core purpose: providing lean-back curated music services for every moment and on every platform. As audiences and technology evolve, so do we.

Revenues have continued to show strong growth. Revenues increased by 63.3%, reaching $212.7 million (compared to $130.2 million in Fiscal 2018). Of the total growth in revenues, 4.4% was organic growth. At the same time, Adjusted EBITDA(1) increased by 74.0% to $72.2 million and net loss was $10.9 million ($0.17 per share). Cash flow from operating activities increased 77.1% to $34.3 million and adjusted free cash flow(1) increased 15.0% to $38.2 million. We continued to raise our dividends and returned over $16.0 million to you, our shareholders.



Eric Boyko
President, Co-founder and CEO

(1) Refer to "Supplemental information on Non-IFRS measures" on page 28 and 33

BUILDING A CONSUMER BRAND

The process of change is never easy, but it is essential to reap the biggest rewards.

Music is one of the most exciting and changeable industries. With streaming confirmed as the largest contributor to the global recorded-music business, in 2018 we focused on breaking through the direct-to-consumer market as another area of income. These investments are energizing our product portfolio and reshaping how we evaluate our success, profitability, and key measurements.

This year, we launched Stingray Classica and Stingray Music as direct-to-consumer mobile apps. In only a few months, both apps reached a 5-star rating in the Apple App Store, proof that our wager is already paying off. Stingray Qello, the concert streaming service described by Forbes as the "Netflix of concert films and documentaries," continues to gain subscribers and has entered into exclusive content partnerships with major artists and festivals such as Joe Satriani and KABOO Del Mar. Our team also launched The Voice karaoke app and Piano Academy, a new app to learn the piano. In total, Stingray apps have reached 140 million downloads.

We are confident that we are well on our way to creating a consumer brand on a par with the industry's most recognizable players.

PRODUCT PORTFOLIO GROWTH

Not a year goes by when we do not bring new services to market in record time.

It should be common knowledge by now that Stingray's curation team is amongst the best in the business. With their help, we constantly surpass client expectations, and develop niche and mainstream services that engage with all demographics. In addition to new mobile apps, this year we introduced three additional music video channels for entertainment content providers: PalmarèsADISQ par Stingray, Stingray Country, and Stingray Latin Hits.

SOLID PARTNERSHIPS

As we develop our direct-to-consumer offering, we are not leaving our operator clients behind, far from it. Our competitive advantage lies in the diversity and flexibility of our business model. We continue to build on solid partnerships with the world's most important operators who count on our competitively priced services to institute engaging music strategies and retain subscribers.

This year alone we signed new distribution agreements with Telekom Srbija and Thailand's True Visions, and renewed and expanded our partnerships with TELUS and Bell (the first Canadian operator to offer its subscribers every Stingray music and video service).

The numbers don't lie, the Holiday 2018 Numeris survey confirmed the relevance of our services to pay-TV subscribers: 41.4% of Canadians and 41.6% of Canadians ages 25-54 listened to Stingray Music on TV between December 17 and December 30, 2018.

CONTINUED ON-DEMAND EXPANSION

Stingray operates in a competitive environment, and yet we continue to flourish and improve profitability where other flounder. How? By continually diversifying our offering and aggressively, yet thoughtfully, seizing opportunities.

Being at the forefront of the On-Demand economy is crucial to distinguishing ourselves and competing at the national and international level. This year, we added On-Demand music services, including Stingray Qello, Stingray DJAZZ, and Stingray Karaoke, to the catalogs to major American and European entertainment content providers Comcast, Altice, Magenta TV, Sling TV, and Roku.

We now exceed 364,000 subscribers worldwide, a (4.6%) increase over last year's number.

MAKING (AIR)WAVES FROM COAST TO COAST

By far the most significant and talked-about announcement of 2018 was our acquisition of Newfoundland Capital Corporation, one of Canada's leading radio broadcasters with 101 licenses (82 FM and 19 AM) across the country. The transaction significantly strengthened our position as Canada's leading independent music company while we continue to build our global reach. We are already reaping the benefits of this complementary vertical and new revenue sources.

Only six months after this acquisition, we were presented with two prestigious awards at the World Radio Summit, the annual industry convention that attracts broadcast professionals from around the world: International Broadcast Group of the Year and International Radio Programmer of the Year. We received these honors despite stiff competition from leading radio broadcast groups and professionals from around the world.

THE FUTURE OF STINGRAY

Today, we are better positioned than ever to capture a growing share of the market by continuing to deliver quality service and leveraging our scale and expertise to expand into new sectors of the music industry.

Our success is not the result of luck or coincidence. It is the product of the innovative thinking, relentless efforts, and profound commitment of 1,200 employees whose dedication never fails to amaze me. Without them and their belief in Stingray's vision, we could not continually surpass our goals. Thank you! I also want to thank my management team and board for helping me build this extraordinary company. I look forward to writing the next pages of the Stingray story together.

We will never rest on our laurels, but we have reached a point where we can confidently envision the next decades and beyond. Stingray's future has never been brighter!

WORD FROM THE CHAIRMAN

Few things are as motivating as helping an organization reach new heights.

It is my distinct honor to chair Stingray's board for the second year and help the management team reinvent its business model while increasing profitability for investors. Although the challenges faced by the music industry are significant, Stingray's leadership has the proven ability to adapt its business strategy rapidly in response to market demands and new technologies.

Great companies pursue a bold vision for the future without ever risking their present. I am very pleased to see Stingray's management continuously evaluating new opportunities with vigor while still maintaining an acute awareness of their responsibility to stakeholders.

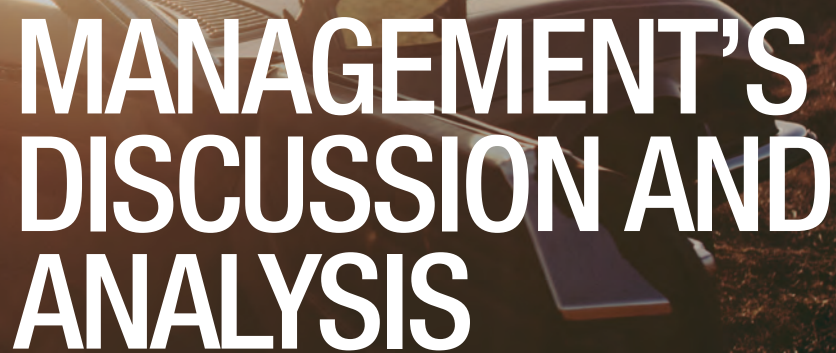
This year, Stingray's notable entry into the direct-to-consumer market has proved highly rewarding, and the positive reception from consumers confirms the merit of this strategy. I am confident that we will see Stingray make even greater strides in this space in the coming years.

The growth of the company's On-Demand subscriber base - through agreements with key partners such as Comcast - provides even more assurance of future success. I would be remiss if I did not also highlight the expansion of the distribution agreements with Bell and TELUS, which solidified Stingray's position as the number one Canadian provider of music service for cable and satellite operators.

It is with pride and confidence that I plan to guide Stingray through the next steps in becoming a dominant force in the global music industry.

On behalf of the board and the management team, I would like to thank our shareholders for their continued trust and support.

Mark Pathy
Chairman of the Board



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is the annual report and Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of Stingray Group Inc. ("Stingray" or "the Corporation"), and should be read in conjunction with the Corporation's consolidated audited financial statements and accompanying notes for the years ended March 31, 2019 and 2018. This MD&A reflects information available to the Corporation as at June 5, 2019. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com

COMPANY PROFILE

Stingray is a leading music, media, and technology company with over 1,200 employees worldwide. Stingray is a premium provider of curated direct-to-consumer and B2B services, including audio television channels, more than 100 radio stations, SVOD content, 4K UHD television channels, karaoke products, digital signage, in-store music, and music apps, which have been downloaded over 140 million times.

Stingray reaches 400 million subscribers (or users) in 156 countries.

SVOD SUCCESS

THE RISE OF SVOD: STINGRAY'S YEAR IN NUMBERS

After over a decade, Stingray remains unique in its capacity to expand its global reach within the digital music industry. Where others struggle, we continually reach new milestones while improving profitability.

Subscription video-on-demand (SVOD) services have become the preferred destination for consumers to access video content - including motion pictures and made-for-television content - over a range of Internet-capable devices including smart TVs, smartphones, tablets, video game consoles, and multimedia devices such as Apple TV, Google Chromecast, and Roku. Stingray's growing SVOD offering is now available through major entertainment services providers such as Amazon, Comcast, and Telefonica.

SVOD AND THE CONSUMER EXPERIENCE

The following Stingray services are available as SVOD:

- **Stingray Karaoke**: songs in all the most popular genres including pop, rock, country, R&B/hip-hop, Disney, and much more.
- **Stingray Classica**: a catalog of classical music, opera, and ballet performances filmed in the world's most renowned venues.
- **Stingray DJAZZ**: live performances by the jazz icons of yesterday and today.
- **Stingray Qello**: the world's leading streaming service for full-length concerts and music documentaries.

364,000

SUBSCRIBERS AS AT MARCH 31, 2019

+4.6%

SINCE APRIL 2018

MONTHLY RMR*

+23.0%

$2.8M TO $3.4M

SINCE MARCH 2018

**RMR= recurring monthly revenue*

B2C MOBILE APPS

Expertly-curated music channels, in all genres, for all of life's moments.

Featured in the "Apps for Carplay" section

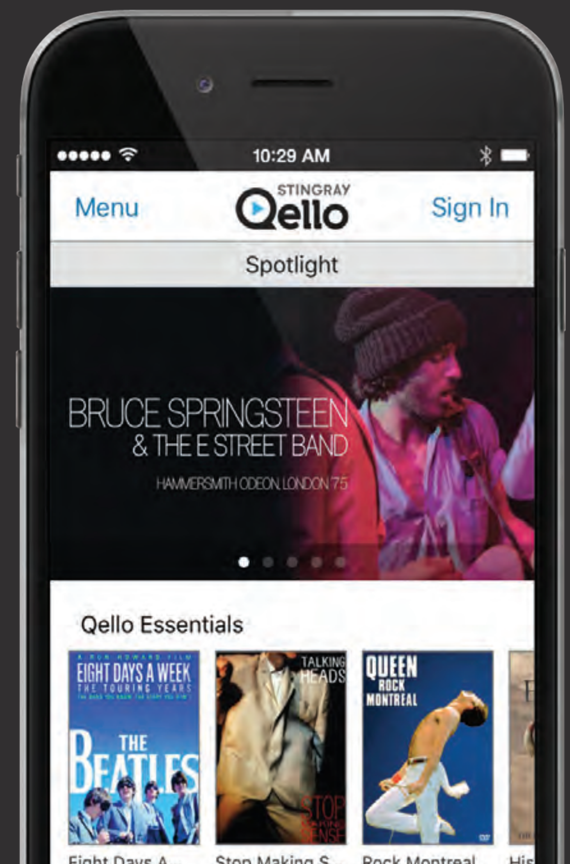
The premium destination for breathtaking classical music concerts, opera, ballet, and music documentaries.

Classica was featured in:

- *New Apps we Love (US and UK)*
- *This week's favourites (Canada)*
- *Top banner in the music section (Canada)*
- *For Classical Enthusiasts" section (Canada)*
- *Classica was featured in Ireland, Turkey and Thailand*

The world's leading streaming service for full-length concert films and music documentaries.

Over 14,000 karaoke songs with on-the-go convenience and easy set-up.



Over 14,000 karaoke songs with optional special effects, mics, and high-quality karaoke videos.

Kid-tested and parent-approved karaoke songs for little ones.

Fans of the television show The Voice come together to like, favorite, follow, and share each other's singing via social media.

YOKEE MUSIC

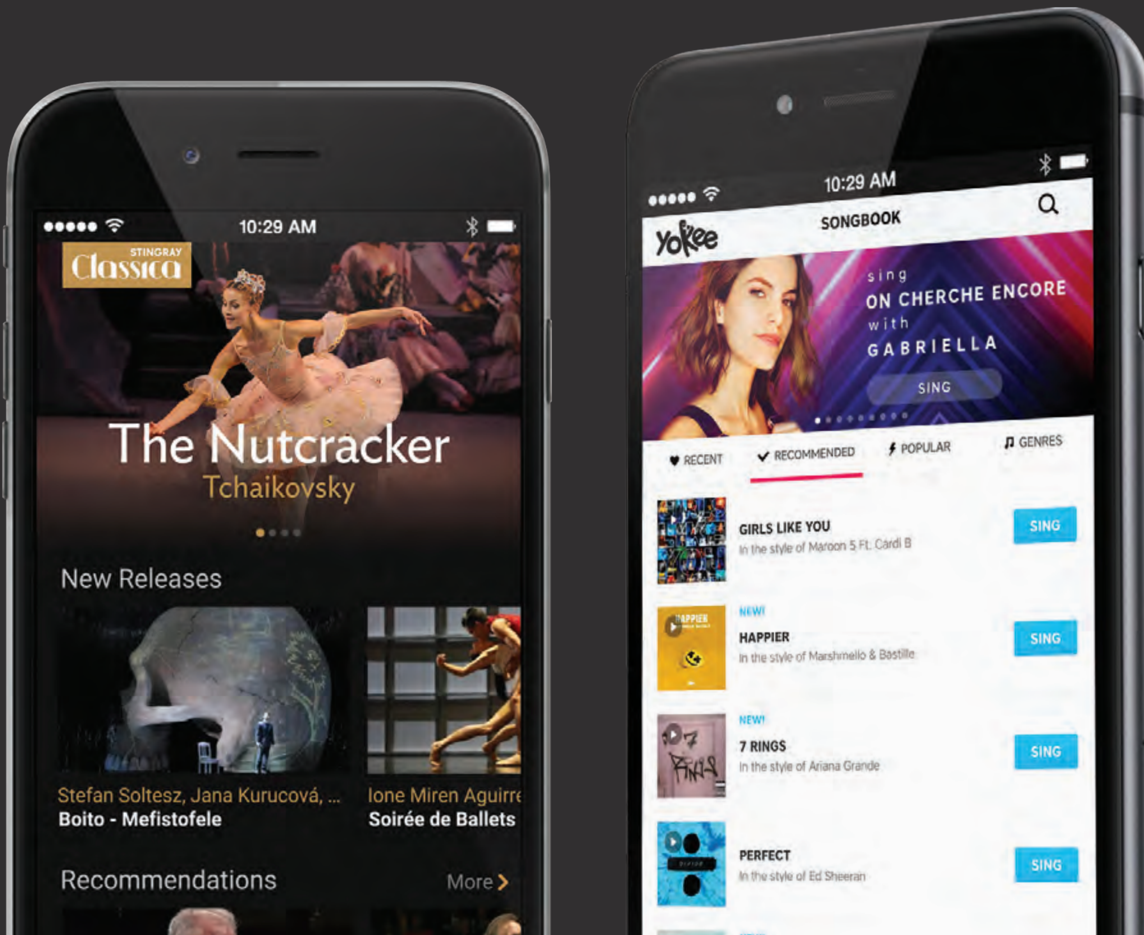
The ultimate karaoke destination to perform and record songs, add voice effects and share with a network of dedicated singers

YOKEE PIANO

Fun, professionally-designed piano lessons, for all levels, that entertain as well as teach.

YOKEE GUITAR

Easy-to-follow guitar tutorials to learn and play.



NUMERIS RESULTS ARE IN:

CANADIANS ARE TUNING IN TO STINGRAY RADIO

With the acquisition of Newfoundland Capital Corporation Limited in 2018, Stingray became Canada's largest public independent media company and a contender for Numeris broadcast measurement. The first Numeris numbers showed impressive listenership results in both the PPM Markets (Toronto, Vancouver, Montreal, Calgary, and Edmonton) and Diary Markets (St. John's, Charlottetown, Halifax, Sydney, Fredericton, Moncton, Saint John, Ottawa-Gatineau, Sudbury, Red Deer, Camrose, Kamloops, Kelowna, Penticton).

These numbers underline radio's lasting relevance in the lives of Canadians and the strength of the medium as it continues to adapt and evolve in the digital landscape. Stingray's reach is as strong as ever, and the company is leading the industry in radio programming, sales, networking, and advertising opportunities.

STANDOUT STATS

PPM MARKETS

16 million Canadians aged 12+ tuned into a Stingray radio station in 2018

Boom 97.3 (Toronto) ranked #1 for adults 25-54 in spring of 2018

XL 103 (Calgary) ranked top 3 for the calendar year and is the gold music format leader in the market

90.3 AMP (Calgary) beat out its competitor Virgin Radio in both spring 2018 and fall 2018

[Source: Numeris PPM, A2554 & A12+, AW (All Week, Mo-Su 2a-2a), Share and Cume, Non-C Total Canada & Ctrl Markets]

DIARY MARKETS

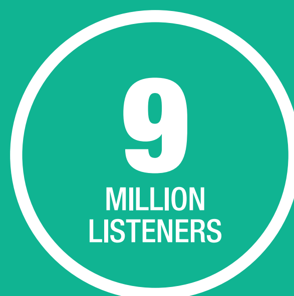
#1 RANKING STATIONS

A VOCMFM (St. John's)
B Q104 (Halifax)
C Ocean 100 (Charlottetown)
D C103 (Moncton)
E Rewind 103.9 (Sudbury)
F Hot 89-9 (Ottawa)

NUMERIS PAY AUDIO

As of December 2018, Numeris has been measuring listenership rankings for Stingray Music's pay audio TV channels. The results demonstrate the popularity of the service across the nation and are a testament to Canadian audiences' strong demand for expertly curated music channels.

From Dec 17, 2018, to March 31, 2019, Stingray's pay audio channels reached over 15 million Canadians A2+ with a peak average minute audience of 182,000



During this period, Stingray's English and French Holiday channel reached 9.1 million listeners A2+ alone

Overall, Stingray's pay audio service reached 41.6% of all Canadian adults age 25-54 during the same period

These outstanding numbers demonstrate Stingray's solid foothold in the market and the ability to reach audiences of all ages, from coast to coast.

CURRENT COMPANY GOALS

1

Pursue a strategic and disciplined approach to our **M&A strategy by focusing** on four (4) vectors:

- SVOD / B2C,
- TV channels,
- Commercial music, and
- Radio consolidation.

2

Continue to grow in the SVOD space (B2B2C) by buying or licensing content; increasing our reach across platforms and markets; exploring new verticals (e.g. country music, hip-hop, faith-based video); and investing in marketing and discovery.

3

Develop our **B2C market share** by investing in digital marketing platforms and continuing to **develop best in class video apps, web-based solutions, and mobile ap**p such as the recently announced The Voice singing app for which Stingray has signed a 5-year deal. Grow Stingray Music's reach and maintain its top-rated position. Relaunch the Stingray Karaoke apps and online services all the while pursuing the expansion of the Yokee family of apps.

4

Expand the reach of our commercial music and digital signage services through an **international expansion strategy** that includes acquisitions and the growth of our affiliate network.

5

Continue to foster a winning company culture through accountability, responsiveness, training, empowerment, and growth opportunities.

PROVEN ACQUISITION STRATEGY

$760 M

SPENT ON ACQUISITIONS SINCE INCEPTION

Stingray became the undisputed world-leading provider of classical music programming, demonstrating our ability to act as an industry consolidator.

2007

- Slep-Tone Entert. Corp/ SoundChoice (Karaoke Channel)

2009

- Canadian Broadcast Corp. (Galaxie)
- MaxTrax Music Ltd.
- Chum Satellites Services (CTV)

2010

- Marketing Senscity Inc.
- Concert TV Inc.

2011

- Music Choice International Ltd.

2012

- Musicoola Ltd. Zoe
- Interactive Ltd.

2013

- Executive Communication
- Emedia Networks Inc.
- Stage One Innovations Ltd.
- Intertain Media Inc

2014

- DMX LATAM (Mood Media)
- Archibald Media Group
- DMX Canada (Mood Media)
- Telefonica – On the Spot

2015

- Les réseaux Urbains Viva Inc.
- Brava Group (HDTV, NL and Djazz TV)
- Digital Music Distribution
- iConcerts Group

2016

- Nümedia
- Festival 4K B.V.
- Bell Media's specialty music video channels
- EuroArts Classical catalogue

2017

- Classica
- Nature Vision TV
- Yokee Music Ltd.
- C Music Entertainment Ltd.
- SBA Music PTY Ltd.
- Satellite Music Australia PTY Ltd.

2018

- Qello Concerts LLC
- Newfoundland Capital Corporation
- Novramedia
- DJ Matic
- New Glasgow

COMPETITIVE STRENGTHS

We believe that the following competitive strengths will contribute to our ongoing commercial success and future performance:

UNIQUE AND DIVERSIFIED WORLD LEADING MUSIC AND VIDEO SERVICE PROVIDER

With 400 million subscribers in 156 countries, our total reach is one of the largest relative to our peers. Our products and services are distributed through numerous platforms including digital TV, satellite TV, IPTV, the Internet, mobile devices, Wi-Fi systems, game consoles, and connected cars. With 101 radio licenses and more than 140 million app downloads, Stingray reaches millions of radio listeners and app users every month.

STRONG AND PREDICTABLE CASH FLOW FROM LONG-TERM CONTRACTS AND CLIENT RELATIONSHIPS

Our business model is based on subscription revenues and long-term agreements with pay-TV providers, which gives us significant predictability of future cash flow, reduces cyclicality of earnings, and increases customer retention. As a result, we have established deeply integrated relationships with many of our customers, providing recurring annual revenues of $129.3 million at the end of Fiscal 2019 (60.8% of our total revenue).

PROPRIETARY INNOVATIVE TECHNOLOGIES

We are a leader and innovator in the digital music space, and as such have developed a unique set of proprietary technologies that provide us with an important competitive advantage. We have extensive experience in developing technologies to distribute digital music on multiple platforms such as TV, mobile devices, and the Web. For instance, we introduced a second generation of UBIQUICAST allowing multiproduct distribution and a third generation of our Commercial platform – the SB3 allowing simultaneous distribution of digital display and HD music.

TRACK RECORD OF SUCCESSFUL ACQUISITIONS AND INTEGRATIONS

Since Stingray's inception in 2007, we have completed 38 acquisitions representing outlays of approximately $760 million, which brought new clients, new products and new geographical markets to our business. Fiscal 2019, we have completed four (4) acquisitions for an aggregate purchase value of $510,0 million. Stingray's proven track record of successfully integrating these acquisitions is a result of our experienced management team's rigorous and disciplined acquisition strategy. The versatility, portability and flexibility of Stingray's products and technologies permit us to efficiently integrate and support the complementary products and technologies of the businesses we acquire.

LEADING CONTENT CURATION EXPERTISE

Our business strategy is based on a lean-back, rather than lean forward, music consumption model. Stingray provides some of the world's most comprehensive music libraries and channels, all programmed by more than 200 expert programmers around the world. Our music products and services are adapted to local tastes and trends to create the ultimate user experience.

HIGH EMPLOYEE RETENTION RATE AND LOW TURN-OVER

As an entrepreneurial and growing Canadian company, we attract and retain talented professionals. Our team of almost 1 200 dedicated individuals is comprised of experienced and knowledgeable operations, financial, technology, marketing and communications, sales, and legal and regulatory experts who, prior to joining Stingray, garnered extensive experience with other industry leaders.

KEY BUSINESS RISKS

The key risks and uncertainties of our business drive our operating strategies. Additional risks and uncertainties not presently known to us, or that we currently consider immaterial, may also affect us. If any of the events identified in these risks and uncertainties were to occur, Stingray's business, financial condition and results of operations could be materially harmed.

For further discussion of the significant risks we face, refer to the Annual Information Form for the year ended March 31, 2019 available on SEDAR at sedar.com.

Our key risks, in terms of severity of consequence and likelihood, are displayed as follows:

PUBLIC PERFORMANCE AND MECHANICAL RIGHTS AND ROYALTIES

We pay public performance and mechanical royalties to songwriters and publishers through contracts negotiated with labels and music rights collection societies in various parts of the world. If public performance or mechanical royalty rates for digital music are increased, our results of operations and financial performance and condition may be adversely affected. We mitigate this risk by operating, whenever possible, under statutory licensing regimes and structures applicable to a non-interactive music services. The royalty rates to be paid pursuant to statutory licenses can be established by either negotiation or through a rate proceeding conducted by the Copyright Board; such royalty rates are generally stable and are not likely to fluctuate from year to year.

INTEGRATING BUSINESS ACQUISITIONS

The Corporation has made or entered into, and will continue to pursue, various acquisitions, business combinations and joint ventures intended to complement or expand our business. The Corporation may encounter difficulties in integrating acquired assets with our operations. Furthermore, the Corporation may not realize the benefits, economies of scale and synergies we anticipated when we entered into these transactions. To mitigate this risk, the Corporation has committed to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel, all of which will enable the Corporation to properly leverage our services into new markets, platforms and technologies.

LONG-TERM PLAN TO EXPAND INTO INTERNATIONAL MARKETS

A key element of our growth strategy is to continue to expand our operations into international markets. For Fiscal 2019, approximately 42% of our revenue is derived from customers outside of Canada. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that are different from those in Canada. To mitigate this risk, the Corporation has committed to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel, all of which will enable the Corporation to continue to expand into international markets.

DEPENDENCE ON PAY-TV PROVIDERS

The majority of the Stingray Music pay-TV subscriber base is reached through a small number of significant pay-TV providers who are all under long-term contracts. Packaging decisions made by pay-TV providers in respect of service offerings can impact the subscriber base. Moreover, the contractual obligations of pay-TV providers in Canada to distribute Stingray Music are subject to changes in CRTC rules, including the CRTC's new policy framework set forth in Broadcasting Regulatory Policy CRTC 2015- 96. See "Recent Developments" in the 2019 AIF. We mitigate this risk by understanding the business needs of pay-TV providers and offering compelling services, distributed across multiple platforms and proprietary technologies, with a demonstrable value proposition. Based on our strong relationships and our interpretation of the long-term contracts with pay-TV providers, Stingray expects that all Canadian pay-TV providers will continue to carry Stingray's pay-audio service on the most widely distributed unregulated first-tier package (where available).

RAPID GROWTH IN AN EVOLVING MARKET

The audio and video entertainment industry is rapidly evolving. The market for online digital music and videos has undergone rapid and dramatic changes in our relatively short history and is subject to significant challenges. In addition, our growth in certain markets could be impeded by existing contractual undertakings with competitors which forbid us to solicit customers in such markets. To mitigate this risk, our skilled and experienced sales personnel have placed a greater emphasis on cross-selling our growing suite of products and our capable engineers continue to innovate and develop new products and proprietary technologies to distribute digital music, which in turn allows us to attract and retain customers and expand our service offering on multiple digital platforms beyond the TV. To manage the growth of our operations and personnel, we continue to improve our operational, financial and management controls and our reporting systems and procedures.

COMPETITION FROM OTHER CONTENT PROVIDERS

The market for acquiring exclusive digital rights from content owners is competitive. Many of the more desirable music recordings are already subject to digital distribution agreements or have been directly placed with digital entertainment services. We face increasing competition for listeners and/or viewers from a growing variety of businesses that deliver audio and/or video media content through mobile phones and other wireless devices. The growth of social media could facilitate other forms of new entry that will compete with the Corporation. To mitigate this risk, the Corporation continues to rely upon human programming and content curation by award-winning music experts from around the world, each of whom adapt to the tastes and trends of listeners in order to create the ultimate user experience. In addition, the Corporation remains determined to create and acquire original long-form content in order to grow its proprietary catalogue.

EXECUTIVE OFFICERS

ERIC BOYKO
President,
CEO, Co-founder and Director

JEAN-PIERRE TRAHAN
Chief Financial Officer

LLOYD FELDMAN
Senior Vice-President,
Corporate Secretary and
General Counsel

MARIO DUBOIS
Senior Vice-President and
Chief Technology Officer

MATHIEU PÉLOQUIN
Senior Vice-President,
Marketing and communications

DAVID PURDY
Chief Revenue Officer

IAN LURIE
President, Radio

SÉBASTIEN CÔTÉ
Vice-President,
Human Resources

RATHA KHUONG
General Manager,
Stingray Business

NON-EXECUTIVE DIRECTORS

CLAUDINE BLONDIN
Director and Member of the Corporate Governance, Human Resources and Compensation Committees

FRANÇOIS-CHARLES SIROIS
Director and Member of the Human Resources and Compensation Committee

GARY S. RICH
Director and Chairman of the Human Resources and Compensation Committee

JACQUES PARISIEN
Director and Chairman of the Corporate Governance Committee

MARK PATHY
Chairman of the Board of Directors and Member of the Audit Committee and the Human Resources and Compensation Committee

PASCAL TREMBLAY
Director and Member of the Corporate Governance Committee and Chairman of the Audit Committee

ROBERT G. STEELE
Director

JOHN STEELE
Director and Member of the Audit Committee

BASIS OF PREPARATION AND FORWARD-LOOKING STATEMENTS

The following is the annual financial report and Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of Stingray Group Inc., ("Stingray" or "the Corporation"), and should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes for the years ended March 31, 2019 and 2018. This MD&A reflects information available to the Corporation as at June 5, 2019. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com.

This MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. This forward-looking information includes, but is not limited to, statements with respect to management's expectations regarding the future growth, results of operations, performance and business prospects of the Corporation. This forward-looking information relates to, among other things, our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimations and intentions, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions. Statements with the words "could", "expect", "may", "will", "anticipate", "assume", "intend", "plan", "believes", "estimates", "guidance", "foresee", "continue" and similar expressions are intended to identify statements containing forward-looking information, although not all forward-looking statements include such words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to the following risk factors : increases in royalties and tariffs or restricted access to music rights; our dependence on Pay-TV providers; the rapidly evolving audio and video entertainment industry; competition from other content providers and other media companies; the expansion of our operations into international markets; our rapid growth and our growth strategy; our acquisitions, business combinations and joint ventures; our reliance on third party hardware, software and related services; our dependence on key personnel; exchange rate fluctuations; economic and political instability in emerging countries; royalty calculation methods; rapid technological and industry changes; development of new or alternative media technologies ; unavailability of additional funding; failure to generate cash revenues; reliance on our credit facilities; costly and protracted litigation in defence of copyrighted content; our inability to protect our proprietary technology; our inability to maintain our corporate culture; unfavourable economic conditions; our exposure to foreign privacy and data security laws; unauthorized and pirated music and video content; natural catastrophic events and interruption by man-made problems; additional income tax liabilities; maintaining our reputation; litigation and other claims; credit risk; liquidity risk; failure to comply with the Canadian Radio-television and Telecommunications Commission (CRTC) requirements; failure to maintain or renew our CRTC licences; the increase in broadcasting licence fees payable by us; unfavourable changes in government regulation affecting our industry.

In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such assumptions include, but are not limited to, the following: our ability to generate sufficient revenue while controlling our costs and expenses; our ability to manage our growth effectively; the absence of material adverse changes in our industry or the global economy; trends in our industry and markets; the absence of any changes in law, administrative policy or regulatory requirements applicable to our business, including any change to our licences with the CRTC; minimal changes to the distribution of the pay audio services by Pay-TV providers in light of recent CRTC policy decisions; our ability to manage risks related to international expansion; our ability to maintain good business relationships with our clients, agents and partners; our ability to expand our sales and distribution infrastructure and our marketing; our ability to develop products and technologies that keep pace with the continuing changes in technology, evolving industry standards, new product introductions by competitors and changing client preferences and requirements; our ability to protect our technology and intellectual property rights; our ability to manage and integrate acquisitions; our ability to retain key personnel; and our ability to raise sufficient debt or equity financing to support our business growth. Accordingly, prospective purchasers are cautioned not to place undue reliance on such statements. All of the forward-looking information in this MD&A is qualified by these cautionary statements. Statements containing forward-looking information contained herein are made only as of the date of this MD&A. The Corporation expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumption underlying them, whether as a result of new information, future events or otherwise, except as required by law.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

The Corporation believes that Adjusted EBITDA and Adjusted EBITDA margin are important measures when analyzing its operating profitability without being influenced by financing decisions, non-cash items and income taxes strategies. Comparison with peers is also easier as companies rarely have the same capital and financing structure. The Corporation believes that Adjusted Net income and Adjusted Net income per share are important measures as it demonstrates its core bottom-line profitability. The Corporation believes that Adjusted Free cash flow is an important measure when assessing the amount of cash generated after accounting for capital expenditures and non-core charges. It demonstrates cash available to make business acquisitions, pay dividend and reduce debt. The Corporation believes that Net debt, Net debt to Adjusted EBITDA and Pro Forma Adjusted EBITDA are important measures when analyzing the significance of debt on the Corporation's statement of financial position. Each of these non-IFRS financial measures is not an earnings or cash flow measure recognized by International Financial Reporting Standards (IFRS) and does not have a standardized meaning prescribed by IFRS. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-IFRS financial measures should not be construed as an alternative to net income determined in accordance with IFRS as indicators of our performance or to cash flows from operating activities as measures of liquidity and cash flows.

KEY PERFORMANCE INDICATORS[1]

For the three-month period ended March 31, 2019 ("Q4 2019"):

$72.7 M	$34.5 M	$22.4 M	$10.5 M
▲ 112.5% from Q4 2018 Revenues	▲ 12.4% from Q4 2018 Recurring Broadcasting and Commercial Music revenues[2]	▲ 90.7% from Q4 2018 Adjusted EBITDA	▼ 4.9% from Q4 2018 Adjusted Free cash flow
$0.065	**65.6%**	**$3.9 M**	**$13.6 M**
▲ 18.2% from Q4 2018 Quarterly dividend per share	% of international[3] Broadcasting and Commercial Music revenues	Or $0.06 per share Net income	▲ 27.7% from Q4 2018 Cash flow from operating activities

For the year ended March 31, 2019 ("Fiscal 2019"):

$212.7 M	$129.3 M	$72.2 M	$38.2 M
▲ 63.3% from Fiscal 2018 Revenues	▲ 15.7% from Fiscal 2018 Recurring Broadcasting and Commercial Music revenues[2]	▲ 74.0% from Fiscal 2018 Adjusted EBITDA	▲ 15.0% from Fiscal 2018 Adjusted Free cash flow
$0.25	**61.8%**	**$(12.0) M**	**$34.8 M**
▲ 19.0% from Fiscal 2018 Year dividend per share	% of international[3] Broadcasting and Commercial Music revenues	Or $(0.19) per share Net loss	▲ 79.3% from Fiscal 2018 Cash flow from operating activities

Notes:
(1) Refer to "Supplemental information on Non-IFRS measures" on page 28 and 33.
(2) Recurring Broadcasting and Commercial Music revenues include subscriptions and usage in addition to fixed fees charged to our customers on a monthly, quarterly and annual basis for continuous music services. Non-recurring revenues mainly include advertising, support, installation, equipment and one-time fees.
(3) International means all jurisdictions except Canada.

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the fourth quarter ended March 31, 2019

Compared to the quarter ended March 31, 2018 ("Q4 2018"):

- Revenues increased 112.5% to $72.7 million from $34.2 million;
- Recurring Broadcasting and Commercial Music revenues[1] increased 12.4% to $34.5 million from $30.7 million;
- Adjusted EBITDA[2] increased 90.7% to $22.4 million from $11.8 million;
- Adjusted EBITDA[2] margin was 30.8% compared with 34.3%;
- Net income was $3.9 million ($0.06 per share) compared with a net income of $4.7 million ($0.08 per share);
- Adjusted Net income[2] of $12.5 million ($0.18 per share) compared with $9.7 million ($0.17 per share);
- Cash flow from operating activities increased 27.7% to $13.6 million compared to $10.7 million; and
- Adjusted Free cash flow[2] decreased 4.9% to $10.5 million compared to $11.1 million, due in large part, to income taxes payable included in the opening balance sheet of Newfoundland Capital Corporation Inc. ("NCC") paid after the acquisition date. Excluding this item, Adjusted Free cash flow[2] would have reached $14.1 million.

Highlights of the year ended March 31, 2019

Compared to the year ended March 31, 2018 ("Fiscal 2018"):

- Revenues increased 63.3% to $212.7 million from $130.2 million;
- Recurring Broadcasting and Commercial Music revenues[1] increased 15.7% to $129.3 million from $111.8 million;
- Adjusted EBITDA[2] increased 74.0% to $72.2 million from $41.5 million;
- Adjusted EBITDA[2] margin was 34.0% compared with 31.9%;
- Net loss was $12.0 million ($(0.19) per share) compared with a net income of $2.3 million ($0.04 per share) mainly attributable to the CRTC Tangible benefits expense and acquisition costs related to the NCC transaction totaling $37.7 million;
- Adjusted Net income[2] of $37.5 million ($0.57 per share) compared with $26.9 million ($0.50 per share);
- Cash flow from operating activities increased 79.3% to $34.8 million compared to $19.4 million; and
- Adjusted Free cash flow[2] increased 15.0% to $38.2 million compared to $33.2 million. Excluding the income taxes paid related to the NCC acquisition described above, Adjusted Free cash flow[2] would have reached $41.8 million.

Notes:

(1) Recurring Broadcasting and Commercial Music revenues include subscriptions and usage in addition to fixed fees charged to our customers on a monthly, quarterly and annual basis for continuous music services. Non-recurring revenues mainly include advertising, support, installation, equipment and one-time fees.

(2) Refer to "Supplemental information on Non-IFRS measures" on page 28 and 33.

Additional business highlights for the fourth quarter and subsequent events:

- On May 9, 2019, the Corporation announced that its wholly-owned subsidiary, Stingray Radio Inc., had entered into an agreement to acquire the assets of CIXL-FM and CKYY-FM in Welland, Ontario, from Wellport Broadcasting Limited/RB Communications Ltd, subject to approval from the Canadian Radio-television and Telecommunications Commission (the "CRTC").
- On March 29, 2019, the Corporation was presented with two prestigious awards at the World Radio Summit, the annual industry convention that attracts broadcast professionals from around the world: International Broadcast Group of the Year and International Radio Programmer of the Year.
- On March 28, 2019, the Corporation declared a quarterly dividend of $0.065 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around June 14, 2019 to shareholders on record as of May 31, 2019.
- On February 18, 2019, the Corporation announced the expansion of its distribution deal with TELUS. The agreement brings five new music television channels, Stingray Festival 4K, Stingray Now 4K, Stingray Hits!, PalmarèsADISQ par Stingray, and Stingray Classica to Optik TV subscribers in Alberta, British Columbia, and Quebec.
- On February 6, 2019, the Corporation declared a quarterly dividend of $0.065, representing an increase of 8.3% per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend has been paid on March 15, 2019 to shareholders on record as of February 28, 2019.
- On January 8, 2019, the Corporation announced that the first two weeks (December 17 – 30, 2018) of Numeris measurement for the Stingray Music audio channels on television revealed impressive listenership results; Stingray Music reached over 15 million Canadians aged 2+ (41.4% of Canadians) and 41.6% of aged 25-54 (6.3 million); Stingray Music's English-language holiday programming channel alone reached over 7.2 million Canadians aged 2+; Stingray Music's French-language holiday programming channel alone reached over 1.9 million Canadians aged 2+ and Stingray Music represented 14.2% of audio market shares with the aged 2+ demographic and 12.8% of the audio market shares for the aged 25-54 demographic as measured by Numeris.
- On January 7, 2019, the Corporation announced that its wholly-owned subsidiary, Stingray Radio Inc., had entered into an agreement to acquire the assets of CHOO-FM in Drumheller, Alberta, from Golden West Broadcasting Ltd. subject to approval from the CRTC. If approved, the closing is expected to take place mid-2019.
- On January 2, 2019, the Corporation announced that its previously-announced endeavors to acquire Music Choice have been terminated.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of Canadian dollars, except per share amounts)	3 months				12 months					
	March 31, 2019 Q4 2019		March 31, 2018 Q4 2018		March 31, 2019 Fiscal 2019		March 31, 2018 Fiscal 2018		March 31, 2017 Fiscal 2017	
	$	% of revenues	$	% of revenues	$	% of revenues	$	% of revenues	$	% of revenues
Revenues	72,730	100.0 %	34,223	100.0 %	212,650	100.0 %	130,214	100.0 %	101,501	100.0 %
Recurring Revenues[1]	34,534	47.5 %	30,734	89.8 %	129,345	60.8 %	111,790	85.9 %	87,612	86.3 %
Revenues	72,730	100.0 %	34,223	100.0 %	212,650	100.0 %	130,214	100.0 %	101,501	100.0 %
Operating expenses	51,250	70.5 %	23,724	69.2 %	142,877	67.3 %	92,239	70.8 %	70,977	70.0 %
CRTC Tangible benefits	–	0.0 %	–	0.0 %	25,306	11.9 %	–	0.0 %	–	0.0 %
Depreciation, amortization and write-off	9,978	13.7 %	5,613	16.4 %	31,133	14.6 %	21,287	16.3 %	17,168	16.9 %
Net finance expense (income)[2]	2,259	3.1 %	(378)	(1.1) %	12,298	5.8 %	3,174	2.4 %	2,036	2.0 %
Change in fair value of investments	336	0.5 %	(421)	(1.2) %	(565)	(0.3) %	600	0.5 %	(408)	(0.4) %
Acquisition, legal, restructuring and other expenses	3,132	4.3 %	1,396	4.1 %	16,817	7.9 %	10,631	8.2 %	4,607	4.5 %
Income (loss) before income taxes	5,775	7.9 %	4,289	12.6 %	(15,216)	(7.2) %	2,283	1.8 %	7,121	7.0 %
Income taxes	1,833	2.5 %	(385)	(1.1) %	(3,228)	(1.5) %	(13)	0.0 %	(3,596)	(3.6) %
Net income (loss)	3,942	5.4 %	4,674	13.7 %	(11,988)	(5.7) %	2,296	1.8 %	10,717	10.6 %
Adjusted EBITDA[3]	22,407	30.8 %	11,752	34.3 %	72,234	34.0 %	41,524	31.9 %	33,864	33.4 %
Adjusted Net income[3]	12,534	17.2 %	9,732	28.4 %	37,536	17.7 %	26,858	20.6 %	27,310	26.9 %
Adjusted Free cash flow[3]	10,527	14.5 %	11,066	32.3 %	38,171	18.0 %	33,181	25.5 %	26,511	26.1 %
Cash flow from operating activities	13,613	18.7 %	10,675	31.2 %	34,753	16.3 %	19,385	14.9 %	22,766	22.4 %
Net debt[3]	357,821	–	35,265	–	357,821	–	35,265	–	35,178	–
Net debt to Adjusted EBITDA[3][4][5]	3.13x	–	0.85x	–	3.13x	–	0.85x	–	1.04x	–
Net income (loss) per share basic	0.06	–	0.08	–	(0.19)	–	0.04	–	0.21	–
Net income (loss) per share diluted	0.06	–	0.08	–	(0.19)	–	0.04	–	0.21	–
Adjusted Net income per share basic[3]	0.18	–	0.17	–	0.58	–	0.50	–	0.53	–
Adjusted Net income per share diluted[3]	0.18	–	0.17	–	0.57	–	0.50	–	0.53	–
Revenues by segment										
Broadcasting and Commercial Music	38,718	53.2 %	34,223	100.0 %	146,741	69.0 %	130,214	100.0 %	101,501	100.0 %
Radio	34,012	46.8 %	–	0.0 %	65,227	30.7 %	–	0.0 %	–	0.0 %
Corporate	–	0.0 %	–	0.0 %	682	0.3 %	–	0.0 %	–	0.0 %
Revenues	72,730	100.0 %	34,223	100.0 %	212,650	100.0 %	130,214	100.0 %	101,501	100.0 %
Revenues by geography										
Canada	47,318	65.0 %	13,658	39.9 %	121,919	57.3 %	59,248	45.5 %	56,129	55.3 %
United States	9,351	12.9 %	8,331	24.3 %	34,439	16.2 %	25,294	19.4 %	13,609	13.4 %
Other Countries	16,061	22.1 %	12,234	35.8 %	56,292	26.5 %	45,672	35.1 %	31,763	31.3 %
Revenues	72,730	100.0 %	34,223	100.0 %	212,650	100.0 %	130,214	100.0 %	101,501	100.0 %

Notes:

(1) Recurring Broadcasting and Commercial Music revenues include subscriptions and usage in addition to fixed fees charged to our customers on a monthly, quarterly and annual basis for continuous music services. Non-recurring revenues mainly include advertising, support, installation, equipment and one-time fees.

(2) Interest paid during the Q4 2019 was $4.4 million (Q4 2018; $0.4 million) and $10.0 million Fiscal 2019 (Fiscal 2018; $1.4 million and Fiscal 2017; $1.1 million)

(3) Refer to "Forward-looking statements" and "Supplemental information on Non-IFRS measures" on page 28 and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental information on Non-IFRS measures" on page 33.

(4) As at Marc 31, 2018 and 2017, net debt to Adjusted EBITDA consists of Net debt divided by Adjusted EBITDA trailing twelve months (TTM).

(5) As at March 31, 2019, Pro Forma Adjusted EBITDA is calculated as the Corporation's Fiscal 2019 Adjusted EBITDA ($72.2 million) and last twelve months pro rated Adjusted EBITDA for the acquisitions made in Fiscal 2019 for the months prior to the acquisitions which are not already reflected in the results ($42.0 million including synergies of $5.8 million). Refer to "Forward-looking statements" and "Supplemental information on Non-IFRS measures" on page 28 and for reconciliations of Adjusted EBITDA to the most directly comparable IFRS financial measure, refer to "Supplemental information on Non-IFRS measures" on page 33.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Net income per share, Adjusted Free cash flow, Net debt and Net debt to Adjusted EBITDA are non-IFRS measures that the Corporation uses to assess its operating performance. See "Supplemental information on Non-IFRS Measures" on page 28.

The following tables show the reconciliation of Net income to Adjusted EBITDA:

	3 months		12 months	
(in thousands of Canadian dollars)	March 31, 2019 **Q4 2019**	March 31, 2018 **Q4 2018**	March 31, 2019 **Fiscal 2019**	March 31, 2018 **Fiscal 2018**
Net income (loss)	**3,942**	**4,674**	**(11,988)**	**2,296**
Net finance expense (income)	2,259	(378)	12,298	3,174
Change in fair value of investments	336	(421)	(565)	600
Income taxes	1,833	(385)	(3,228)	(13)
Depreciation and write-off of property and equipment	2,791	1,019	7,703	3,062
Amortization of intangible assets	7,187	4,594	23,430	18,225
Share-based compensation	297	473	1,093	1,325
Restricted, performance and deferred share unit expense	630	780	1,368	2,224
CRTC Tangible benefits	-	-	25,306	-
Acquisition, legal, restructuring and other expenses	3,132	1,396	16,817	10,631
Adjusted EBITDA	**22,407**	**11,752**	**72,234**	**41,524**
Net finance expense (income)	(2,259)	378	(12,298)	(3,174)
Income taxes	(1,833)	385	3,228	13
Depreciation of property and equipment and write-off	(2,791)	(1,019)	(7,703)	(3,062)
Income taxes related to change in fair value of investments, share-based compensation, restricted, performance and deferred share unit expense, amortization of intangible assets, CRTC Tangible benefits and acquisition, legal, restructuring and other expenses	(2,990)	(1,764)	(17,925)	(8,443)
Adjusted Net income	**12,534**	**9,732**	**37,536**	**26,858**

The following table shows the reconciliation of Cash flow from operating activities to Adjusted Free cash flow:

	3 months		12 months	
(in thousands of Canadian dollars)	March 31, 2019 **Q4 2019**	March 31, 2018 **Q4 2018**	March 31, 2019 **Fiscal 2019**	March 31, 2018 **Fiscal 2018**
Cash flow from operating activities	**13,631**	**10,675**	**34,753**	**19,385**
Add / Less :				
Acquisition of property and equipment	(1,935)	(846)	(7,623)	(4,546)
Acquisition of intangible assets other than internally developed intangible assets	(669)	(406)	(3,671)	(2,403)
Addition to internally developed intangible assets	(1,742)	(1,166)	(6,164)	(2,013)
Net change in non-cash operating working capital items	(1,890)	1,413	4,059	12,127
Acquisition, legal, restructuring and other expenses	3,132	1,396	16,817	10,631
Adjusted Free cash flow	**10,527**	**11,066**	**38,171**	**33,181**

The following table shows the calculation of Net debt:

(in thousands of Canadian dollars)	**March 31, 2019**	**March 31, 2018**
Credit facilities	312,955	38,627
Subordinated debt	49,539	-
Cash and cash equivalents	(4,673)	(3,362)
Net debt	**357,821**	**35,265**

FINANCIAL RESULTS FOR THE QUARTERS AND YEARS ENDED MARCH 31, 2019 AND 2018

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

	3 months			12 months		
(in thousands of Canadian dollars)	2019	2018	% Change	2019	2018	% Change
Revenues by geography						
Canada	47,318	13,658	246.4	121,919	59,248	105.8
United States	9,351	8,331	12.2	34,439	25,294	36.2
Other Countries	16,061	12,234	31.3	56,292	45,672	23.3
Revenues	72,730	34,223	112.5	212,650	130,214	63.3

Global

Revenues in Q4 2019 increased $38.5 million or 112.5% to $72.7 million, from $34.2 million for Q4 2018. The increase was primarily due the acquisition of NCC, combined with the acquisition of DJ Matic and organic growth in Business to Consumer (“B2C”) apps and subscription video-on-demand services (“SVOD”).

Revenues for Fiscal 2019 increased $82.5 million or 63.3% to $212.7 million, from $130.2 million for Fiscal 2018. The increase was primarily due the acquisition of NCC, combined with the acquisition of DJ Matic, Qello Concerts and Novramedia, as well as organic growth in B2C apps and SVOD, partially offset by a decrease in equipment and installation sales related to digital signage.

Since the acquisition of NCC during Q3 2019, the Corporation reorganized its financial reporting process such that the chief operating decision maker is now assessing the financial performance of the Corporation in two separate segments: Broadcasting & Commercial Music and Radio. The operating segments reflect how the Corporation manages its operations, resources and assets and how it measures its performance.

Canada

Revenues in Canada in Q4 2019 increased $33.6 million or 246.4% to $47.3 million, from $13.7 million for Q4 2018. The increase in was primarily due the acquisition of NCC and Novramedia.

Revenues in Canada for Fiscal 2019 increased $62.8 million or 105.8% to $122.0 million, from $59.2 million for Fiscal 2018. The increase was primarily due the acquisition of NCC and Novramedia, partially offset by a decrease in equipment and installation sales related to digital signage.

United States

Revenues in United States in Q4 2019 increased $1.1 million or 12.2% to $9.4 million, from $8.3 million for Q4 2018. The increase was primarily due to organic growth in SVOD.

Revenues in United States for Fiscal 2019 increased $9.1 million or 36.2% to $34.4 million, from $25.3 million for Fiscal 2018. The increase was primarily due to the acquisition of Qello Concerts and organic growth in SVOD.

Other Countries

Revenues in Other countries in Q4 2019 increased $3.9 million or 31.3% to $16.1 million, from $12.2 million for Q4 2018. Revenues in Other countries for Fiscal 2019 increased $10.6 million or 23.3% to $56.3 million, from $45.7 million for Fiscal 2018. For both periods, the increase was primarily due to the acquisition of DJ Matic and to organic growth in B2C apps and SVOD.

Operating Expenses

Operating expenses in Q4 2019 increased $27.6 million or 116.0% to $51.3 million, from $23.7 million for Q4 2018. Operating expenses for Fiscal 2019 increased $50.7 million or 54.9% to $142.9 million, from $92.2 million for Fiscal 2018. For both periods, the increase was primarily due to the acquisitions of NCC and DJ Matic and organic growth in B2C apps and SVOD.

Adjusted EBITDA[(1)]

Adjusted EBITDA in Q4 2019 increased $10.6 million or 90.7% to $22.4 million from $11.8 million for Q4 2018. Adjusted EBITDA margin was 30.8% compared to 34.3% for Q4 2018. The increase in Adjusted EBITDA was primarily due to the acquisition of NCC and other acquisitions realized in Fiscal 2019 and 2018. The decrease in Adjusted EBITDA margin was mainly related to the new Radio segment, which has a lower Adjusted EBITDA margin, particularly in the fourth quarter due to normal business seasonality.

Adjusted EBITDA for Fiscal 2019 increased $30.7 million or 74.0% to $72.2 million from $41.5 million for Fiscal 2018. Adjusted EBITDA margin was 34.0% compared to 31.9% for Fiscal 2018. The increase in Adjusted EBITDA was primarily due to the acquisition of NCC and other acquisitions realized in Fiscal 2019 and 2018. The increase in Adjusted EBITDA margin was mainly related to the reversal of certain accrued liabilities, which positively contributed to the Adjusted EBITDA of the Radio segment in Q3 2019.

CTRC Tangible benefits

The CRTC approved the change in ownership and effective control of NCC on October 23, 2018. Pursuant to the decision, the CRTC required the Corporation to pay tangible benefits corresponding to an amount of $31.0 million over a seven-year period in equal annual payments. In Q3 2019, the Corporation recognized an expense of $25.3 million, which reflects the fair value of the payment stream using a discount rate of 5.70%, which is the Corporation effective interest rate plus a risk premium. There was no CRTC Tangible benefits expense for Q4 2019 and Fiscal 2018.

Net Finance Expense (Income)

In Q4 2019, net finance expense increased to $2.3 million from a net finance income of $0.4 million for Q4 2018. The increase was mainly related to higher interest expense due to the additional debt related to the funding of the acquisition of NCC, to the mark-to-market losses on derivative instruments and to the negative foreign exchange impact, partially offset by the write-off of balance payable on acquisition and the positive change in fair value of contingent considerations.

Net finance expense for Fiscal 2019 increased to $12.3 million from $3.2 million for Fiscal 2018. The increase was mainly related to higher interest expense due to the additional debt related to the funding of the acquisition of NCC, to the mark-to-market losses on derivative financial instruments and to negative foreign exchange impact, partially offset by the write-off of balance payable on acquisition and the positive change in fair value of contingent considerations.

Change in fair value of investments

In Q4 2019, a loss on fair value of $0.3 million was recorded compared to a gain of $0.4 million for Q4 2018. In Fiscal 2019, a gain on fair value of $0.6 million was recorded compared to a loss on fair value of $0.6 million for Fiscal 2018. The variances are related to the translation of an investment denominated in U.S. dollars to Canadian dollars.

Note:

(1) Refer to “Supplemental information on Non-IFRS measures” on page 28 and 33.

Acquisition, legal, restructuring and other expenses

(in thousands of Canadian dollars)	3 months			12 months		
	2019	2018	Change $	2019	2018	Change $
Acquisition	2,564	648	1,916	13,738	1,963	11,775
Legal	453	631	(178)	2,099	8,373	(6,274)
Restructuring and other	115	117	(2)	980	295	685
Acquisition, legal, restructuring and other expenses	3,132	1,396	1,736	16,817	10,631	6,186

In Q4 2019, acquisition, legal, restructuring and other expenses increased to $3.1 million from $1.4 million for Q4 2018. Acquisition, legal, restructuring and other expenses for Fiscal 2019 increased to $16.8 million from $10.6 million for Fiscal 2018. For both periods, the increase was mainly related to the acquisition of NCC, partially offset by lower legal expenses related to the Music Choice litigation.

Income Taxes

The income taxes expense recognized in the comprehensive income was $1.8 million for Q4 2019 compared to income taxes recovery of $0.4 million for Q4 2018. The effective tax rate for Q4 2019 was 31.7% compared to (9.0)% for Q4 2018. The increase in the effective tax rate is mainly due to the relative importance of permanent difference compared to net income (loss) before income taxes.

The income taxes recovery recognized in the comprehensive income was $3.2 million for Fiscal 2019 compared to nil for Fiscal 2018. The effective tax rate for Fiscal 2019 was 21.2% compared to (0.6%) for Fiscal 2018. The increase in the effective tax rate is mainly due to the relative importance of permanent difference compared to net income (loss) before income taxes.

For Fiscal 2019, share issuance costs of $6.7 million ($2.3 million for Fiscal 2018) have been recognized as a reduction of share capital net of income taxes of $1.8 million ($0.6 million for Fiscal 2018).

Net income (loss) and net income (loss) per share

Net income in Q4 2019 was $3.9 million ($0.06 per share) compared to $4.7 million ($0.08 per share) for Q4 2018. The decrease was mainly attributable to higher interest, mark-to-market losses on derivative financial instruments, amortization, income taxes, depreciation and acquisition expenses, partially offset by higher operating results and write-off of balance payable on acquisition.

Net loss for Fiscal 2019 was $12.0 million ($(0.19) per share) compared to a net income of $2.3 million ($0.04 per share) for Fiscal 2018. The decrease was mainly attributable to the CRTC Tangible benefits expense of $25.3 million related to the NCC acquisition, higher acquisition, interest, amortization and depreciation expenses, partially offset by higher operating results, lower legal expenses related to the Music Choice litigation and write-off of balance payable on acquisition.

Adjusted Net income[(1)] and Adjusted Net income per share[(1)]

Adjusted Net income in Q4 2019 was $12.5 million ($0.18 per share), compared to $9.7 million ($0.17 per share) for Q4 2018. The increase is related to higher operating results and write-off of balance payable on acquisition, partially offset by higher interest expense, higher income taxes expense, mark-to-market losses on derivative financial instruments, and higher depreciation expense.

Adjusted Net income for Fiscal 2019 was $37.5 million ($0.57 per share), compared to $26.9 million ($0.50 per share) for Fiscal 2018. The increase is related to higher operating results, partially offset by higher interest, income taxes and depreciation expenses.

Note:

(1) Refer to “Supplemental information on Non-IFRS measures” on page 28 and 33.

BUSINESS SEGMENT PERFORMANCE

BROADCASTING AND COMMERCIAL MUSIC

	3 months			12 months		
(in thousands of Canadian dollars)	2019	2018	% Change	2019	2018	% Change
Revenues	38,718	34,223	13.1	146,741	130,214	12.7
Operating expenses	24,069	21,330	12.8	93,913	84,301	11.4
Adjusted EBITDA[1]	**14,649**	**12,893**	**13.6**	**52,828**	**45,913**	**15.1**
Adjusted EBITDA margin[1]	**37.8%**	**37.7%**	**0.4**	**36.0%**	**35.3%**	**2.1**

Revenues

In Q4 2019, Broadcasting and Commercial Music revenues increased $4.5 million or 13.1% to $38.7 million from $34.2 million for Q4 2018. This increase is mostly attributable to the acquisition of DJ Matic and Novramedia and to revenues from B2C apps and SVOD. During the quarter, existing operations excluding non-recurring equipment and installation sales related to digital signage experienced organic growth of 4.6%.

Broadcasting and Commercial Music revenues for Fiscal 2019 increased $16.5 million or 12.7% to $146.7 million from $130.2 million for Fiscal 2018. The increase was primarily due the acquisition of DJ Matic, Qello Concerts and Novramedia, as well as organic growth in B2C apps and SVOD, partially offset by a decrease in equipment and installation sales related to digital signage. Existing operations excluding non-recurring equipment and installation sales related to digital signage experienced organic growth of 4.4%.

Adjusted EBITDA[1]

In Q4 2019, Broadcasting and Commercial Music Adjusted EBITDA increased by $1.7 million or 13.6% to $14.6 million from $12.9 million for Q4 2018. This increase is mostly related to subscriber revenues from B2C apps and SVOD and to the acquisition of DJ Matic.

Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2019 increased $6.9 million or 15.1% to $52.8 million from $45.9 million for Fiscal 2018. This increase is mostly related to the acquisition of Qello Concerts, DJ Matic and Novramedia and, to a lesser extent, to subscriber revenues from B2C apps and SVOD. The increase in Adjusted EBITDA margin was mainly related to the decrease in non-recurring equipment and installation sales related to digital signage in Fiscal 2019, which tend to have lower margin.

Note:
(1) Refer to "Supplemental information on Non-IFRS measures" on page 28 and 33.

RADIO

(in thousands of Canadian dollars)	3 months			12 months		
	2019	2018	% Change	2019	2018	% Change
Revenues	34,012	-	-	65,227	-	-
Operating expenses	25,094	-	-	41,209	-	-
Adjusted EBITDA[(1)]	**8,918**	**-**	**-**	**24,018**	**-**	**-**
Adjusted EBITDA margin[(1)]	**26.2%**	**-**	**-**	**36.8%**	**-**	**-**

Revenues

Radio revenues represented $34.0 million for Q4 2019 and $65.2 million for Fiscal 2019 reflecting the contribution from the acquisition of NCC since the October 26, 2018 closing date.

Adjusted EBITDA[(1)]

Radio Adjusted EBITDA represented $8.9 million for Q4 2019 and $24.0 million for Fiscal 2019 reflecting the contribution from the acquisition of NCC since the October 26, 2018 closing date.

CORPORATE

(in thousands of Canadian dollars)	3 months			12 months		
	2019	2018	% Change	2019	2018	% Change
Revenues	-	-	-	682	-	-
Operating expenses	2,087	2,394	(12.8)	7,755	7,938	(2.3)
Adjust:						
Share-based compensation	(297)	(473)	(37.2)	(1.093)	(1,325)	(17.5)
Restricted, performance and deferred share unit expense	(630)	(780)	(19.2)	(1,368)	(2,224)	(38.5)
Adjusted EBITDA[(1)]	**(1,160)**	**(1,141)**	**1.7**	**(4,612)**	**(4,389)**	**5.1**

The Corporate segment derives its revenue from hotel operations, which was acquired through the NCC acquisition. Corporate expenses are related to head office functions and hotel operations. The hotel was disposed of on December 28, 2018. No gain or loss on disposal were recorded in the results as the assets and liabilities were recognized at fair value through the purchase price allocation of NCC.

Revenues

Corporate revenues represented $0.7 million for Fiscal 2019 attributable to the hotel's operations. Corporate revenues were nil in Q4 2019 due to the disposal of the hotel on December 28, 2018.

Adjusted EBITDA[(1)]

Corporate Adjusted EBITDA represented the net revenues of the hotel's operations and the head office operating expenses less the share-based compensation and restricted, performance and deferred share unit expense. In Q4 2018 and Fiscal 2018, share-based compensation and restricted, performance and deferred share unit expense was higher due to the higher value of the Corporation's stock price.

Note:
(1) Refer to "Supplemental information on Non-IFRS measures" on page 28 and 33.

Quarterly results

Revenues increased over the last eight quarters from $29.7 million in the first quarter of Fiscal 2018 to $72.7 million in the fourth quarter of Fiscal 2019. The increase was mainly attributable to the successful integration of acquisitions and organic growth including new contracts in all geographic locations. The decrease in Q4 2018 revenues compared to Q3 2018 was mainly explained by lower non-recurring revenues related to digital signage. The increases in Q3 2019 and Q4 2019 were mainly explained by the acquisition of NCC on October 26, 2018.

Adjusted EBITDA(1) increased over the last eight quarters from $9.2 million in the first quarter of Fiscal 2018 to $22.4 million in the fourth quarter of Fiscal 2019. The increase was mainly attributable to the successful integration of acquisitions and organic growth including new contracts. The increase in Q3 2019 was primarily due to the acquisition of NCC and other acquisitions realized in Fiscal 2019 and 2018, and to the organic growth of B2C apps and SVOD. The decrease in Q4 2019 was mainly due to normal business seasonality in the Radio segment and to the reversal of certain accrued liabilities, which positively contributed to the Adjusted EBITDA(1) of the Radio segment in Q3 2019.

Net income (loss) fluctuated over the last eight quarters from a net income of $0.3 million in the first quarter of Fiscal 2018 to a net income of $3.9 million in the fourth quarter of Fiscal 2019. In Q2 2018, the net loss was mainly related to higher legal fees and finance expenses, offset partially by an income tax recovery. In Q3 2018, the net income was mainly attributable to higher operating results and lower legal fees, partially offset by the negative change in fair value of contingent consideration and higher amortization expense of intangible assets compared to Q2 2018. In Q4 2018, the increase in net income was mainly attributable to higher net finance income and income tax recovery. In Q3 2019, the decrease was mainly attributable to the CRTC Tangible benefits expense related to the NCC acquisition, higher interest and acquisition expenses, partially offset by higher operating results. The increase in Q4 2019 was mainly explained by the absence of CRTC Tangible benefits expense, lower acquisition expenses and write-off of balance payable on acquisition, partially offset by higher income taxes and lower operating results.

Summary of Consolidated Quarterly Results

	3 months							
(in thousands of Canadian dollars, except per share amounts)	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017
	Fiscal 2019	Fiscal 2019	Fiscal 2019	Fiscal 2019	Fiscal 2018	Fiscal 2018	Fiscal 2018	Fiscal 2018
Revenues by segment								
Broadcasting and Commercial Music	38,718	38,875	34,692	34,456	34,223	35,099	31,222	29,670
Radio	34,012	31,215	-	-	-	-	-	-
Corporate	-	682	-	-	-	-	-	-
Total revenues	**72,730**	**70,772**	**34,692**	**34,456**	**34,223**	**35,099**	**31,222**	**29,670**
Revenues by geography								
Canada	47,318	46,738	14,222	13,641	13,658	16,219	14,833	14,538
United States	9,351	8,834	8,069	8,185	8,331	7,037	5,222	4,704
Other countries	16,061	15,200	12,401	12,630	12,234	11,843	11,167	10,428
Total revenues	**72,730**	**70,772**	**34,692**	**34,456**	**34,223**	**35,099**	**31,222**	**29,670**
Adjusted EBITDA(1)	**22,407**	**27,219**	**11,429**	**11,179**	**11,752**	**11,151**	**9,452**	**9,169**
Net income (loss)	**3,942**	**(18,053)**	**777**	**1,346**	**4,674**	**737**	**(3,395)**	**280**
Net income (loss) per share basic	0.06	(0.26)	0.01	0.02	0.08	0.01	(0.07)	0.01
Net income (loss) per share diluted	0.06	(0.26)	0.01	0.02	0.08	0.01	(0.07)	0.01
Adjusted Net income(1)	**12,534**	**12,396**	**6,708**	**5,898**	**9,732**	**6,016**	**5,407**	**5,703**
Adjusted Net income per share basic(1)	0.18	0.18	0.12	0.10	0.17	0.11	0.10	0.11
Adjusted Net income per share diluted(1)	0.18	0.18	0.12	0.10	0.17	0.11	0.10	0.11
Cash flow from operations	**13,631**	**9,160**	**5,186**	**6,776**	**10,675**	**6,589**	**2,710**	**(589)**
Adjusted Free Cash Flow(1)	**10,527**	**15,998**	**5,448**	**6,198**	**11,066**	**8,022**	**6,853**	**7,240**
Quarterly dividend	**0.065**	**0.065**	**0.06**	**0.06**	**0.055**	**0.055**	**0.05**	**0.05**

(1) Refer to “Forward-looking statements” and “Supplemental information on Non-IFRS measures” on page 28 and for reconciliations to the most directly comparable IFRS financial measure, refer to “Reconciliation of Quarterly Non-IFRS Measures” on page 33.

Reconciliation of Quarterly Non-IFRS Measures

	3 months							
(in thousands of Canadian dollars)	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017
	Fiscal 2019	Fiscal 2019	Fiscal 2019	Fiscal 2019	Fiscal 2018	Fiscal 2018	Fiscal 2018	Fiscal 2018
Net income (loss)	**3,942**	**(18,053)**	**777**	**1,346**	**4,674**	**737**	**(3,395)**	**280**
Net finance expense (income)	2,259	7,208	910	1,921	(378)	1,746	1,269	537
Change in fair value of investments	336	(840)	436	(497)	(421)	(110)	697	434
Income taxes	1,833	(6,117)	567	489	(385)	849	(941)	464
Depreciation and write-off of property and equipment	2,791	2,469	1,274	1,169	1,019	704	718	621
Amortization of intangible assets	7,187	6,401	5,255	4,587	4,594	4,582	4,508	4,541
Share-based compensation	297	263	358	175	473	346	312	194
Restricted, performance and deferred share unit expense	630	(147)	518	367	780	422	709	313
CRTC Tangible benefits	-	25,306	-	-	-	-	-	-
Acquisition, legal, restructuring and other expenses	3,132	10,729	1,334	1,622	1,396	1,875	5,575	1,785
Adjusted EBITDA	**22,407**	**27,219**	**11,429**	**11,179**	**11,752**	**11,151**	**9,452**	**9,169**
Net finance expense (income)	(2,259)	(7,208)	(910)	(1,921)	378	(1,746)	(1,269)	(537)
Income taxes	(1,833)	6,117	(567)	(489)	385	(849)	941	(464)
Depreciation and write-off of property and equipment	(2,791)	(2,469)	(1,274)	(1,169)	(1,019)	(704)	(718)	(621)
Income taxes related to change in fair value of investments, share-based compensation, restricted, performance and deferred share unit expense, amortization of intangible assets, CRTC Tangible benefits and acquisition, legal, restructuring and other expenses	(2,990)	(11,263)	(1,970)	(1,702)	(1,764)	(1,836)	(2,999)	(1,844)
Adjusted Net income	**12,534**	**12,396**	**6,708**	**5,898**	**9,732**	**6,016**	**5,407**	**5,703**

	3 months							
(in thousands of Canadian dollars)	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017
	Fiscal 2019	Fiscal 2019	Fiscal 2019	Fiscal 2019	Fiscal 2018	Fiscal 2018	Fiscal 2018	Fiscal 2018
Cash flow from operating activities	**13,631**	**9,160**	**5,186**	**6,776**	**10,675**	**6,589**	**2,710**	**(589)**
Acquisition of property and equipment	(1,935)	(1,972)	(1,488)	(2,228)	(846)	(2,188)	(705)	(807)
Acquisition of intangible assets other than internally developed intangible assets	(669)	(1,272)	(1,383)	(347)	(406)	(593)	(1,000)	(404)
Addition to internally developed intangible assets	(1,742)	(1,827)	(1,390)	(1,205)	(1,166)	(847)	-	-
Net change in non-cash operating working capital items	(1,890)	1,180	3,189	1,580	1,413	3,186	273	7,255
Acquisition, legal, restructuring and other expenses	3,132	10,729	1,334	1,622	1,396	1,875	5,575	1,785
Adjusted Free cash flow	**10,527**	**15,998**	**5,448**	**6,198**	**11,066**	**8,022**	**6,853**	**7,240**

LIQUIDITY AND CAPITAL RESOURCES FOR THE QUARTERS AND YEARS ENDED MARCH 31, 2019 AND 2018

	3 months		12 months	
(in thousands of Canadian dollars)	2019	2018	2019	2018
Operating activities	13,631	10,675	34,753	19,385
Financing activities	(9,717)	3,599	450,140	19,698
Investing activities	(4,346)	(15,429)	(483,582)	(41,583)
Net change in cash	(432)	(1,155)	1,311	(2,500)
Cash – beginning of period	5,105	4,517	3,362	5,862
Cash – end of period	4,673	3,362	4,673	3,362
Adjusted Free cash flow(1)	**10,527**	**11,066**	**38,171**	**33,181**

Operating activities

Cash flow generated from operating activities amounted to $13.6 million for Q4 2019 compared to $10.7 million for Q4 2018. The increase was mainly due to higher operating results, partially offset by higher interest paid and income taxes paid due to income taxes payable included in the opening balance sheet of NCC at the acquisition date.

Cash flow generated from operating activities amounted to $34.8 million for Fiscal 2019 compared to $19.4 million for Fiscal 2018. The increase was mainly due to higher operating results and lower legal fees, partially offset by higher acquisition expenses, interest paid and income taxes paid.

Financing Activities

Net cash flow used in financing activities amounted to $9.7 million for Q4 2019 compared to net cash flow generated by financing activities of $3.6 million for Q4 2018. The net change was mainly attributable to repayments of the revolving credit facility and higher dividend payment, partially offset by lower repayments of other payable.

Net cash flow generated by financing activities amounted to $450.1 million for Fiscal 2019 compared to $19.7 million for Fiscal 2018. The net change was mainly attributable to the funding of the NCC acquisition, which was financed through credit facilities, a subordinated debt and share issuances. The Corporation also paid other payables related to prior acquisitions and a higher dividend.

Investing Activities

Net cash flow used in investing activities amounted to $4.3 million for Q4 2019 compared to $15.4 million for Q4 2018. The net change was primarily due to lower business and asset acquisitions compared to Q4 2018.

Net cash flow used in investing activities amounted to $483.6 million for Fiscal 2019 compared to $41.6 million for Fiscal 2018. The net change was primarily due to the acquisition of NCC and DJ Matic, partially offset by the proceeds from the disposal of some non-core assets previously held by NCC.

Adjusted Free cash flow(1)

Adjusted Free cash flow generated in Q4 2019 amounted to $10.5 million compared to $11.1 million for Q4 2018. The decrease was mainly related to higher interest paid, income taxes paid due to income taxes payable included in the opening balance sheet of NCC at the acquisition date and higher capital expenditures, partially offset by higher operating results. Excluding the income taxes paid related to the NCC acquisition, Adjusted Free cash flow would have reached $14.1 million.

Adjusted Free cash flow generated in Fiscal 2019 amounted to $38.2 million compared to $33.2 million for Fiscal 2018. The increase was mainly related to higher operating results, partially offset by higher interest paid, higher capital expenditures and income taxes paid in part related to the NCC acquisition described above. Excluding the income taxes paid related to the NCC acquisition, Adjusted Free cash flow would have reached $41.8 million.

Note:

(1) Refer to "Supplemental information on Non-IFRS measures" on page 28 and 33.

Contractual Obligations

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily the rental properties and equipment, broadcast licences commitments and financial obligations under our credit agreement and subordinated debt. The following table summarizes the Corporation's undiscounted significant contractual obligations as at March 31, 2019, including its estimated payments and commitments related to leasing contracts:

(in thousands of Canadian dollars)	Less than 1 year	1 to 5 years	More than 5 years	Total
Operating lease agreements	14,216	22,850	2,096	**39,162**
Broadcast licences commitments	6,347	23,327	7,681	**37,355**
Credit facility	14,086	301,128	-	**315,214**
Subordinated debt	-	50,000	-	**50,000**
Accounts payables and accrued liabilities	62,364	-	-	**62,364**
Other liabilities	16,186	35,035	12,808	**64,029**
Total obligations	**113,199**	**432,340**	**22,585**	**568,124**

Broadcast licences and royalties

A condition of the broadcast licences owned by the Corporation is to commit to fund Canadian Content Development ("CCD") over the initial term of the licences, which is usually 7 years. The Corporation must also pay royalties for the use of music for the majority of its music services. Through copyright collective societies, the Corporation pays royalties to two sets of rights holders: rights holders in music works, which are the music and the lyrics; and, rights holders in artists' performances and sounds recordings, which are the actual performances and recordings of the musical works.

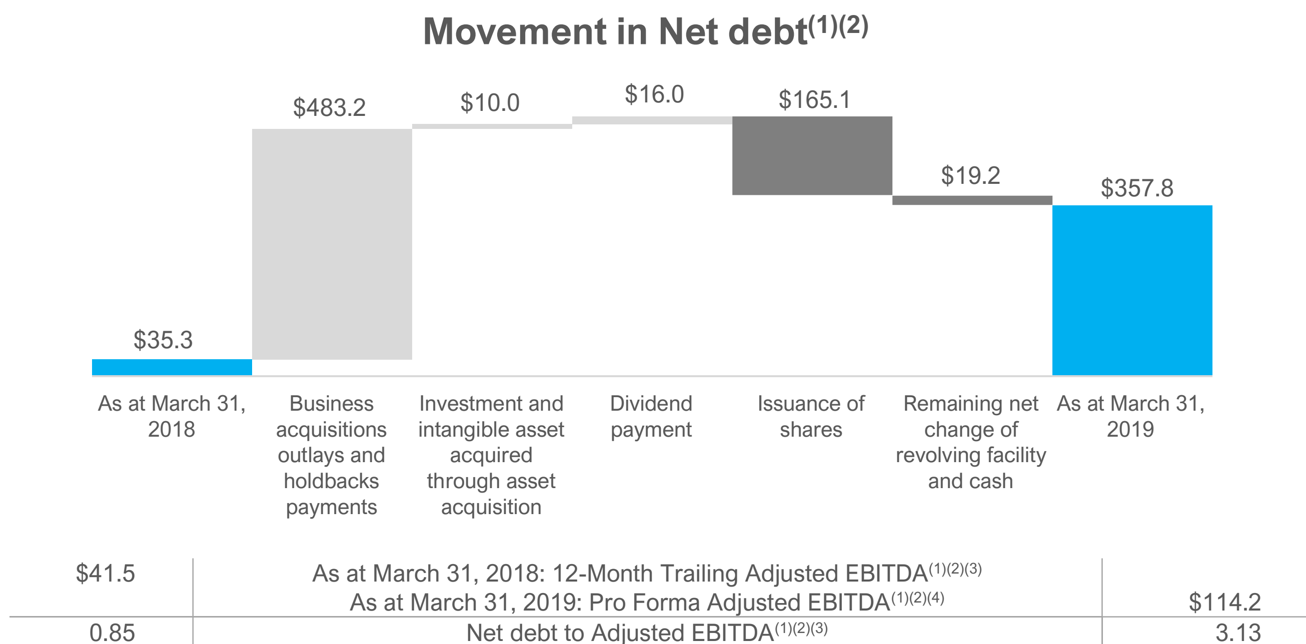
Capital resources

The Corporation has a credit facility for an authorized amount up to $450.0 million maturing in October 2021. The credit facility consists of a revolving credit facility for an authorized amount up to $300.0 million and a non-revolving term facility in the amount of $150.0 million.

The credit facility may be drawn in Canadian dollars in the form of prime rate loan or banker's acceptances, in US dollars in the form of US base rate loans or LIBOR loans, or in Euro and British Pound in the form of LIBOR loans and in Australian dollars in the form of BBSY loans.

The credit facility bears interest at (a) the bank's prime rate plus an applicable margin based on a financial covenant or (b) the banker's acceptance rate plus an applicable margin based on a financial covenant (5.325% as at March 31, 2019). In addition, the Corporation incurs standby fees, varying between 0.28% and 0.60% (0.48% as at March 31, 2019), based on a financial covenant, on the unused portion of the Credit facility. The Credit facility is secured by guarantees from subsidiaries and first ranking lien on universality of all assets, tangible and intangibles, present and future.

The following table summarizes the net change in Net debt that occurred in the year ended March 31, 2019 including related ratios:



$41.5	As at March 31, 2018: 12-Month Trailing Adjusted EBITDA[(1)(2)(3)] As at March 31, 2019: Pro Forma Adjusted EBITDA[(1)(2)(4)]	$114.2
0.85	Net debt to Adjusted EBITDA[(1)(2)(3)]	3.13

Notes:

(1) In millions of Canadian dollars.

(2) Refer to "Supplemental information on Non-IFRS measures" on page 28 and 33.

(3) Adjusted EBITDA is calculated on the last twelve months in regards to the Net debt to Adjusted EBITDA ratio.

(4) As at March 31, 2019, Pro Forma Adjusted EBITDA is calculated as the Corporation's Fiscal 2019 Adjusted EBITDA ($72.2 million) and last twelve months pro rated Adjusted EBITDA for the acquisitions made in Fiscal 2019 for the months prior to the acquisitions which are not already reflected in the results ($42.0 million including synergies of $5.8 million). Refer to "Forward-looking statements" and "Supplemental information on Non-IFRS measures" on page 28 and for reconciliations of Adjusted EBITDA to the most directly comparable IFRS financial measure, refer to "Supplemental information on Non-IFRS measures" on page 33.

CONSOLIDATED FINANCIAL POSITION

The following table shows the main variances that have occurred in the consolidated financial position of the Corporation for the year ended March 31, 2019:

(in thousands of Canadian dollars)	March 31, 2019	March 31, 2018	Variance		Significant contributions
Trade and other receivables	68,861	35,444	33,417	▲	Accounts receivables related to the acquisition of NCC
Intangible assets, excluding broadcast licences	65,111	54,355	10,756	▲	Recognition of intangibles following business and asset acquisitions, partially offset by disposals and write-off
Broadcast licences	270,555	-	270,555	▲	Recognition of broadcast licences following the acquisition of NCC
Goodwill	332,132	98,467	233,665	▲	Recognition of goodwill following the acquisitions of NCC, DJ Matic and Novramedia
Accounts payables and accrued liabilities	62,364	35,199	27,165	▲	Accounts payables related to the acquisitions of NCC and DJ Matic
Other liabilities	59,769	28,087	31,682	▲	Recognition of the CTRC tangible benefits and pension liability related to the NCC acquisition and contingent considerations assumed following the acquisitions of DJ Matic and Novramedia, partially offset by revaluations and payments made on contingent consideration and balances payable on past acquisitions
Credit facility	312,955	38,627	274,328	▲	Funding of the acquisitions of NCC, DJ Matic and Novramedia
Subordinated debt	49,539	-	49,539	▲	Funding of the acquisition of NCC

Music Choice Litigation

Music Choice v. Stingray

Music Choice filed its original Complaint against the Corporation on June 6, 2016, asserting infringement of four U.S. patents, namely, U.S. Patent Nos. 8,769,602 (the ’602 Patent), 9,357,245 (the ’245 Patent), 7,320,025 (the ’025 Patent) and 9,351,045 (the ’045 Patent). On August 12, 2016, Music Choice filed its First Amended Complaint, which added a fifth U.S. patent, namely, U.S. Patent No. 9,414,121 (the ’121 Patent). The Corporation filed its Answer to the Original Complaint (including counterclaims) on August 30, 2016, asserting, among other things, defenses and counterclaims of non-infringement and invalidity. On September 2, 2016, Music Choice filed its Second Amended complaint, adding Stingray Music USA, Inc. (SMU) as a defendant, and the Corporation and SMU filed their answers and counterclaims on September 23 and October 4, 2016, respectively. Since the commencement of the case, the parties have jointly prepared and filed with the Court a docket control order, a protective order and an ESI order. Music Choice also served its infringement contentions on September 12, 2016, the parties exchanged Initial Disclosures, and the Corporation served its invalidity contentions on November 28, 2016. On March 27, 2017, the Corporation filed a motion for judgment on the pleadings on the basis that the Asserted Patents are invalid under 35 U.S.C. 101 for claiming unpatentable subject matter. The parties exchanged amended infringement and invalidity contentions on April 28, 2017. In addition, on November 14, 2016, the Corporation filed an amended answer and counterclaims which included inequitable conduct counterclaims based on David Del Beccaro’s (and the other inventors’) failure to disclose a product offered by Music Choice Europe in or about 2001 to the patent office and their misrepresentations to the patent office that they are the true inventors of the patents-in-suit. Music Choice moved to dismiss and strike the Corporation’s inequitable conduct counterclaims, which the Corporation opposed on January 4, 2017. On May 3, 2017, the magistrate judge handling the case issued a Report and Recommendation that the motion be dismissed, and on September 6, 2017, the Court adopted the report and denied Music Choice’s motion. On July 6, 2017, the Court issued a Markman Order construing certain claim terms of the Asserted Patents. On September 14, 2017, Music Choice dropped one of the five patents-in-suit (the ‘602 Patent). On October 17, 2017, the Corporation filed a motion to adjourn the trial date and remaining case deadlines, in part because the Patent Trial and Appeal Board (PTAB) instituted *inter partes* review for three of the four patents-in-suit (*i.e.*, the ’025, ’045 and ’245 Patents). On October 23, 2017, the Corporation filed a petition for

inter partes review for claims 10 and 15 of the '245 Patent. On October 24, 2017, Music Choice requested adverse judgment against itself from the PTAB with respect to 1-9, 12-14, and 16-17 of the '245 Patent. On October 27, 2017, the PTAB instituted *inter partes* review on the fourth patent-in-suit (*i.e.,* the '121 Patent), and on October 30, 2017, the Corporation filed a motion to stay the litigation pending the *inter partes* reviews. On December 12, 2017, the Court granted the Corporation's motion to stay, staying the litigation pending resolution of the *inter partes* reviews, and dismissed without prejudice Stingray's motion for judgment on the pleadings. On March 26, 2018, the PTAB declined to institute an *inter partes* review for claims 10 and 15 of the '245 Patent. On April 26, 2018, the PTAB entered adverse judgment against Music Choice as to claims 1-9, 12-14, and 16-17 of the '245 Patent and terminated the proceeding. On June 19, 2018 and July 16, 2018, the PTAB held hearings for the instituted *inter partes* reviews. On September 20, 2018, the PTAB invalidated claims 1, 3 and 4 of the '025 Patent and stated that claim 8 was not shown to be unpatentable as anticipated by U.S. Patent Application Publication No. 2002/0078456 A1 (Hudson). On October 11, 2018, the PTAB invalidated claims 1-4 and 6-9 of the '045 Patent and stated that claims 5 and 10-20 were not shown to be unpatentable as obvious in view of Hudson and U.S. Patent No. 6,248,946 (Dwek). On October 17, 2018, the PTAB invalidated all of the claims of the '602 Patent. On October 24, 2018, the PTAB invalidated claims 1, 6, and 10-12 of the '121 Patent and stated the claim 14 was not shown to be unpatentable as anticipated by U.S. Patent No. 5,752,160. Since claim 14 of the '121 Patent is not asserted in the litigation, the '121 Patent is no longer at issue in the district court litigation. On November 21, 2018, Stingray filed a Notice of Appeal regarding the PTAB's decision that claim 8 of the '025 Patent was not shown to be unpatentable as anticipated by Hudson. On November 23, 2018, the parties filed a joint status report advising the district court as to the outcome of the proceedings and a joint motion proposing a docket control order. On November 26, 2018, the Court lifted the stay and entered an Amended Docket Control Order. On December 12, 2018, Stingray filed a Notice of Appeal regarding the PTAB's decision that claims 5 and 10-20 of the '045 Patent were not shown to be unpatentable as obvious in view of Hudson and Dwek. Supplemental fact discovery has closed, and expert discovery has commenced. Trial is scheduled for August 19, 2019.

Stingray v. Music Choice

SMU filed its Complaint on August 30, 2016, asserting claims of unfair competition under the Federal Lanham Act, defamation, trade libel, tortious interference, and common law unfair competition, stemming from false misrepresentations of fact made by Music Choice regarding the nature, characteristics and qualities of Stingray Music and its products and services, to SMU's existing and potential customers, with the goal of damaging SMU's relationships with those customers and its business generally. On October 17, 2016, Music Choice filed a Motion to Dismiss on the grounds that all of SMU's claims are time-barred. In response, on November 3, 2016, SMU filed an Amended Complaint, after which (on December 7, 2016), Music Choice moved to dismiss only the state law claims. Music Choice also filed a motion to transfer the case to the Eastern District of Pennsylvania. On January 4, 2017, SMU opposed both motions. In addition, SMU filed a motion to consolidate the action with the Music Choice patent infringement action.

On March 16, 2017, the Court denied Music Choice's motion to change venue, and granted SMU's motion to consolidate, ordering that this action be consolidated for all pretrial issues with the Music Choice v. Stingray action. Music Choice's motion to dismiss the state law claims remains pending. On March 30, 2017, Music Choice answered SMU's complaint (except for the state law claims that remain subject to its pending motion to dismiss) and asserted a counterclaim against SMU and the Corporation. Music Choice's counterclaim alleges that the Stingray entities misused Music Choice confidential data in violation of various non-disclosure agreements (the "NDAs"). These non-disclosure agreements arose from discussions between the parties concerning a possible acquisition of Music Choice by the Corporation. The Corporation's entities answered the counterclaim on April 28, 2017, denying the allegations and asserting various affirmative defenses, including that Music Choice acted fraudulently and in bad faith with regard to the NDAs. Supplemental fact discovery has closed, and expert discovery has commenced. Trial is scheduled for August 19, 2019.

SOCAN and Re:Sound legal proceedings

From May 2, 2017 until May 10, 2017, the Corporation, together with its Canadian Broadcast Distribution Undertaking customers (together, the "Objectors"), presented an affirmative case before the Copyright Board of Canada to seek a reduction in the prescribed rates and terms for the Pay Audio Services Tariff for the 2007-2016 period. SOCAN and Re:Sound (together, the "Collectives") opposed that case, but in the opinion of the Objectors failed to offer compelling alternatives other than a request to maintain the status quo. While the Objectors and the Collectives await the final determination of the Board on the proper quantum of the Tariff, in early 2018 the Board released a tentative ruling proposing that allocation of affiliation payments across the suite of Stingray services is reasonable and appropriate and asking the parties to propose favoured approaches to allocation. The parties have responded to the Board's request, with the Objectors proposing an allocation based on a "cost approach", as supported by independent, expert advice. The Copyright Board of Canada continues its consideration of the matter, and the Corporation anticipates a decision in about 6 to 15 months, based on past experience and the complexity of this proceeding.

Transactions Between Related Parties

The key management personnel of the Corporation are the Chief Executive Officer, Chief Financial Officer and certain other key employees of the Corporation.

Key management personnel compensation and director's fees include the following:

	3 months		12 months	
(in thousands of Canadian dollars)	2019	2018	2019	2018
Short-term employee benefits	1,246	1,188	4,497	4,350
Share-based compensation	124	271	630	921
Restricted and performance share units	234	195	811	557
Deferred share units	193	263	-	911
	1,797	**1,917**	**5,938**	**6,739**

Off-Balance Sheet Arrangements

The Corporation had no off-balance sheet arrangements, other than operating leases (which have been discussed under "Contractual Obligations"), that have, or are reasonably likely to have, a current or future material effect on its consolidated financial position, financial performance, liquidity, capital expenditures or capital resources.

Disclosure of Outstanding Share Data

Issued and outstanding shares and outstanding stock options consisted of:

	June 4, 2019	March 31, 2019
Issued and outstanding shares:		
Subordinate voting shares	57,685,820	57,671,720
Subordinate voting shares held in trust through employee share purchase plan	(21,850)	(13,044)
Variable subordinate voting shares	623,629	637,729
Multiple voting shares	17,941,498	17,941,498
	76,229,097	**76,237,903**
Outstanding stock options:		
Stock options	2,104,100	2,104,100

The Corporation has a stock option plan to attract and retain employees, directors, officers and consultants. The plan provides for the granting of options to purchase subordinate voting shares. Under this plan,10% of all multiple voting shares, subordinate voting shares and variable subordinate voting shares issued and outstanding on a non-diluted basis is reserve for issuance. In Fiscal 2019, 147,500 options were exercised, 280,773 options were forfeited, and 567,146 options were granted to eligible employees, subject to service vesting periods of 4 years.

Financial Risk Factors

Currency risk:

The Corporation is exposed to currency risk on sales and expenses that are denominated in currencies other than the functional currency of the Corporation's subsidiaries, primarily the US dollar and the euro. Also, additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the functional currency of the Corporation's subsidiaries at the rate of exchange at each balance sheet date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statements of comprehensive income.

The Corporation's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows, by transacting with third parties in the above currencies to the maximum extent possible and practical, given that this will act as natural economic hedges for each of these currencies.

Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation also manages liquidity risk by continuously monitoring actual and budgeted cash flows under both normal and

stressed conditions. Also, the Board of Directors reviews and approves the Corporation’s operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation holds the majority of its cash and cash equivalents balance in accounts bearing interest at rates less than 1.25%. The Corporation is, therefore, not materially exposed to future cash flow fluctuations coming from changes in market interest rates for its cash and cash equivalents.

The credit facility is a variable interest rate instrument that is due in more than one year. This instrument is exposed to changes in future interest rates that could result in future cash flow fluctuations. To manage its interest rate risk, the Corporation entered into an interest rate swaps agreement. To manage its interest rate risk, the Corporation entered into the following interest rate swap agreements during the year ended March 31, 2019:

(in thousands of Canadian dollars)

Maturity	Currency	Fixed interest rate	Initial nominal value	Mark-to-market liabilities as at March 31, 2019
October 25, 2021	CAD	2.19%	100,000	841
October 25, 2024	CAD	2.29%	100,000	2,157
				2,998

Credit risk:

Credit risk is the risk of an unexpected financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet contractual obligations, and it arises primarily from the Corporation's trade and other receivables.

The Corporation’s credit risk is principally attributable to its trade receivables. The amounts presented in the consolidated statements of financial position are net of an allowance for doubtful accounts, estimated by the Corporation’s management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. The Corporation's exposure to credit risk is mainly influenced by the characteristics of each customer. The demographics of the Corporation's customer base, including the default risk of the industry and country in which the customer operates, have less of an influence on the credit risk. Generally, the Corporation does not require collateral or other security from customers for trade receivables; however, credit is extended following an evaluation of creditworthiness. In addition, the Corporation performs ongoing credit reviews of its customers and establishes an allowance for doubtful accounts when the likelihood of collecting the account has significantly diminished. The Corporation believes that the credit risk of trade receivables is limited.

Critical Accounting Estimates

The preparation of the Corporation’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Below an overview of the areas that involved more judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Estimates are based on management’s best knowledge of current events and actions that the Corporation may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected by these revisions.

The areas involving significant estimates or judgments are:

Estimation of current tax payable and current tax expense

In the calculation of current tax, the Corporation is required to make significant estimates due to the fact that it is subject to tax laws of the many jurisdictions in which it operates. Recorded income taxes and tax credits are subject to review and approval by tax authorities and therefore, could be different from the amounts recorded.

Recognition of deferred tax asset for carried forward tax losses

In the calculation of deferred tax, estimates must be used to determine the appropriate rates and amounts and to take into account the probability of their occurrence. Deferred income tax assets also reflect the benefit of unutilized tax losses that can be carried forward to reduce income taxes in future years. The deferred tax assets include an amount which relates to carried forward tax losses of some European and Australian subsidiaries. The subsidiaries have incurred the losses over the last financial years before the acquisition by the Corporation. The subsidiaries now generate taxable income. The Corporation has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries.

Estimation of cost of defined benefit pension plans and present value of the net pension obligation

The cost of defined benefit pension plans and the present value of the net pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the net pension obligation is highly sensitive to changes in these assumptions.

Management engages the services of external actuaries to assist in the determination of the appropriate discount rate. Management, with the assistance of actuaries, considers the interest rates of high quality corporate bonds that have terms to maturity approximating the terms related to the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

Estimated fair value of certain investments

The fair value of investments that are not traded in an active market is determined using valuation techniques. The Corporation uses judgement to select a valuation method and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Estimated goodwill and broadcasting licences impairments

Broadcast licences and goodwill are not amortized but are tested annually for impairment, or more frequently if events or circumstances indicate that it is more likely than not that the value of broadcast licences and/or goodwill may be impaired. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's-length transaction of similar assets, observable market prices, or discounted cash flow projections less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Estimation of fair values of contingent consideration and balance payable on business acquisitions in business combinations

The contingent consideration and balance payable on business acquisitions related to business combinations is payable based on the achievement of targets for growth in revenues for a period from the date of the acquisition and upon renewal of client contracts. The fair value of the contingent consideration and balance payable on business acquisitions were estimated by calculating the present value of the future expected cash flows.

Business Combinations

Under the acquisition method, on the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired business are measured at their fair values. Depending on the complexity of determining the valuation for certain assets, the Corporate uses appropriate valuation techniques in arriving at the estimated fair value at the acquisition date for these assets. These valuations are generally based on a forecast of the total expected future net discounted cash flows and relate closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant.

Future Accounting Changes

IFRS 16 – Leases

Effective April 1, 2019, the Corporation will adopt IFRS 16 using the modified retrospective approach. IFRS 16 set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value. In particular, lessees will be required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease will be initially measured on a present value basis.

As a result of adopting IFRS 16, the Corporation will recognize a significant increase to both assets and liabilities of the consolidated statements of financial position as well as a decrease to operating expenses (for the removal of rent expense for leases), an increase to depreciation, amortization and write-off (due to depreciation of the right-of-use asset) and an increase to net finance expense (income) (due to accretion of the lease liability).

The Corporation is still assessing the impact of the new leasing standard on its consolidated financial statements.

Evaluation of Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with Management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and ICFR, as defined in National Instrument 52-109. The Corporation's internal control framework is based on the criteria published in the updated version released in May 2013 of the report Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO Framework").

The DC&P have been designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO by others, and that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by the Corporation under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at March 31, 2019, an evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of the Corporation's DC&P. Based on this evaluation, the CEO and the CFO concluded that the Corporation's DC&P were appropriately designed and were operating effectively as at March 31, 2019.

As at March 31, 2019, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the ICFR based on the 2013 COSO Framework. Based on this evaluation, they have concluded that the Corporation's ICFR were effective as at March 31, 2019.

There have been no changes in the Corporation's internal control over financial reporting that occurred during the period that have materially affected, or are likely to materially affect, the Corporation's ICFR.

Management's assessment of and conclusion on the design and the effectiveness of the Corporation's ICFR as at June 5, 2019, did not include the controls or procedures of the operations of Novramedia, DJ Matic and NCC which were acquired in Fiscal 2019. The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of these acquisitions in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition. The following table summarizes the financial information for Fiscal 2019 for these entities:

(in thousands of Canadian dollars)	Novramedia	DJ Matic	NCC
Results of operations			
Revenues	3,456	5,525	65,909
Net income (loss)	813	(132)	(10,234)
Financial Position			
Current assets	768	3,577	13,176
Non-current assets	43	6,037	314,321
Current liabilities	506	4,111	25,200
Non-current liabilities	-	1,471	75,563

Subsequent Events

Agreement for a business acquisition

On May 9, 2019, the Corporation announced it has entered into an agreement to acquire the assets of two radio stations located in Welland, Ontario. The completion of the assets acquisition is subject to the CRTC approval.

Additional Information

Additional information about the Corporation is available on our website at www.stingray.com and on the SEDAR website at www.sedar.com

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Stingray Group Inc.

Opinion

We have audited the accompanying consolidated financial statements of Stingray Group Inc. (the "Corporation", formerly Stingray Digital Group Inc.), which comprise the consolidated statements of financial position as at March 31, 2019 and March 31, 2018, the consolidated statements of comprehensive income (loss) for the years then ended, the consolidated statements of changes in equity for the years then ended, the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements including a summary of significant accounting policies (hereinafter, referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions;
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2019".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2019" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this auditors' report is Alain Bessette.

KPMG LLP*

Montréal, Canada

June 5, 2019

*CPA auditor, CA, public accountancy permit No. A115894

Consolidated Statements of Comprehensive Income (Loss)

Years ended March 31, 2019 and 2018

(In thousands of Canadian dollars, except per share amounts)	Note		2019		2018
Revenues	6	$	212,650	$	130,214
Operating expenses			142,877		92,239
CRTC tangible benefits	20		25,306		–
Depreciation, amortization and write-off			31,133		21,287
Net finance expense (income)	8		12,298		3,174
Change in fair value of investments	16, 27		(565)		600
Acquisition, legal, restructuring and other expenses	9		16,817		10,631
Income (loss) before income taxes			(15,216)		2,283
Income tax recovery	10		(3,228)		(13)
Net income (loss)		$	(11,988)	$	2,296
Net income (loss) per share – Basic	11		(0.19)		0.04
Net income (loss) per share – Diluted	11		(0.19)		0.04
Weighted average number of shares – Basic	11		64,709,965		53,455,073
Weighted average number of shares – Diluted	11		64,709,965		54,080,184
Comprehensive income (loss)					
Net income (loss)		$	(11,988)	$	2,296
Other comprehensive income (loss), net of tax					
Items that may be reclassified to profit and loss					
Exchange differences on translation of foreign operations			(2,450)		1,640
Items that will not be reclassified to profit and loss					
Remeasurement loss on pension benefit obligations, net of income tax recovery of $62			(120)		–
Total other comprehensive income (loss)			(2,570)		1,640
Total comprehensive income (loss)		$	(14,558)	$	3,936

Net income (loss) is entirely attributable to Shareholders.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position

March 31, 2019 and 2018

(In thousands of Canadian dollars)	Note		March 31, 2019		March 31, 2018
Assets					
Current assets					
Cash and cash equivalents		$	4,673	$	3,362
Trade and other receivables	12		68,861		35,444
Income taxes receivable			972		989
Inventories			2,624		1,784
Other current assets			9,033		6,793
			86,163		48,372
Non-current assets					
Property and equipment	13		50,326		11,135
Intangible assets, excluding broadcast licences	14		65,111		54,355
Broadcast licences	15		270,555		–
Goodwill	15		332,132		98,467
Investments	16		18,738		17,473
Other non-current assets			1,367		954
Deferred tax assets	10		10,672		12,950
Total assets		$	835,064	$	243,706
Liabilities and Equity					
Current liabilities					
Credit facility	18	$	14,086	$	–
Accounts payable and accrued liabilities	17		62,364		35,199
Dividend payable	22		4,956		3,097
Deferred revenues			1,634		1,530
Current portion of other liabilities	20		16,186		13,212
Income taxes payable			3,889		2,403
			103,115		55,441
Non-current liabilities					
Credit facility	18		298,869		38,627
Subordinated debt	19		49,539		–
Other liabilities	20		43,583		14,875
Deferred tax liabilities	10		52,423		5,156
Total liabilities			547,529		114,099
Shareholders' equity					
Share capital	22		337,714		146,354
Contributed surplus			4,344		3,825
Deficit			(53,317)		(21,936)
Accumulated other comprehensive income (loss)			(1,206)		1,364
Total equity			287,535		129,607
Commitments *(note 25)*					
Subsequent events *(note 3)*					
Total liabilities and equity		$	835,064	$	243,706

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors,

(Signed) Eric Boyko, Director   (Signed) Pascal Tremblay, Director

Consolidated Statements of Changes in Equity

Years ended March 31, 2019 and 2018

(In thousands of Canadian dollars, except number of share capital)	Share Capital					
	Number	Amount	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at March 31, 2017	51,326,366	$ 102,700	$ 2,872	$ (10,299)	$ (325)	$ 94,948
Issuance of shares upon exercise of options *(note 22)*	85,198	301	(133)	–	–	168
Dividends	–	–	–	(13,884)	–	(13,884)
Issuance of subordinate voting shares and variable subordinate voting shares *(note 22)*	4,900,200	45,082	–	–	–	45,082
Share issuance costs, net of income taxes of $604 *(note 22)*	–	(1,669)	–	–	–	(1,669)
Share-based compensation	–	–	1,039	–	–	1,039
Employee share purchase plan *(notes 22 and 24)*	(6,011)	(60)	47	–	–	(13)
Net income	–	–	–	2,296	–	2,296
Other comprehensive income (loss)	–	–	–	(49)	1,689	1,640
Balance at March 31, 2018	56,305,753	$ 146,354	$ 3,825	$ (21,936)	$ 1,364	$ 129,607
Issuance of shares upon exercise of options *(note 22)*	147,500	618	(279)	–	–	339
Dividends	–	–	–	(19,393)	–	(19,393)
Issuance of subordinate voting shares and variable subordinate voting shares *(note 22)*	18,144,470	178,559	–	–	–	178,559
Issuance of multiple voting shares (note 22)	1,647,213	17,110				17,110
Share issuance costs, net of income taxes of $1,780 *(note 22)*	–	(4,899)	–	–	–	(4,899)
Share-based compensation	–	–	941	–	–	941
Employee share purchase plan *(notes 22 and 24)*	(7,033)	(28)	5	–	–	(23)
Realized loss on sales of treasury shares held by the Corporation	–	–	(148)	–	–	(148)
Net loss	–	–	–	(11,988)	–	(11,988)
Other comprehensive income (loss)	–	–	–	–	(2,570)	(2,570)
Balance at March 31, 2019	76,237,903	$ 337,714	$ 4,344	$(53,317)	$(1,206)	$ 287,535

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2019 and 2018

(In thousands of Canadian dollars)	Note	2019	2018
Operating activities:			
Net income (loss)		$ (11,988)	$ 2,296
Adjustments for:			
CRTC tangible benefits	20	25,306	–
Depreciation, disposal and write-off of property and equipment	13	7,703	3,062
Amortization of intangible assets	14	23,430	18,225
Share-based compensation, PSU and DSU expenses		2,461	3,549
Interest expense and standby fees	8	10,295	1,445
Mark-to-market losses on derivative financial instruments	8	2,998	–
Change in fair value of investments	16	(565)	600
Share of results of joint venture	16	200	(96)
Change in fair value of contingent consideration	8	534	3,196
Write-off of balance payable on business acquisition	8	(4,264)	–
Depreciation, amortization and accretion of other liabilities	8	1,886	713
Income tax recovery		(3,228)	(13)
Interest paid		(9,950)	(1,374)
Income taxes paid		(6,006)	(91)
		38,812	31,512
Net change in non-cash operating items	23	(4,059)	(12,127)
		34,753	19,385
Financing activities:			
Increase (decrease) of credit facility		276,540	(2,413)
Increase of subordinated debt	19	50,000	–
Issuance of shares	22	165,111	45,082
Share issuance costs	22	(6,679)	(2,253)
Deferred financing fees		(3,089)	–
Payment of dividend		(16,007)	(10,787)
Proceeds from the exercise of stock options	22	339	168
Proceeds from disposal of treasury shares held by a subsidiary		565	–
Shares purchased under the employee share purchase plan	24	(199)	(77)
Repayment of other payables		(16,441)	(10,022)
		450,140	19,698
Investing activities:			
Business acquisitions, net of cash acquired	4	(473,624)	(29,417)
Disposal of non-core assets	13	11,500	–
Investment in an associate		–	(1,106)
Proceeds from disposal of an investment		–	1,218
Acquisition of an investment	16	(900)	–
Acquisition of property and equipment		(7,623)	(4,546)
Acquisition of equipment for leasing purpose		–	(3,316)
Intangible assets acquired through asset acquisitions		(3,100)	–
Acquisition of intangible assets other than internally developed intangible assets		(3,671)	(2,403)
Addition to internally developed intangible assets		(6,164)	(2,013)
		(483,582)	(41,583)
Increase (decrease) in cash and cash equivalents		1,311	(2,500)
Cash and cash equivalents, beginning of year		3,362	5,862
Cash and cash equivalents, end of year		$ 4,673	$ 3,362

The accompanying notes are an integral part of these consolidated financial statements.

(In thousands of Canadian dollars, unless otherwise stated)

1. BUSINESS DESCRIPTION

Stingray Group Inc. (formerly Stingray Digital Group Inc.) (the "Corporation") is incorporated under the Canada Business Corporations Act. The Corporation is domiciled in Canada and its registered office is located at 730 Wellington, Montréal, Québec, H3C 1T4. The Corporation is a provider of multi-platform music services. It broadcasts high quality music and video content on a number of platforms including radio stations, premium television channels, digital TV, satellite TV, IPTV, the Internet, mobile devices and game consoles.

Effective December 1, 2018, the Corporation changed its name to Stingray Group Inc.

2. SIGNIFICANT CHANGES AND HIGHLIGHTS

The consolidated financial position and performance of the Corporation was particularly affected by the following events and transactions during the year ended March 31, 2019:

- On November 26, 2018, the Corporation signed an agreement with Hector Broadcasting Company Limited to acquire the assets of two radio stations located in New Glasgow, Nova Scotia, for total consideration of $2,846. It resulted in the recognition of broadcast licences *(notes 4 and 15)* and balance payable on business acquisitions *(note 4)*.
- On November 13, 2018, the Corporation completed a subscription agreement with Irving West, Limited (the "investor") pursuant to which the investor purchased an aggregate of 2,429,544 subordinate voting shares at a price of $10.29 per subordinate voting shares for total gross proceeds of $25,000. It resulted in a decrease of the credit facility *(note 18)* and increase of share capital *(note 22)*.
- On October 26, 2018, the Corporation completed the acquisition of all the outstanding Class A Subordinate Voting shares and Class B Common shares (together the "NCC shares") of Newfoundland Capital Corporation Limited ("NCC") for $14.75 per NCC share (the "Purchase Price"), representing a total consideration of $484,252. The acquisition was authorized on October 23, 2018 by the Canadian Radio-television and Telecommunications Commission (CRTC). It resulted in the recognition of goodwill *(notes 4 and 15)* and broadcast licences *(notes 4 and 15)*.
- On August 21, 2018, effective October 26, 2018, the Corporation amended its existing $100,000 credit facility (the "Credit facility") by increasing the authorized amount up to $450,000 and extending the maturity to October 26, 2021 to finance the acquisition of NCC. The Credit facility consists of a revolving credit facility for an authorized amount up to $300,000 and a non-revolving term facility in the amount of $150,000. Refer to *note 18* for more detail on the credit facility.
- On July 11, 2018, effective October 26, 2018, the Corporation entered into a loan agreement in the amount of $50,000. The loan matures on October 26, 2023. Refer to *note 19* for more detail on the transaction.
- On October 12, 2018, the Corporation signed an agreement to acquire all of the outstanding shares of DJ-Matic, a provider of in-store media solutions for businesses with clients in Belgium, the Netherlands, Germany, and Denmark for total consideration of EUR$10,603 ($15,775). It resulted in the recognition of goodwill *(notes 4 and 15)*, intangible assets *(notes 4 and 14)* and contingent consideration *(notes 4 and 20)*.
- On August 1, 2018, the Corporation signed an agreement to acquire all of the outstanding shares of Novramedia Inc., a Toronto-based leader in the design, development, and implementation of digital media solutions for total consideration of $7,737. It resulted in the recognition of goodwill *(notes 4 and 15)*, intangible assets *(notes 4 and 14)* and contingent consideration *(note 4)*.

(In thousands of Canadian dollars, unless otherwise stated)

3. SUBSEQUENT EVENTS

On May 9, 2019, the Corporation announced it had entered into an agreement to acquire the assets of two radio stations located in Welland, Ontario. The completion of the assets acquisition is subject to the CRTC approval.

4. BUSINESS ACQUISITIONS

NEW GLASGOW

On November 26, 2018, the Corporation purchased the assets of two radio stations, CKEC-FM and CKEZ-FM, located in New Glasgow, Nova Scotia (referred as “New Glasgow” acquisition) from Hector Broadcasting Company Limited for total consideration of $2,846.

	Preliminary
Assets acquired:	
Trade and other receivables	237
Property and equipment	676
Broadcasting licences	1,885
Deferred tax assets	52
Goodwill	100
	2,950
Liabilities assumed:	
Accounts payable and accrued liabilities	104
	104
Net assets acquired at fair value	$ 2,846
Consideration given:	
Cash	2,194
Balance payable on business acquisitions	652
	$ 2,846

As of the reporting date, the Corporation has not completed the purchase price allocation over the identifiable net assets and goodwill as information to confirm the fair value of certain assets and liabilities remains to be obtained.

(In thousands of Canadian dollars, unless otherwise stated)

NEWFOUNDLAND CAPITAL CORPORATION

On October 26, 2018, the Corporation acquired all of the issued and outstanding shares for total consideration of $484,252, of which $453,694 was paid in cash and the remaining $30,558 through the issuance of 3,887,826 subordinate voting shares of the Corporation. NCC is a radio broadcaster who operates radio stations across Canada. As a result of the acquisition, goodwill of $219,138 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will not be deductible for tax purposes.

The fair value of acquired trade receivables was $33,224. The gross contractual amount of trade receivables was $34,184, of which $960 is expected to be uncollectible.

The results of the business acquisition of NCC for the period ended March 31, 2019 are included in results since the date of the acquisition. Revenues recorded from the acquisition date to March 31, 2019 were $65,227 and net loss was $10,234. Had the acquisition occurred at the beginning of the fiscal year, revenues related to this acquired business would have been approximately $162,701 and net income would have been $35,624.

		Preliminary
Assets acquired:		
Cash and cash equivalents		909
Trade and other receivables		33,224
Other current assets		1,768
Property and equipment		48,432
Broadcast licences		268,670
Goodwill		219,138
Other non-current assets		1,325
Deferred tax assets		2,045
		575,511
Liabilities assumed:		
Accounts payable and accrued liabilities		20,328
Income taxes payable		3,264
Other liabilities		10,712
Deferred tax liabilities		56,955
		91,259
Net assets acquired at fair value	$	484,252
Consideration given:		
Cash		453,694
Share capital		30,558
	$	484,252

As of the reporting date, the Corporation has not completed the purchase price allocation over the identifiable net assets and goodwill as information to confirm the fair value of certain assets and liabilities remains to be obtained.

(In thousands of Canadian dollars, unless otherwise stated)

DJ-MATIC

On October 12, 2018, the Corporation purchased all of the outstanding shares of DJ-Matic, a European provider of in-store media solutions for businesses for total consideration of EUR10,603 ($15,775). As a result of the acquisition, goodwill of $12,339 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will not be deductible for tax purposes.

The fair value of acquired trade receivables was $1,088 which represented the gross contractual amount. The contingent consideration arrangement requires the Corporation to pay, in cash, to the former owners, an amount not exceeding EUR7,473 ($11,118) over the next three years ending in October 2021, based on an adjusted EBITDA ratio. The fair value of the contingent consideration was determined using an income approach based on the estimated amount and timing of projected cash flows.

The results of the business acquisition of DJ-Matic for the period ended March 31, 2019 are included in results since the date of the acquisition. Revenues recorded from the acquisition date to March 31, 2019 were $5,526 and net loss was $351. Had the acquisition occurred at the beginning of the fiscal year, revenues related to this acquired business would have been approximately $11,050 and net loss would have been $753.

		Preliminary
Assets acquired:		
Cash and cash equivalents	$	543
Trade and other receivables		1,088
Inventories		312
Property and equipment		489
Intangible assets		9,951
Other non-current assets		100
Goodwill		12,339
		24,822
Liabilities assumed:		
Accounts payable and accrued liabilities		5,821
Deferred revenues		652
Income taxes payable		30
Deferred tax liabilities		2,544
		9,047
Net assets acquired at fair value	$	15,775
Consideration given:		
Cash		13,692
Contingent consideration		2,083
	$	15,775

As of the reporting date, the Corporation has not completed the purchase price allocation over the identifiable net assets and goodwill as information to confirm the fair value of certain assets and liabilities remains to be obtained.

(In thousands of Canadian dollars, unless otherwise stated)

NOVRAMEDIA

On August 1, 2018, the Corporation purchased all of the outstanding shares of Novramedia Inc. ("Novramedia") for total consideration of $7,737. Novramedia is a Canadian provider of digital media solution. As a result of the acquisition, goodwill of $3,431 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will not be deductible for tax purposes.

The fair value of acquired trade receivables was $754 which represented the gross contractual amount. The contingent consideration arrangement requires the Corporation to pay, in cash, to the former owners, an amount not exceeding $2,500 over the next 12 months if certain revenues-based targets are met. The fair value of the contingent consideration was determined using an income approach based on the estimated amount and timing of projected cash flows.

The results of the business acquisition of Novramedia for the period ended March 31, 2019 are included in results since the date of the acquisition. Revenues recorded from the acquisition date to March 31, 2019 were $2,628 and net loss was $643. Had the acquisition occurred at the beginning of the fiscal year, revenues related to this acquired business would have been approximately $3,942 and net loss would have been $1,543.

		Preliminary
Assets acquired:		
Cash and cash equivalents	$	4
Trade and other receivables		754
Inventories		863
Other current assets		142
Property and equipment		50
Intangible assets		5,827
Goodwill		3,431
		11,071
Liabilities assumed:		
Accounts payable and accrued liabilities		942
Deferred revenues		842
Deferred tax liabilities		1,550
		3,334
Net assets acquired at fair value	$	7,737
Consideration given:		
Cash		5,500
Working capital receivable		(171)
Contingent consideration		2,408
	$	7,737

As of the reporting date, the Corporation has not completed the purchase price allocation over the identifiable net assets and goodwill as information to confirm the fair value of certain assets and liabilities remains to be obtained.

(In thousands of Canadian dollars, unless otherwise stated)

5. SEGMENT INFORMATION

OPERATING SEGMENTS

In connection with the acquisition of NCC on October 26, 2018 *(note 4)*, the Corporation's operating segments have been modified and are now aggregated in two segments: *Broadcasting and commercial music* and *Radio*. The operating segments reflect how the Corporation manages its operations, resources and assets and how it measures its performance. Both operating segment's financial results are reviewed by the Chief operating decision maker ("CDOM") to make decisions about resources to be allocated to the segment and asses its performance based on adjusted EBITDA, and for which distinct financial information is available.

Adjusted EBITDA excludes from income (loss) before income taxes the following expenses: share-based compensation, PSU and DSU expenses, CRTC tangible benefits, depreciation, amortization and write-off, net finance expense (income), change in fair value of investments and acquisition, legal, restructuring and other expenses. There are no inter-segment revenues for the periods.

The Broadcasting and commercial music segment specializes in the broadcast of music and videos on multiple platforms and digital signage experiences and generates revenues from subscriptions or contracts.

The Radio segment operates several radio stations across Canada and generates revenues from advertising.

Corporate and eliminations is a non-operating segment comprising corporate and administrative functions that provide support and governance to the Corporation's operating business units.

The following tables present financial information by segment for years ended March 31, 2019 and 2018.

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
Year ended	2019	2018	2019	2018	2019	2018	**2019**	**2018**
Revenues	$ 146,741	$ 130,214	$ 65,227	$ –	$ 682	$ –	**$ 212,650**	**$ 130,214**
Operating expenses (excluding Share-based compensation, PSU and DSU expenses)	93,913	84,301	41,209	–	5,294	4,389	**140,416**	**88,690**
Adjusted EBITDA	52,828	45,913	24,018	–	(4,612)	(4,389)	**72,234**	**41,524**
Share-based					1,093	1,325	**1,093**	**1,325**
PSU and DSU expenses					1,368	2,224	**1,368**	**2,224**
CRTC tangible benefits					25,306	–	**25,306**	**–**
Depreciation, amortization and write-off					31,133	21,287	**31,133**	**21,287**
Net finance expense (income)					12,298	3,174	**12,298**	**3,174**
Change in fair value of investments					(565)	600	**(565)**	**600**
Acquisition, legal, restructuring and other expenses					16,817	10,631	**16,817**	**10,631**
Income (loss) before income taxes							**(15,216)**	**2,283**
Income taxes							**(3,228)**	**(13)**
Net income (loss)					$		**$ (11,988)**	**$ 2,296**
Total assets	$ 262,713	$ 243,706	$ 572,351	$ –	$ –	$ –	**$ 835,064**	**$ 243,706**
Total liabilities[(1)]	$ 72,958	$ 72,375	$ 104,123	$ –	$ 370,448	$ 41,724	**$ 547,529**	**$ 114,099**
Acquisition of property and equipment	$ 8,280	$ 8,838	$ 50,684	$ –	$ –	$ –	**$ 58,964**	**$ 8,838**
Acquisition of intangible assets	$ 35,094	$ 21,941	$ –	$ –	$ –	$ –	**$ 35,094**	**$ 21,941**
Acquisition of broadcast licences	$ –	$ –	$ 270,555	$ –	$ –	$ –	**$ 270,555**	**$ –**
Goodwill recorded on business acquisitions	$ 15,770	$ 27,577	$ 219,238	$ –	$ –	$ –	**$ 235,008**	**$ 27,577**

(1) Total liabilities include operating liabilities, the Credit facility and the Subordinated debt

Acquisition of property and equipment, intangible assets, broadcast licences and goodwill, includes those acquired through business acquisitions, whether they were paid or not.

Approximately 78% of the Corporation’s non-current assets are located in Canada.

(In thousands of Canadian dollars, unless otherwise stated)

6. REVENUES

On April 1, 2018, the Corporation adopted IFRS 15 using the modified retrospective approach. Upon adoption of this standard, the Corporation did not have a cumulative adjustment, with the previous revenue recognition policy being applied consistently under the new standard. However, the standard has an impact on the gross or net presentation of certain Business to customers application revenue stream, such as mobile applications. Under IAS 18 – Revenue, the Corporation presented its applications revenues on a net basis. Under IFRS 15, revenue recognition is based on the core "transfer of control" principle that is used to determine the primary obligator of the service rendered. In this context, the Corporation is considered as the principal and therefore presents these revenues on a gross basis.

The impact on revenues and operating expenses is as follows:

(in thousands of Canadian dollars)			Year ended March 31, 2018
	Reported figures	Adjustments	Restated figures
Revenues	$ 126,953	$ 3,261	$ 130,214
Operating expenses	$ 88,978	$ 3,261	$ 92,239

ACCOUNTING POLICY

Contracts with customers

The Corporation records revenues from contracts with customers in accordance with the five steps in *IFRS 15 Contracts with customers* as follows:

1) Identify the contract with a customer;
2) Identify the performance obligations in the contract;
3) Determine the transaction price, which is the total consideration provided by the customer;
4) Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5) Recognize revenues when the relevant criteria are met for each performance obligation.

Revenues are measured based on the value of the expected consideration in a contract with a customer and are recognized when control of a product or service is transferred to a customer.

A contract asset is recognized in the consolidated statement of financial position when revenues are earned without having been invoiced. Contract assets are presented in "Other current assets". A contract liability is recognized when the Corporation has received consideration in advance of the transfer of products or services to a customer.

BROADCASTING AND COMMERCIAL MUSIC SEGMENT

The Broadcasting and commercial music segment specializes in the broadcast of music and videos on multiple platforms and digital signage experiences and generates revenues from subscriptions or contracts.

Subscriptions

The Corporation recognize revenues related to continuous music and video distribution over time, as the customer receives and consumes the benefits of the music supply at the same time it is broadcasted. On-demand products, primally music and concerts services, are also recognized over time as the customer receives and consumes the benefits of the on-demand product at the same time it is broadcasted. The Corporation records contract liabilities when customers pay their subscription fees in advance.

Media solutions

For media solutions projects, mainly bundled arrangements, the Corporation accounts for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own or with other readily available resources. The total arrangement consideration is allocated to each product or service on its own or with other readily available resources based on its stand-alone selling price.

The Corporation generally determines stand-alone selling prices based on the observable prices for products sold separately without a service contract, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, the Corporation uses the expected cost plus margin approach to determine stand-alone selling prices. The Corporation recognizes revenues for each individual product or service, when the related performance obligations are satisfied, which is usually at a point in time for sale of equipment and over time for music related services.

RADIO SEGMENT

The radio segment operates radio stations across Canada and generates revenues from advertising. Advertising revenues are recognized at a point in time when the advertising airs on the Corporation's radio stations. Revenues are recorded net of any agency commissions as these charges are paid directly to the agency by the advertiser.

DISAGGREGATION OF REVENUES

The following table presents the Corporation's revenues disaggregated by reportable segment, primary geographical market and product.

	Reportable segments			
For the year ended March 31, 2019	Broadcasting and commercial music	Radio	Corporate	**Total revenues**
Geography				
Canada	$ 56,010	$ 65,227	$ 682	**$ 121,919**
United states	34,439	–	–	**34,439**
Other countries	56,292	–	–	**56,292**
	146,741	65,227	682	**212,650**
Products				
Subscriptions [(1)]	127,991	–	–	**127,991**
Media solutions [(2)]	18,194	–	–	**18,194**
Advertising [(3)]	556	65,227	–	**65,783**
Other	–	–	682	**682**
	$ 146,741	$ 65,227	$ 682	**$ 212,650**

[(1)] Generally recognized over time
[(2)] Approximately 50% of revenues are recognized overtime and 50% at a point in time
[(3)] Generally recognized at a point in time

(In thousands of Canadian dollars, unless otherwise stated)

	Reportable segments			
For the year ended March 31, 2018	Broadcasting and commercial music	Radio	Corporate	**Total revenues**
Geography				
Canada	$ 59,248	$ –	$ –	**$ 59,248**
United states	25,294	–	–	**25,294**
Other countries	45,672	–	–	**45,672**
	130,214	–	–	**130,214**
Products				
Subscriptions [1]	113,024	–	–	**113,024**
Media solutions [2]	17,190	–	–	**17,190**
	$ 130,214	$ –	$ –	**$ 130,214**

[1] Generally recognized over time
[2] Approximately 50% of revenues are recognized overtime and 50% at a point in time

UNSATISFIED PORTION OF PERFORMANCE OBLIGATIONS

The following table presents the revenues expected to be recognized in the future related to unsatisfied or partially satisfied performance obligations as at March 31, 2019. The table below excludes i) contracts with a duration of one year or less and ii) variable considerations, such as revenues based on a number of subscribers or location as they will likely vary throughout the term of the contracts.

The unsatisfied portion of the transaction price of the performance obligations relates to monthly services expected to be recognize over the next 3 years and thereafter.

	2020	**2021**	**2022**	**Thereafter**	**Total**
Subscriptions	$ 380	–	–	–	$ 380
Media solutions	11,471	6,689	2,449	876	21,485
	$ 11,851	6,689	2,449	876	$ 21,865

Unpon adoption of, and transition to, IFRS 15, the Corporation elected to utilize the following practical expedients and not disclose:

- The unsatisfied portions of performance obligations related to contracts with a duration of one year or less;
- The unsatisfied portions of performance obligations where the revenue recognized corresponds to the amount invoiced to customers.

7. OTHER INFORMATION

Expenses by nature are as follows:

	2019	**2018**
Salaries and other short-term employee benefits	$ 55,949	$ 34,688
Research and development	7,244	6,589
Equipment costs	5,849	6,618
Share-based compensation	1,093	1,325
PSU and DSU expenses	1,368	2,224

(In thousands of Canadian dollars, unless otherwise stated)

8. NET FINANCE EXPENSE (INCOME)

		2019		2018
Interest expense and standby fees	$	10,295	$	1,445
Mark-to-market losses on derivative financial instruments		2,998		–
Change in fair value of contingent consideration		534		2,480
Write-off of balance payable on business acquisition		(4,264)		–
Depreciation, amortization and accretion of other liabilities		1,886		713
Foreign exchange loss (gain)		849		(1,464)
	$	12,298	$	3,174

9. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES

		2019		2018
Acquisition	$	13,738	$	1,963
Legal		2,099		8,373
Restructuring and other		980		295
	$	16,817	$	10,631

10. INCOME TAXES

The income tax recovery consists of the following:

		2019		2018
Current income tax:				
Current year	$	4,956	$	1,905
Adjustment for prior years		(331)		(284)
		4,625		1,621
Deferred income tax:				
Origination and reversal of temporary differences		(8,635)		(254)
Adjustment for prior years		(242)		334
Change in recognized tax losses and deductible temporary differences		1,024		(1,714)
		(7,853)		(1,634)
Total income tax recovery	$	(3,228)	$	(13)

The following table reconciles income tax computed at the Canadian statutory rate of 26.7% (2018 – 26.8%) and the total income tax expense for the years ended March 31:

		2019		2018
Income before income taxes	$	(15,216)	$	2,283
Income tax at the combined Canadian statutory rate		(4,063)		612
(Decrease) increase resulting from:				
Impact of foreign tax rate differences		(1,798)		(873)
Income taxes on non-deductible expenses and non-taxable revenues		1,722		1,689
Change in recognized tax losses and deductible temporary differences		1,024		(1,714)
Other		(113)		273
Total income tax recovery	$	(3,228)	$	(13)

SIGNIFICANT ESTIMATE

Recorded income taxes and tax credits are subject to review and approval by tax authorities and therefore, final amounts could be different from the amounts recorded.

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

The tax effects of significant components of temporary differences that give rise to deferred tax assets and liabilities are as follows:

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	$ 1,117	$ 3,372	$ 1,184	$ –
Intangible assets and goodwill	302	65,684	716	8,017
Financing fees	2,708	–	1,523	–
Tax losses carried forward	11,424	–	11,416	–
Investments	–	1,973	–	1,897
CRTC tangible benefits	9,490	–	845	–
Restricted and performance share unit	1,308	–	1,127	–
Balance payable on business acquisitions	–	–	729	–
Accrued pension benefit liability	1,776	–	–	–
Others	1,233	80	256	88
Tax assets and liabilities	29,358	71,109	17,796	10,002
Offsetting of assets and liabilities	(18,686)	(18,686)	(4,846)	(4,846)
Net deferred tax assets and liabilities	$ 10,672	$ 52,423	$ 12,950	$ 5,156

Changes in deferred tax assets and liabilities for the year ended March 31, 2019 are as follow:

	Balance as at March 31, 2018	Recognized in net loss	Recognized in equity	Exchange rate change	Business acquisitions	**Balance as at March 31, 2019**
Property and equipment	$ 1,184	445	–	–	(3,884)	(2,255)
Intangible assets and goodwill	(7,301)	(6)	–	291	(58,366)	(65,382)
Financing fees	1,523	(595)	1,780	–	–	2,708
Tax losses carried forward	11,416	(672)	–	(534)	1,214	11,424
Investments	(1,897)	(76)	–	–	–	(1,973)
CRTC tangible benefits	845	8,645	–	–	–	9,490
Restricted and performance share unit	1,127	181	–	–	–	1,308
Balance payable on business acquisitions	729	(695)	–	(34)	–	–
Accrued pension benefit liability	–	(110)	62	–	1,824	1,776
Others	168	736	–	(11)	260	1,153
	$ 7,794	7,853	1,842	(288)	(58,952)	(41,751)

(In thousands of Canadian dollars, unless otherwise stated)

Changes in deferred tax assets and liabilities for the year ended March 31, 2018 are as follow:

		Balance as at March 31, 2017	Recognized in net income	Recognized in equity	Exchange rate change	Business acquisitions	Balance as at March 31, 2018
Property and equipment	$	392	792	–	–	–	1,184
Intangible assets and goodwill		(5,832)	1,362	–	(319)	(2,512)	(7,301)
Financing fees		1,554	(635)	604	–	–	1,523
Tax losses carried forward		10,644	23	–	749	–	11,416
Investments		(1,981)	84	–	–	–	(1,897)
CRTC tangible benefits		1,002	(157)	–	–	–	845
Restricted and performance share unit		835	292	–	–	–	1,127
Balance payable on business acquisitions		924	(268)	–	73	–	729
Others		(18)	141	–	45	–	168
	$	7,520	1,634	604	548	(2,512)	7,794

UNRECOGNIZED DEFERRED TAX ASSETS

The Corporation has operating tax losses carried forward of $92,964 that are available to reduce future taxable income. A tax benefit was not recognized for $32,637 of these tax losses carried forward. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can utilized the benefits therefrom.

As at March 31, 2019 and 2018, the amounts and expiry dates of the tax losses carried forward were as follows:

	2019				2018		
	Canada [1]	Singapore	Switzerland	United Kingdom	Singapore	Switzerland	United Kingdom
2019 [2]	$ –	$ –	$ –	$ –	$ –	$ 4,221	$ –
2020	–	–	4,984	–	–	5,096	–
2021	–	–	4,804	–	–	4,826	–
2022	–	–	3,445	–	–	3,461	–
2023	–	–	2,045	–	–	2,055	–
2027	25	–	–	–	–	–	–
2032	355	–	–	–	–	–	–
2034	589	–	–	–	–	–	–
2036	51	–	–	–	–	–	–
2037	432	–	–	–	–	–	–
2038	3,416	–	–	–	–	–	–
2039	8,703	–	–	–	–	–	–
Indefinite	–	484	–	63,631	383	–	76,003
	$ 13,571	$ 484	$ 15,278	$ 63,631	$ 383	$ 19,659	$ 76,003

[1] Represents tax losses carried forward as per federal jurisdiction and tax losses available as per provincial jurisdictions may differ.

[2] These losses expired during the year ended March 31, 2019.

UNRECOGNIZED DEFERRED TAX LIABILITIES

The Corporation has not recognized a deferred tax liability for the undistributed earnings of its subsidiaries in the current and prior years because the Corporation does not currently expect those undistributed earnings to reverse and become taxable in the foreseeable future. A deferred income tax liability will be recognized when the Corporation expects that it will recover those undistributed earnings in a taxable manner, such as the sale of the investment or through the receipt of dividends.

(In thousands of Canadian dollars, unless otherwise stated)

11. EARNINGS PER SHARE

	2019	2018
Net income (loss)	$ (11,988)	$ 2,296
Basic weighted average number of subordinate voting shares, variable subordinate voting shares and multiple voting shares	64,709,965	53,455,073
Dilutive effect of stock options	–	625,111
Diluted weighted average number of subordinated voting shares, variable subordinated voting shares and multiple voting shares	64,709,965	54,080,184
Earnings per share – Basic	$ (0.19)	$ 0.04
Earnings per share – Diluted	$ (0.19)	$ 0.04

As at March 31, 2019, 801,855 stock options were excluded from the diluted weighted average number of subordinated voting shares, variable subordinated voting shares and multiple voting shares as their effect would have been anti-dilutive.

12. TRADE AND OTHER RECEIVABLES

	2019	2018
Trade	$ 62,833	$ 31,335
Other receivables	3,858	1,929
Sales taxes receivable	863	1,570
Research and development tax credits	1,307	610
	$ 68,861	$ 35,444

Tax credits receivable of $1,307 (2018 - $610) comprise research and development tax credits receivable from the provincial and federal governments which relate to qualified research and development expenditures under the applicable tax laws. The amounts recorded as receivables are subject to a government tax audit and the final amounts received may differ from those recorded.

(In thousands of Canadian dollars, unless otherwise stated)

13. PROPERTY AND EQUIPMENT

	Land, buildings and leasehold improvements	Broadcasting infrastructure	Furniture, fixtures and equipment	Computer hardware	Other	Total
Cost:						
Balance at March 31, 2017	$ 1,382	$ –	$ 8,090	$ 5,990	$ –	$ 15,462
Additions	562	–	5,879	2,213	–	8,654
Additions through business acquisitions	18	–	33	133	–	184
Disposals and write-off	–	–	(184)	(3)	–	(187)
Foreign exchange differences	1	–	14	109	–	124
Balance at March 31, 2018	1,963	–	13,832	8,442	–	24,237
Additions	1,330	466	4,905	2,516	–	9,217
Additions through business acquisitions	23,286	15,504	6,266	2,890	1,801	49,747
Disposals and write-off	(11,177)	–	(1,166)	(6)	–	(12,349)
Foreign exchange differences	–	–	(135)	(114)	–	(249)
Balance at March 31, 2019	15,402	15,970	23,702	13,728	1,801	70,603
Accumulated depreciation:						
Balance at March 31, 2017	1,060	–	4,630	4,436	–	10,126
Depreciation for the year	273	–	1,322	1,370	–	2,965
Disposals and write-off	–	–	(86)	(4)	–	(90)
Foreign exchange differences	1	–	25	75	–	101
Balance at March 31, 2018	1,334	–	5,891	5,877	–	13,102
Depreciation for the year	1,050	715	3,451	2,051	188	7,455
Disposals and write-off	–	–	(252)	–	–	(252)
Foreign exchange differences	3	–	52	(83)	–	(28)
Balance at March 31, 2019	$ 2,387	$ 715	$ 9,142	7,845	$ 188	$ 20,277
Net carrying amounts:						
March 31, 2018	$ 629	$ –	$ 7,941	2,565	$ –	$ 11,135
March 31, 2019	$ 13,015	$ 15,255	$ 14,560	5,883	$ 1,613	$ 50,326

On December 28, 2018, the Corporation disposed of non-core assets, acquired as part of the NCC acquisition *(note 4)*, for total proceeds of $11,500. No gain or loss was recorded in the consolidated statement of comprehensive income.

(In thousands of Canadian dollars, unless otherwise stated)

14. INTANGIBLE ASSETS, EXCLUDING BROADCAST LICENCES

	Internally developed intangible assets	Music catalog	Client list and relationships	Trademark	Licences, website application and computer software	Non-compete agreement	Total
Cost:							
Balance at March 31, 2017	$ –	$ 10,393	$ 92,780	$ 7,228	$ 9,519	$ 5,221	$ 125,141
Additions	1,975	625	–	17	1,421	–	4,038
Additions through business acquisitions	–	205	5,416	2,913	8,281	1,088	17,903
Foreign exchange differences	–	20	1,089	360	214	179	1,862
Balance at March 31, 2018	1,975	11,243	99,285	10,518	19,435	6,488	148,944
Additions	6,223	469	–	2	3,522	–	10,216
Additions through business acquisitions	555	–	13,140	–	63	2,020	15,778
Additions through asset acquisition	–	–	–	–	–	9,100	9,100
Disposals and write-off	–	–	–	–	(2,538)	–	(2,538)
Foreign exchange differences	6	(10)	(789)	(256)	(266)	(103)	(1,418)
Balance at March 31, 2019	8,759	11,702	111,636	10,264	20,216	17,505	180,082
Accumulated depreciation:							
Balance at March 31, 2017	–	4,150	61,117	1,529	5,880	2,946	75,622
Amortization for the year	–	869	12,070	1,102	3,048	1,136	18,225
Foreign exchange differences	–	9	518	82	83	50	742
Balance at March 31, 2018	–	5,028	73,705	2,713	9,011	4,132	94,589
Amortization for the year	1,286	891	11,021	1,050	5,809	3,373	23,430
Disposals and write-off	–	–	–	–	(2,538)	–	(2,538)
Foreign exchange differences	14	2	(450)	(57)	(2)	(17)	(510)
Balance at March 31, 2019	$ 1,300	$ 5,921	$ 84,276	$ 3,706	$ 12,280	$ 7,488	$ 114,971
Net carrying amounts:							
March 31, 2018	$ 1,975	$ 6,215	$ 25,580	$ 7,805	$ 10,424	$ 2,356	$ 54,355
March 31, 2019	$ 7,459	$ 5,781	$ 27,360	$ 6,558	$ 7,936	$ 10,017	$ 65,111

15. GOODWILL AND BROADCAST LICENCES

	Goodwill	Broadcast licences
Balance at March 31, 2017	$ 68,725	$ –
Additions through business acquisitions	27,577	–
Foreign exchange differences	2,165	–
Balance at March 31, 2018	98,467	–
Additions through business acquisitions *(note 4)*	235,008	270,555
Foreign exchange differences	(1,343)	–
Balance at March 31, 2019	$ 332,132	$ 270,555

(In thousands of Canadian dollars, unless otherwise stated)

ANNUAL IMPAIRMENT ASSESSMENTS

Goodwill and broadcast licences are tested for impairment annually and when circumstances indicate the carrying value may be impaired. The Corporation's impairment test for goodwill and broadcast licences having indefinite useful lives was based on value-in-use ("VIU") and fair value less cost to sell ("FVLCS") calculations determined by using a discounted cash flow model. As VIU and FVLCS of cash generating units ("CGUs") is determined with significant unobservable inputs, it is considered level 3 within the fair value hierarchy.

CASH-GENERATING UNITS

For the purposes of assessing impairment, goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

Broadcast licences are grouped at the CGU level, which is the lowest level for which there are largely independent cash inflows. For broadcast licence impairment testing purposes, the Company has identified 14 CGUs, based on geographical areas where interdependent cash inflows exist. Impairment charges and reversals, if any, are included as a separate line on the consolidated statements of income.

The carrying amounts of goodwill and broadcast licences allocated to each CGU and/or group of CGUs are set out in the following tables:

		2019		2018
Goodwill				
Radio	$	219,238	$	–
Broadcast and commercial music		112,894		98,467
	$	332,132	$	98,467
Broadcast licences				
Toronto	$	90,040	$	–
Ottawa		48,420		–
Other[1]		132,095		–
	$	270,555	$	–

[1] The carrying value of broadcast licences in each of the other CGUs is less than 10% of the total carrying value of broadcast licences. Consequently, these other CGUs are grouped together for the purpose of note disclosure.

RADIO GOODWILL AND BROADCAST LICENCES IMPAIRMENT ASSESSMENTS

The recoverable amounts of the CGUs have been determined based on their VIU. The recoverable values have been determined to be higher than the carrying amounts. As a result, no impairment was recorded.

The VIUs were calculated using unobservable (Level 3) inputs such as cash flow projections from financial budgets approved by the Board of Directors covering a five-year period. Growth rates used over the five-year budget period are based on management's estimates of performance, which is established by considering historical growth rates achieved as well as anticipated improvements. The growth rates depend also on whether the CGU includes mature market stations versus start-up or evolving stations. Management assesses how the CGU's market position, relative to its competitors, might change over the budget period. For most CGUs, the average growth rates used in the five-year budget period ranged between (1.4)% and 2.1%.

Cash flows beyond the five-year period were extrapolated using a 0% growth rate, which is based on the Corporation's estimate of future performance for this mature industry. Management expects the Corporation's share of the market to be

stable over the long-term budget period, despite that changes in rating results could affect local market shares and relating growth rates.

The pre-tax discount rates applied to cash flow projections, which were derived from the Corporation's weighted average cost of capital ("WACC"), ranged from 8.5% to 9.7% as at the date of the assessment. The discount rate calculation is based on the specific circumstances of the Corporation and its CGUs and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Corporation's investors. The cost of debt is based on the interest-bearing borrowings the Corporation is obliged to service. CGU-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

The possibility of new market entrants can have an impact on growth rate assumptions, as can adverse ratings results, which would impact market share. However, management does not believe these would have a significant adverse effect on the forecasts included in the budget and management's conclusions on impairment would not be materially different as a result. The determination of VIU is sensitive to the discount rates used and therefore management's conclusions on impairment could be materially different if the assumptions used to determine the discount rates changed.

A quantitative sensitivity analysis of the significant assumptions for the impairment test is presented below, showing the impact of a 50 basis point change in each of the assumptions listed:

	Goodwill impairment charge - Radio	Broadcast licences impairment charge
Assumption change		
Increase in pre-tax discount rate	$ 11,000	$ –
Decrease in growth rate during five-year budget period	–	–
Decrease in terminal growth rate	4,000	–

BROADCAST AND COMMERCIAL MUSIC GOODWILL IMPAIRMENT ASSESSMENT

The recoverable amount of the CGU has been determined based on its FVLCS. The recoverable value has been determined to be higher than the carrying amount. As a result, no impairment was recorded.

The FVLCS was calculated using unobservable (Level 3) inputs such as revenues and EBITDA margins from financial budgets approved by the Board of Directors covering a five-year period. The EBITDA is defined as net income before net finance costs, change in fair value of investments, income taxes, depreciation and amortization. The Corporation considered past experience, economic trends as well as industry and market trends in assessing the level of revenues and EBITDA that can be maintained in the future and derived cash flow projections from these assumptions.

A growth rate of 2% per year was used to estimate revenues in the five-year period and cash flows beyond the five-year period were extrapolated using a 2% growth rate, which is based on the Corporation's estimate of future performance for this industry.

The Corporation also applied a pre-tax discount rate of 9.0% to cash flow projections, which represents WACC as at the date of the assessment. Refer to the section above for more information on discount rates calculation.

By their nature, these estimates and assumptions are subject to measurement uncertainty, and consequently, actual results could differ from estimates used. However, it has been determined that there is no reasonable change in assumptions that would cause the carrying amount to exceed the estimated recoverable amount.

(In thousands of Canadian dollars, unless otherwise stated)

16. INVESTMENTS

The table below provides a continuity of investments, investment in a joint venture and investment in an associate:

	Investments	Investment in a joint venture	Investment in an associate	Total
Balance at March 31, 2017	$ 17,351	$ 738	$ –	$ 18,089
Addition	–		1,106	1,106
Proceeds from disposal of an investment	(1,218)	–	–	(1,218)
Share of results of joint venture	–	96	–	96
Foreign exchange differences	(600)	–	–	(600)
Balance at March 31, 2018	15,533	834	1,106	17,473
Additions	900	–	–	900
Share of results of joint venture	–	(200)	–	(200)
Foreign exchange differences	565	–	–	565
Balance at March 31, 2019	$ 16,998	$ 634	$ 1,106	$ 18,738

INVESTMENTS

As at March 31, 2019, the Corporation has two equity instruments in private entities: AppDirect and Nextologies. Fair value as at March 31, 2019 were $16,098 (2018 – $15,033) and $900 (2018 – nil), respectively. Both equity instruments are classified as financial asset at fair value through profit and loss.

There was no change in the fair value of investment in AppDirect as there was no external equity financing transactions or no other indicators of significant changes that could affect the fair value of the investment.

As at March 31, 2017, the Corporation had an investment in a convertible note of a private entity amounted to US$1,000 ($1,330 as at March 31, 2017), which was entirely settled during the year ended March 31, 2018. A foreign exchange loss of $112 was recognized in net finance expense (income).

SIGNIFICANT ESTIMATE

The fair value of investments that are not traded in an active market is determined using valuation techniques. The Corporation uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting year. For details on the key assumptions used and the impact of changes to these assumptions see *note 27*.

INVESTMENT IN AN ASSOCIATE

The investment in an associate consist of a 40% interest in Business Transportation Services Limited Partnership, a partnership formed to own and operate one or more airplanes for the benefit of the limited partners and third parties. The associate had no capital commitments as at March 31, 2019 and 2018.

(In thousands of Canadian dollars, unless otherwise stated)

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade	$ 13,334	$ 7,908
Accrued liabilities	46,748	26,297
Sales taxes payable	2,282	994
	$ 62,364	$ 35,199

18. CREDIT FACILITY

On August 21, 2018, effective October 26, 2018, the Corporation amended its existing $100,000 credit facility (the "Credit facility") by increasing the authorized amount up to $450,000 and extending the maturity to October 26, 2021 to finance the acquisition of NCC. The Credit facility consists of a revolving credit facility (the "revolving facility") for an authorized amount up to $300,000 and a non-revolving term facility (the "term facility") in the amount of $150,000.

The Credit facility may be drawn in Canadian dollars in the form of prime rate loan or banker's acceptances, in US dollars in the form of US base rate loans or LIBOR loans, or in Euro and British Pound in the form of LIBOR loans and in Australian dollars in the form of BBSY loans.

The Credit facility bears interest at (a) the bank's prime rate plus an applicable margin based on a financial covenant or (b) the banker's acceptance rate plus an applicable margin based on a financial covenant (5.325% as at March 31, 2019). In addition, the Corporation incurs standby fees, varying between 0.28% and 0.60% (0.48% as at March 31, 2019), based on a financial covenant, on the unused portion of the Credit facility. The Credit facility is secured by guarantees from subsidiaries and first ranking lien on universality of all assets, tangible and intangibles, present and future.

The table below is a summary of the Credit facility at March 31, 2019:

	Total available	Drawn	Letters of credit	Net available
Committed credit facilities				
Revolving facility	$ 300,000	$ 168,964	$ 1,050	$ 129,986
Term facility	150,000	146,250	–	–
Total committed credit facilities	$ 450,000	$ 315,214	$ 1,050	$ 129,986
Less: unamortized deferred financing fees		(2,259)		
Balance, end of year		312,955		
Current portion		$ 14,086		
Non-current portion		$ 298,869		

As a result of the of the amendment, financing fees of $2,633 were incurred and recorded against Credit facility and are amortized over its duration of 3 years. The unamortized deferred financing fees amounted to $2,259 as at March 31, 2019.

As at March 31, 2019, letters of credit amounting to $1,050 reduced the availability on the revolving facility.

As at March 31, 2018, credit facility amounted to $38,627 and was entirely presented in non-current liabilities.

Starting March 31, 2019, the Corporation is required to make consecutive quarterly capital repayments of 2.50% of the drawdown amount of its term facility. Additionally, the Corporation must make an annual capital repayment, equivalent to 50% of the excess cash flow, defined in the credit facility agreement, if a certain financial covenant target is not met. The remaining capital balance will be payable on maturity date. Minimum capital repayments to be made by the Corporation on the term facility in the forthcoming years are as follows:

	Capital repayments
2020	14,086
2021	12,729
2022	119,435
	146,250

As at March 31, 2019, the Corporation was in compliance with all the requirements of its credit agreement.

19. SUBORDINATED DEBT

On July 11, 2018, effective October 26, 2018, the Corporation entered into a loan agreement in the amount of $50,000. The loan is unsecured and bears interest at an annual rate varying between 6.35% and 6.95% based on a financial covenant (6.95% as at March 31, 2019). The loan matures on October 26, 2023 and is entirely payable on maturity date.

Financing fees of $505 were incurred and recorded against subordinated debt and are amortized over its duration of 5 years. Unamortized deferred financing fees amounted to $461 as at March 31, 2019.

20. OTHER LIABILITIES

		2019		**2018**
CRTC tangible benefits	$	31,797	$	3,170
Contingent consideration		12,430		15,596
Balance payable on business acquisitions		3,359		9,321
Accrued pension benefit liability *(note 21)*		6,673		–
Derivative financial instruments *(note 27)*		2,998		–
Other		2,512		–
		59,769		28,087
Current portion		(16,186)		(13,212)
	$	43,583	$	14,875

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION (CRTC) TANGIBLE BENEFITS

On October 23, 2018, the CRTC approved the change in ownership and effective control of NCC, a subsidiary of the Corporation since October 26, 2018. Pursuant to the decision, the CRTC requires the Corporation to pay tangible benefits corresponding to an amount of $30,963 over a seven-year period in equal annual payments. The Corporation recognized an expense of $25,306, which reflects the fair value of the payment stream using a discount rate of 5.70%, which is the Corporation's effective interest rate plus a risk premium for a similar financial instrument.

SIGNIFICANT ESTIMATE – CONTINGENT CONSIDERATION

In the event that certain predetermined sales volumes, specific contract renewals and other conditions are achieved by the acquired companies, additional consideration may be payable in the future.

The fair value of the contingent consideration of $12,430 was estimated by calculating the present value of the future expected outflows. For details of the key assumptions used and the impact of changes to these assumptions, see *note 27*. The estimates are based on discounts rates ranging from 11% to 26%. During the year ended March 31, 2019, the Corporation reassessed certain contingent consideration, as the actual sales revenues expected to be achieved by the acquired companies were either above or below the maximum threshold, contingent services to be received are not expected to be received in the future for one acquired company, and because of contractual rights to offset an amount against a claim made by the Corporation to sellers of an acquired company.

21. EMPLOYEE BENEFIT PLANS

The Corporation maintains a defined contribution pension plan and defined benefit pension plans.

DEFINED CONTRIBUTION PENSION PLAN

The defined contribution pension plan covers the majority of the Corporation's employees. The Corporation's contributions to the defined contribution pension plan are based on percentages of gross salaries and totalled $711.

DEFINED BENEFIT PENSION PLANS

The Corporation maintains a defined benefit pension plan (the "Basic Plan") for a small group of the Corporation's former employees, which is not accepting new entrants at this time. The Basic Plan provides pension benefits based on the length of service and the last five years of average earnings of each member.

The Basic Plan meets the definition of a designated plan under the Income Tax Act (Canada). The most recent funding actuarial valuation for the Basic Plan was as of March 31, 2019.

In addition, the Corporation has two individual Supplementary Retirement Pension Arrangements ("SRPAs"), which each provide pension benefits to a retired executive. These SRPAs provide benefits above the Income Tax Act (Canada) limit. These plans are not funded and are paid from the Corporation's operations.

The Corporation measures its accrued benefit obligations and fair value of plan assets for accounting purposes as of March 31 of each year. The obligation as at March 31, 2019 and the 2020 current service cost of the Plans are determined based on membership data as at March 31, 2019.

Items related to the Corporation's defined benefit pension plans are presented as follows in the consolidated financial statements:

		2019		2018
Consolidated statements of financial position				
Accrued pension benefit liability, included in other liabilities *(note 20)*	$	(6,673)	$	–
Accrued pension benefit asset, included in other non-current assets		370		–
Net accrued pension liability	$	(6,303)	$	–
Consolidated statements of comprehensive income				
Pension benefit expense, included in net finance expense (income)	$	116	$	–
Other comprehensive gains and accumulated other comprehensive losses				
Actuarial losses recognized in other comprehensive income	$	182	$	–
Cumulative actuarial losses recognized in other comprehensive income	$	182	$	–

(In thousands of Canadian dollars, unless otherwise stated)

The following summarizes the movements in the defined benefit pension plan balances:

		2019			2018	
		Basic Plan	SRPAs		Basic Plan	SRPAs
Accrued benefit obligations						
Balance, beginning of year	$	–	–	$	–	–
Assumed through business acquisition		6,576	6,744		–	–
Current service cost		12	–		–	–
Interest cost		88	96		–	–
Benefits paid		(2,040)	(322)		–	–
Actuarial losses (gains):						
Impact of changes in financial assumptions		242	155		–	–
Impact of changes in experience adjustments		(6)	–		–	–
Balance, end of year	$	4,872	6,673	$	–	–
Plan assets						
Fair value, beginning of year	$	–	–	$	–	–
Acquired through business acquisition		6,993	–		–	–
Interest income		94	–		–	–
Actuarial gains:						
Return on plan assets, excluding interest income		209	–		–	–
Administrative expenses		(14)	–		–	–
Employee contributions		–	–		–	–
Benefits paid		(2,040)	–		–	–
Fair value, end of year	$	5,242	–	$	–	–
Net accrued pension asset (liability)	$	370	(6,673)	$	–	–

The Corporation determined that there was no limit on the defined benefit asset (asset ceiling) because the Corporation has unimpaired rights to the surplus in the Basic Plan and it has the right to take contribution holidays when available.

Employer contributions to the SRPAs are estimated to be $786 in 2020.

Pension benefit expense recognized in the consolidated statements of comprehensive income (loss) as net finance expenses (income) is as follows:

	2019		2018	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Current service costs, net of employee contributions	12	–	–	–
Interest cost	88	96	–	–
Interest income on plan assets	(94)	–	–	–
Administrative expenses	14	–	–	–
Defined benefit plan expense	20	96	–	–

Actuarial gains and losses recognized in other comprehensive income are as follows:

		2019				2018		
		Basic Plan	SRPAs	**Total**		Basic Plan	SRPAs	**Total**
Cumulative actuarial losses, beginning of year	$	–	–	**–**	$	–	–	**–**
Recognized actuarial losses during the year		27	155	**182**		–	–	**–**
Cumulative actuarial losses, end of year	$	27	155	**182**	$	–	–	**–**

The principal actuarial assumptions were as follows:

	2019		2018	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Discount rate for the accrued net benefit obligation	3.1%	3.1%	–	–
Future pension increases	1.4%	0.1%	–	–

As at March 31, 2019 and based on an actuarial review, the net remeasurement loss recorded in other comprehensive income of $182 was primarily reflective of a decrease in the estimated discount rate for both plans, partially offset by an actuarial gain on plan assets.

Plan assets for the Basic Plan consist of:

	2019	2018
Equity funds	65%	–
Fixed income funds	35%	–
	100%	–

The pension plan has no direct investments in the Corporation nor any of its affiliates. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in equities, although there is a good portion also invested in bonds and other highly liquid assets. All assets are invested in funds where the underlying securities have quoted market prices in an active market. The Corporation believes that equities offer the best returns over the long-term with an acceptable level of risk.

Since the benefit payments are adjusted to the Consumer Price Index, the pension plan is exposed to inflation. It is also exposed to interest rate risks and changes in life expectancy of pensioners. A large portion of the plan assets consist of equity securities, which are exposed to equity market risk.

SIGNIFICANT ESTIMATE

The cost of defined benefit pension plans and the present value of the net pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, mortality rates and future salary and pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the net pension obligation is highly sensitive to changes in these assumptions. Management engages the services of external actuaries to assist in the determination of the appropriate discount rate. Management, with the assistance of actuaries, determines the applicable discount rates using the interest rates on high quality corporate bonds that have terms to maturity approximating the terms related to the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Changes in assumptions of all plans would have resulted in an increase (decrease) in the net defined benefit obligation as presented below:

	Change in assumption	
	Increase	Decrease
Discount rate – change of 0.5%	(457)	495
Future pension costs – change of 1.0%	697	(194)
Life expectancy – change by 1 year	798	(800)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.4 years.

(In thousands of Canadian dollars, unless otherwise stated)

22. SHARE CAPITAL

Authorized:

Unlimited number of subordinate voting shares, participating, without par value

Unlimited number of variable subordinate voting shares, participating, without par value

Unlimited number of multiple voting shares (10 votes per share), participating, without par value

Unlimited number of special shares, participating, without par value

Unlimited number of preferred shares issuable in one or more series, non-participating, without par value

Issued and outstanding:

The movements in share capital were as follows:

	Number of shares		Carrying amount
Year ended March 31, 2018			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2017	35,032,081	$	101,584
Bought deal and exercise of over-allotment option	4,900,200		45,082
Exercise of stock options	85,198		301
Purchased and held in trust through employee share purchase plan	(6,011)		(60)
Share issuance costs, net of income taxes of $604	–		(1,669)
As at March 31, 2018	40,011,468	$	145,238
Multiple voting shares			
As at March 31, 2018 and 2017	16,294,285	$	1,116
	56,305,753	$	146,354
Year ended March 31, 2019			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2018	40,011,468	$	145,238
Conversion of subscription receipts issued through a bought deal offering	7,981,000		83,002
Conversion of subscription receipts issued through a private placement	3,846,100		39,999
Equity element of NCC purchase price	3,887,826		30,558
Private placement	2,429,544		25,000
Exercise of stock options	147,500		618
Purchased and held in trust through employee share purchase plan	(7,033)		(28)
Share issuance costs, net of income taxes of $1,780	–		(4,899)
As at March 31, 2019	58,296,405	$	319,488
Multiple voting shares			
As at March 31, 2018	16,294,285		1,116
Conversion of subscription receipts issued upon exercise of subscription rights	1,452,850		15,110
Issuance	194,363		2,000
As at March 31, 2019	17,941,498		18,226
	76,237,903	$	337,714

To comply with the Broadcasting Act and the regulations and directions promulgated thereunder from time to time, which permit non-Canadians (as defined in the Direction to the CRTC (Ineligibility of Non-Canadians) (SOR/97-192)) to own and control, directly or indirectly, up to 20% of the voting shares and 20% of the votes of an operating licensee that is a corporation, such as the Corporation, the Corporation has imposed restrictions respecting the issuance, transfer and, if applicable, voting of the Corporation's shares. Restrictions include limitations over foreign ownership of the issued and outstanding voting shares.

TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2019

During the year, 147,500 stock options were exercised and consequently, the Corporation issued 147,500 subordinate voting shares. The proceeds amounted to $339. An amount of $279 of contributed surplus related to those stock options was transferred to the subordinate voting shares' account balance.

On March 27, 2019, the Corporation declared a dividend of $0.065 per subordinate voting share, variable subordinate voting share and multiple voting share, totalling $4,956 that will be payable on or around June 15, 2019. The dividend payable is accrued in the consolidated statement of financial position as at March 31, 2019.

On February 6, 2019, the Corporation declared a dividend of $0.065 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $4,956 was paid on March 15, 2019.

On November 13, 2018, the Corporation completed a private placement with Irving West and issued from treasury 2,429,544 subordinate voting shares at a price of $10.29 per subordinate voting shares for total gross proceeds of $25,000.

On November 7, 2018, the Corporation declared a dividend of $0.06 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $4,571 was paid on December 14, 2018.

On October 26, 2018, concurrently with the closing of the acquisition of NCC *(note 4)*, the holders of the outstanding subscription receipts exercised their conversion rights and consequently the Corporation issued 11,827,100 subordinate voting shares and 1,452,850 multiple voting shares for total gross proceeds of $138,111 and net proceeds of $133,191. Additionally, the Corporation issued from treasury 3,887,826 subordinate voting shares at a price of $7.86 per subordinate voting shares to finance the equity portion of the purchase price, equivalent to $30,558. On the same day, the Corporation also issued 194,363 multiple voting shares at a price of $10.29 per multiple voting shares for gross proceeds of $2,000.

On August 7, 2018, the Corporation declared a dividend of $0.06 per subordinate voting share, variable subordinate voting share, multiple voting share and subscription receipts. The dividend of $4,179 was paid on September 14, 2018, of which an amount of $797 was paid with restricted cash.

On June 15, 2018, the Corporation paid a dividend of $3,097. The dividend was declared on March 29, 2018 and therefore accrued in the consolidated statement of financial position as at March 31, 2018.

TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2018

During the year, 85,198 stock options were exercised and consequently, the Corporation issued 85,198 subordinate voting shares. The proceeds amounted to $168. An amount of $133 of contributed surplus related to those stock options was transferred to the subordinate voting shares' account balance.

On March 29, 2018, the Corporation declared a dividend of $0.055 per subordinate voting share, variable subordinate voting share and multiple voting share, totaling $3,097 that will be payable on or around June 15, 2018 to holders of subordinate voting share, variable subordinate voting share and multiple voting share on record as of May 31, 2018.

On October 24, 2017, the Corporation completed a bought deal offering of an aggregate 4,348,000 subordinate voting shares and variable subordinate voting shares of the Corporation at a price of $9.20 per share for gross proceeds of

(In thousands of Canadian dollars, unless otherwise stated)

$40,002 and net proceeds of $38,402. On November 7, 2017 the underwriters exercised part of their over-allotment option and bought an additional 552,200 subordinate voting shares at a price of $9.20 for gross proceeds of $5,080 and net proceeds of $4,877.

Share issuance costs for both issuances amounted to $2,273 which have been recognized as a reduction of share capital net of income taxes of $604.

On February 7, 2018, the Corporation declared a dividend of $0.055 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $3,096 was paid on March 15, 2018.

On November 8, 2017, the Corporation declared a dividend of $0.05 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $2,814 was paid on December 15, 2017.

On August 1, 2017, the Corporation declared a dividend of $0.05 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $2,567 was paid on September 15, 2017.

On April 28, 2017, the Corporation declared a dividend of $0.045 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $2,310 was paid on June 15, 2017.

23. SUPPLEMENTAL CASH FLOW INFORMATION

		2019		2018
Trade and other receivables	$	1,319	$	(6,289)
Inventories		304		(551)
Other current assets		(2,166)		(1,928)
Other non-current assets		300		–
Accounts payable and accrued liabilities		(10,779)		(861)
Deferred revenues		(1,401)		413
Income taxes payable		(612)		(1,187)
Other payables		8,976		(1,724)
	$	(4,059)	$	(12,127)

Additions to property and equipment and intangible assets, excluding broadcast licences not affecting cash and cash equivalents amounted to $1,594 (2018 – $899) and $381 (2018 – $159), respectively, during the year ended March 31, 2019.

24. SHARE-BASED COMPENSATION:

STOCK OPTIONS PLAN

The Corporation has a stock option plan to attract and retain employees, directors, officers and consultants. The plan provides for the granting of options to purchase subordinate voting shares. Under this plan,10% of all multiple voting shares, subordinate voting shares and variable subordinate voting shares issued and outstanding on a non-diluted basis is reserved for issuance. The terms and conditions for acquiring and exercising options are set by the Board of Directors. Unless otherwise determined by the Board of Directors, each option shall expire at the latest on the tenth anniversary of the grant date. The total number of shares issued to a single person cannot exceed 10% of the Corporation's total issued and outstanding common shares on a fully diluted basis.

Under the stock option plan, 2,104,100 stock options were outstanding as at March 31, 2019. Outstanding options are subject to employee service vesting criteria which range from nil to four years of service.

(In thousands of Canadian dollars, unless otherwise stated)

The following summarizes the changes in the plan's position for the years ended March 31, 2019 and 2018:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	1,965,227	$ 5.99	1,397,185	$ 4.93
Granted	567,146	8.56	682,429	7.66
Exercised *(note 22)*	(147,500)	2.30	(85,198)	1.98
Forfeited	(280,773)	7.91	(29,189)	6.11
Options outstanding, end of year	2,104,100	6.52	1,965,227	5.99
Exercisable options, end of year	985,950	$ 5.30	789,051	$ 3.95

The following is a summary of the information on the outstanding stock options as at March 31, 2019 and 2018:

		Outstanding options	Exercisable options
Exercise price	Number of options outstanding	Weighted average outstanding contractual life outstanding (years)	Number
March 31, 2019			
$ 0.46	45,000	3.18	45,000
1.46	25,000	4.63	25,000
2.26	245,731	5.69	245,731
6.25	362,880	6.12	297,160
7.00	100,000	6.36	75,000
7.27	327,631	8.21	163,816
7.62	482,850	8.23	120,713
7.92	43,698	9.61	–
8.61	433,746	9.20	–
8.89	21,008	8.42	5,252
9.00	16,556	7.90	8,278
$ 6.52	2,104,100	7.40	985,950
March 31, 2018			
$ 0.46	130,000	4.18	130,000
1.46	25,000	5.63	25,000
2.26	270,731	6.69	270,731
6.25	387,880	7.12	214,773
7.00	125,000	7.36	62,500
7.27	327,631	8.21	81,908
7.62	661,421	9.23	–
8.89	21,008	9.42	–
9.00	16,556	8.90	4,139
$ 5.99	1,965,227	7.69	789,051

The weighted average fair value of the stock options granted during the year ended March 31, 2019 was $1.91 per stock option (2018 – $1.64). This fair value was estimated at the date on which the options were granted by using the Black-Scholes option pricing model with the following assumptions:

	2019	2018
Weighted average volatility	30%	30%
Weighted average risk-free interest rate	2.14% – 2.46%	1.12% – 1.51%
Weighted average expected life of options	5 years	5 years
Weighted average value of the subordinate voting share at grant date	$7.92 – $8.61	$7.62 – $8.89
Weighted average expected dividend rate	2.56% – 2.78%	2.25% – 2.37%

The weighted average volatility used is calculated based on a combination of comparable publicly-traded companies and the Corporation's historical volatility.

Total share-based compensation costs recognized under this stock option plan amount to $1,072 for the year ended March 31, 2019 (2018 – $1,126).

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2019 was $7.64 (2018 – $8.75).

EMPLOYEE SHARE PURCHASE PLAN

The Corporation has an employee share purchase plan ("ESPP") to attract and retain employees. Under this plan, eligible employees, including certain key management personnel, are permitted to contribute up to a maximum of 6% of their eligible earnings to purchase the Corporation's subordinate voting shares and variable subordinate voting shares. Subject to certain conditions, the Corporation will match a percentage of the employee's contributions up to a maximum of 2% of the employee's eligible earnings and the shares purchased with the Corporation's contributions become vested on January 31st of the following year. All contributions are used by the plan's trustee to purchase subordinate voting shares and variable subordinate voting shares in the open market, on behalf of employees.

The following summarizes the changes in the plan's position for the year ended March 31, 2019 and 2018:

	2019		2018	
	Number of units	Amount	Number of units	Amount
Unvested contributions, beginning of year	6,011	$ 60	–	$ –
Contributions	25,890	199	7,816	77
Dividend credited	534	7	34	–
Vested	(19,391)	(178)	(1,839)	(17)
Unvested contributions, end of year	13,044	$ 88	6,011	$ 60

The weighted average fair value of the shares contributed during the year ended March 31, 2019 was $7.80 (2018 – $9.87).

Total share-based compensation costs recognized under the ESPP amount to $140 for the year ended March 31, 2019 (2018 – $80).

(In thousands of Canadian dollars, unless otherwise stated)

RESTRICTED SHARE UNIT PLAN

The following summarizes the changes in the plan's position for the years ended March 31, 2019 and 2018:

	2019			2018		
	Number of units		Amount	Number of units		Amount
Balance, beginning of year	59,712	$	680	197,448	$	1,468
Granted	–		–	1,319		–
Revision of estimates	–		–	–		444
Liabilities settled	(59,712)		(680)	(136,581)		(1,218)
Forfeited	–		–	(2,474)		(14)
Balance, end of year	–	$	–	59,712	$	680
Balance, vested	–		–	–		–

Liabilities related to the restricted share unit plan were fully settled during the year ended March 31, 2019. This plan is no longer active and was replaced with the performance share unit plan.

PERFORMANCE SHARE UNIT PLAN

The Corporation has a performance unit plan (PSU) that can be granted to directors, officers, executives and employees as part of their long-term compensation package, which is expected to be settled in cash. The value of the payout is determined by multiplying the number of PSU vested at the payout date by the volume weighted average price of the Corporation's shares on the last five trading days immediately preceding the vesting date. The fair value of the payout is determined at each reporting date based on the fair value of the Company's shares at the reporting date. The fair value is amortized over the vesting period, being three years.

During the year ended March 31, 2019, 528,440 PSU (2018 – 166,287) were granted at a range of $6.35 to $9.20 (2018 – $7.57 to $10.04) per unit to executives and employees and no outstanding PSU were vested. As at March 31, 2019, the fair value per unit was $7.31 (2018 – $10.36) for a total amount of $2,612 (2018 – $1,244) and was presented in accrued liabilities on the consolidated statements of financial position.

The following summarizes the changes in the plan's position for the years ended March 31, 2019 and 2018:

	2019			2018		
	Number of units		Amount	Number of units		Amount
Balance, beginning of year	284,480	$	1,244	131,781	$	361
Granted	528,440		–	166,287		–
Expense and revision of estimates	–		1,421	–		926
Forfeited	(38,066)		(53)	(13,588)		(43)
Balance, end of year	774,854	$	2,612	284,480	$	1,244
Balance, vested	–		–	–		–

(In thousands of Canadian dollars, unless otherwise stated)

DEFERRED SHARE UNIT PLAN

The Corporation has a deferred share unit plan ("DSU") that can be granted to directors, officers and employees as part of their compensation package, which is expected to be settled in cash. The value of the payout is determined by multiplying the number of DSU vested at the payout date by the fair value of the Corporation's shares on the day prior to the payout date. The fair value of the payout is determined at each reporting date based on the fair value of the Corporation's shares at the reporting date.

During the year ended March 31, 2019, 88,487 DSU (2018 – 62,740) were granted at a range of $6.29 to $9.19 per unit to directors (2018 – $7.55 to $10.10) and no outstanding DSU were vested. The total expense related to DSU plans amounted to nil in 2019 (2018 – $911). As at March 31, 2019, the fair value per unit ranged from $6.98 to $7.01 (2018 – $10.22 to $10.36) for a total amount, including fringes, of $2,004 (2018 – 2,004) presented in accrued liabilities on the statements of financial position.

The following summarizes the changes in the plan's position for the years ended March 31, 2019 and 2018:

	2019			2018		
	Number of units		Amount	Number of units		Amount
Balance, beginning of year	182,369	$	2,004	138,072	$	1,267
Granted and vested	88,487		718	62,740		536
Liabilities settled	–		–	(18,443)		(174)
Revision of estimates	–		(718)	–		375
Balance, end of year	270,856	$	2,004	182,369	$	2,004
Balance, vested	270,856	$	2,004	182,369	$	2,004

25. COMMITMENTS

The following table is a summary of the Corporation's operating obligations as at March 31, 2019 that are due in each of the next five years and thereafter.

		Operating obligations
2020	$	14,216
2021		10,543
2022		6,816
2023		2,962
2024		1,482
2025 and thereafter		3,143
	$	39,162

OPERATING OBLIGATIONS

The Corporation's significant operating leases are for office premises and property and equipment. The Corporation must also pay royalties for the use of music for the majority of its music services. Through copyright collective societies, the Corporation pays royalties to two sets of rights holders: rights holders in music works, which are the music and the lyrics; and, rights holders in artists' performances and sounds recordings, which are the actual performances and recordings of the musical works.

(In thousands of Canadian dollars, unless otherwise stated)

BROADCAST LICENCES

A condition of the broadcast licences owned by the Corporation is to commit to fund Canadian Content Development ("CCD") over the initial term of the licences, which is usually 7 years.

26. USE OF ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions differing from actual outcomes. Detailed information about each of these estimates and judgments is included in notes 4 to 25 together with information about the basis of calculation for each affected line item in the consolidated financial statements.

SIGNIFICANT ESTIMATES

The areas involving significant estimates are:

- Estimation of current income tax payable and current income tax expense – *note 10*
- Recognition of deferred tax assets for tax losses available for carry-forward – *note 10*
- Estimation of cost of defined benefit pension plans and present value of the net pension obligation – *note 21*
- Estimated fair value of certain investments – *note 16*
- Estimated value in use and/or fair value less costs to sell of CGUs used in goodwill and broadcasting licences impairment testing – *note 15*
- Estimation of fair value of identified assets, liabilities and contingent consideration recorded in business acquisitions – *notes 4 and 20*

Estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected by these revisions.

CRITICAL JUDGMENTS

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- *Impairment of non-current assets*

  For the purpose of impairment testing of property and equipment, intangible assets, broadcast licences and goodwill, management must use its judgment to identify the smallest group of assets that generates cash inflows that are largely independent of those from other assets ("cash generating unit" or "CGU").

  The amounts used for impairment calculations are based on estimates of future cash flows of the Corporation, including estimates of future revenues, operating costs, discount rates and market prices. By their nature, these estimates and assumptions are subject to measurement uncertainty and, consequently, actual results could differ from estimates used.

- *Useful lives of broadcast licences*

  The Corporation has concluded that broadcast licences are indefinite life intangible assets because they are renewed every seven years without significant cost and there is a low likelihood of the renewal being denied.

- *Identifying a business acquisition*

  Management must use its judgment in determining whether a transaction is a business combination or a purchase of assets in accordance with the criteria established in *IFRS 3 Business combinations*. The acquisition of an asset or a group of assets that constitute a business is accounted for as a business combination and may give rise to goodwill, whereas an asset purchase does not, thereby impacting subsequent amortization expense and/or impairment testing results.

- *Recognition of internally developed intangible assets*

  Management must use its judgment in determining whether an internally developed intangible asset qualifies for recognition, such as, but not limited to, assessing the technological feasibility of a project and determining the appropriate internal costs to be capitalized. This exercise requires management to distinguish between the costs necessary to generate an intangible asset from the costs necessary to maintain it. Recognition of an internally developed intangible asset would lead to an increase of amortization expense as the opposite would lead to an increase in research and development costs.

  Judgment is also involved in determining the estimated useful life of an internally developed intangible asset. Increasing an asset's estimated useful life would result in a decrease of the annual amortization expense.

27. FINANCIAL INSTRUMENTS:

FAIR VALUES

The Corporation has determined that the carrying amount of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and current other liabilities excluding the contingent consideration is a reasonable approximation of their fair value due to the short-term maturity of those instruments. As such information on their fair values is not presented below. The fair value of the credit facility bearing interest at variable rates approximates its carrying value, as it bears interest at prime or banker's acceptance rates plus a credit spread which approximate current rates that could be obtained for debts with similar terms and credit risk. The fair value of the subordinated debt approximates its carrying value as its interest rate approximates current rates that could be obtained for debts with similar terms and credit risk. The carrying amount of CRTC tangible benefits and balance payable on business acquisitions is a reasonable approximation of their fair value as they are discounted using the effective interest rate, which approximate current rates that could be obtained with similar terms and credit risk. The tables below summarize the carrying and fair value of financial assets and liabilities, including their level in the fair value hierarchy, as at March 31, 2019 and 2018. The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities;

Level 2 : other techniques for which all inputs that have a significant effect in the recorded value are observable, either directly or indirectly; and

Level 3 : Techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(In thousands of Canadian dollars, unless otherwise stated)

As at March 31, 2019	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 4,673				
Trade and other receivables	66,691				
Financial assets measured at fair value					
Investments	$ 16,998	$ 16,998	$ –	$ –	$ 16,998
Financial liabilities measured at amortized cost					
Credit facility	$ 312,955				
Subordinated debt	49,539				
Accounts payable and accrued liabilities	60,082				
CRTC tangible benefits	38,470				
Balance payable on business acquisitions	3,359				
Financial liabilities measured at fair value					
Contingent consideration	$ 12,430	$ 12,430	$ –	$ –	$ 12,430
Derivative financial instruments	2,998	2,998	–	2,998	–

As at March 31, 2018	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,362				
Trade and other receivables	33,264				
Financial assets measured at fair value					
Investment	$ 15,533	$ 15,533	$ –	$ –	$ 15,533
Financial liabilities measured at amortized cost					
Revolving facility	$ 38,627				
Accounts payable and accrued liabilities	34,205				
CRTC tangible benefits	3,170				
Balance payable on business acquisitions	9,321				
Financial liabilities measured at fair value					
Contingent consideration	$ 15,596	$ 15,596	$ –	$ –	$ 15,596

Fair value measurement (Level 3):

	Investments	Contingent consideration
Balance as at March 31, 2017	$ 17,351	$ 12,956
Additions through business acquisitions	–	9,040
Change in fair value	(600)	2,480
Settlements	(1,218)	(8,880)
Balance as at March 31, 2018	$ 15,533	$ 15,596
Additions through business acquisitions	–	4,491
Addition through asset acquisition	900	–
Change in fair value	565	534
Settlements	–	(8,191)
Balance as at March 31, 2019	$ 16,998	$ 12,430

(In thousands of Canadian dollars, unless otherwise stated)

INVESTMENTS

The fair value of the equity instrument in a private entity, AppDirect, was estimated using the market approach.

For the years ended March 31, 2019 and 2018, the fair value has been measured by using the valuation from the most recent financing round, minus a liquidity discount of 25%. The liquidity discount was used to reflect the marketability of the asset. In measuring fair value, management used the best information available in the circumstances and also an approach that it believes market participants would use.

For the years ended March 31, 2019 and 2018, the equity instrument in a private entity is classified as a financial asset at fair value through profit and loss. A change of 5% in the liquidity discount would have increased / decreased the fair value of the investment by approximately $1,073 and $1,035 during the years ended March 31, 2019 and 2018, respectively.

CONTINGENT CONSIDERATION

The contingent consideration related to business combinations is payable based on the achievement of targets for growth in revenues for a period from the date of the acquisition and upon renewal of client contracts. The fair value measurement of the contingent consideration is determined using unobservable (Level 3) inputs. These inputs include (i) the estimated amount and timing of projected cash flows; and (ii) the risk-adjusted discount rate used to present value the cash flows which is based on the risk associated with the revenue targets being met. If projected cash flows were 10% higher, the fair value would have increase by $1,868 and if projected cash flows were 10% lower, the fair value would have decrease by $1,827. Discount rates ranging from 11% to 26% have been applied and consider the time value of money. A change in the discount rate by 100 basis points would have increased / decreased the fair value by $79.

The contingent consideration is classified as a financial liability and is included in other payables *(note 20)*. The change in fair value is recognized in net finance expense (income) *(note 8)*.

CREDIT RISK

Credit risk is the risk of an unexpected financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet contractual obligations, and it arises primarily from the Corporation's trade and other receivables.

The Corporation’s credit risk is principally attributable to its trade receivables. The amounts presented in the consolidated statements of financial position are net of an allowance for doubtful accounts, estimated by the Corporation’s management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. The Corporation's exposure to credit risk is mainly influenced by the characteristics of each customer. The demographics of the Corporation's customer base, including the default risk of the industry and country in which the customer operates, have less of an influence on the credit risk. Generally, the Corporation does not require collateral or other security from customers for trade receivables; however, credit is extended following an evaluation of creditworthiness. In addition, the Corporation performs ongoing credit reviews of its customers and establishes an allowance for doubtful accounts when the likelihood of collecting the account has significantly diminished. The Corporation believes that the credit risk of trade receivables is limited.

The aging of trade receivable balances and the allowance for doubtful accounts as at March 31, 2019 and March 31, 2018 were as follows:

	2019	2018
Current	$ 30,687	$ 12,409
Past due 0-30 days	12,006	6,484
Past due 31-60 days	6,008	3,522
Past due 61-90 days	4,418	1,737
Past due more than 90 days	11,694	7,749
Total trade receivables	64,813	31,901
Less : allowance for doubtful accounts	1,980	566
	$ 62,833	$ 31,335

The movement in allowance for doubtful accounts in respect of trade receivables was as follows:

	2019	2018
Balance, beginning of year	$ 566	$ 474
Addition through business acquisitions	960	–
Bad debt expense	794	741
Write-off against reserve	(340)	(649)
Balance, end of year	$ 1,980	$ 566

The Corporation also has credit risk relating to cash and cash equivalents and other receivables. The Corporation manages its risk by transacting only with sound financial institutions.

The carrying amounts of financial assets in the consolidated statements of financial position represent the Corporation's maximum credit exposure.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation also manages liquidity risk by continuously monitoring actual and budgeted cash flows under both normal and stressed conditions. Also, the Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures.

The following are the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2019:

	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
Credit facility	$ 312,955	$ 315,214	$ 14,086	$ 301,128	$ –
Subordinated debt	49,539	50,000	–	50,000	–
Accounts payables and accrued liabilities	62,364	62,364	62,364	–	–
Other liabilities	59,769	58,735	16,855	30,257	11,624

MARKET RISK

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Corporation's earnings or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on risk.

CURRENCY RISK

The Corporation is exposed to currency risk on sales and expenses that are denominated in currencies other than the functional currency of the Corporation's subsidiaries, primarily the US dollar ("USD") and the euro ("EURO"). Also, additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the functional currency of the Corporation's subsidiaries at the rate of exchange at each balance sheet date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statements of comprehensive income (loss).

The Corporation's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows, by transacting with third parties in the above currencies to the maximum extent possible and practical, given that this will act as natural economic hedges for each of these currencies.

The Corporation's exposure to currency risk on its consolidated financial statements was as follows:

	March 31, 2019		March 31, 2018	
	USD	EURO	USD	EURO
Cash and cash equivalents	794	1,238	938	949
Trade receivables	11,562	7,116	10,542	3,989
Investments	12,046	–	12,046	–
Credit facility	(4,500)	(7,200)	(14,150)	–
Accounts payable and accrued liabilities	(1,347)	(2,524)	(2,250)	(1,061)
Contingent consideration and balance payable on business acquisitions	(5,089)	(3,356)	(10,365)	(6,419)
Net balance exposure	13,466	(4,726)	(3,239)	(2,542)
Equivalent in Canadian dollars	17,995	(7,090)	(4,176)	(4,033)

The following exchange rates are those applicable to the following periods and dates:

	2019		2018	
	Average	Reporting	Average	Reporting
USD per CAD	1.3343	1.3363	1.2926	1.2894
EURO per CAD	1.5090	1.5002	1.5936	1.5867

Based on the Corporation's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the US dollar and EURO would have the following impacts on net income (loss), assuming that all other variables remained constant:

	March 31, 2019		March 31, 2018	
	USD	EURO	USD	EURO
Decrease (increase) in net loss	919	(334)	–	–
Increase (decrease) in net income	–	–	(223)	(160)

(In thousands of Canadian dollars, unless otherwise stated)

An assumed 5% weakening of the foreign currency would have had an equal but opposite effect on the basis that all other variables remained constant.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation holds the majority of its cash and cash equivalents balance in accounts bearing interest at rates less than 1.25%. The Corporation is, therefore, not materially exposed to future cash flow fluctuations coming from changes in market interest rates for its cash and cash equivalents. Cash equivalents consist of term deposits with original maturities of less than three months and are, therefore, also exposed to interest rate risk on fair value. However, fair value risk is not significant, considering the relatively short term to maturity of these instruments.

The credit facility is a variable interest rate instrument that is due in more than one year. This instrument is exposed to changes in future interest rates that could result in future cash flow fluctuations. To manage its interest rate risk, the Corporation entered into the following interest rate swap agreements during the year ended March 31, 2019:

Maturity	Currency	Fixed interest rate	Initial nominal value	Mark-to-market liabilities as at March 31, 2019
October 25, 2021	CAD	2.19%	$ 100,000	$ 841
October 25, 2024	CAD	2.29%	$ 100,000	$ 2,157
			$ 200,000	$ 2,998

Given the Corporation did not elect to apply hedge accounting, the mark-to market losses related to these interest rate swap agreements amounted to $2,998 was booked in net finance expense (income).

28. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are as follows:

Pursue its growth strategy through acquisitions and organic growth by maintaining financial flexibility; and

Provide the Corporation's shareholders with an appropriate return on their investment.

For capital management, the Corporation has defined its capital as the combination of net debt and total equity.

Total managed capital is as follows:

	2019	2018
Contingent consideration, including current portion	$ 12,430	$ 15,596
Balance payable on business acquisitions, including current portion	3,359	9,321
Credit facility	312,955	38,627
Cash and cash equivalents	(4,673)	(3,362)
Net debt, including contingent consideration and balance payable on business acquisition	324,071	60,182
Total equity	287,535	129,607
	$ 611,606	$ 189,789

The Corporation's financing strategy is to maintain a flexible structure, to respond adequately to the changes in economic conditions and to allow growth through business acquisitions. The Corporation monitors its capital structure using the net debt to adjusted EBITDA ratio.

(In thousands of Canadian dollars, unless otherwise stated)

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders of the Corporation, issue or repay debt, issue shares or undertake any other activities as deemed appropriate under the specific circumstances, on a quarterly basis.

29. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

KEY MANAGEMENT PERSONNEL

The key management personnel of the Corporation are the Chief Executive Officer, Chief Financial Officer and other key employees of the Corporation.

Key management personnel compensation and director's fees are as follows:

		2019		2018
Short-term employee benefits	$	4,497	$	4,350
Share-based compensation		630		921
Restricted and performance share units		811		557
Deferred share units		–		911
	$	5,938	$	6,739

RELATED PARTIES

Related parties of the Corporation include Directors and key management personnel, their family members and companies over which they have significant influence or control. The Corporation has transacted with related parties during the reporting period. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties having normal trade terms.

During the year ended March 31, 2019, the Corporation recognized revenues amounted to $610 (2018 – nil) for advertising sold to companies controlled by directors of the Corporation.

In addition, the Corporation sold a building and vacant lands to a company owned by a director of the Corporation for total consideration of $7,000. No gain or loss was recorded in the consolidated statement of comprehensive income as the assets were recognized at fair value through the purchase price allocation of NCC.

(In thousands of Canadian dollars, unless otherwise stated)

30. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

The consolidated financial statements of the Corporation have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on June 5, 2019.

B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis, except for the following:

- Contingent consideration payable which is measured at fair value at each reporting period in accordance with IFRS 3;
- Investments measured at fair value at year-end in accordance with IFRS 9;
- Cost of defined benefit pension plans and present value of the net pension obligation measured at fair value in accordance with IAS 19;
- Liabilities related to deferred share unit plan, restricted share unit and performance share unit plan measured at fair value at year-end in accordance with IFRS 2;
- Equity stock options which are measured at fair value at date of grant pursuant to IFRS 2; and
- Assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

C) FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (‘the functional currency’). The consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional and presentation currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are reported on a net basis.

(In thousands of Canadian dollars, unless otherwise stated)

SUBSIDIARIES

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

31. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Corporation's subsidiaries.

(A) BASIS OF CONSOLIDATION

BUSINESS COMBINATIONS

The Corporation measures goodwill as the excess of the fair value of the consideration transferred which includes the fair value of contingent consideration, over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

SUBSIDIARIES

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements include the accounts of the Corporation, Stingray Music USA Inc., Stingray Music Rights Management LLC, 2144286 Ontario Inc., 4445694 Canada Inc., Pay Audio Services Limited Partnership, Music Choice Europe Limited, Stingray Digital International Ltd., Stingray Europe B.V., Transmedia Communications SA, Think inside the box LLC (Nature Vision TV), SBA Music PTY Ltd., Stingray Music, S.A. de C.V., Novramedia Inc., DJ Matic NV and Stingray Radio Inc. (Newfoundland Capital Corporation Limited) and all these entities' wholly-owned subsidiaries.

(In thousands of Canadian dollars, unless otherwise stated)

INVESTMENT IN AN ASSOCIATE

An associate is an entity over which the Corporation has significant influence. The Corporation has significant influence when it has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control. The Corporation accounts for its investment in an associate using the equity method. Under the equity method, the investment is initially recognized at cost. Subsequent to initial recognition, the consolidated financial statements include the Corporation's share of the earnings and losses of the associate until the date significant influence ceases. Distributions received from an associate reduce the carrying amount of the investment. The consolidated statements of comprehensive income (loss) include the Corporations' share of any amounts recognized by its associate in other comprehensive income, if any. Intercompany balances between the Corporation and its associate are not eliminated.

INTEREST IN JOINT VENTURE

A joint venture is an arrangement whereby the Corporation and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(B) FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Corporation initially recognizes financial assets on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

On initial recognition, the Corporation classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated as at fair value through profit and loss:

- The asset is held within a business model whose objective is to hold the asset in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Corporation currently classifies its cash and cash equivalents and trade and other receivables as financial assets measured at amortized cost.

Financial assets measured at fair value

All equity investments and other financial assets that do not meet the conditions to be classified as financial assets measured at amortized cost are measured at fair value through profit and loss.

Changes therein, including any interest or dividend income, are recognized in profit or loss.

(In thousands of Canadian dollars, unless otherwise stated)

The Corporation's investments are classified as financial assets measured at fair value through profit and loss.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers not retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

Financial liabilities

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instruments.

Financial liabilities are initially measured at fair value. If the financial liabilities are not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs.

The Corporation classifies all financial liabilities at amortized cost using the effective interest method, except for contingent consideration recorded at fair value through profit and loss and financial liabilities designated at fair value through profit or loss when doing so results in more relevant information. Such liabilities shall be subsequently measured at fair value.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

The Corporation use derivative financial instruments to manage its interest rate risk on its credit facility and does not use these instruments for speculative or trading purposes. The Corporation does not apply hedge accounting and therefore mark-to-market gains or losses are recognized in net finance expense (income).

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting year, the Corporation assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

With respect to certain categories of financial assets, such as trade and other receivables, assets that are not individually determined to be impaired are measured for impairment on an aggregate basis. Objective evidence of impairment in the trade and other receivables portfolio may include the Corporation's past experience with debt recovery, an increased number of days exceeding payment terms in the portfolio, as well as a change - internationally or nationally - in economic conditions correlating with default payments in trade and other receivables.

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in profit or loss.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed. The reversal is recognized to the extent of the improvement without exceeding what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(C) REVENUE RECOGNITION

Refer to *Note 6*.

(D) RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development costs, net of tax credits, are recognized in profit or loss as incurred, unless the costs can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the Corporation intends to and has sufficient resources to complete the development and to use or sell the asset. In such a case, costs are recognized as internally developed intangible assets (see (m) intangible assets).

(E) GOVERNMENT GRANTS

Investment tax credits are accounted for as a reduction of the research and development costs during the year in which the costs are incurred, provided that there is reasonable assurance that the Corporation has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

The investment tax credits must be reviewed and approved by the tax authorities and it is possible that the amounts granted will differ from the amounts recorded.

(F) LEASES AND PAYMENTS

Operating leases are not recognized in the Corporation’s consolidated statements of financial position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are accounted for in the year in which they are incurred.

(G) FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested, change in fair value of contingent consideration. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on revolving facility, unwinding of the discount on provisions, change in fair value of derivatives and contingent consideration, amortization of deferred financing costs, foreign exchange (gain) loss and impairment losses recognized on financial assets.

The Corporation recognizes finance income and finance costs as a component of operating activities in the consolidated statements of cash flows.

(In thousands of Canadian dollars, unless otherwise stated)

(H) INCOME TAXES

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that the Corporation is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets are measured at the end of each reporting year and their carrying amount is reduced to the extent that it is no longer probable that a taxable profit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(I) EARNINGS PER SHARE

Basic earnings per share are computed by dividing net earnings by the weighted average number of subordinate voting shares, variable subordinated voting shares and multiple voting shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of common shares, subordinate voting shares, variable subordinated voting shares and multiple voting shares outstanding during the year adjusted to include the dilutive impact of stock options, restricted share units and deferred share units. The number of additional shares is calculated by assuming that all instruments with a dilutive effect are exercised and that the proceeds from such exercises, as well as the amount of unrecognized share-based compensation which is considered to be assumed proceeds, are used to repurchase subordinate voting shares, variable subordinated voting shares and multiple voting shares at the average share price for the year. For restricted share units, only the unrecognized share-based compensation is considered assumed proceeds since there is no exercise price paid by the holder.

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks.

(In thousands of Canadian dollars, unless otherwise stated)

(K) INVENTORIES

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(L) PROPERTY AND EQUIPMENT

RECOGNITION AND MEASUREMENT

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in profit or loss.

SUBSEQUENT COSTS

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

DEPRECIATION

Depreciation is calculated over the cost of the asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

Property and equipment	Period
Building	20-60 years
Broadcasting infrastructure	8 to 25 years
Furniture, fixtures and equipment	3 to 10 years
Computer hardware	4 to 6 years
Leasehold improvements	Lease term

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting year-end and adjusted if appropriate prospectively.

(In thousands of Canadian dollars, unless otherwise stated)

(M) INTANGIBLE ASSETS, EXCLUDING BROADCAST LICENCES

Intangible assets that are acquired by the Corporation and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

The fair value of non-compete agreements acquired in a business combination are based on the discounted estimated revenues losses that have been avoided as a result of the non-compete being signed. The fair value of clients list and relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of music catalogs acquired in a business combination is determined using the estimated costs for creating such music catalogs. The fair value of trademarks acquired in a business combination is based on the discounted estimated future royalty payments that have been avoided.

Amounts capitalized as internally developed intangible assets include the total cost of any external products or services and labour costs directly attributable to development.

AMORTIZATION

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of the definite life intangible assets.

Internally developed intangible assets, net of related tax credits, are amortized starting from the date the products and services are commercialized.

The estimated useful lives for the current and comparative years are as follows:

Intangible assets	Period
Internally developed intangible assets	2 to 5 years
Music catalog	5 to15 years
Client list and relationships	3 to 15 years
Trademarks	2 to 20 years
Licences, website applications and computer software	1 to 11 years
Non-compete agreements	2 to 11 years

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting year-end and adjusted if appropriate prospectively.

(In thousands of Canadian dollars, unless otherwise stated)

(N) BUSINESS COMBINATION, GOODWILL AND BROADCAST LICENCES

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed and included in acquisition, legal, restructuring and other expenses. The cost of a business combination is allocated to the fair value of the related net identifiable tangible and intangible assets. The excess of the cost of the acquired businesses over the fair value of the related net identifiable tangible and intangible assets acquired is allocated to goodwill. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in the consolidated statements of comprehensive income (loss).

To receive approval to launch a new broadcast licence pursuant to applications made by the Corporation to the CRTC, the CRTC may require the Corporation to commit to fund Canadian Content Development ("CCD") during the initial term of the licence over and above the prescribed annual requirements. These obligations are considered to be part of the costs related to the award of new broadcast licences and are recognized as a liability upon the launch of the new broadcast licence. Any other direct costs related to the award and launch of new broadcast licences are also capitalized as broadcast licences. CCD that arises from a business acquisition is considered a transaction cost and is expensed in the consolidated statements of comprehensive income (loss).

After initial recognition, goodwill and broadcast licences are recorded at cost less any accumulated impairment losses. Both goodwill and broadcast licences have indefinite useful lives and are not amortized, but they are subject to an impairment evaluation. Broadcast licences are deemed indefinite life assets since they are renewed every seven years without significant cost, with the unlikely chance that the renewal will be denied; therefore, there is no foreseeable limit to the period over which broadcast licences are expected to generate net cash flows for the Corporation.

(O) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Corporation reviews the carrying amount of its non-financial assets, which include intangible assets with a finite useful life and property and equipment on each reporting date in order to determine if specific events or changes in circumstances indicate that their carrying amounts may not be recoverable. The recoverable amount of goodwill and broadcast licences are tested for impairment each year at the same date, or more frequently if indications of impairment exist.

For impairment testing purposes, assets that cannot be tested individually are grouped in CGUs. Goodwill is allocated to the CGU or CGU group that is expected to benefit from the synergies resulting from the business combination. Each unit or group of units to which goodwill is allocated shall not be larger than an operating segment and represents the lowest level at which goodwill is monitored for internal management purposes.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment losses are recognized in profit or loss. Impairment losses are first allocated to reduce the carrying amount of goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU on a pro rata basis.

(In thousands of Canadian dollars, unless otherwise stated)

(P) PROVISIONS

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

CONTINGENT LIABILITY

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Corporation; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

(Q) EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Stock option plan

The fair value at the grant-date of equity settled share-based payment awards granted to management and key employees of the Corporation is recognized as an employee benefit expense, with a corresponding increase in equity, over the vesting period of the awards. The amount expensed is adjusted to reflect the number of awards for which it is expected that the service conditions will be met, so that the amount ultimately expensed will depend on the number of awards that meet the service conditions at the vesting date.

Restricted and performance share units and deferred share units plans

Restricted share units, performance unit plan and deferred share units expected to be settled in cash are accounted for as cash settled awards, with the recognized compensation cost included in accounts payable and accrued liabilities. Compensation cost is initially measured at fair value at the grant date and is recognized in net income over the vesting year. The liability is remeasured based on the fair value price of the Corporation's shares, at each reporting date. Remeasurements during the vesting year are recognized immediately to net income to the extent that they relate to past services and amortized over the remaining vesting year to the extent that they relate to future services. The cumulative compensation cost that will ultimately be recognized is the fair value of the Corporation's shares at the settlement date.

Employee share purchase plan

The Corporation's contributions, used to purchase shares on the open market on behalf of employees, are recognized when incurred as an employee benefit expense, with a corresponding increase in contributed surplus. The amount expensed is adjusted to reflect the number of awards for which it is expected that the vesting conditions will be met, so that the amount ultimately expensed will depend on the number of awards that meet the vesting conditions at the vesting date.

Unvested shares held in trust on behalf of employees are treasury shares and therefore deducted from equity until they become vested.

PENSION BENEFITS

The Corporation maintains a defined contribution pension plan and defined benefit pension plans. The Corporation does not provide any non-pension post-retirement benefits to employees.

Defined contribution pension plan

The Corporation matches employee contributions under the defined contribution pension plan. Under this plan, contributions are funded to a separate entity and the Corporation has no legal or constructive obligation to pay further amounts. The Corporation's portion is recorded as compensation expense as contributions are made, which coincides with the periods during which services are rendered by employees.

Defined benefit pension plans

The cost of providing benefits under the defined benefit pension plans is determined on an annual basis by independent actuaries separately for each plan using the projected unit credit costing method. Actuarial gains and losses for both defined benefit plans are recognized immediately in full in the period in which they occur in OCI. Actuarial gains and losses are not reclassified to the consolidated statements of income in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of: (i) the date of the plan amendment or curtailment, and (ii) the date that the Corporation recognizes restructuring-related costs.

The discount rate is applied to the net defined benefit asset or liability to determine net interest expense or income. The Corporation recognizes the following changes in the net defined benefit obligation under operating expenses in the consolidated statements of income: (i) service costs comprising current service costs, past service costs, gains and losses on curtailments and settlements, and (ii) net interest expense or income.

The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

(R) SHARE CAPITAL

Subordinate voting shares, variable voting shares and multiple voting shares are classified as equity. Incremental costs that are directly attributable to their issuance are recognized in reduction of equity, net of tax effects.

(In thousands of Canadian dollars, unless otherwise stated)

32. NEW AND AMENDED STANDARDS NOT YET ADOPTED BY THE CORPORATION:

IFRS 16 – *Leases* is required to be applied retrospectively for annual periods beginning on or after January 1, 2019

Effective April 1, 2019, the Corporation will adopt IFRS 16 using the modified retrospective approach. IFRS 16 set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value. In particular, lessees will be required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease will be initially measured on a present value basis.

As a result of adopting IFRS 16, the Corporation will recognize an increase to both assets and liabilities of the consolidated statements of financial position as well as a decrease to operating expenses (for the removal of rent expense for leases), an increase to depreciation, amortization and write-off (due to depreciation of the right-of-use asset) and an increase to net finance expense (income) (due to accretion of the lease liability).

The Corporation is still assessing the impact of the new leasing standard on its consolidated financial statements.

GLOSSARY OF TERMS

TVideo On Demand (VOD): A system in which viewers choose their own filmed entertainment, by means of a PC or interactive TV system, from a wide selection.

Subscription Video On Demand (SVOD): Refers to a service that gives users unlimited access to a wide range of programs for a monthly flat rate. The users have full control over the subscription, and can decide when to start the program.

Over the top (OTT): Refers to film and television content provided via a high-speed Internet connection rather than a cable or satellite provider.

4K UHD: Ultra-high-definition (UHD) television, also abbreviated UHDTV, is a digital television display format in which the horizontal screen resolution is on the order of 4000 pixels (4K UHD).

Pay TV: Television broadcasting in which viewers pay by subscription to watch a particular channel.

IPTV: Internet Protocol television (IPTV) is the process of transmitting and broadcasting television programs through the Internet using Internet Protocol (IP).

Satellite TV: Television broadcasting using a satellite to relay signals to appropriately equipped customers in a particular area.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting will be held on August 7, 2019 at:

Stingray Headquarters
730 Wellington Street
8th Floor
Montreal, Quebec
H3C 1T4

PROVISIONAL CALENDAR OF RESULTS

First quarter of 2020
August 7, 2019

Second quarter of 2020
November 7, 2019

Third quarter of 2020
February 6, 2019

Fourth quarter of 2020
June 4, 2020

STOCK EXCHANGE

TSX: RAY.A and RAY.B

TRANSFER AGENT

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