



ANNUAL REPORT 2022

Year Ended March 31, 2022
Stingray Group Inc.

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WORD FROM THE CEO

Dear investors, partners, clients and colleagues,

They say slow and steady wins the race. And while we haven't yet crossed the finish line, it's safe to say that 2021 and 2022 have marked COVID's gradual transition into the rear-view mirror.

While many of our colleagues are still safely and comfortably working from home, familiar faces are slowly trickling back into our offices. We are enjoying lunches together, inspiring each other during creative roundtables, and supporting one another through this important shift. The "new" normal shaped our daily lives for so long, and now, the "old" normal is coming full circle. COVID did indeed punctuate another year around the sun, but the Stingray spirit is burning as bright as ever.

If we were living in a "global village" prior to the pandemic, it's looking more like a "global main street" now. The worldwide shift to remote work has made the world feel even more close-knit, with online interactions ever more prevalent in our daily lives. This particular type of globalization spelled new business opportunities for Stingray; at the time of this writing, 50% of the world's population is online, and APAC markets are slated to lead the way in terms of growth (specifically China, India, and Indonesia). Projections show that there will be 43 billion connected devices in people's pockets by 2023, which is a threefold increase compared to 2018. With these forecasts in mind, we are already setting our sights on further high-value opportunities in the music subscription, connected car, connected retail, consumer insights, and retail media spheres.

As Stingray works towards developing exciting new projects for our global community, we are just as invested in maintaining steady, stable growth throughout our existing service portfolio. Although COVID continues to impact our business, we are very proud to report that revenues are up by 14% compared to the previous year. Revenues stood at \$282.6 million, Adjusted EBITDA⁽¹⁾ was \$99.3 million and net income was \$33.3 million (\$0.47 per share). Cash flow from operating activities was \$83.7 million and Adjusted free cash flow⁽¹⁾ was 56.9 million.

This year has given us plenty of wins to celebrate. As businesses reopened in the wake of the COVID lockdowns, Stingray Radio also started to recover and has consistently outperformed its competitors.

Thanks to a new global deal with Amazon, our streaming subscription growth has accelerated tremendously. Following Stingray's acquisition of Chatter Research in 2021, our consumer insights business unit has also gained an incredible amount of traction: interest is high, our sales professionals' calendars are booked solid, and our retail partners are eager to continue expanding the scope of their work with us.

A connected car partnership with Tesla has been foundational to solidifying our presence in the automotive space, and we have since received strong interest from other vehicle manufacturers. Projects move slowly and deliberately in this industry, and while we expect longer lead times to bring these collaborations to fruition, the results will be well worth the wait.

Finally, 2022 marked the launch of our in-store retail media network, with Metro grocery stores being our inaugural partner. This service gives brands the opportunity to run programmatic digital audio campaigns in-store, leveraging purchaser proximity to drive conversions. Both retail partners and advertisers have been thrilled with the immediate and measurable results, and all key metrics are very strong. Stingray is proud to spearhead this revolutionary point-of-sale advertising opportunity, and we see significant growth on the horizon.

⁽¹⁾ This is a non-IFRS measure. Refer to "Supplemental Information on Non-IFRS Measures" on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental Information on Non-IFRS Measures" on page 35 and "Reconciliation of Quarterly Non-IFRS Measures" on page 44.

Subscriptions continue to grow

In Q4 2022, our Subscription Video On Demand (SVOD) customers surged past 715,000, representing a 36% increase compared to the same period last year and a 3% increase sequentially. Given our current pace of growth, we expect to hit our ambitious goal of one million subscribers within the next two years.

Stingray's business has pivoted to strategic digital revenue streams, and we will continue full steam with this approach. These new initiatives continue to grow and bring in greater revenues each year, already outpacing the drop in revenue associated with our traditional broadcast offerings.

We have liftoff: a year of high-profile launches

Strategic partnerships are the lifeblood of Stingray's business and mission. They allow us to fill homes around the world with music, bring unforgettable karaoke sing-alongs to the masses, and provide premium audiovisual entertainment around the clock.

In fiscal 2022, we made significant strides towards expanding our worldwide streaming audience by millions of potential viewers. We launched a series of free, ad-supported TV (FAST) channels and premium SVOD partnerships with major OTT providers across North America, Europe, and Latin America with partners such as Claro, Pluto TV, Rakuten TV, Samsung TV Plus, Struum and Totalplay.

Stingray continued to tap into new audiences and markets thanks to a high-value partnership with Amazon's Prime Video Channels in Canada, Mexico, and Brazil: subscribers gained access to Stingray's *All Good Vibes* offering, comprised of the following premium entertainment services: Qello Concerts by Stingray, Stingray Karaoke, Stingray Classica, Stingray DJAZZ, and Stingray Naturescape.

Expanding on our collaboration with Amazon, we also teamed up to launch Alexa Karaoke, available through Yokee on Echo Show and Fire TV devices in the United Kingdom and Spain. With a simple voice command – "Alexa, let's karaoke" – users can unlock a catalog of more than 70,000 licensed songs, representing a momentous stride for Stingray into the world of voice services and voice AI.

An ever-expanding content catalog

New partnerships mean broader audiences, and more viewers mean an increased demand for fresh, new content. This fiscal year, Stingray was hard at work producing world-class content that viewers and listeners will enjoy over and over (and over) again.

One of these epic projects was the Qello Concerts World Tour: a three-week-long audiovisual anthology of some of history's most iconic live performances. With so many venues still shuttered due to COVID, this streaming event aimed to fill the void in music lovers' hearts. Qello's World Tour transported viewers from Japan to Australia and from the Middle East to Africa, featuring genre-spanning acts like Blondie, Elton John, Rihanna, and Ray Charles.

Not only did we look back on history, but we also watched history unfold! From July 2 to July 17, Stingray partnered with the world-renowned Montreux Jazz Festival to host an unforgettable live streaming event via Stingray's Qello Concerts platform. Viewers were instantly transported to the festival's exceptional lakeside stage, which was graced by the likes of Altin Gün, Annie Taylor, Hermanos Gutiérrez, Nathy Peluso, Oscar Anton, Priya Ragu, Sam Fischer, Sofiane Pamart, and Yet No Yokai.

As a business that looks towards the future, our fiscal 2022 would have been incomplete without a partnership with breakout social platform TikTok. Together, we launched TikTok Radio, an all-new music channel available on Stingray Music across Canada and the United States. From viral hits to tracks by rising stars, this channel is home not only to TikTok's favourite beats, but also trending sounds and introductions from some of its most popular artists and creators.

New to the family

If the pandemic has taught us anything, it's that we're stronger together. Our partners motivate and encourage us to keep innovating, think outside the box, and continue to expand our service offering beyond what we imagined to be possible. And sometimes, we see so much potential and value in each other's contributions that we decide to join forces permanently.

Stingray's first acquisition could not have come at a better time: with so many of us feeling emotionally depleted by COVID, we acquired Calm Radio, the world's largest online music streaming service focused on wellness and relaxation. This important acquisition added 1,500 channels to the Stingray portfolio, all of which are focused on mindfulness and mental wellness. It also grew our streaming subscriber base by more than 30,000 users, increasing our overall average revenue per subscriber (ARPU) in the process.

We were also thrilled to further our relationship with longtime karaoke partner The Singing Machine Company, a worldwide leader in consumer karaoke products with more than 1,000,000 products distributed worldwide every year. Stingray acquired a minority stake in the company, cementing our status as the most trusted provider of karaoke solutions across the globe.

In addition to securing and growing our presence within consumers' homes through streaming and karaoke, we expanded our retail footprint as well. Following the acquisition of InStore Audio Network, the largest retail audio advertising network in the U.S., we successfully added 16,000 pharmacy and grocery locations to our business portfolio. Given that our retail partners can leverage this network as an additional advertising-based revenue stream, this in turn presents an opportunity for Stingray to increase its revenue per location exponentially.

Setting our (in)sights on Chatter

Following Stingray's acquisition of Chatter Research in 2021, we have started rolling out AI-powered consumer insights solutions with retailers across North America.

Chatter's SMS-based surveys perform better across all key metrics compared to traditional methods, from opens and clicks to overall conversions. Chatter can also dynamically respond to multiple consumer pain points in real time, thanks to an AI engine powered by more than 30 million retail-centric data points (and counting).

Brands that want to leverage these consumer insights can get the ball rolling quickly. Chatter can be implemented using a web tag that integrates with all major ecommerce platforms, including Shopify, and from the moment its pre-trained AI powers on, it can deliver immediate results.

Within three short months of launch, global retailer Staples was able to increase its NPS score by 20% using our Chatter technology. This pilot campaign, which focused on their curbside pickup service, initiated over 120,000 conversations throughout its lifecycle. Chatter's AI quickly detected that customers were most frustrated about having to call the store to signal their arrival for pickup: with this information in hand, the team was able to quickly and intentionally focus their efforts where the greatest impact could be made, resulting in a 20% NPS boost.

Becoming a retail media pioneer

In a short period of time, Stingray's Retail Media offering has evolved from nascent to dominant. This service leverages our existing network of in-store streaming technology to deliver powerful audio-based programmatic advertising solutions: location-based audio campaigns allow advertisers to target high-intent shoppers who are aisles (not miles) away with contextually relevant content, while providing retailers with an important new revenue stream.

This past year, we were thrilled to welcome Dollarama, Walmart, and Metro to the Stingray Retail Media Network. Our in-house creative teams are already hard at work producing compelling audio ads that will be dynamically inserted into their existing music landscape.

Life in the fast lane

Whether you're in the car for five minutes or five hours, music is the perfect backdrop for life on the road. This year, Stingray made major inroads into the connected car space, a sector that has experienced tremendous growth. Cellular connectivity is expected to become a standard in-vehicle feature within five years, and major players in the media and entertainment sphere have already started developing solutions for these next-gen products.

Tesla is already one of Stingray's partners, with 1.2 million cars currently on the road and 30,000 more being added each month. Following the success of our in-car karaoke collaboration with Tesla, we are now working with VinFast to develop a unique offering for their vehicles.

VinFast is slated to be the first automotive brand to leverage Cerence Sing, a voice-controlled in-car karaoke experience powered by Stingray Karaoke. This integrated system gives drivers and passengers access to our entire catalogue of more than 100,000 top karaoke songs in more than 12 languages. Driver mode is 100% voice controlled for safety reasons, while classic mode (available only when parked safely) features visual enhancements and the ability to interact with the car's touchscreen.

Aside from spirited sing-alongs, Stingray has partnered with ACCESS Europe GmbH to bring our music streaming service, Stingray Music, to cars. Drivers across Canada and the United States will now be able to access our full catalog of expertly curated playlists thanks to our partner's In-Vehicle Infotainment platform (Twine4Car) and its car-centric App Store.

This is just the beginning of a very fruitful series of partnerships with automotive brands that want to make music a key part of their connected car experience.

At the end of each year, I am always amazed at how much we can accomplish when we work together. None of these achievements would have been possible without the collective effort of Stingray's dedicated employees, my Executive Team's exemplary leadership, and our partners' support and unwavering trust in all that we do.

Rain or shine, music is what gets us through the day. It motivates us to keep pushing, striving, and dreaming. While we don't yet know what the coming year will hold, we can say with confidence that Stingray will be at the ready with all the music and entertainment we need to keep going.

Wishing you and your loved ones nothing but health and prosperity in the year to come.

Sincerely,



Eric Boyko
President, Co-founder and CEO





WORD FROM THE CHAIRMAN

In the beginning, there was music.

Music is how Stingray first made a name for itself on the world stage, and the power of music to unite people of different cultures and preferences around the globe has fueled our passion for growth and excellence. We're proud of our musical roots that trace back to curated audio channels and music streaming. But since Stingray's inception, we've also grown in so many new and exciting directions, and this year many of those efforts came to fruition.

The acquisition of the InStore Audio Network (ISAN) saw our revenue potential reach new heights. We also made important gains with new Chatter partnerships and proximity-based retail media activations. We've only just started to tap into these exciting opportunities for Stingray's Business segment, and as we leverage our expertise in digital audio advertising, consumer insights, and retail media, there is simply no limit to how high we can soar.

To make the most of these opportunities, we need a first-rate team of innovative and agile experts, and Stingray's management certainly fits the bill. We could not be in better hands when it comes to strategic thinking as well as driving timely and effective execution.

It is of course up to Stingray's dedicated employees to ensure that vision is properly executed and to bring our mission to life. Their relentless drive to achieve excellence and commitment to the success of the company is the fuel in our tank, and their ability to weather the storm of COVID has been exemplary. They have demonstrated that "agility" is more than just a buzzword: it is what keeps us moving steadily forward, even if we have to forge new paths along the way, as the winds of change swirl around us.

To our investors, partners, and other stakeholders: thank you for your confidence and unwavering support throughout this unpredictable phase of our lives. It's clear that Stingray has emerged from the pandemic with renewed zeal, excited to take advantage of the abundant opportunities at hand. We are delighted to have you by our side to share in our prosperity.

The next fiscal year is shaping up to be one of immense potential, especially for Stingray Business and our burgeoning retail media offering.

Until then, we will continue to serve our community of music lovers, as well as our brand and retail partners, with great enthusiasm. Because good vibes are what we do best.



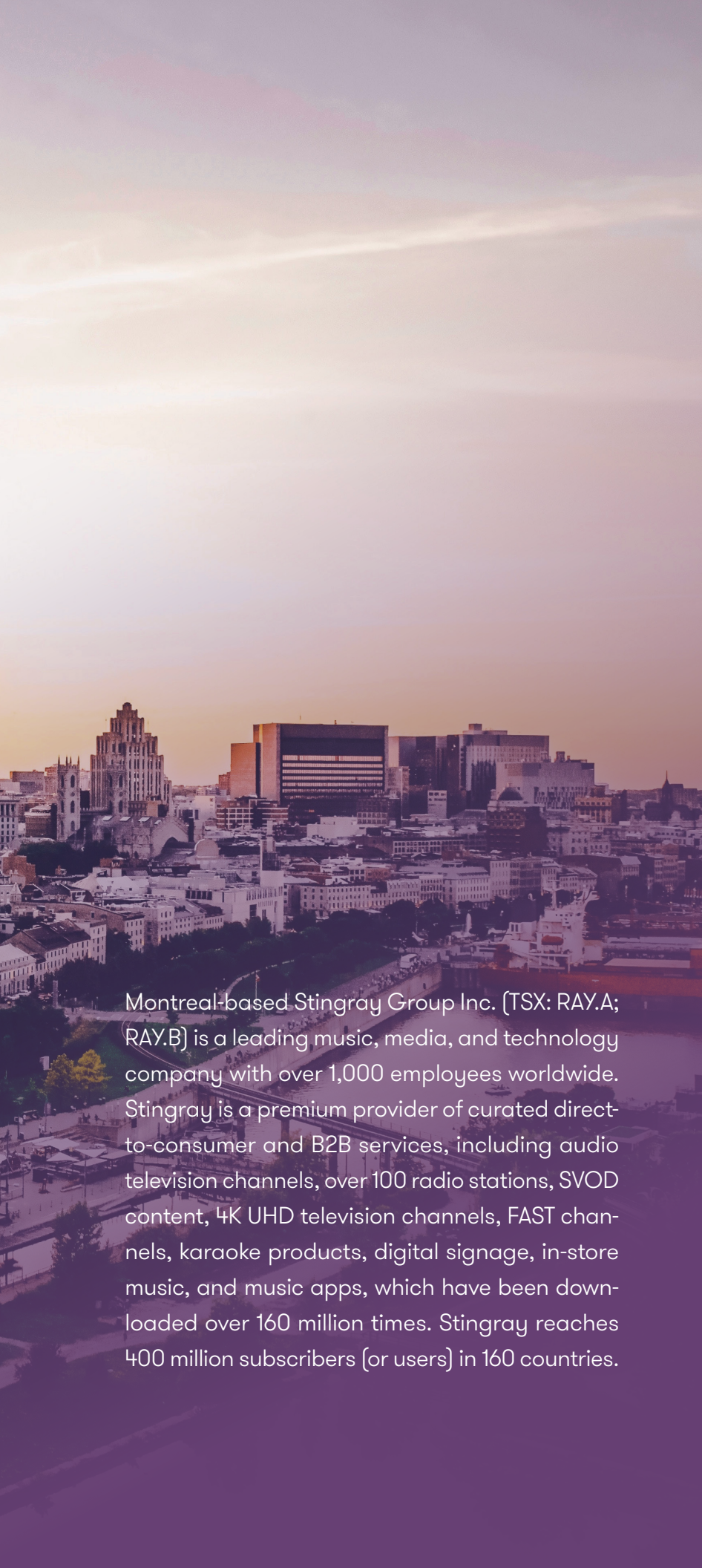
Mark Pathy
Chairman of the Board

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, 2022 and 2021. This MD&A reflects information available to the Corporation as at June 7, 2022. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com.



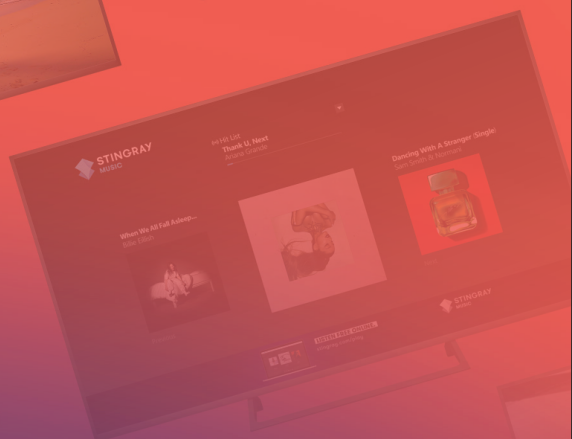
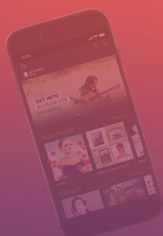
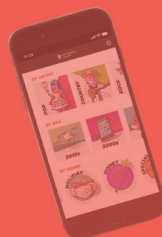
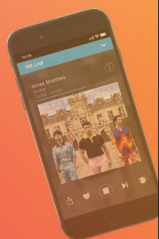




Montreal-based Stingray Group Inc. (TSX: RAY.A; RAY.B) is a leading music, media, and technology company with over 1,000 employees worldwide. Stingray is a premium provider of curated direct-to-consumer and B2B services, including audio television channels, over 100 radio stations, SVOD content, 4K UHD television channels, FAST channels, karaoke products, digital signage, in-store music, and music apps, which have been downloaded over 160 million times. Stingray reaches 400 million subscribers (or users) in 160 countries.

COMPANY PROFILE

PRODUCTS



Subscription services (apps & SVOD)

B2C Mobile or OTT Apps



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



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



Over 100,000 karaoke songs with on-the-go convenience and easy set-up.



Over 100,000 karaoke songs with optional special effects, mics, and high-quality karaoke videos.



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



Piano Academy

Learn the piano from scratch, or for those who have prior knowledge and want to continue learning by practice playing along to their favourite songs.

CALM RADIO

A relaxing music experience to increase focus, sleep better, and reduce daily stress.



Yokee Karaoke

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.

CALM CHRISTIAN

A Christian music and audiobook experience to help remain inspired, dedicated, and faithful to Him.



Yokee Guitar

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

Subscription Video On Demand (SVOD)

Stingray's SVOD offering is available through major entertainment services providers such as Amazon, AT&T, Comcast, Telefonica, and growing in reach through new carriers such as Optimum and Suddenlink by Altice, Claro Video, izzi, NOW, and Totalplay.

The following Stingray services are available as SVOD:

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

Stingray Retail Media Network

In fiscal 2022, we launched an entirely new category known as audio out-of-home (AOOH), which represents the evolution of legacy in-store messaging. AOOH allows brands to reach customers at the point-of-sale, with programmatic audio ads in the aisles. We're incredibly excited about the national retail partners we have on board, including Dollarama, Walmart and Metro. Location-based AOOH is designed to cut through the endless stream of in-store advertising using the power of audio, while leveraging proximity to speak directly to high-intent shoppers.

None of this would be possible without our new partner, Hivestack, one of the world's top location-based ad servers. This collaboration – the first of its kind in Canada – integrates Stingray's proprietary network of media players with Hivestack's programmatic system, allowing for highly targeted ad delivery across our entire network of retail partners. Each location is identified using a unique tag, which allows advertisers to easily run campaigns on a local, regional, national, or cross-network level.

In the midst of pioneering this all-new audio advertising medium, we realized there was no existing way to measure how many individual customers were exposed to an audio ad. So, Stingray reached out to the Canadian Out-of-Home Marketing and Measurement Bureau (COMMB), Canada's top OOH market insights bureau, to develop an all-new measurement: the audio impression. This AOOH measurement tool provides agencies with first-party transaction data from our retail partners, so they can feel confident that they are receiving credible information that is verified by a third-party source they already trust.

Finally, Stingray launched a partnership with Leger, the largest Canadian-owned market research and analytics firm, to measure the effectiveness of our retail-based digital audio offering. The firm will be rolling out a series of surveys to demonstrate the value that AOOH can provide for brands that are looking to reach millions of high-intent shoppers across Canada.

Radio in Recovery

Many businesses that experienced a drop in revenue during the pandemic sought to reduce their expenses, while others dealt with difficult supply chain issues that interrupted their operations. In many cases, that meant a reduction in advertising spends. Stingray's team is dedicated to bringing advertisers back to radio, not only through traditional radio advertising but also via our vast array of digital advertising products. From display to social, from AOOH to programmatic outdoor, our advertising network is equipped to offer retail, streaming, and broadcast media to reach customers while they shop, listen, watch, travel, and play. The combination of radio's broad reach with digital's ability to hyper-target specific customer demographics creates a very efficient and far-reaching model for advertisers to grow their business.

Radio stations like Toronto's boom 97.3, Ottawa's Hot 89.9 and Live 88.5, Calgary's 90.3 AMP Radio and XL 103, and K97 in Edmonton achieved very positive ratings and retained top-tier status within their respective markets. Keeping our radio stations among the most highly ranked in each market is key to our revenue success. To that end, Stingray relaunched CFXJ-FM in Toronto in February 2022, branded as "93.5 Today Radio." In addition to crowd-pleasing music, this new radio station embraces 24/7 audience interaction: the hosts and audience are constantly engaging in dialogue via phone, text, direct messaging, and social media.

In addition to the rebrand in Toronto, Stingray Radio has continued to increase its footprint of regional and national stations and shows. On the East coast, the Q network brings our award-winning classic rock content from Q104 Halifax to the rest of the Maritimes. Meanwhile, out West, the popular Katie & Ed morning show – based at 90.3 AMP Radio in Calgary – expanded their presence to include Z95.3 in Vancouver.

On the digital front, the Stingray Podcast Network proudly produces six in-house original content podcasts. These shows cover a wide range of human interest topics including sports, movies, technology, and music. Stingray's "Behind The Vinyl" podcast, which invites musicians to sit down and discuss how they created their greatest hits, won Best Podcast at the Canadian Radio Awards in November of 2021. It was also nominated in the Outstanding Music Series category at the Canadian Podcast Awards.



CURRENT COMPANY GOALS

1

Pursue a strategic and disciplined approach to our M&A strategy by focusing on three (3) vectors:

- o **SVOD / APPs**
- o **Ad-based products**
- o **Business services (Music, Digital Display, Insights and Retail media)**

2

Develop ad-based product offerings to enter new markets and access new platforms. Free Ad-supported Streaming TV channels (FAST), traditional channels (MV and Audio channels) and Audio Out-of-Home (Retail Media).

3

Continue to grow in the SVOD space by buying or licensing content and increasing our reach across platforms and markets.

4

Continue to develop best-in-class video apps, web-based solutions, and mobile app.

5

Continue to develop distribution in connected cars and devices.

6

Expand the reach of our business services through an international expansion strategy and insights offering.

PROVEN ACQUISITION STRATEGY

\$845 M

spent on acquisitions since inception

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



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 more than 400 million subscribers in 160 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 160 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

Apart from Radio and FAST offerings, our business model is based on subscription revenues and long-term agreements with pay-TV providers and OTT platforms, which gives us significant predictability of future cash flow, reduces cyclicity of earnings, and increases customer retention.

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. We are also a leader in customer insights with Chatter, a proprietary AI-powered platform that provides retailers with actionable feedback. Its unique combination of SMS-based chats and machine learning technology captures real-time shopper insights that allow businesses to improve customer satisfaction and drive sales.

Business agility

We have nimbly adjusted to (and take advantage of) emerging growth opportunities, including steering our product development strategies by leveraging AI-driven data analysis and decision making, and scaling our services through strategic partnerships in various rapidly evolving markets.

Track record of successful acquisitions and integrations

Since Stingray's inception in 2007, we have completed 45 acquisitions representing outlays of approximately \$845 million, which brought new clients, new products and new geographical markets to our business. Stingray's proven track record of successfully consummating and 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 experts curators around the world. Our music products and services are adapted to local tastes and trends to create the ultimate user experience.

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 impacted.

For further discussion of the significant risks we face, refer to the Annual Information Form for the year ended March 31, 2022 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 performers, 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 2022, approximately 37% 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 policy framework set forth in Broadcasting Regulatory Policy CRTC 2015- 96. 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.

Pandemic

The COVID-19 pandemic has introduced significant uncertainties into our business landscape. Any new pandemic or event that requires retailers to shutter or affects supply chains can have an important detrimental impact on our radio advertising revenues.



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



Valérie Héroux,
Vice-President,
Content Acquisition
and Programming



Ratha Khuong
General Manager,
Stingray Business



Sébastien Côté
Vice-President,
Human Resources

EXECUTIVE OFFICERS

NON-EXECUTIVE DIRECTORS



Claudine Blondin
Director and Member of the
Corporate Governance and
the Human Resources and
Compensation Committees



**François-Charles
Sirois**
Director and Member of
the Human Resources and
Compensation Committee



Frédéric Lavoie
Director



Gary S. Rich
Director and Chairman of
the Human Resources and
Compensation Committee



Jacques Parisien
Director and Chairman
of the Corporate
Governance and Audit
Committees



Karinne Bouchard
Director and Audit
Committee



Mark Pathy
Chairman of the Board
of Directors



Pascal Tremblay
Director and Member
of the Corporate
Governance Committee
and Chairman of
the Audit Committee



Robert G. Steele
Director

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, 2022 and 2021. This MD&A reflects information available to the Corporation as at June 7, 2022. 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; pandemics, epidemics and other health risks; 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.

KEY PERFORMANCE INDICATORS

For the three-month period ended March 31, 2022 (“Q4 2022”):

<p>\$72.6 M</p> <p>▲ 21.6% from Q4 2021 Revenues</p>	<p>\$4.5 M</p> <p>Or \$0.06 per share Net income</p>	<p>\$22.1 M</p> <p>▼ 9.7% from Q4 2021 Cash flow from operating activities</p> <p>Or \$0.31 per share</p>
<p>\$21.0 M</p> <p>▼ 11.1% from Q4 2021 Adjusted EBITDA⁽¹⁾</p>	<p>\$11.8 M</p> <p>Or \$0.17 per share Adjusted Net income⁽¹⁾</p>	<p>\$11.8 M</p> <p>▼ 14.3% from Q4 2021 Adjusted free cash flow⁽¹⁾</p> <p>Or \$0.17 per share</p>

For the year ended March 31, 2022 (“Fiscal 2022”):

<p>\$282.6 M</p> <p>▲ 14.0% from Fiscal 2021 Revenues</p>	<p>\$33.3 M</p> <p>Or \$0.47 per share Net income</p>	<p>\$83.7 M</p> <p>▼ 19.7% from Fiscal 2021 Cash flow from operating activities</p> <p>Or \$1.17 per share</p>
<p>\$99.3 M</p> <p>▼ 13.1% from Fiscal 2021 Adjusted EBITDA⁽¹⁾</p>	<p>\$56.4 M</p> <p>Or \$0.79 per share Adjusted Net income⁽¹⁾</p>	<p>\$56.9 M</p> <p>▼ 23.4% from Fiscal 2021 Adjusted free cash flow⁽¹⁾</p> <p>Or \$0.80 per share</p>

Note:

- (1) This is a non-IFRS measure. Refer to “Supplemental Information on Non-IFRS Measures” on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Supplemental Information on Non-IFRS Measures” on page 35 and “Reconciliation of Quarterly Non-IFRS Measures” on page 44.

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the fourth quarter ended March 31, 2022

Compared to the quarter ended March 31, 2021 (“Q4 2021”):

- Revenues increased 21.6% to \$72.6 million from \$59.7 million;
- Adjusted EBITDA⁽¹⁾ decreased 11.1% to \$21.0 million from \$23.6 million. Adjusted EBITDA⁽¹⁾ by segment was \$14.5 million or 31.9% of revenues for Broadcasting and Commercial Music, \$7.9 million or 29.0% of revenues for Radio and \$(1.4) million for Corporate;
- Net income was \$4.5 million (\$0.06 per share) compared to \$12.1 million (\$0.17 per share);
- Adjusted Net income⁽¹⁾ was \$11.8 million (\$0.17 per share) compared to \$12.0 million (\$0.16 per share);
- Cash flow from operating activities decreased 9.7% to \$22.1 million (\$0.31 per share) compared to \$24.5 million (\$0.34 per share);
- Adjusted free cash flow⁽¹⁾ decreased 14.3% to \$11.8 million (\$0.17 per share) compared to \$13.8 million (\$0.19 per share);
- Net debt to Pro Forma Adjusted EBITDA⁽¹⁾ ratio of 3.16x, compared to 2.81x; and
- 80,200 shares were repurchased and cancelled for a total of \$0.6 million compared to 967,415 shares for a total of \$6.8 million.

Highlights of the year ended March 31, 2022

Compared to the year ended March 31, 2021 (“Fiscal 2021”):

- Revenues increased 14.0% to \$282.6 million from \$247.9 million;
- Adjusted EBITDA⁽¹⁾ decreased 13.1% to \$99.3 million from \$114.3 million. Adjusted EBITDA⁽¹⁾ by segment was \$58.3 million or 36.7% of revenues for Broadcasting and Commercial Music, \$46.2 million or 37.4% of revenues for Radio and \$(5.2) million for Corporate;
- Net income was \$33.3 million (\$0.47 per share) compared with \$45.1 million (\$0.61 per share);
- Adjusted Net income⁽¹⁾ of \$56.4 million (\$0.79 per share) compared with \$62.9 million (\$0.86 per share);
- Cash flow from operating activities decreased 19.7% to \$83.7 million (\$1.17 per share) compared to \$104.2 million (\$1.42 per share);
- Adjusted free cash flow⁽¹⁾ decreased 23.4% to \$56.9 million (\$0.80 per share) compared to \$74.4 million (\$1.01 per share);
- Net debt to Pro Forma Adjusted EBITDA⁽¹⁾ ratio of 3.16x, compared to 2.81x; and
- 2,106,000 shares repurchased and cancelled for a total of \$15.0 million compared to 1,530,180 shares for a total of \$10.2 million.

Note:

- (1) This is a non-IFRS measure. Refer to “Supplemental Information on Non-IFRS Measures” on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Supplemental Information on Non-IFRS Measures” on page 35 and “Reconciliation of Quarterly Non-IFRS Measures” on page 44.

Additional business highlights for the fourth quarter and subsequent events:

- On May 12, 2022, the Corporation announced that METRO Inc. had joined the Stingray Retail Media Network. Under the agreement, the Corporation is responsible for exclusive sales representation of all in-store digital audio advertising within approximately 1,100 METRO network of food stores under several banners in Quebec and Ontario including Metro, Metro Plus, Super C and Food Basics, as well as drugstores primarily under Jean Coutu and Brunet, Metro Pharmacy and Food Basics Pharmacy banners.
- On April 20, 2022, the Corporation announced that it had reached an agreement for the distribution of a suite of free ad-supported channels (FAST channels) to TCL smart TVs in Australia, Brazil, India, Mexico and the United States. The new services within the TCL app include Qello Concerts by Stingray, Stingray Karaoke, Stingray Classica, Stingray DJAZZ, Stingray CMusic, Stingray Naturescape and Stingray Music channels for users to access at no extra cost.
- On April 19, 2022, the Corporation announced that Walmart Canada had joined the Stingray Retail Media Network. Under the agreement, the Corporation is responsible for exclusive sales representation, in partnership with the Walmart Connect sales team, of all in-store digital audio advertising within the national Walmart Canada retail footprint.
- On April 6, 2022, the Corporation launched Stingray All Good Vibes channels with Amazon's Prime Video Channels in Australia, a paid add-on subscription exclusive to Prime members. Prime members now have access to subscribe to Qello Concerts by Stingray, Stingray Karaoke, Stingray Classica, Stingray DJAZZ, and Stingray Naturescape. The launch showcased the quality and diversity of the Corporation's growing product portfolio and its strength in reaching new audiences.
- On March 23, 2022, the Corporation declared a dividend of \$0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around June 15, 2022, to shareholders on record as of May 31, 2022.
- On March 14, 2022, the Corporation announced that it had launched 17 free ad-supported channels (FAST channels) on the streaming platform Galaxy TV in Canada and the United States.
- On March 1, 2022, the Corporation announced a partnership with Leger, the largest Canadian-owned market research and analytics firm, to measure the effectiveness of retail-based digital audio advertising in Canada. Leger will conduct surveys to demonstrate that advertising campaigns connected to the Stingray Retail Media Network drive tangible results.
- On February 23, 2022, the Corporation announced a partnership with TikTok, the leading destination for short-form mobile video, to launch TikTok Radio. The collaboration will bring TikTok's top trending music and artists to the Corporation's audience across multiple platforms.
- On February 8, 2022, the Corporation declared a dividend of \$0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend was paid on March 15, 2022 to shareholders on record as of February 28, 2022.
- On January 5, 2022, the Corporation announced that it had acquired InStore Audio Network, the largest in-store audio advertising network in the United States, reaching 100 million shoppers each week in over 16,000 grocery retailers and pharmacies across the US for total consideration of up to approximately \$59.0 million subject to a specific earn out mechanism set forth in the purchase agreement

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of Canadian dollars, except per share amounts)	3 months				12 months					
	March 31, 2022		March 31, 2021		March 31, 2022		March 31, 2021		March 31, 2020	
	Q4 2022		Q4 2021		Fiscal 2022		Fiscal 2021		Fiscal 2020	
	\$	% of revenues	\$	% of revenues	\$	% of revenues	\$	% of revenues	\$	% of revenues
Revenues	72,644	100.0 %	59,740	100.0 %	282,626	100.0 %	247,857	100.0 %	306,721	100.0 %
Operating expenses	53,593	73.8 %	38,365	64.2 %	189,954	67.1 %	140,876	56.8 %	190,381	62.0 %
Depreciation, amortization and write-off	9,239	12.7 %	9,821	16.4 %	35,544	12.6 %	38,692	15.6 %	40,302	13.1 %
Net finance expense (income) ⁽¹⁾	(769)	(1.1) %	(7,284)	(12.2) %	6,119	2.2 %	(1,199)	(0.5) %	42,822	14.0 %
Change in fair value of investments	12	0.0 %	–	0.0 %	2	0.0 %	3,787	1.5 %	(6,550)	(2.1) %
Acquisition, legal, restructuring and other expenses	5,912	8.1 %	2,714	4.5 %	8,707	3.1 %	4,637	1.9 %	24,104	7.9 %
Income before income taxes	4,657	6.5 %	16,124	27.1 %	42,300	15.0 %	61,064	24.7 %	15,662	5.1 %
Income taxes	191	0.3 %	4,047	6.8 %	9,013	3.2 %	15,960	6.5 %	1,692	0.5 %
Net income	4,466	6.2 %	12,077	20.3 %	33,287	11.8 %	45,104	18.2 %	13,970	4.6 %
Adjusted EBITDA⁽²⁾	21,023	28.9 %	23,638	39.6 %	99,269	35.1 %	114,268	46.1 %	118,086	38.5 %
Adjusted Net income⁽²⁾	11,780	16.2 %	11,981	20.1 %	56,389	20.0 %	62,855	25.4 %	55,908	18.2 %
Cash flow from operating activities	22,127	30.5 %	24,514	41.0 %	83,663	29.6 %	104,246	42.1 %	88,145	28.7 %
Adjusted free cash flow⁽²⁾	11,833	16.3 %	13,808	23.1 %	56,933	20.1 %	74,359	30.0 %	78,350	25.5 %
Net debt⁽²⁾	369,082	–	326,405	–	369,082	–	326,405	–	361,251	–
Net debt to Pro Forma Adjusted EBITDA⁽²⁾	3.16x	–	2.81x	–	3.16x	–	2.81x	–	3.01x	–
Net income per share basic	0.06	–	0.17	–	0.47	–	0.62	–	0.18	–
Net income per share diluted	0.06	–	0.17	–	0.47	–	0.61	–	0.18	–
Adjusted Net income per share basic ⁽²⁾	0.17	–	0.17	–	0.79	–	0.86	–	0.74	–
Adjusted Net income per share diluted ⁽²⁾	0.17	–	0.16	–	0.79	–	0.86	–	0.74	–
Cash flow from operating activities per share basic	0.32	–	0.34	–	1.18	–	1.42	–	1.16	–
Cash flow from operating activities per share diluted	0.31	–	0.34	–	1.17	–	1.42	–	1.16	–
Adjusted free cash flow per share Basic and diluted ⁽²⁾	0.17	–	0.19	–	0.80	–	1.01	–	1.03	–
Revenues by segment										
Broadcasting and Commercial Music	45,584	62.7 %	35,780	59.9 %	159,082	56.3 %	150,047	60.5 %	154,466	50.4 %
Radio	27,060	37.3 %	23,960	40.1 %	123,544	43.7 %	97,810	39.5 %	152,255	49.6 %
Revenues	72,644	100.0 %	59,740	100.0 %	282,626	100.0 %	247,857	100.0 %	306,721	100.0 %
Revenues by geography										
Canada	40,456	55.6 %	35,594	59.6 %	177,739	62.9 %	150,729	60.8 %	209,843	68.4 %
United States	19,145	26.4 %	10,366	17.3 %	52,403	18.5 %	40,417	16.3 %	37,987	12.4 %
Other Countries	13,043	18.0 %	13,780	23.1 %	52,484	18.6 %	56,711	22.9 %	58,891	19.2 %
Revenues	72,644	100.0 %	59,740	100.0 %	282,626	100.0 %	247,857	100.0 %	306,721	100.0 %

Notes:

- (1) Interest paid during Q4 2022 was \$3.4 million (Q4 2021; \$5.1 million) and \$14.4 million during Fiscal 2022 (Fiscal 2021; \$18.1 million and Fiscal 2020; \$17.4 million)
- (2) This is a non-IFRS measure. Refer to “Supplemental Information on Non-IFRS Measures” on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Supplemental Information on Non-IFRS Measures” on page 35 and “Reconciliation of Quarterly Non-IFRS Measures” on page 44.
- (3) The 2021 comparative figures have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and commercial music segment from previously recorded \$151.7 million and \$74.2 million to recast \$150.0 million \$72.6 million, respectively. Consolidated revenues and operating expenses have been reduced from \$249.5 million to \$247.9 million and \$142.5 million to \$140.9 million, respectively.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

Adjusted EBITDA, Pro Forma Adjusted EBITDA, LTM Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Net income per share, Adjusted free cash flow, Adjusted free cash flow per share, Net debt and Net debt to Pro Forma Adjusted EBITDA ratio are non-IFRS measures that the Corporation uses to assess its operating performance. Refer to “Supplemental information on Non-IFRS Measures” on page 54.

The following tables show the reconciliation of Net income to Adjusted EBITDA, to Adjusted Net income, LTM Adjusted EBITDA and to Pro Forma Adjusted EBITDA:

	3 months		12 months	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(in thousands of Canadian dollars)	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Net income	4,466	12,077	33,287	45,104
Net finance expense (income)	(769)	(7,284)	6,119	(1,199)
Change in fair value of investments	12	–	2	3,787
Income taxes	191	4,047	9,013	15,960
Depreciation and write-off of property and equipment	3,862	3,082	11,069	11,653
Depreciation of right-of-use assets	1,201	1,436	5,076	5,660
Amortization of intangible assets	4,176	5,303	19,399	21,379
Share-based compensation	222	235	798	851
Performance and deferred share unit expense	1,750	2,028	5,799	6,436
Acquisition, legal, restructuring and other expenses	5,912	2,714	8,707	4,637
Adjusted EBITDA	21,023	23,638	99,269	114,268
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(1,381)	(3,214)	(9,516)	(12,619)
Income taxes	(191)	(4,047)	(9,013)	(15,960)
Depreciation of property and equipment and write-off	(3,862)	(3,082)	(11,069)	(11,653)
Depreciation of right-of-use assets	(1,201)	(1,436)	(5,076)	(5,660)
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses	(2,608)	122	(8,206)	(5,521)
Adjusted Net income	11,780	11,981	56,389	62,855
			March 31, 2022	March 31, 2021
(in thousands of Canadian dollars)			Fiscal 2022	Fiscal 2021
LTM Adjusted EBITDA			99,269	114,268
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results			16,000	190
COVID-19 credits allocated due to mandated store closures			1,535	1,825
Pro Forma Adjusted EBITDA			116,804	116,283

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

	3 months		12 months	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(in thousands of Canadian dollars)	Q4 2022	Q4 2021	Fiscal 2022	Fiscal 2021
Cash flow from operating activities	22,127	24,514	83,663	104,246
<i>Add / Less :</i>				
Acquisition of property and equipment	(2,443)	(1,929)	(9,061)	(5,690)
Acquisition of intangible assets other than internally developed intangible assets	(355)	(194)	(1,134)	(1,313)
Addition to internally developed intangible assets	(593)	(1,367)	(6,854)	(6,428)
Interest paid	(3,391)	(5,142)	(14,384)	(18,053)
Repayment of lease liabilities	(1,074)	(1,099)	(4,815)	(5,011)
Net change in non-cash operating working capital items	(7,571)	(344)	24	10,632
Unrealized loss (gain) on foreign exchange	(779)	(3,345)	787	(8,661)
Acquisition, legal, restructuring and other expenses	5,912	2,714	8,707	4,637
Adjusted free cash flow	11,833	13,808	56,933	74,359

The following table shows the calculation of Net debt and Net debt to Pro Forma Adjusted EBITDA ratio:

(in thousands of Canadian dollars)	March 31, 2022	March 31, 2021
Credit facilities	358,203	303,704
Subordinated debt	25,442	31,741
Cash and cash equivalents	(14,563)	(9,040)
Net debt	369,082	326,405
Net debt to Pro Forma Adjusted EBITDA	3.16	2.81

FINANCIAL RESULTS FOR THE QUARTERS AND YEARS ENDED MARCH 31, 2022 AND 2021

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

(in thousands of Canadian dollars)	3 months			12 months		
	2022	2021	% Change	2022	2021	% Change
Revenues by geography						
Canada	40,456	35,594	13.7	177,739	150,729	17.9
United States	19,145	10,366	84.7	52,403	40,417	29.7
Other Countries	13,043	13,780	(5.3)	52,484	56,711	(7.5)
Revenues	72,644	59,740	21.6	282,626	247,857	14.0

Global

Revenues in Q4 2022 increased \$12.9 million or 21.6% to \$72.6 million, from \$59.7 million for Q4 2021. The increase was primarily due to the acquisition of InStore Audio Network, to the gradual easing of COVID-19 restrictions and the return to normal commercial operations, and to an increase in equipment and installation sales related to digital signage.

Revenues for Fiscal 2022 increased \$34.7 million or 14.0% to \$282.6 million, from \$247.9 million for Fiscal 2021. The increase was primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations and to the acquisition of InStore Audio Network.

Canada

Revenues in Canada in Q4 2022 increased \$5.0 million or 13.7% to \$40.5 million, from \$35.5 million for Q4 2021. Revenues in Canada for Fiscal 2022 increased \$26.9 million or 17.9% to \$177.7 million, from \$150.8 million for Fiscal 2021. Both increases were primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

United States

Revenues in the United States in Q4 2022 increased \$8.7 million or 84.7% to \$19.1 million, from \$10.4 million for Q4 2021. The increase was primarily due the acquisition of InStore Audio Network and to an increase in subscription revenues.

Revenues in the United States for Fiscal 2022 increased \$12.0 million or 29.7% to \$52.4 million, from \$40.4 million for Fiscal 2021. The increase was primarily due to the acquisition of InStore Audio Network, to an increase in subscription revenues and to the acquisition of Calm Radio.

Other Countries

Revenues in Other countries in Q4 2022 decreased \$0.8 million or 5.3% to \$13.0 million, from \$13.8 million for Q4 2021. The decrease was primarily due to a negative foreign exchange rate impact.

Revenues in Other countries for Fiscal 2022 decreased \$4.2 million or 7.5% to \$52.5 million, from \$56.7 million for Fiscal 2021. The decrease was primarily due to a negative foreign exchange rate impact and to a decrease in audio channel revenues.

Operating expenses

Operating expenses in Q4 2022 increased \$15.2 million or 39.7% to \$53.6 million, from \$38.4 million for Q4 2021. The increase was mainly due to higher operating and variable expenses, and to lower Canadian Emergency Wage Subsidy (CEWS) (\$4.3 million), all related to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Operating expenses for Fiscal 2022 increased \$49.1 million or 34.8% to \$190.0 million, from \$140.9 million for Fiscal 2021. The increase was primarily due to lower CEWS (\$19.7 million) and to higher operating and variable expenses, all related to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Adjusted EBITDA⁽¹⁾

Adjusted EBITDA in Q4 2022 decreased \$2.6 million or 11.1% to \$21.0 million from \$23.6 million for Q4 2021. Adjusted EBITDA margin was 28.9% compared to 39.6% for Q4 2021. The decrease was mainly due to lower CEWS and to higher operating costs due to the return to normal commercial operations, partially offset by higher revenues in the Radio segment, and by the acquisition of InStore Audio Network.

Adjusted EBITDA for Fiscal 2022 decreased \$15.0 million or 13.1% to \$99.3 million from \$114.3 million for Fiscal 2021. Adjusted EBITDA margin was 35.1% compared to 46.1% for Fiscal 2021. The decrease in Adjusted EBITDA was primarily due to lower CEWS and to higher operating costs, partially offset by an increase in revenues in the Radio segment, all caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Depreciation, amortization and write off

Depreciation, amortization and write off decreased \$0.6 million or 5.9% to \$9.2 million from \$9.8 million for Q4 2021. Depreciation, amortization and write off for Fiscal 2022 decreased \$3.2 million or 8.1% to \$35.5 million, from \$38.7 million for Fiscal 2021. Both decreases were primarily due to less intangible assets to amortize compared to the prior period as certain intangible assets are fully amortized.

Net finance expense (income)

Net finance income for Q4 2022 was \$0.8 million compared to \$7.3 million for Q4 2021. The decrease was mainly due to lower gains on derivative financial instruments and on foreign exchange, partially offset by a gain on the change in fair value of contingent consideration.

Net finance expense for Fiscal 2022 was \$6.1 million compared to a Net finance income of \$1.2 million for Fiscal 2021. The variance was mainly related to a lower gain on derivative financial instruments and to a foreign exchange loss, partially offset by a decrease in the fair value of contingent consideration and by lower interest expense.

Change in fair value of investments

In Q4 2022 and for cumulative Fiscal 2022, there was no gain or loss on fair value of investments as the securities held in AppDirect Inc. were sold in Q3 2021. Losses of \$2.4 million for Q3 2021 and \$3.8 million for cumulative Fiscal 2021 were recorded, both related to the sale of securities held in AppDirect Inc. which had a lower proceed than the estimated fair value before the transaction occurred.

Note:

- (1) This is a non-IFRS measure. Refer to "Supplemental Information on Non-IFRS Measures" on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental Information on Non-IFRS Measures" on page 35 and "Reconciliation of Quarterly Non-IFRS Measures" on page 44.

Acquisition, legal, restructuring and other expenses

(in thousands of Canadian dollars)	3 months			12 months		
	2022	2021	Change \$	2022	2021	Change \$
Acquisition	39	1,107	(1,068)	282	2,439	(2,157)
Legal	1,328	424	904	2,505	623	1,882
Restructuring and other	4,545	1,183	3,362	5,920	1,575	4,345
Acquisition, legal, restructuring and other expenses	5,912	2,714	3,198	8,707	4,637	4,070

In cumulative Fiscal 2021, a gain on legal expenses was recorded due to the reversal of a provision for professional fees due to a change in estimates in the quarter.

Income taxes

The income tax expense recognized in comprehensive income was \$0.2 million for Q4 2022 compared to \$4.0 million for Q4 2021. The effective tax rate for Q4 2022 was 4.1% compared to 25.1% for Q4 2021. The income taxes expense recognized in comprehensive income was \$9.0 million for Fiscal 2022 compared to \$16.0 million for Fiscal 2021. The effective tax rate for Fiscal 2022 was 21.3% compared to 26.1% for Fiscal 2021. Both decreases in the effective tax rate were due to the variance in permanent differences.

Net income and Net income per share

Net income in Q4 2022 was \$4.5 million (\$0.06 per share) compared to \$12.1 million (\$0.17 per share) for Q4 2021. The decrease was mainly related to a lower gain on derivative financial instruments and on foreign exchange, partially offset by lower income tax expense.

Net income for Fiscal 2022 was \$33.3 million (\$0.47 per share) compared to \$45.1 million (\$0.61 per share) for Fiscal 2021. The decrease was mainly related to lower operating results, to a lower gain on derivative financial instruments and to a foreign exchange loss, partially offset by a decrease in the fair value of contingent consideration, by lower income tax expense and by a loss on the fair value of investment in Fiscal 2021.

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

Adjusted Net income in Q4 2022 was \$11.8 million (\$0.17 per share), compared to \$12.0 million (\$0.16 per share) for Q4 2021. The decrease was mainly due to a lower gain on foreign exchange and to lower operating results, partially offset by a decrease in the fair value of contingent consideration.

Adjusted Net income for Fiscal 2022 was \$56.4 million (\$0.79 per share), compared to \$62.9 million (\$0.86 per share) for Fiscal 2021. The decrease was mainly due to lower operating results and to a foreign exchange loss, partially offset by a decrease in the fair value of contingent consideration and by lower income tax and interest expense.

Note:

- (1) This is a non-IFRS measure. Refer to "Supplemental Information on Non-IFRS Measures" on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental Information on Non-IFRS Measures" on page 35 and "Reconciliation of Quarterly Non-IFRS Measures" on page 44.

BUSINESS SEGMENT PERFORMANCE

BROADCASTING AND COMMERCIAL MUSIC

(in thousands of Canadian dollars)	3 months			12 months		
	2022	2021	% Change	2022	2021	% Change
Revenues	45,584	35,780	27.4	159,082	150,047	6.0
Operating expenses	31,060	19,483	59.4	100,767	72,594	38.8
Adjusted EBITDA⁽¹⁾	14,524	16,297	(10.9)	58,315	77,453	(24.7)
Adjusted EBITDA margin⁽¹⁾	31.9%	45.5%	(30.0)	36.7%	51.6%	(29.0)

Revenues

In Q4 2022, Broadcasting and Commercial Music revenues increased \$9.8 million or 27.4% to \$45.6 million, from \$35.8 million for Q4 2021. The increase was primarily due to the acquisition of InStore Audio Network, to the gradual easing of COVID-19 restrictions and the return to normal commercial operations, and to an increase in equipment and installation sales related to digital signage.

Broadcasting and Commercial Music revenues for Fiscal 2022 increased \$9.1 million or 6.0% to \$159.1 million from \$150.0 million for Fiscal 2021. The increase was primarily due to the acquisition of InStore Audio Network and of Calm Radio, and to the return to normal commercial operations, partially offset by a negative foreign exchange rate impact.

Adjusted EBITDA⁽¹⁾

In Q4 2022, Broadcasting and Commercial Music Adjusted EBITDA decreased \$1.8 million or 10.9% to \$14.5 million from \$16.3 million for Q4 2021. The decrease in Adjusted EBITDA was primarily due to higher operating costs and reduced CEWS, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations, and to a decrease in gross margin related to product mix, partially offset by the acquisition of InStore Audio Network.

Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2022 decreased \$19.1 million or 24.7% to \$58.3 million from \$77.4 million for Fiscal 2021. The decrease in Adjusted EBITDA was primarily due to reduced CEWS and higher operating costs, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations, to a decrease in gross margin related to product mix and to a gain related to a settlement with SOCAN in Fiscal 2021 (refer to page 49), partially offset by the acquisition of InStore Audio Network and Calm Radio.

Note:

- (1) This is a non-IFRS measure. Refer to "Supplemental Information on Non-IFRS Measures" on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental Information on Non-IFRS Measures" on page 35 and "Reconciliation of Quarterly Non-IFRS Measures" on page 44.

RADIO

(in thousands of Canadian dollars)	3 months			12 months		
	2022	2021	% Change	2022	2021	% Change
Revenues	27,060	23,960	12.9	123,544	97,810	26.3
Operating expenses	19,203	15,340	25.2	77,309	56,528	36.8
Adjusted EBITDA⁽¹⁾	7,857	8,620	(8.9)	46,235	41,282	12.0
Adjusted EBITDA margin⁽¹⁾	29.0%	36.0%	(19.3)	37.4%	42.2%	(11.3)

Revenues

Radio revenues are derived from the sale of advertising airtime, which is subject to the seasonal fluctuations of the Canadian radio industry. Accordingly, the first and third quarter results tend to be the strongest and the second and fourth quarter results tend to be the weakest in a fiscal year. However, for Fiscal 2021, Radio revenues did not follow historical patterns due to the ongoing impact of the COVID-19 pandemic.

In Q4 2022, Radio revenues increased \$3.1 million or 12.9% to \$27.1 million from \$24.0 million for Q4 2021. Radio revenues for Fiscal 2022 increased \$25.7 million or 26.3% to \$123.5 million from \$97.8 million for Fiscal 2021. Both increases were largely due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Adjusted EBITDA⁽¹⁾

In Q4 2022, Radio Adjusted EBITDA decreased \$0.8 million or 8.9% to \$7.9 million from \$8.7 million for Q4 2021. The decrease was primarily due to reduced CEWS, partially offset by higher revenues, all related to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Radio Adjusted EBITDA for Fiscal 2022 increased \$4.9 million or 12.0% to \$46.2 million from \$41.3 million for Fiscal 2021. The increase was primarily due to higher revenues, partially offset by reduced CEWS, all related to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

CORPORATE

(in thousands of Canadian dollars)	3 months			12 months		
	2022	2021	% Change	2022	2021	% Change
Operating expenses	3,330	3,542	(6.0)	11,878	11,754	1.1
<i>Adjust:</i>						
Share-based compensation	(222)	(235)	(5.5)	(798)	(851)	(6.2)
Performance and deferred share unit expense	(1,750)	(2,028)	(13.7)	(5,799)	(6,436)	(9.9)
Adjusted EBITDA⁽¹⁾	(1,358)	(1,279)	6.2	(5,281)	(4,467)	18.2

Adjusted EBITDA⁽¹⁾

Corporate Adjusted EBITDA represents the head office operating expenses less the share-based compensation and performance and deferred share unit expense.

Note:

- (1) This is a non-IFRS measure. Refer to "Supplemental Information on Non-IFRS Measures" on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental Information on Non-IFRS Measures" on page 35 and "Reconciliation of Quarterly Non-IFRS Measures" on page 44.

Quarterly results

Revenues fluctuated over the last eight quarters from \$52.1 million in the first quarter of Fiscal 2021 to \$72.6 million in the fourth quarter of Fiscal 2022. The increases in Q2 2021 and Q3 2021 are due to progressive improvements in Radio advertising bookings as provinces begin lifting restrictions on social and economic activity and to normal business seasonality. The decrease in Q4 2021 is due to normal business seasonality. The increase in Q1 2022 was due to the gradual easing of COVID-19 restrictions. The increase in Q2 2022 was due to the gradual easing of COVID-19 restrictions, to increased equipment and installation sales related to digital signage and to the acquisition of Calm Radio. In Q3 2022, the increase was mainly due to normal business seasonality and to an increase in subscription revenues. The decrease in Q4 2022 is mostly due to normal business seasonality, partially offset by the acquisition of InStore Audio Network.

Adjusted EBITDA⁽¹⁾ fluctuated over the last eight quarters from \$25.5 million in the first quarter of Fiscal 2021 to \$21.0 million in the fourth quarter of Fiscal 2022. The increase in Q2 2021 was due to progressive improvements in Radio advertising bookings as provinces begin lifting restrictions on social and economic activity, partially offset by higher operating costs and lower CEWS. The increase in Q3 2021 was due to continuing improvements in Radio advertising bookings and normal business seasonality and to a settlement with SOCAN (refer to page 49), partially offset by a special bonus to employees, lower CEWS and higher operating costs. The decrease in Q4 2021 was due to normal business seasonality and to a settlement with SOCAN in Q3 2021, partially offset by a special bonus to employees in Q3 2021. The increase in Q1 2022 was due to normal business seasonality and change in product mix, partially offset by higher operating costs. The increase in Q2 2022 was due to higher operating results, partially offset by reduced CEWS. In Q3 2022, the increase was mainly due to normal business seasonality. The decrease in Q4 2022 was mainly due to normal business seasonality and to reduced CEWS, partially offset by the acquisition of InStore Audio Network.

Net income fluctuated over the last eight quarters from a net income of \$7.0 million in the first quarter of Fiscal 2021 to \$4.5 million in the fourth quarter of Fiscal 2022. In Q2 2021, the increase was due to higher operating results and positive change in mark-to-market on derivative financial instruments, partially offset by higher income tax and legal expenses. In Q3 2021, the increase was due to higher operating results, positive change in the fair value of contingent consideration, and higher gain in mark-to-market on derivative financial instruments, partially offset by a negative change in fair value of investments related to the sale of securities held in AppDirect Inc. In Q4 2021, the decrease was due to lower operating results, partially offset by higher gains in mark-to-market on derivative financial instruments. In Q1 2022, the decrease was due to a negative change in fair value of mark-to-market on derivative financial instruments and a lower foreign exchange gain, partially offset by lower income tax expense, and lower acquisition and restructuring costs. In Q2 2022, the increase was due a positive change in the fair value of contingent consideration, a positive change in fair value of derivative financial instruments and higher operating results, partially offset by a foreign exchange loss. In Q3 2022, the increase is mainly due to higher operating results, partially offset by a lower gain related to the change in the fair value of contingent consideration. The decrease in Q4 2022 was primarily due to lower operating results due to normal business seasonality and to higher restructuring and other expenses, partially offset by lower income tax expense.

Note:

- (1) This is a non-IFRS measure. Refer to “Supplemental Information on Non-IFRS Measures” on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Supplemental Information on Non-IFRS Measures” on page 35 and “Reconciliation of Quarterly Non-IFRS Measures” on page 44.

Summary of Consolidated Quarterly Results

(in thousands of Canadian dollars, except per share amounts)	3 months							
	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020
	FY2022	FY2022	FY2022	FY2022	FY2021	FY2021	FY2021	FY2021
		Recast ⁽²⁾	Recast ⁽²⁾	Recast ⁽²⁾	Recast ⁽²⁾	Recast ⁽²⁾	Recast ⁽²⁾	Recast ⁽²⁾
Revenues by segment								
Broadcasting and Commercial								
Music	45,584	40,085	38,392	35,021	35,780	39,623	38,887	35,757
Radio	27,060	34,943	32,311	29,230	23,960	32,379	25,125	16,346
Total revenues	72,644	75,028	70,703	64,251	59,740	72,002	64,012	52,103
Revenues by geography								
Canada	40,456	49,286	46,659	41,338	35,594	47,368	39,710	28,057
United States	19,145	12,588	10,853	9,817	10,366	10,130	9,809	10,112
Other countries	13,043	13,154	13,191	13,096	13,780	14,504	14,493	13,934
Total revenues	72,644	75,028	70,703	64,251	59,740	72,002	64,012	52,103
Adjusted EBITDA⁽¹⁾	21,023	28,504	25,587	24,155	23,638	33,993	31,156	25,481
LTM Adjusted EBITDA⁽¹⁾	99,269	101,884	107,373	112,942	114,268	118,847	115,887	112,402
Net income	4,466	12,546	12,075	4,200	12,077	14,118	11,888	7,021
Net income per share basic and diluted	0.06	0.18	0.17	0.06	0.17	0.19	0.16	0.10
Adjusted Net income⁽¹⁾	11,780	17,048	16,323	11,238	11,981	21,054	16,311	13,509
Adjusted Net income per share basic ⁽¹⁾	0.17	0.24	0.23	0.16	0.17	0.29	0.22	0.18
Adjusted Net income per share diluted ⁽¹⁾	0.17	0.24	0.23	0.16	0.16	0.29	0.22	0.18
Cash flow from operations	22,127	24,762	20,437	16,337	24,514	16,333	25,406	37,993
Adjusted free Cash Flow⁽¹⁾	11,833	14,731	15,362	15,007	13,808	19,645	22,861	18,045
Quarterly dividend	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075

Notes:

- (1) This is a non-IFRS measure. Refer to "Supplemental Information on Non-IFRS Measures" on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental Information on Non-IFRS Measures" on page 35 and "Reconciliation of Quarterly Non-IFRS Measures" on page 44.
- (2) The figures of the prior quarters of Fiscal 2022 and 2021 comparative figures have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and commercial music segment from previously recorded. Revenues have been recast from \$41.0 million to \$40.1 million for Q3 2022, from \$39.1 million to \$38.4 million for Q2 2022, from \$35.6 million to \$35.0 million for Q1 2022, from \$36.4 million to \$35.8 million for Q4 2021, from \$40.2 million to \$39.6 million for Q3 2021, from \$39.2 million to \$38.9 million for Q2 2021 and from \$35.9 million to \$35.8 million for Q1 2021, respectively.

Reconciliation of Quarterly Non-IFRS Measures

Adjusted EBITDA, Pro Forma Adjusted EBITDA, LTM Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Net income per share, Adjusted free cash flow, Adjusted free cash flow per share, Net debt and Net debt to Pro Forma Adjusted EBITDA ratio are non-IFRS measures that the Corporation uses to assess its operating performance. Refer to “Supplemental information on Non-IFRS Measures” on page 54.

The following tables show the reconciliation of Net income to Adjusted EBITDA, to Adjusted Net income, to LTM Adjusted EBITDA and to Pro Forma Adjusted EBITDA:

(in thousands of Canadian dollars)	3 months							
	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020
	FY2022	FY2022	FY2022	FY2022	FY2021	FY2021	FY2021	FY2021
Net income	4,466	12,546	12,075	4,200	12,077	14,118	11,888	7,021
Net finance expense (income)	(769)	1,999	(364)	5,253	(7,284)	(1,290)	2,774	4,601
Change in fair value of investments	12	3	(13)	–	–	2,434	461	892
Income taxes	191	4,115	2,874	1,833	4,047	4,900	4,654	2,359
Depreciation and write-off of property and equipment	3,862	2,237	2,446	2,524	3,082	2,894	2,976	2,701
Depreciation of right-of-use assets	1,201	1,281	1,298	1,296	1,436	1,399	1,413	1,412
Amortization of intangible assets	4,176	4,669	4,927	5,627	5,303	5,478	5,188	5,410
Share-based compensation	222	216	196	164	235	231	219	166
Performance and deferred share unit expense	1,750	659	1,300	2,090	2,028	1,780	1,312	1,316
Acquisition, legal, restructuring and other expenses	5,912	779	848	1,168	2,714	2,049	271	(397)
Adjusted EBITDA	21,023	28,504	25,587	24,155	23,638	33,993	31,156	25,481
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(1,381)	(2,247)	(1,153)	(4,735)	(3,214)	(1,727)	(4,340)	(3,338)
Income taxes	(191)	(4,115)	(2,874)	(1,833)	(4,047)	(4,900)	(4,654)	(2,359)
Depreciation and write-off of property and equipment	(3,862)	(2,237)	(2,446)	(2,524)	(3,082)	(2,894)	(2,976)	(2,701)
Depreciation of right-of-use assets	(1,201)	(1,281)	(1,298)	(1,296)	(1,436)	(1,399)	(1,413)	(1,412)
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses	(2,608)	(1,576)	(1,493)	(2,529)	122	(2,019)	(1,462)	(2,162)
Adjusted Net income	11,780	17,048	16,323	11,238	11,981	21,054	16,311	13,509

(in thousands of Canadian dollars)	3 months							
	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020
	FY2022	FY2022	FY2022	FY2022	FY2021	FY2021	FY2021	FY2021
LTM Adjusted EBITDA	99,269	101,884	107,373	112,942	114,268	118,847	115,887	112,402
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	16,000	19,500	1,428	842	190	1,043	2,466	3,490
COVID-19 credits allocated due to mandated store closures	1,535	3,051	2,492	1,369	1,825	1,000	–	–
Pro Forma Adjusted EBITDA	116,804	124,435	111,293	115,153	116,283	120,890	118,353	115,892

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

(in thousands of Canadian dollars)	3 months							
	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020
	FY2022	FY2022	FY2022	FY2022	FY2021	FY2021	FY2021	FY2021
Cash flow from operating activities	22,127	24,762	20,437	16,337	24,514	16,333	25,406	37,993
Acquisition of property and equipment	(2,443)	(2,181)	(2,360)	(2,077)	(1,929)	(1,849)	(1,209)	(703)
Acquisition of intangible assets other than internally developed intangible assets	(355)	(276)	(305)	(198)	(194)	(649)	(212)	(258)
Addition to internally developed intangible assets	(593)	(2,058)	(2,050)	(2,153)	(1,367)	(1,838)	(1,671)	(1,552)
Interest paid	(3,391)	(3,868)	(3,234)	(3,891)	(5,142)	(6,312)	(2,912)	(3,687)
Repayment of lease liabilities	(1,074)	(1,130)	(1,526)	(1,085)	(1,099)	(1,255)	(1,443)	(1,214)
Net change in non-cash operating working capital items	(7,571)	(1,533)	2,323	6,805	(344)	15,858	6,530	(11,412)
Unrealized loss (gain) on foreign exchange	(779)	236	1,229	101	(3,345)	(2,692)	(1,899)	(725)
Acquisition, legal, restructuring and other expenses (income)	5,912	779	848	1,168	2,714	2,049	271	(397)
Adjusted free cash flow	11,833	14,731	15,362	15,007	13,808	19,645	22,861	18,045

The following table shows the calculation of Net debt and of Net debt to Pro Forma Adjusted EBITDA ratio:

(in thousands of Canadian dollars)	3 months							
	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020
	FY2022	FY2022	FY2022	FY2022	FY2021	FY2021	FY2021	FY2021
Credit facilities	358,203	317,957	313,172	305,779	303,704	290,353	299,361	303,504
Subordinated debt	25,442	25,416	31,791	31,766	31,741	39,715	39,690	39,665
Cash and cash equivalents	(14,563)	(11,266)	(8,475)	(6,416)	(9,040)	(9,827)	(10,906)	(6,393)
Portion of the balance payable on acquisition of InStore Audio Network paid on January 5, 2022	–	42,471	–	–	–	–	–	–
Net debt	369,082	374,578	336,488	331,129	326,405	320,241	328,145	336,776
Net debt to Pro Forma Adjusted EBITDA	3.16	3.01	3.02	2.88	2.81	2.65	2.77	2.91

LIQUIDITY AND CAPITAL RESOURCES FOR THE QUARTERS AND YEARS ENDED MARCH 31, 2022 AND 2021

(in thousands of Canadian dollars)	3 months		12 months	
	2022	2021	2022	2021
Operating activities	22,127	24,514	83,663	104,246
Financing activities	(15,430)	(21,811)	(59,510)	(103,148)
Investing activities	(3,400)	(3,490)	(18,630)	5,430
Net change in cash	3,297	(787)	5,523	6,528
Cash – beginning of period	11,266	9,827	9,040	2,512
Cash – end of period	14,563	9,040	14,563	9,040
Adjusted free cash flow⁽¹⁾	11,833	13,808	56,933	74,359

Operating Activities

Cash flow generated from operating activities amounted to \$22.1 million for Q4 2022 compared to \$24.5 million for Q4 2021. The decrease was mainly due to higher restructuring and other expenses, to a lower foreign exchange gain and to lower operating results, partially offset by the positive change in non-cash operating items.

Cash flow generated from operating activities amounted to \$83.7 million for Fiscal 2022 compared to \$104.2 million for Fiscal 2021. The decrease was mainly due to lower operating results, to a foreign exchange loss and to higher restructuring and other expenses, partially offset by the positive change in non-cash operating items.

Financing Activities

Net cash flow used in financing activities amounted to \$15.4 million for Q4 2022 compared to \$21.8 million for Q4 2021. The decrease was mainly related to higher credit facilities borrowing, to a partial repayment of the subordinated debt in Q4 2021 and to less shares repurchased, partially offset by the repayment of the balance payable for the acquisition of InStore Audio Network.

Net cash flow used in financing activities amounted to \$59.5 million for Fiscal 2022 compared to \$103.1 million for Fiscal 2021. The decrease was mainly due to higher credit facilities borrowing, partially offset by the repayment of the balance payable for the acquisition of InStore Audio Network.

Investing Activities

Net cash flow used in investing activities amounted to \$3.4 million for Q4 2022 compared to \$3.5 million for Q4 2021. The decrease was primarily due to less internally developed intangibles assets, partially offset by higher acquisitions of property and equipment.

Net cash flow used in investing activities amounted to \$18.6 million for Fiscal 2022 compared to net cash flow generated by investing activities of \$5.4 million for Fiscal 2021. The net change was primarily due to the \$18.9 million proceeds from the sale of securities held in AppDirect Inc. during Fiscal 2021 and to higher acquisitions of property and equipment.

Adjusted free cash flow⁽¹⁾

Adjusted free cash flow generated in Q4 2022 amounted to \$11.8 million compared to \$13.8 million for Q4 2021. The decrease was mainly related to lower operating results, partially offset by lower interest paid.

Adjusted free cash flow generated in Fiscal 2022 amounted to \$56.9 million compared to \$74.4 million for Fiscal 2021. The decrease was mainly related to lower operating results and to higher capital expenditures, partially offset by lower interest paid.

Note

- (1) This is a non-IFRS measure. Refer to “Supplemental Information on Non-IFRS Measures” on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Supplemental Information on Non-IFRS Measures” on page 35 and “Reconciliation of Quarterly Non-IFRS Measures” on page 44.

Contractual Obligations

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily the rental of 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, 2022, 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
Lease liabilities	1,439	19,171	16,308	36,918
Operating obligations	1,991	2,049	974	5,014
Broadcast licences commitments	15,285	12,731	–	28,016
Credit facilities	7,500	351,836	–	359,336
Subordinated debt	–	25,600	–	25,600
Accounts payables and accrued liabilities	67,016	–	–	67,016
Other liabilities	8,136	28,153	2,251	38,540
Total obligations	101,367	439,540	19,533	560,440

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 seven 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

Our principal sources of liquidity are our net cash provided by operating activities and borrowings available under our revolving facility. Our principal uses of cash are to repay our debt, finance our acquisitions and capital expenditures, pay dividends, repurchase shares and provide for working capital. We expect that cash generated from operations and borrowings available under our current credit facilities will be sufficient to meet our liquidity needs in the foreseeable future.

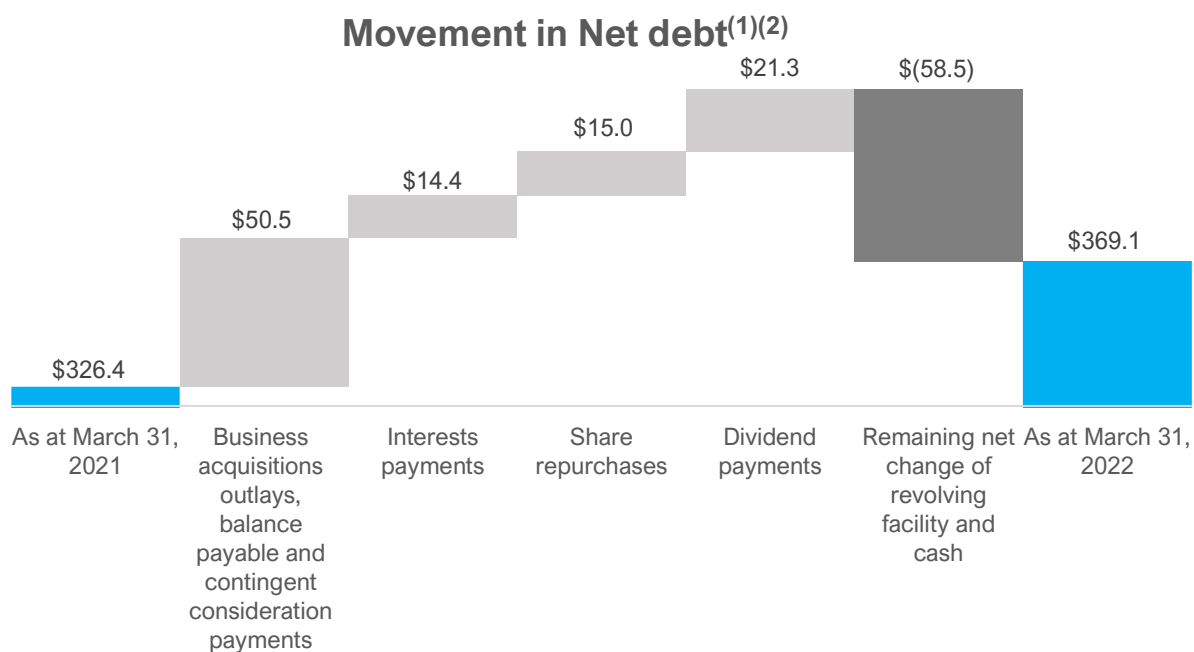
The credit facilities consist of a \$375.0 million revolving credit facility and a \$63.8 million term loan, both maturing in October 2026. On May 28, 2021, the Corporation fully repaid, on maturity, its \$20.0 million term loan.

The Corporation is required to make consecutive quarterly capital repayments of 2.50% of the initial drawdown of the term loan. The remaining capital balance will be payable on maturity date, on October 25, 2026.

The credit facilities bear interest at (a) the bank's prime rate (2.70% and 2.45% as at March 31, 2022 and 2021, respectively) or US base rate if denominated in US dollars (4.00% and 3.75% as at March 31, 2022 and 2021, respectively) plus an applicable margin based on a financial covenant, or (b) the banker's acceptance rate (0.73% and 0.52% as at March 31, 2022 and 2021, respectively) plus an applicable margin based on a financial covenant, or (c) LIBOR (0.21% and 0.11% as at March 31, 2022 and 2021, respectively) plus an applicable margin based on a financial covenant, at the Corporation's option.

As of March 31, 2022, the Corporation had cash and cash equivalents of \$14.6 million, a subordinated debt of \$25.4 million and credit facilities of \$358.2 million, of which approximately \$78.7 million was available.

The following table summarizes the impact on the Net debt⁽²⁾ that occurred in the fiscal year ended March 31, 2022 including related ratios:



Notes:

- (1) In millions of Canadian dollars.
- (2) This is a non-IFRS measure. Refer to "Supplemental Information on Non-IFRS Measures" on page 54 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental Information on Non-IFRS Measures" on page 35 and "Reconciliation of Quarterly Non-IFRS Measures" on page 44.

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, 2022:

(in thousands of Canadian dollars)	March 31, 2022	March 31, 2021	Variance	Significant contributions
Trade and other receivables	66,666	61,114	5,552 ▲	Timing of payments by clients
Intangible assets	76,230	41,884	34,346 ▲	Additions through business acquisition of Calm Radio and InStore Audio Network, partially offset by amortization of intangible assets
Goodwill	354,304	337,897	16,407 ▲	Acquisition of InStore Audio Network
Accounts payables and accrued liabilities	67,016	53,146	13,870 ▲	Timing of payments to suppliers and increase in operating expenses
Other liabilities	60,997	60,027	970 ▲	Increase of contingent consideration for the acquisition of InStore Audio Network, largely offset by a decrease in the fair value of derivative financial instruments liability
Credit facilities	358,203	303,704	54,499 ▲	Refer to the graph on previous page
Subordinated debt	25,442	31,741	(6,299) ▼	Debt repayment

SOCAN and Re:Sound legal proceedings

In May 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.

As of December 2020, the Objectors and SOCAN entered into a binding MOU that will result in a partial refund to the Objectors of past royalties paid and a meaningfully reduced tariff burden for the present and future. On May 28, 2021, the Copyright Board of Canada released a final decision relating to the Pay Audio Services Tariff. The decision and certified tariff were in line with the Objectors expectations.

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:

(in thousands of Canadian dollars)	12 months	
	2022	2021
Short-term employee benefits	5,074	5,727
Share-based compensation	525	465
Performance share units	2,533	1,755
Deferred share units	954	2,908
	9,086	10,855

Off-Balance Sheet Arrangements

The Corporation therefore has no off-balance sheet arrangements, except for the operating leases with terms of twelve months or less, leases of low-value assets or leases that are not in scope of IFRS 16, 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 3, 2022	March 31, 2022
<i>Issued and outstanding shares:</i>		
Subordinate voting shares	51,517,622	51,768,422
Subordinate voting shares held in trust through employee share purchase plan	(20,008)	(11,776)
Variable subordinate voting shares	397,780	397,780
Multiple voting shares	17,941,498	17,941,498
	69,836,892	70,095,924
<i>Outstanding stock options:</i>		
Stock options	3,469,807	3,469,807

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. In Fiscal 2022, 95,000 options were exercised, 32,650 options were forfeited, and 434,204 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 (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.

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 manages liquidity risk by continuously monitoring actual and budgeted cash flows under both normal and stressed conditions. The Board of Directors also 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 the following interest rate swap agreements:

(in thousands of Canadian dollars)

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market Liabilities as at March 31, 2022	Mark-to-market Liabilities as at March 31, 2021
Swaps					
October 25, 2024	CAD	0.81%	\$ 50,000	\$ —	\$ 945
October 25, 2024	CAD	1.33%	50,000	—	403
October 25, 2021	CAD	2.19%	50,000	—	494
October 25, 2024	CAD	2.29%	50,000	—	1,938
			200,000	—	3,780
Swaptions					
October 25, 2024	CAD	—	100,000	604	642
October 25, 2024	CAD	—	100,000	860	948
			\$ 200,000	\$ 1,464	\$ 1,590
			\$ 400,000	\$ 1,464	\$ 5,370

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 expected credit risk, 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. 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.

An allowance for expected credit losses is maintained to reflect an impairment risk for trade accounts receivable based on an expected credit loss model. Bad debts are also provided for based on collection history and specific risks identified on a customer-by-customer basis.

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 is 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 assets for tax losses available for carry-forward

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 value in use and/or fair value less costs to sell of CGUs used in goodwill and broadcasting licences impairment testing

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 cash generating unit (“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. The impact of COVID-19 on the Corporation was also considered in calculating the future cash flows. Depending on the measures taken by the federal and provincial authorities to slow or stop the spread of COVID-19, such as the closure of non-essential businesses and social distancing, actual results could differ materially from estimates used.

Estimation of fair value of identified assets, liabilities and contingent consideration recorded in business acquisitions

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.

Estimation of lease term of contracts with renewal options

The Corporation determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Corporation reassesses the lease term for whether significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy) has occurred.

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 Corporation 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.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

Each of the below 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.

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure used by management to facilitate comparisons of operating performance of the Corporation from period to period. Adjusted EBITDA is defined as earnings before Net finance expense (income), income taxes, depreciation, amortization, share based compensation, acquisition, restructuring and other various costs and change in fair value of investment. The Corporation believes that Adjusted EBITDA is an important measure 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 also presents such non-IFRS measure because it believes such non-IFRS measure is frequently used by securities analysts, investors and other interested parties as measures of financial performance.

Adjusted EBITDA margin

Adjusted EBITDA margin ratio is a non-IFRS ratio used by management to analyze the profitability of the Corporation and facilitate period-to-period comparisons, as well as comparison with peers. This ratio is calculated by dividing the amount of Adjusted EBITDA for a given period by the amount of revenue for the same period. The Corporation believes that Adjusted EBITDA margin is an important measure 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 also presents such non-IFRS ratio because it believes such non-IFRS ratio is frequently used by securities analysts, investors and other interested parties as measures of financial performance.

Adjusted free cash flow

Adjusted free cash flow is a non-IFRS measure used by management to assess the amount of cash generated after accounting for capital expenditures and non-core charges. It is a useful measure because it demonstrates cash available to make business acquisitions, pay dividends and reduce debt. Furthermore, this non-IFRS measure facilitates period-to-period comparisons. Refer to page 36 for a reconciliation of free cash flow to cash flow from operating activities.

Adjusted free cash flow per share

Adjusted free cash flow per share is a non-IFRS ratio used by management to assess the amount of cash generated after accounting for capital expenditures and non-core charges. It is a useful measure because it demonstrates cash available to make business acquisitions, pay dividends and reduce debt. Furthermore, this non-IFRS measure facilitates period-to-period comparisons. Adjusted free cash flow per share is calculated by dividing the amount of Adjusted free cash flow for a given period by the number of outstanding shares for the same period (on a basic or diluted basis).

Adjusted Net Income

Adjusted Net Income is a non-IFRS measure used by management to assess performance of the Corporation as it provides meaningful operating results and facilitates period-to-period operating comparisons. Additionally, the Corporation believes that Adjusted Net income is an important measure as it shows stable results from its operations which allows users of the financial statements to better assess the trend in the profitability of the business. Refer to page 35 for a reconciliation of Adjusted Net Income to Adjusted EBITDA and Net income.

Adjusted Net Income per share

Adjusted Net Income per share is a non-IFRS ratio used by management to assess performance of the Corporation as it provides meaningful operating results and facilitates period-to-period operating comparisons. Additionally, the Corporation believes that Adjusted Net income per share is an important measure as it shows stable results from its operations which allows users of the financial statements to better assess the trend in the profitability of the business. Adjusted Net Income per share is calculated by dividing the amount of Adjusted Net Income for a given period by the number of outstanding shares for the same period (on a basic or diluted basis).

LTM Adjusted EBITDA

Last twelve months (LTM) Adjusted EBITDA is a non-IFRS measure representing the Adjusted EBITDA of a given quarterly period, plus the Adjusted EBITDA of the three quarters immediately preceding such referenced period. The Corporation believes that LTM Adjusted EBITDA is a useful measure to evaluate the Corporation's operating performance during the immediately preceding twelve-month time period.

Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA is a non-IFRS measure representing LTM Adjusted EBITDA adjusted to include revenues and cost savings synergies from acquisitions for the months prior to such acquisitions and other extraordinary items. For Fiscal 2022, the synergies included derive from the acquisitions of InStore Audio Network and Calm Radio. For Fiscal 2021, the synergies included derive from the acquisitions of Marketing Sensorial México and Chatter Research Inc. For Fiscal 2022 and 2021, Pro Forma Adjusted EBITDA includes an adjustment for credits that were given to various customers following the mandated store closures required by governments. Management of the Corporation believes that Pro Forma Adjusted EBITDA provides investors with useful financial metrics to assess and evaluate the Corporation's operating performance from period-to-period by adjusting for the impact of certain events that are non-recurring. The Corporation also presents such non-IFRS measure because it believes such non-IFRS measure is frequently used by securities analysts, investors and other interested parties as measures of financial performance.

Net debt

Net debt is a non-IFRS measure calculated as the Corporation's credit facilities and subordinated debt for a given period less the Corporation's cash and cash equivalents for the same period. Net debt is an important measure as it reflects the principal amount of debt owing by the Corporation at a particular date.

Net debt to Pro Forma Adjusted EBITDA ratio

Net debt to Pro Forma Adjusted EBITDA is a non-IFRS ratio calculated as Net debt divided by Pro Forma Adjusted EBITDA. The Corporation believes that Net debt to Pro Forma Adjusted EBITDA is an important measure when analyzing the Corporation's debt repayment capacity on an annualized basis, taking into consideration the annualized Adjusted EBITDA of acquisitions made during the last twelve months.

New standard adopted by the Corporation

There are no new standards adopted by the Corporation as of March 31, 2022.

Future Accounting Changes

There are no material future accounting changes as of March 31, 2022.

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, 2022, 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, 2022.

As at March 31, 2022, 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, 2022.

There have been no changes in the Corporation's internal control over financial reporting, except for the acquisition of Calm Radio and InStore Audio Network, 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 7, 2022, did not include the controls or procedures of the operations of Calm Radio and InStore Audio Network. 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 2022 for these entities:

(in thousands of Canadian dollars)	Calm Radio	InStore Audio Network
Results of operations		
Revenues	2,753	6,673
Net income (loss)	129	3,112
Financial Position		
Current assets	364	6,717
Non-current assets	304	8,558
Current liabilities	818	2,990
Non-current liabilities	1,030	-

Subsequent Events

There are no subsequent events.

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 consolidated financial statements of GDI Integrated Facility Services Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at March 31, 2022 and March 31, 2021
- the consolidated statements of comprehensive income 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 Entity as at March 31, 2022 and March 31, 2021, 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our auditors' report.

Goodwill and broadcast licenses impairment assessments for certain cash generating units

Description of the matter

We draw attention to Note 16 of the consolidated financial statements. The Entity's goodwill and broadcast licenses amount to \$354,304 and \$272,996 respectively. For the purpose of impairment testing, broadcast licenses are allocated to groups of cash generating units ("CGUs"). Goodwill and broadcast licenses are tested for impairment annually and when circumstances indicate the carrying value may be impaired. The recoverable amounts of the CGUs have been determined based on their value-in-use ("VIU") using a discounted cash flow model. A significant estimate used in determining the recoverable amount is the measurement of the risk adjusted forecasted cash flows expected to be generated. Significant estimates and assumptions used to determine the discounted cash flows include the growth rate in revenue, operating expenses and discount rates.

Why the Matter is a Key Audit Matter

We identified goodwill and broadcast licenses impairment assessment for certain CGUs as a key audit matter. This matter represented an area of significant risk of material misstatement for certain groups of CGUs. This is due to the magnitude of the goodwill and the high degree of estimation uncertainty in determining the recoverable amount. In addition, significant auditor judgment and specialized skills and knowledge were needed in evaluating the results of our procedures due to the sensitivity to the Entity's determination of the recoverable amounts of the certain CGUs to minor changes in significant assumptions.

How the Matter Was Addressed in the Audit

The following are the primary procedures we performed to address this key audit matter:

- We evaluated the Entity's revenue growth rate assumptions for certain groups of CGUs, by comparing those assumptions to the expected growth rates included in analyst reports of the Entity and comparable entities.
- We compared certain groups of CGUs' future cash flows to historical actual results. We evaluated the Entity's ability to accurately forecast future cash flows by comparing actual results to historical cash flow forecasts.
- We involved valuation professionals with specialized skills and knowledge. They assisted us in evaluating the reasonableness of the discount rate assumptions used by management in the determination of the VIU by comparing them to discount rate ranges that were independently developed using publicly available market data for comparable entities.



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; and
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report".

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.

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" 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.

Responsibilities 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, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Montréal, Canada

June 7, 2022

Consolidated Statements of Comprehensive Income

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)	Note	2022	2021 Recast (note 4)
Revenues	5	\$ 282,626	\$ 247,857
Operating expenses	6	189,954	140,876
Depreciation, amortization and write-off		35,544	38,692
Net finance expense (income)	8	6,119	(1,199)
Change in fair value of investments	17, 29	2	3,787
Acquisition, legal, restructuring and other expenses	9	8,707	4,637
Income before income taxes		42,300	61,064
Income taxes	10	9,013	15,960
Net income		\$ 33,287	\$ 45,104
Net income per share — Basic	11	\$ 0.47	\$ 0.62
Net income per share — Diluted	11	\$ 0.47	\$ 0.61
Weighted average number of shares — Basic	11	70,968,954	73,266,886
Weighted average number of shares — Diluted	11	71,463,581	73,435,192

Comprehensive income

Net income		\$ 33,287	\$ 45,104
Other comprehensive income (loss), net of tax			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations		(1,954)	(7,577)
<i>Items that will not be reclassified to profit and loss</i>			
Remeasurement gain (loss) on pension benefit obligations, net of income tax payable of \$1,004 (2021 — recovery of \$3)		2,780	(7)
Total other comprehensive income (loss)		826	(7,584)
Total comprehensive income		\$ 34,113	\$ 37,520

Net income is entirely attributable to Shareholders.

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

Consolidated Statements of Financial Position

March 31, 2022 and 2021

(In thousands of Canadian dollars)	Note	March 31, 2022	March 31, 2021
Assets			
Current assets			
Cash and cash equivalents		\$ 14,563	\$ 9,040
Trade and other receivables	12	66,666	61,114
Income taxes receivable		96	3,801
Inventories		5,200	3,215
Other current assets		13,388	13,439
		99,913	90,609
Non-current assets			
Property and equipment	13	39,931	42,228
Right-of-use assets on leases	14	25,944	28,184
Intangible assets, excluding broadcast licences	15	76,230	41,884
Broadcast licences	16	272,996	272,988
Goodwill	16	354,304	337,897
Investments	17	6,431	3,046
Other non-current assets		5,136	1,335
Deferred tax assets	10	2,816	4,666
Total assets		\$ 883,701	\$ 822,837
Liabilities and Equity			
Current liabilities			
Credit facilities	19	\$ 7,500	\$ 27,462
Accounts payable and accrued liabilities	18	67,016	53,146
Dividend payable	24	5,259	5,409
Deferred revenues		4,942	4,970
Current portion of lease liabilities	21	4,171	4,479
Current portion of other liabilities	22	17,786	15,812
Income taxes payable		8,283	9,211
		114,957	120,489
Non-current liabilities			
Credit facilities	19	350,703	276,242
Subordinated debt	20	25,442	31,741
Deferred revenues		1,030	—
Lease liabilities	21	24,147	25,733
Other liabilities	22	43,211	44,215
Deferred tax liabilities	10	50,682	49,725
Total liabilities		610,172	548,145
Shareholders' equity			
Share capital	24	302,328	313,951
Contributed surplus		5,745	5,180
Deficit		(31,103)	(40,172)
Accumulated other comprehensive income (loss)		(3,441)	(4,267)
Total equity		273,529	274,692
Commitments (note 27)			
Total liabilities and equity		\$ 883,701	\$ 822,837

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, 2022 and 2021

(In thousands of Canadian dollars, except number of share capital)	Share Capital		Contributed surplus	Deficit	Accumulated other comprehensive income (loss)		Total shareholders' equity
	Number	Amount			Cumulative translation account	Defined benefit pension plans	
Balance at March 31, 2020	73,549,454	\$ 322,366	\$ 4,620	\$ (56,407)	\$ 3,802	\$ (485)	\$ 273,896
Issuance of shares upon exercise of stock options (note 24)	80,732	269	(125)	—	—	—	144
Dividends	—	—	—	(27,376)	—	—	(27,376)
Repurchase and cancellation of shares (note 24)	(1,530,180)	(8,700)	—	(1,493)	—	—	(10,193)
Share-based compensation	—	—	700	—	—	—	700
Employee share purchase plan (notes 24 and 26)	11,582	16	(15)	—	—	—	1
Net income	—	—	—	45,104	—	—	45,104
Other comprehensive income	—	—	—	—	(7,577)	(7)	(7,584)
Balance at March 31, 2021	72,111,588	\$ 313,951	\$ 5,180	\$ (40,172)	\$ (3,775)	\$ (492)	\$ 274,692
Issuance of shares upon exercise of stock options (note 24)	95,000	378	(84)	—	—	—	294
Dividends	—	—	—	(21,104)	—	—	(21,104)
Repurchase and cancellation of shares (note 24)	(2,106,000)	(11,970)	—	(3,114)	—	—	(15,084)
Share-based compensation	—	—	618	—	—	—	618
Employee share purchase plan (notes 24 and 26)	(4,664)	(31)	31	—	—	—	—
Net income	—	—	—	33,287	—	—	33,287
Other comprehensive income (loss)	—	—	—	—	(1,954)	2,780	826
Balance at March 31, 2022	70,095,924	\$ 302,328	\$ 5,745	\$ (31,103)	\$ (5,729)	\$ 2,288	\$ 273,529

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

Consolidated Statements of Cash Flows

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars)	Note	2022	2021
Operating activities:			
Net income		\$ 33,287	\$ 45,104
Adjustments for:			
Depreciation, amortization and write-off		35,544	38,692
Share-based compensation, PSU and DSU expenses		6,597	7,287
Interest expense and standby fees	8	12,683	16,151
Mark-to-market gains on derivative financial instruments	8	(3,397)	(13,818)
Change in fair value of investments	17	2	3,787
Share of results of joint venture	17	65	38
Equity gains on associates	17	(241)	—
Change in fair value of contingent consideration	8	(7,555)	110
Depreciation, amortization and accretion of other liabilities	8	1,644	3,248
Interest expense on lease liabilities	8, 21	1,615	1,628
Income tax expense		9,013	15,960
Income taxes paid		(5,570)	(3,309)
		83,687	114,878
Net change in non-cash operating items	25	(24)	(10,632)
		83,663	104,246
Financing activities:			
Increase (decrease) of credit facilities		53,658	(21,901)
Decrease of subordinated debt	20	(6,400)	(8,000)
Payment of dividends	24	(21,254)	(21,967)
Proceeds from the exercise of stock options	24	294	144
Shares repurchased and cancelled	24	(15,084)	(10,193)
Shares purchased under the employee share purchase plan		(430)	(339)
Interest paid		(14,384)	(18,053)
Repayment of lease liabilities	21	(4,815)	(5,011)
Repayment of other liabilities	22	(50,495)	(18,318)
Unwind of interest rate swaps	29	(600)	490
		(59,510)	(103,148)
Investing activities:			
Business acquisitions, net of cash acquired	3	1,630	—
Acquisition of investments	17	(703)	—
Acquisition of investments in associates	17	(2,508)	—
Proceeds from the disposal of an investment	17	—	18,861
Acquisition of property and equipment		(9,061)	(5,690)
Acquisition of intangible assets other than internally developed intangible assets		(1,134)	(1,313)
Addition to internally developed intangible assets		(6,854)	(6,428)
		(18,630)	5,430
Net increase in cash and cash equivalents		5,523	6,528
Cash and cash equivalents, beginning of year		9,040	2,512
Cash and cash equivalents, end of year		\$ 14,563	\$ 9,040

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

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

1. BUSINESS DESCRIPTION

Stingray 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. A portion of the Corporation’s revenue is derived from the sale of advertising airtime, which is subject to the seasonal fluctuations of the Canadian radio industry. Accordingly, the first and third quarter results tend to be the strongest and the second and fourth quarter results tend to be the weakest in a fiscal year. However, for the year ended March 31, 2021, Radio revenues did not follow historical patterns due to the ongoing impact of the coronavirus (“COVID-19”) pandemic.

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, 2022:

- On December 31, 2021, the Corporation signed an agreement to acquire all of the membership interest of Pop Radio LLC, a company operating InStore Audio Network, an in-store audio advertising network in the United States, for total consideration of US\$47,788 (\$60,586). It resulted in the recognition of goodwill (Note 16), intangible assets (Note 15), a contingent consideration (Note 22) and a balance payable on acquisition (Note 22).
- On October 26, 2021, the Corporation made a voluntary capital repayment on its subordinated debt under its prepayment option of \$6,400. The remaining capital balance of \$25,600 will be payable on maturity date.
- On October 15, 2021, the Corporation amended its existing \$392,500 credit facilities by increasing the authorized amount up to \$442,500 and extending the maturity to October 15, 2026. The credit facilities consist of a revolving credit facility for an authorized amount up to \$375,000 and a non-revolving term facility of \$63,750.
- On September 21, 2021, the Corporation announced that the Toronto Stock Exchange had approved its normal course issuer bid, authorizing the Corporation to repurchase up to an aggregate 3,222,901 subordinate voting shares and variable subordinate voting shares (collectively, “Subordinate Shares”), representing approximately 10% of the public float of Subordinate Shares as at September 13, 2021. Refer to note 24 for more information.
- On August 11, 2021, the Corporation announced that it had acquired a minority interest of 20% in The Singing Machine Company Inc., for a cash consideration of US\$2,000 (\$2,508).
- On June 30, 2021, the Corporation signed an agreement to acquire all of the outstanding shares of Calm Radio Corp. (“Calm Radio”), a provider of online music focused on the wellness and relaxation markets, for total consideration of \$8,171. It resulted in the recognition of goodwill (Note 16), intangible assets (Note 15) and contingent consideration (Note 22).
- On May 28, 2021, the Corporation fully repaid, on maturity, its \$20,000 term loan.

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

3. BUSINESS ACQUISITIONS

FISCAL 2022

InStore Audio Network

On December 31, 2021, the Corporation purchased all of the membership interest of Pop Radio LLC, a company operating InStore Audio Network, an in-store audio advertising network in the United States, for a total consideration of US\$47,788 (\$60,586). As a result of the acquisition, goodwill of \$18,567 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 be deductible for tax purposes.

The fair value of acquired trade receivables was US\$5,629 (\$7,136), 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 US\$11,843 (\$15,015) over the next two years ending in April 2023, based on revenue target. The fair value of the contingent consideration was determined using an income approach based on the estimated amount and timing of projected cash flows. A portion of the balance payable on acquisition was subsequently paid on January 5, 2022 for an amount of US\$33,500 (\$42,471).

The results of the business acquisition of Pop Radio LLC for the period ended March 31, 2022 are included in results since the date of the acquisition. Revenues recorded from the acquisition date to March 31, 2022 were \$6,673 and net income was \$3,112. Had the acquisition occurred at the beginning of the fiscal year, revenues related to this acquired business would have been approximately \$22,587 and net income would have been \$7,742.

	Preliminary
Assets acquired:	
Cash and cash equivalents	\$ 1,307
Trade and other receivables	7,136
Other current assets	984
Intangible assets	34,233
Goodwill	18,567
Other non-current assets	2,853
	65,080
Liabilities assumed:	
Accounts payable and accrued liabilities	3,788
Deferred revenues	706
	4,494
Net assets acquired at fair value	\$ 60,586
Consideration given:	
Balance payable on business acquisition	\$ 45,025
Contingent consideration	11,895
Working capital payable	3,666
	\$ 60,586

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.

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

Calm Radio Corp.

On June 30, 2021, the Corporation purchased all of the outstanding shares of Calm Radio, an online music streaming service focused on the wellness and relaxation markets, for a total consideration of \$8,171. As a result of the acquisition, goodwill of \$198 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 \$159, 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 \$8,000 over the next three years ending in August 2024, based on recurring monthly revenues targets. 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 Corporation finalized the assessment of the fair values of the assets acquired and liabilities assumed related to this acquisition and some adjustments to the preliminary assessment have been recorded in the consolidated statements of financial position as shown below.

The results of the business acquisition of Calm Radio for the period ended March 31, 2022 are included in results since the date of the acquisition. Revenues recorded from the acquisition date to March 31, 2022 were \$2,753 and net income was \$95. Had the acquisition occurred at the beginning of the fiscal year, revenues related to this acquired business would have been approximately \$3,688 and net income would have been \$146.

	Preliminary	Adjustments	Final
Assets acquired:			
Cash and cash equivalents	\$ 314	\$ 9	\$ 323
Trade and other receivables	149	10	159
Other current assets	104	17	121
Property and equipment	83	(27)	56
Intangible assets	12,728	(647)	12,081
Goodwill	39	159	198
Deferred tax assets	142	(142)	—
	13,559	(621)	12,938
Liabilities assumed:			
Accounts payable and accrued liabilities	208	13	221
Deferred revenues	1,872	(232)	1,640
Deferred tax liabilities	3,308	(402)	2,906
	5,388	(621)	4,767
Net assets acquired at fair value	\$ 8,171	\$ —	\$ 8,171
Consideration given:			
Balance payable on business acquisition	\$ 4,000	\$ —	\$ 4,000
Contingent consideration	3,912	—	3,912
Working capital payable	259	—	259
	\$ 8,171	\$ —	\$ 8,171

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

FISCAL 2021

Marketing Sensorial México

On May 6, 2020, the Corporation purchased all of the assets of Marketing Sensorial México (“MSM”) for a total consideration of MXN 127,759 (\$7,433). MSM is a Mexican leader in point-of-sale marketing solutions. As a result of the acquisition, goodwill of \$2,947 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation’s existing business. The intangible assets and goodwill will be deductible for tax purposes.

The Corporation finalized the assessment of the fair values of the assets acquired and liabilities assumed related to this acquisition and no adjustment to the preliminary assessment have been recorded in the consolidated statements of financial position.

		Final
Assets acquired:		
Property and equipment	\$	1,765
Intangible assets		2,721
Goodwill		2,947
Net assets acquired at fair value	\$	7,433
Consideration given:		
Balance payable on business acquisition	\$	5,236
Contingent consideration		2,197
	\$	7,433

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

4. SEGMENT INFORMATION

OPERATING SEGMENTS

The Corporation's operating segments are 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 segments' financial results are reviewed by the Chief operating decision maker ("CDOM") to make decisions about resources to be allocated to the segment and assess its performance based on adjusted earnings before interest, taxes, depreciation and amortization (thereafter "Adjusted EBITDA"), and for which distinct financial information is available. Adjusted EBITDA excludes from income before income taxes the following expenses: share-based compensation, performance and deferred share unit expense, 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 the years ended March 31, 2022 and 2021.

Year ended	Broadcasting and commercial music		Radio		Corporate and eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues	\$ 159,082	\$ 150,047	\$ 123,544	\$ 97,810	\$ —	\$ —	\$ 282,626	\$ 247,857
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	100,767	72,594	77,309	56,528	5,281	4,467	183,357	133,589
Adjusted EBITDA	\$ 58,315	\$ 77,453	\$ 46,235	\$ 41,282	(5,281)	(4,467)	99,269	114,268
Share-based compensation					798	851	798	851
PSU and DSU expenses					5,799	6,436	5,799	6,436
Depreciation, amortization and write-off					35,544	38,692	35,544	38,692
Net finance expense (income)					6,119	(1,199)	6,119	(1,199)
Change in fair value of investments					2	3,787	2	3,787
Acquisition, legal, restructuring and other expenses					\$ 8,707	\$ 4,637	8,707	4,637
Income before income taxes							42,300	61,064
Income taxes							9,013	15,960
Net income							\$ 33,287	\$ 45,104

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

	Broadcasting and commercial music		Radio		Corporate and eliminations		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Total assets	\$ 268,160	\$ 217,256	\$ 615,541	\$ 605,581	\$ —	\$ —	\$ 883,701	\$ 822,837
Total liabilities ⁽¹⁾	\$ 97,569	\$ 85,194	\$ 122,235	\$ 116,727	\$ 390,368	\$ 346,224	\$ 610,172	\$ 548,145

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

Year ended	Broadcasting and commercial music		Radio		Consolidated	
	2022	2021	2022	2021	2022	2021
Acquisition of property and equipment	\$ 4,617	\$ 6,731	\$ 4,066	\$ 1,527	\$ 8,683	\$ 8,258
Addition to right-of-use assets on leases	\$ 685	\$ 3,282	\$ 2,434	\$ 1,415	\$ 3,119	\$ 4,697
Acquisition of intangible assets	\$ 54,467	\$ 11,654	\$ —	\$ —	\$ 54,467	\$ 11,654
Acquisition of broadcast licences	\$ —	\$ —	\$ 8	\$ 78	\$ 8	\$ 78
Goodwill recorded on business acquisitions	\$ 18,765	\$ 2,947	\$ —	\$ —	\$ 18,765	\$ 2,947

Acquisition of property and equipment, right-of-use assets on leases, intangible assets, broadcast licences and goodwill, includes those acquired through business acquisitions, whether they were paid or not, and none are related to the Corporate segment.

As at March 31, 2022, approximately 75% (80% as at March 31, 2021) of the Corporation's non-current assets are located in Canada.

The 2021 comparative figures have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on a net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and commercial music segment from previously recorded \$151,658 and \$74,205 to recast \$150,047 and \$72,594, respectively. Consolidated revenues and operating expenses have been reduced from \$249,468 to \$247,857 and \$142,487 to \$140,876, respectively.

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

5. REVENUES

DISAGGREGATION OF REVENUES

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

Year ended	Reportable segments ⁽³⁾					
	Broadcasting and commercial music		Radio		Total revenues	
	2022	2021	2022	2021	2022	2021
Geography						
Canada	\$ 54,195	52,919	\$ 123,544	97,810	\$ 177,739	150,729
United States	52,403	40,417	—	—	52,403	40,417
Other countries	52,484	56,711	—	—	52,484	56,711
	159,082	150,047	123,544	97,810	282,626	247,857
Products						
Subscriptions ⁽¹⁾	134,257	135,259	—	—	134,257	135,259
Equipment and labor ⁽²⁾	12,863	11,138	—	—	12,863	11,138
Advertising ⁽²⁾	11,962	3,650	123,544	97,810	135,506	101,460
	\$ 159,082	150,047	\$ 123,544	97,810	\$ 282,626	247,857

⁽¹⁾ Generally recognized over time

⁽²⁾ Generally recognized at a point in time

⁽³⁾ No revenues are generated from the Corporate Segment

UNSATISFIED PORTION OF PERFORMANCE OBLIGATIONS

The following table presents the revenues expected to be recognized over the next three years and thereafter related to unsatisfied or partially satisfied performance obligations as at March 31, 2022. The table below excludes i) contracts with a duration of one year or less and ii) variable consideration, such as revenues based on a number of subscribers or location as they will likely vary throughout the term of the contracts.

	2023	2024	2025	Thereafter	Total
Equipment and labor	\$ 3,695	—	—	—	\$ 3,695
Subscriptions	15,688	12,207	6,526	3,306	37,727
	\$ 19,383	12,207	6,526	3,306	\$ 41,422

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

6. OPERATING EXPENSES

During the year ended March 31, 2021, the Corporation applied and qualified for the Canada Emergency Wage Subsidy (“CEWS”), a Canadian federal government program created in response to the negative economic impact of the COVID-19 pandemic and designed to provide financial assistance to businesses who experienced a certain level of decrease in revenues to help them retain their employees. During the year ended March 31, 2022, the Corporation recognized, as a reduction of operating expenses, the subsidies claimed under the CEWS and other programs amounting to \$5,437 (2021 – \$25,161). As at March 31, 2022, the Corporation received most of the subsidies claimed from the Canadian federal government.

The Corporation also received tax credits related to its research and development and multimedia activities, which amounted \$1,606 (2021 – \$3,127) and was recorded as a reduction of operating expenses for an amount of \$799 and as a reduction of intangible assets for an amount of \$807 (2021 - nil).

7. OTHER INFORMATION

Expenses by nature are as follows:

	2022	2021
Salaries and other short-term employee benefits	\$ 96,566	\$ 79,013
Research and development	\$ 11,149	\$ 7,562
Equipment costs	\$ 6,869	\$ 4,932
Share-based compensation	\$ 798	\$ 851
PSU and DSU expenses	\$ 5,799	\$ 6,436

8. NET FINANCE EXPENSE (INCOME)

	2022	2021
Interest expense and standby fees	\$ 12,683	\$ 16,151
Mark-to-market gains on derivative financial instruments	(3,397)	(13,818)
Change in fair value of contingent consideration	(7,555)	110
Depreciation, amortization and accretion of other liabilities	1,644	3,248
Interest expense on lease liabilities (note 21)	1,615	1,628
Foreign exchange loss (gain)	1,129	(8,518)
	\$ 6,119	\$ (1,199)

9. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES

	2022	2021
Acquisition	\$ 282	\$ 2,439
Legal	2,505	623
Restructuring and other	5,920	1,575
	\$ 8,707	\$ 4,637

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

10. INCOME TAXES

The income tax expense consists of the following:

	2022	2021
Current income tax:		
Current year	\$ 10,308	\$ 9,851
Adjustment for prior years	(129)	(177)
	10,179	9,674
Deferred income tax:		
Origination and reversal of temporary differences	(733)	6,194
Change in substantively enacted tax rate	(164)	6
Adjustment for prior years	(269)	86
	(1,166)	6,286
Total income tax expense	\$ 9,013	\$ 15,960

The following table reconciles income tax computed at the Canadian statutory rate of 26.5% (2021 — 26.5%) and the total income tax expense for the years ended March 31.

	2022	2021
Income before income taxes	\$ 42,300	\$ 61,064
Income tax at the combined Canadian statutory rate	11,210	16,182
(Decrease) increase resulting from:		
Impact of foreign tax rate differences	(860)	(1,726)
Income taxes on non-deductible expenses and non-taxable revenues	(1,547)	1,548
Change in recognized tax losses and deductible temporary differences	266	—
Change in substantively enacted tax rate	(164)	6
Other	108	(50)
Total income tax expense	\$ 9,013	\$ 15,960

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.

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(In thousands of Canadian dollars, unless otherwise stated)

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:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	\$ 2,067	\$ 3,261	\$ 1,837	\$ 2,940
Intangible assets, goodwill and broadcast licences	839	66,879	934	65,134
Financing fees	514	—	980	—
Tax losses and Scientific Research and Experimental Development Expenditures (“SR&ED”) carried forward	6,105	—	7,670	—
Investments	—	66	—	—
CRTC tangible benefits	7,479	—	7,390	—
Performance and deferred share unit plans	3,213	—	2,596	—
Right-of-use assets on leases	—	6,844	—	4,844
Lease liabilities	7,485	—	5,270	—
Accrued pension benefit liability	1,457	—	1,941	—
Other	25	—	327	1,086
Deferred tax assets and liabilities	29,184	77,050	28,945	74,004
Offsetting of assets and liabilities	(26,368)	(26,368)	(24,279)	(24,279)
Net deferred tax assets and liabilities	\$ 2,816	\$ 50,682	\$ 4,666	\$ 49,725

Changes in deferred tax assets and liabilities for the year ended March 31, 2022 are as follow:

	Balance as at March 31, 2021	Recognized in net income	Recognized in other comprehensive income (loss)	Exchange rate change	Business acquisitions	Balance as at March 31, 2022
Property and equipment	\$ (1,103)	(90)	—	—	—	(1,193)
Intangible assets, goodwill and broadcast licences	(64,200)	1,371	—	(70)	(3,141)	(66,040)
Financing fees	980	(466)	—	—	—	514
Tax losses and SR&ED carried forward	7,670	(1,809)	—	8	234	6,103
Investments	—	(65)	—	—	—	(65)
CRTC tangible benefits	7,390	89	—	—	—	7,479
Performance and deferred share unit plans	2,596	617	—	—	—	3,213
Right-of-use assets on leases	(4,844)	(2,000)	—	—	—	(6,844)
Lease liabilities	5,270	2,215	—	—	—	7,485
Accrued pension benefit liability	1,941	520	(1,004)	—	—	1,457
Other	(759)	784	—	—	—	25
	\$ (45,059)	1,166	(1,004)	(62)	(2,907)	(47,866)

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(In thousands of Canadian dollars, unless otherwise stated)

Changes in deferred tax assets and liabilities for the year ended March 31, 2021 are as follow:

	Balance as at March 31, 2020	Recognized in net income	Recognized in other comprehensive income (loss)	Exchange rate change	Balance as at March 31, 2021
Property and equipment	\$ (1,226)	123	—	—	(1,103)
Intangible assets, goodwill and broadcast licences	(62,811)	(1,445)	—	56	(64,200)
Financing fees	1,304	(324)	—	—	980
Tax losses and SR&ED carried forward	15,491	(7,807)	—	(14)	7,670
Investments	(2,829)	2,829	—	—	—
CRTC tangible benefits	7,113	277	—	—	7,390
Performance and deferred share unit plans	1,313	1,283	—	—	2,596
Right-of-use assets on leases	(5,608)	764	—	—	(4,844)
Lease liabilities	5,932	(662)	—	—	5,270
Accrued pension benefit liability	2,238	(300)	3	—	1,941
Other	368	(1,024)	—	(103)	(759)
	\$ (38,715)	(6,286)	3	(61)	(45,059)

UNRECOGNIZED DEFERRED TAX ASSETS

The Corporation has operating tax losses carried forward of \$30,331 (2021 – \$43,047) that are available to reduce future taxable income. A tax benefit was not recognized for \$9,297 (2021 – \$6,818) 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 utilize the benefits therefrom.

As at March 31, 2022 and 2021, the amounts and expiry dates of the tax losses carried forward were as follows:

	2022				
	Canada ⁽¹⁾	Netherlands	Belgium	Switzerland	United Kingdom
2023	\$ —	\$ —	\$ —	\$ 2,064	\$ —
2028	—	—	—	789	—
2038	2,474	—	—	—	—
2039	232	—	—	—	—
2040	1,334	—	—	—	—
2041	837	—	—	—	—
Indefinite	—	2,106	2,990	—	17,505
	\$ 4,877	\$ 2,106	\$ 2,990	\$ 2,853	\$ 17,505

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

Notes to Consolidated Financial Statements

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(In thousands of Canadian dollars, unless otherwise stated)

	2021			
	Canada ⁽¹⁾	Singapore	Switzerland	United Kingdom
2022 ⁽²⁾	\$ —	\$ —	\$ 3,335	\$ —
2023	—	—	2,032	—
2028	—	—	360	—
2036	51	—	—	—
2037	323	—	—	—
2038	2,992	—	—	—
2039	808	—	—	—
2040	4,465	—	—	—
2041	1,535	—	—	—
Indefinite	—	579	—	26,567
	\$ 10,174	\$ 579	\$ 5,727	\$ 26,567

⁽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, 2022.

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 for those that 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.

11. EARNINGS PER SHARE

	2022	2021
Net income	\$ 33,287	\$ 45,104
Basic weighted average number of subordinate voting shares, variable subordinate voting shares and multiple voting shares	70,968,954	73,266,886
Dilutive effect of stock options	494,627	168,306
Diluted weighted average number of subordinated voting shares, variable subordinated voting shares and multiple voting shares	71,463,581	73,435,192
Earnings per share — Basic	\$ 0.47	\$ 0.62
Earnings per share — Diluted	\$ 0.47	\$ 0.61

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12. TRADE AND OTHER RECEIVABLES

	2022	2021
Trade	\$ 50,791	\$ 45,381
Other receivables	6,464	7,355
Settlement receivable	5,155	5,155
Sales taxes receivable	4,256	3,223
	\$ 66,666	\$ 61,114

As at March 31, 2022 and 2021, the Corporation had research and development tax credits receivable of \$3,406 and \$3,506, respectively, from the provincial and federal governments, which relate to qualified research and development expenditures under the applicable tax laws. As at March 31, 2022, the research and development tax credits receivable of \$2,738 was booked as a deduction of income tax payable. The amounts are subject to a government tax audit and the final amounts received may differ from those recorded.

During the year ended March 31, 2021, the Corporation, together with its Canadian Broadcast Distribution Undertaking customers (together, the “Objectors”), and SOCAN have entered into a binding memorandum of understanding that will result in a partial refund to the Objectors of past royalties paid to Canadian collective societies. An amount of \$5,155 was therefore recognized in reduction of operating expenses and was still receivable as at March 31, 2022. The Corporation started to receive a portion of the receivable after March 31, 2022 and expects to recover the full amount in the next twelve months.

Notes to Consolidated Financial Statements

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(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, 2020	\$ 15,869	\$ 17,660	\$ 25,071	\$ 15,391	\$ 2,562	\$ 76,553
Additions	131	1,119	3,769	1,419	55	6,493
Additions through business acquisition	—	—	—	1,765	—	1,765
Disposals and write-off	(21)	(48)	(4,298)	(71)	(301)	(4,739)
Foreign exchange differences	(40)	—	(126)	105	—	(61)
Balance at March 31, 2021	15,939	18,731	24,416	18,609	2,316	80,011
Additions	275	3,204	3,786	1,094	268	8,627
Additions through business acquisition	17	—	29	10	—	56
Disposals and write-off	(219)	(564)	(1,139)	(73)	(29)	(2,024)
Foreign exchange differences	6	—	(2)	(50)	—	(46)
Balance at March 31, 2022	\$ 16,018	\$ 21,371	\$ 27,090	\$ 19,590	\$ 2,555	\$ 86,624
Accumulated depreciation						
Balance at March 31, 2020	\$ 4,066	\$ 3,085	\$ 12,728	\$ 10,336	\$ 606	\$ 30,821
Depreciation for the year	1,409	2,706	4,093	2,596	103	10,907
Disposals and write-off	(12)	(31)	(3,587)	(36)	(15)	(3,681)
Foreign exchange differences	(34)	—	(219)	(11)	—	(264)
Balance at March 31, 2021	5,429	5,760	13,015	12,885	694	37,783
Depreciation for the year	1,044	2,706	4,521	2,130	121	10,522
Disposals and write-off	(218)	(694)	(465)	(71)	(29)	(1,477)
Foreign exchange differences	2	—	(54)	(83)	—	(135)
Balance at March 31, 2022	\$ 6,257	\$ 7,772	\$ 17,017	\$ 14,861	\$ 786	\$ 46,693
Net carrying amounts						
March 31, 2021	\$ 10,510	\$ 12,971	\$ 11,401	\$ 5,724	\$ 1,622	\$ 42,228
March 31, 2022	\$ 9,761	\$ 13,599	\$ 10,073	\$ 4,729	\$ 1,769	\$ 39,931

Notes to Consolidated Financial Statements

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14. RIGHT-OF-USE ASSETS ON LEASES

	Land and buildings		Vehicles		Total
Cost					
Balance at March 31, 2020	\$ 34,254		\$ 851		\$ 35,105
Additions	4,627		70		4,697
Reassessment of leases' term	(407)		—		(407)
Foreign exchange differences	13		(13)		—
Balance at March 31, 2021	38,487		908		39,395
Additions	2,823		296		3,119
Reassessment of leases' term	(2,211)		—		(2,211)
Foreign exchange differences	(84)		(15)		(99)
Balance at March 31, 2022	\$ 39,015		\$ 1,189		\$ 40,204
Accumulated depreciation					
Balance at March 31, 2020	\$ 5,289		\$ 356		\$ 5,645
Depreciation for the year	5,285		329		5,614
Reassessment of leases' term	(35)		—		(35)
Foreign exchange differences	(4)		(9)		(13)
Balance at March 31, 2021	10,535		676		11,211
Depreciation for the year	4,806		270		5,076
Reassessment of leases' term	(1,970)		—		(1,970)
Foreign exchange differences	(43)		(14)		(57)
Balance at March 31, 2022	\$ 13,328		\$ 932		\$ 14,260
Net carrying amounts					
March 31, 2021	\$ 27,952		\$ 232		\$ 28,184
March 31, 2022	\$ 25,687		\$ 257		\$ 25,944

Notes to Consolidated Financial Statements

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(In thousands of Canadian dollars, unless otherwise stated)

15. INTANGIBLE ASSETS, EXCLUDING BROADCAST LICENCES

	Internally developed software and apps	Music catalog	Client list and relationships	Trademarks	Licences, website application and computer software	Non- compete agreements	Total
Cost							
Balance at March 31, 2020	\$ 14,304	\$ 12,154	\$ 113,323	\$ 10,621	\$ 25,925	\$ 17,901	\$ 194,228
Additions	6,428	1,527	—	—	978	—	8,933
Additions through business acquisition	—	—	2,087	253	—	381	2,721
Disposals and write-off	—	(3,574)	(3,587)	—	(1,207)	—	(8,368)
Foreign exchange differences	(336)	(41)	(982)	(392)	(788)	(183)	(2,722)
Balance at March 31, 2021	20,396	10,066	110,841	10,482	24,908	18,099	194,792
Additions, net of tax credit of \$807	6,854	618	—	—	681	—	8,153
Additions through business acquisitions	1,639	—	31,156	3,767	9,488	264	46,314
Foreign exchange differences	366	(21)	(1,710)	(177)	(247)	(110)	(1,899)
Balance at March 31, 2022	\$ 29,255	\$ 10,663	\$ 140,287	\$ 14,072	\$ 34,830	\$ 18,253	\$ 247,360
Accumulated depreciation							
Balance at March 31, 2020	\$ 4,443	\$ 6,864	\$ 94,912	\$ 4,943	\$ 17,004	\$ 11,572	\$ 139,738
Amortization for the year	5,075	862	6,174	1,316	3,976	3,976	21,379
Disposals and write-off	—	(1,299)	(3,587)	—	(1,025)	—	(5,911)
Foreign exchange differences	(259)	(33)	(919)	(198)	(758)	(131)	(2,298)
Balance at March 31, 2021	9,259	6,394	96,580	6,061	19,197	15,417	152,908
Amortization for the year	6,512	988	6,394	1,234	2,869	1,402	19,399
Foreign exchange differences	259	(12)	(1,123)	(98)	(144)	(59)	(1,177)
Balance at March 31, 2022	\$ 16,030	\$ 7,370	\$ 101,851	\$ 7,197	\$ 21,922	\$ 16,760	\$ 171,130
Net carrying amounts							
March 31, 2021	\$ 11,137	\$ 3,672	\$ 14,261	\$ 4,421	\$ 5,711	\$ 2,682	\$ 41,884
March 31, 2022	\$ 13,225	\$ 3,293	\$ 38,436	\$ 6,875	\$ 12,908	\$ 1,493	\$ 76,230

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

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16. GOODWILL AND BROADCAST LICENCES

	Goodwill	Broadcast licences
Balance at March 31, 2020	\$ 337,824	\$ 272,910
Additions through business acquisition (note 3)	2,947	—
Additions	—	78
Foreign exchange differences	(2,874)	—
Balance at March 31, 2021	337,897	272,988
Additions through business acquisitions (note 3)	18,765	—
Additions	—	8
Foreign exchange differences	(2,358)	—
Balance at March 31, 2022	\$ 354,304	\$ 272,996

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 the greater of value-in-use ("VIU") and fair value less cost to sell ("FVLCS") calculations determined by using a discounted cash flow model. VIU and FVLCS of cash generating units ("CGUs") are determined with significant unobservable inputs and are 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 Corporation 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 licences impairment testing purposes, the Corporation 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 comprehensive 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.

	2022	2021
Goodwill		
Radio	\$ 218,404	\$ 218,404
Broadcast and commercial music	135,900	119,493
	\$ 354,304	\$ 337,897
Broadcast licences		
Toronto	\$ 90,270	\$ 90,270
Ottawa	48,568	48,568
Other ⁽¹⁾	134,158	134,150
	\$ 272,996	\$ 272,988

⁽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.

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RADIO 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. Growth rates used over the budget period are based on management's estimates of performance, which is established by considering historical growth rates achieved as well as anticipated fluctuations including those resulting from the current economic environment. 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. The key assumptions used in the estimation of the recoverable amount for the CGUs are the risk adjusted forecasted cash flows. The most significant assumptions that form part of the risk adjusted forecasted cash flows relate to estimated growth in revenues and operating expenses. Forecasts are 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.

CGU	Five-year average growth rate in revenues	Five-year average growth rate in operating expenses	Terminal value	Pre-tax discount rate
Toronto	5.5%	3.9%	1.5%	9.3%
Ottawa	6.6%	2.1%	1.5%	9.3%
Other ⁽¹⁾	3.4% to 6.0%	(3.1)% to 2.8%	1.5%	9.1% to 9.4%

⁽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.

The pre-tax discount rates applied to cash flow projections were derived from the Corporation's weighted average cost of capital ("WACC"). 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.

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.

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GOODWILL IMPAIRMENT ASSESSMENTS

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

The VIU was calculated using unobservable (Level 3) inputs such as risk adjusted cash flows from financial budgets approved by the Board of Directors covering a five-year period. The Corporation considered past experience, economic trends as well as industry and market trends in assessing the level of cash flows that can be maintained in the future.

The most significant assumptions that form part of the risk adjusted forecasted cash flows relate to estimated growth in revenues and operating expenses. Forecasts are based on the Corporation's estimate of future performance for this mature industry.

CGU	Five-year average growth rate in revenues	Five-year average growth rate in operating expenses	Terminal value	Pre-tax discount rate
Broadcast and Commercial Music	9.8%	3.7%	2.5%	9.0%
Radio	5.3%	2.3%	1.5%	9.3%

The pre-tax discount rate represents the Corporation's 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.

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17. INVESTMENTS

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

	Investments	Investment in a joint venture	Investments in associates	Total
Balance at March 31, 2020	\$ 23,548	\$ 628	\$ 1,556	\$ 25,732
Proceeds from disposal of an investment	(18,861)	—	—	(18,861)
Share of results of joint venture	—	(38)	—	(38)
Change in fair value, including foreign exchange differences	(3,787)	—	—	(3,787)
Balance at March 31, 2021	900	590	1,556	3,046
Additions	703	—	2,508	3,211
Share of results of joint venture	—	(65)	—	(65)
Equity gains on associates	—	—	241	241
Change in fair value, including foreign exchange differences	12	—	(14)	(2)
Balance at March 31, 2022	\$ 1,615	\$ 525	\$ 4,291	\$ 6,431

INVESTMENTS

The Corporation has equity instruments in private entities at fair value that are estimated using a market comparison technique. The valuation model is based on market multiples derived from quoted price of companies comparable to the investments and the expected EBITDA on the investments.

All equity instruments in private entities are classified as financial assets at fair value through profit and loss.

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 29.

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18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade	\$ 18,374	\$ 15,226
Accrued liabilities	44,394	34,172
Sales taxes payable	4,248	3,748
	\$ 67,016	\$ 53,146

19. CREDIT FACILITIES

The credit facilities consist of a \$375,000 revolving credit facility (“Revolving facility”) and a remaining \$63,750 term loan (“Term facility”), both maturing in October 2026. On May 28, 2021, the Corporation fully repaid, on maturity, its \$20,000 term loan.

The credit facilities 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, in Euro in the form of LIBOR loans, in British Pound in the form of SONIA loans and in Australian dollars in the form of BBSY loans.

The credit facilities bear interest at (a) the bank’s prime rate (2.70% and 2.45% as at March 31, 2022 and 2021, respectively) or US base rate if denominated in US dollars (4.00% and 3.75% as at March 31, 2022 and 2021, respectively) plus an applicable margin based on a financial covenant, or (b) the banker’s acceptance rate (0.73% and 0.52% as at March 31, 2022 and 2021, respectively) plus an applicable margin based on a financial covenant, or (c) LIBOR (0.21% and 0.11% as at March 31, 2022 and 2021, respectively) plus an applicable margin based on a financial covenant, at the Corporation’s option.

In addition, the Corporation incurs standby fees based on a financial covenant, on the unused portion of the credit facilities (0.40% for the years ended March 31, 2022 and 2021). The credit facilities are secured by guarantees from subsidiaries and first ranking lien on universality of all assets, tangible and intangibles, present and future.

The tables below are a summary of the credit facilities:

March 31, 2022	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	\$ 375,000	\$ 295,586	\$ 750	\$ 78,664
Term facility	63,750	63,750	—	—
Total committed credit facilities	\$ 438,750	\$ 359,336	\$ 750	\$ 78,664
Less: unamortized deferred financing fees		(1,133)		
Balance, end of year		358,203		
Current portion		\$ 7,500		
Non-current portion		\$ 350,703		

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March 31, 2021	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	\$ 325,000	\$ 213,434	\$ 750	\$ 110,816
Term facilities	91,250	91,250	—	—
Total committed credit facilities	\$ 416,250	\$ 304,684	\$ 750	\$ 110,816
Less: unamortized deferred financing fees		(980)		
Balance, end of year		303,704		
Current portion		\$ 27,462		
Non-current portion		\$ 276,242		

As at March 31, 2022 and 2021, a letter of credit amounting to \$750 reduced the availability on the Revolving facility.

The Corporation is required to make consecutive quarterly capital repayments of 2.50% of the initial drawdown amount of the Term facility. The remaining capital balance will be payable on maturity date, on October 15, 2026.

	Capital repayments of the Term facility
2023	\$ 7,500
2024	7,500
2025	7,500
2026	7,500
2027	33,750
	\$ 63,750

As at March 31, 2022, the Corporation was in compliance with all the requirements of its credit agreement.

20. SUBORDINATED DEBT

The subordinated debt has a nominal value of \$50,000 and matures on October 26, 2023. During the years ended on March 31, 2022 and 2021, the Corporation made a voluntary capital repayments under its prepayment option of \$6,400 and \$8,000, respectively. The loan is unsecured and bears interest based on a financial covenant (6.65% as at March 31, 2022 and 6.95% as at March 31, 2021). The remaining capital balance will be payable on maturity date.

Unamortized deferred financing fees amounted to \$158 as at March 31, 2022 (2021 – \$259).

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

21. LEASE LIABILITIES

The following table presents a summary of the activity related to the lease liabilities of the Corporation.

	2022	2021
Lease liabilities, beginning of year	\$ 30,212	\$ 30,853
Additions	3,119	4,703
Payment of lease liabilities, including related interest	(6,430)	(6,639)
Reassessment of leases' term	(153)	(381)
Disposal	—	32
Interest expense on lease liabilities (note 8)	1,615	1,628
Foreign exchange	(45)	16
Lease liabilities, end of year	\$ 28,318	\$ 30,212

Lease liabilities included in the consolidated statements of financial position	March 31, 2022	March 31, 2021
Current portion	\$ 4,171	\$ 4,479
Non-current portion	\$ 24,147	\$ 25,733
	\$ 28,318	\$ 30,212

The following table presents the maturity analysis of contractual undiscounted cashflows related to the lease liabilities of the Corporation as of March 31, 2022.

Less than one year	\$ 1,439
One to five years	19,171
More than five years	16,308
Total undiscounted lease liabilities as at March 31, 2022	\$ 36,918

Notes to Consolidated Financial Statements

Years ended March 31, 2022 and 2021

(In thousands of Canadian dollars, unless otherwise stated)

22. OTHER LIABILITIES

	2022	2021
CRTC tangible benefits	\$ 28,240	\$ 27,970
Contingent consideration	19,204	14,456
Balance payable on business acquisitions	2,559	100
Accrued pension benefit liability (note 23)	2,837	6,112
Derivative financial instruments (note 29)	1,464	5,370
Performance share units payable	5,046	4,478
Other	1,647	1,541
	60,997	60,027
Current portion	(17,786)	(15,812)
	\$ 43,211	\$ 44,215

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 \$19,204 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 29. The estimates are based on discount rates ranging from 12% to 36%. During the year ended March 31, 2022, 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.

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(In thousands of Canadian dollars, unless otherwise stated)

23. 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 totaled \$1,550 (2021 – \$1,375).

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, 2022.

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 funded by the Corporation.

The Corporation measures its accrued benefit obligations and fair value of plan assets for accounting purposes as of March 31 of each year. The obligations as at March 31, 2022 and the 2023 current service cost of the Plans are determined based on membership data as at March 31, 2022.

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

	2022	2021
Consolidated statements of financial position		
Accrued pension benefit liability, included in other liabilities (note 22)	\$ (2,837)	\$ (6,112)
Accrued pension benefit asset, included in other non-current assets	1,633	532
Net accrued pension liability	\$ (1,204)	\$ (5,580)
Consolidated statements of comprehensive income		
Pension benefit expense, included in net finance expense (income)	\$ 193	\$ 234
Other comprehensive gains and accumulated other comprehensive losses		
Actuarial (gains) losses recognized in other comprehensive income (loss)	\$ (3,784)	\$ 10
Cumulative actuarial (gains) losses recognized in other comprehensive income (loss)	\$ (3,200)	\$ 584

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(In thousands of Canadian dollars, unless otherwise stated)

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

	2022		2021	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Accrued benefit obligations				
Balance, beginning of year	\$ 4,805	\$ 6,112	\$ 4,482	\$ 6,139
Interest cost	130	167	151	194
Benefits paid	(318)	(785)	(316)	(793)
Actuarial gains (losses):				
Impact of changes in financial assumptions	(450)	(271)	444	364
Impact of changes in experience adjustments	(155)	(2,386)	44	208
Balance, end of year	\$ 4,012	\$ 2,837	\$ 4,805	\$ 6,112
Plan assets				
Fair value, beginning of year	\$ 5,337	\$ —	\$ 4,492	\$ —
Interest income	144	—	151	—
Actuarial gains:				
Return on plan assets, excluding interest income	522	—	1,050	—
Administrative expenses	(40)	—	(40)	—
Benefits paid	(318)	—	(316)	—
Fair value, end of year	\$ 5,645	\$ —	\$ 5,337	\$ —
Net accrued pension asset (liability)	\$ 1,633	\$ (2,837)	\$ 532	\$ (6,112)

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 \$232 in 2023.

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

	2022		2021	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Interest cost	\$ 130	\$ 167	\$ 151	\$ 194
Interest income on plan assets	(144)	—	(151)	—
Administrative expenses	40	—	40	—
Defined benefit plan expense	\$ 26	\$ 167	\$ 40	\$ 194

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

	2022			2021		
	Basic Plan	SRPAs	Total	Basic Plan	SRPAs	Total
Cumulative actuarial losses (gains), beginning of year	\$ (209)	\$ 793	\$ 584	\$ 353	\$ 221	\$ 574
Recognized actuarial losses (gains) during the year	(1,127)	(2,657)	(3,784)	(562)	572	10
Cumulative actuarial losses, end of year	\$ (1,336)	\$ (1,864)	\$ (3,200)	\$ (209)	\$ 793	\$ 584

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The principal actuarial assumptions were as follows:

	2022		2021	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Discount rate for the accrued net benefit obligation	3.5%	3.5%	2.8%	2.8%
Future pension increases	1.7%	0.3%	1.7%	0.3%

As at March 31, 2022 and based on an actuarial review, the net remeasurement gain, before income tax recovery, recorded in other comprehensive income (loss) of \$3,784 (2021 – net remeasurement loss of \$10) was primarily reflective of an increase in the estimated discount rate for both plans and an actuarial loss on plan assets.

Plan assets for the Basic Plan consist of:

	2022	2021
Equity funds	73%	68%
Fixed income funds	27%	32%
	100%	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%	\$ (304)	\$ 329
Future pension costs — change of 1.0%	\$ 414	\$ (213)
Life expectancy — change by 1 year	\$ 264	\$ (276)

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 9.4 years.

Notes to Consolidated Financial Statements

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24. 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, 2021			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2020	55,607,956	\$	304,140
Exercise of stock options	80,732		269
Repurchased and cancelled	(1,530,180)		(8,700)
Purchased and held in trust through employee share purchase plan	11,582		16
As at March 31, 2021	54,170,090	\$	295,725
Multiple voting shares			
As at March 31, 2020 and 2021	17,941,498	\$	18,226
	72,111,588	\$	313,951
Year ended March 31, 2022			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2021	54,170,090	\$	295,725
Exercise of stock options	95,000		378
Repurchased and cancelled	(2,106,000)		(11,970)
Purchased and held in trust through employee share purchase plan	(4,664)		(31)
As at March 31, 2022	52,154,426	\$	284,102
Multiple voting shares			
As at March 31, 2021 and 2022	17,941,498	\$	18,226
	70,095,924	\$	302,328

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.

Notes to Consolidated Financial Statements

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(In thousands of Canadian dollars, unless otherwise stated)

TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2022

During the period, 95,000 stock options were exercised and consequently, the Corporation issued 95,000 subordinate voting shares. The proceeds amounted to \$294. An amount of \$84 of contributed surplus related to those stock options was transferred to the subordinate voting shares' account balance.

During the year ended March 31, 2022, the Corporation declared dividends of \$0.075 per subordinate voting share, variable subordinate voting share and multiple voting share totalling \$21,104, of which an amount of \$21,254 was paid during the year. A dividend payable of \$5,259 is accrued in the consolidated statement of financial position as at March 31, 2022 as it will be payable on or around June 15, 2022.

Share repurchase program

On September 21, 2021, the Toronto Stock Exchange (the "TSX") approved the implementation of a share repurchase program, which took effect on September 27, 2021. This program allows the Corporation to repurchase up to an aggregate 3,222,901 subordinate voting shares and variable subordinate voting shares (collectively, the "Subordinate Shares"), representing approximately 10% of the Subordinate Shares issued and outstanding as at September 13, 2021. In accordance with TSX requirements, the Corporation is entitled to purchase, on any trading day, up to a total of 12,130 Subordinate Shares, representing 25% of the net average daily trading volume of the Subordinate Shares. When making such repurchases, the number of Subordinate Shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than September 26, 2022.

The following table summarizes the Corporation's share repurchase activities during the years ended March 31, 2022 and 2021.

	2022	2021
Subordinate voting shares repurchased for cancellation (<i>unit</i>)	2,106,000	1,530,180
Average price per share	\$ 7.1622	\$ 6.6610
Total repurchase cost	\$ 15,084	\$ 10,193
Repurchase resulting in a reduction of:		
Share capital	\$ 11,970	\$ 8,700
Deficit ⁽¹⁾	\$ 3,114	\$ 1,493

⁽¹⁾ The excess of net repurchase cost over the average book value of the Subordinate voting shares.

Notes to Consolidated Financial Statements

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(In thousands of Canadian dollars, unless otherwise stated)

TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2021

During the year ended March 31, 2021, 80,732 stock options were exercised and consequently, the Corporation issued 80,732 subordinate voting shares. The proceeds amounted to \$144. An amount of \$125 of contributed surplus related to those stock options was transferred to the subordinate voting shares' account balance.

Also during the year, the Corporation declared dividends of \$0.075 per subordinate voting share, variable subordinate voting share and multiple voting share totalling \$27,376, of which an amount of \$21,967 was paid during the year. A dividend payable of \$5,409 was accrued in the consolidated statement of financial position as at March 31, 2021 as it was payable on June 15, 2021.

25. SUPPLEMENTAL CASH FLOW INFORMATION

	2022	2021
Trade and other receivables	\$ 2,031	\$ 10,236
Inventories	(1,945)	(70)
Other current assets	1,255	(2,308)
Other non-current assets	(956)	(240)
Accounts payable and accrued liabilities	2,104	(18,220)
Deferred revenues	(1,289)	3,080
Income taxes payable	(1,430)	(6,171)
Other payables	206	3,061
	\$ (24)	\$ (10,632)

The following table summarizes the Corporation's additions not affecting cash and cash equivalents activities during the years ended March 31, 2022 and 2021.

	2022	2021
Additions to property and equipment	\$ (434)	\$ 803
Additions to intangible assets, excluding broadcast licences and intangible assets acquired through business acquisitions	165	1,192
	\$ (269)	\$ 1,995

Notes to Consolidated Financial Statements

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26. SHARE-BASED COMPENSATION

STOCK OPTION 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 are 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 seventh 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, 3,469,807 stock options were outstanding as at March 31, 2022 (3,163,253 as at March 31, 2021). Outstanding options are subject to employee service vesting criteria which range from nil to four years of service.

The following summarizes the changes in the plan's position for the years ended March 31, 2022 and 2021:

	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	3,163,253	\$ 6.30	2,431,819	\$ 4.99
Granted	434,204	6.97	833,174	4.63
Exercised (note 24)	(95,000)	3.09	(80,732)	1.79
Forfeited	(32,650)	5.18	(21,008)	8.89
Options outstanding, end of year	3,469,807	6.48	3,163,253	6.30
Exercisable options, end of year	1,970,675	\$ 6.97	1,449,918	\$ 7.02

The following is a summary of the information on the outstanding stock options as at March 31, 2022 and 2021:

Exercise price	Number of options outstanding	Outstanding options	Exercisable options
		Weighted average outstanding contractual life outstanding (years)	Number
<i>March 31, 2022</i>			
\$ 4.63	748,422	5.18	142,106
5.60	672,374	4.18	336,187
6.13	21,929	4.85	10,965
6.25	287,880	3.15	287,880
6.92	359,933	6.18	—
7.00	25,000	3.36	25,000
7.03	44,248	6.62	—
7.27	311,047	4.21	311,047
7.62	482,850	5.23	482,850
7.69	22,124	6.87	—
7.92	43,698	6.60	32,774
8.61	433,746	6.19	325,310
9.00	16,556	4.89	16,556
\$ 6.48	3,469,807	5.00	1,970,675

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(In thousands of Canadian dollars, unless otherwise stated)

Exercise price	Number of options outstanding	Outstanding options	Exercisable options
		Weighted average outstanding contractual life outstanding (years)	Number
<i>March 31, 2021</i>			
\$ 0.46	35,000	1.17	35,000
4.63	833,173	6.18	—
5.60	672,374	5.18	168,093
6.13	21,929	5.85	5,482
6.25	287,880	4.15	287,880
7.00	25,000	4.36	25,000
7.27	311,047	5.21	311,047
7.62	482,850	6.23	362,138
7.92	43,698	7.60	21,849
8.61	433,746	7.19	216,873
9.00	16,556	5.89	16,556
\$ 6.30	3,163,253	5.78	1,449,918

The weighted average fair value of the stock options granted during the year ended March 31, 2022 was \$1.41 per stock option (2021 — \$0.71). 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:

	2022	2021
Weighted average volatility	35%	35%
Weighted average risk-free interest rate	0.86% - 1.82%	0.52%
Weighted average expected life of options	5 years	5 years
Weighted average value of the subordinate voting share at grant date	6.92\$ - 7.69\$	\$4.63
Weighted average expected dividend rate	3.90% - 4.34%	6.26%

The weighted average volatility used is calculated based on the Corporation's historical volatility.

Total share-based compensation costs recognized under this stock option plan amount to \$635 for the year ended March 31, 2022 (2021 — \$717).

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2022 was \$6.98 (2021 — \$6.65).

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 31 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.

Notes to Consolidated Financial Statements

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The following summarizes the changes in the plan's position for the years ended March 31, 2022 and 2021:

	2022		2021	
	Number of units	Amount	Number of units	Amount
Unvested contributions, beginning of year	7,112	\$ 114	18,694	\$ 130
Contributions	39,464	325	46,988	305
Dividends credited	5,028	36	4,616	28
Vested	(39,828)	(330)	(63,186)	(349)
Unvested contributions, end of year	11,776	\$ 145	7,112	\$ 114

The weighted average fair value of the shares contributed during the year ended March 31, 2022 was \$7.23 (2021 — \$6.11).

Total share-based compensation costs recognized under the ESPP amount to \$163 for the year ended March 31, 2022 (2021 — \$134).

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 after a three year vesting period. 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 Corporation's shares at the reporting date. The fair value is amortized over the vesting period, being three years.

During the year ended March 31, 2022, 417,783 PSU (2021 — 563,837) were granted at a range of \$6.71 to \$7.26 (2021 — \$4.38 to \$7.05) per unit to executives and employees and no outstanding PSU were vested. As at March 31, 2022, the fair value per unit was \$7.32 (2021 — \$7.17) for a total amount of \$7,208 (2021 — \$5,705) 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, 2022 and 2021:

	2022		2021	
	Number of units	Amount	Number of units	Amount
Balance, beginning of year	1,510,513	\$ 5,705	1,186,269	\$ 2,894
Granted	417,783	—	563,837	—
Expense and revision of estimates	—	4,860	—	3,669
Liabilities settled	(448,061)	(3,342)	(163,850)	(663)
Forfeited	(7,448)	(15)	(75,743)	(195)
Balance, end of year	1,472,787	\$ 7,208	1,510,513	\$ 5,705
Balance, vested	—	—	—	—

Total share-based compensation costs recognized under the PSU plan amount to \$4,825 for the year ended March 31, 2022 (2021 — \$3,528).

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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 volume weighted average price of the Corporation’s shares on the last three trading days immediately preceding 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, 2022, 266,535 DSU (2021 — 214,369) were granted at a range of \$6.58 to \$7.61 per unit to directors (2021 — \$4.40 to \$7.73) and 924,260 DSU were vested. The total expense related to DSU plans amounted to \$954 in 2022 (2021 — \$2,908). As at March 31, 2022, the fair value per unit ranged from \$7.26 to \$7.43 (2021 — \$7.12 to \$7.20) for a total amount, including fringes, of \$7,084 (2021 — \$5,063) 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, 2022 and 2021:

	2022		2021	
	Number of units	Amount	Number of units	Amount
Balance, beginning of year	672,827	\$ 5,063	458,458	\$ 1,948
Granted and vested	266,535	1,859	214,369	1,193
Settlement	(15,102)	(91)	—	—
Revision of estimates	—	253	—	1,922
Balance, end of year	924,260	\$ 7,084	672,827	\$ 5,063
Balance, vested	924,260	\$ 7,084	672,827	\$ 5,063

27. COMMITMENTS

The following table is a summary of the Corporation’s operating obligations as at March 31, 2022 that are due in each of the next six years and thereafter.

	Operating obligations
2023	\$ 1,991
2024	807
2025	592
2026	325
2027	325
2028 and thereafter	974
	\$ 5,014

OPERATING OBLIGATIONS

The Corporation’s significant operating obligations are for licensing and other long-term contracts that do not meet the definition of a lease under IFRS 16. 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.

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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 seven years.

28. 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 3 to 27 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 carryforward — Note 10
- Estimation of cost of defined benefit pension plans and present value of the net pension obligation — Note 23
- Estimated value in use and/or fair value less costs to sell of CGUs used in goodwill and broadcasting licences impairment testing — Note 16
- Estimation of fair value of identified assets, liabilities and contingent consideration recorded in business acquisitions — Notes 3 and 22
- Estimation of lease term of contracts with renewal options — Notes 14 and 21

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.

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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. The impact of COVID-19 on the Corporation was also considered in calculating the future cash flows. Depending on the measures taken by the federal and provincial authorities to slow or stop the spread of COVID-19, such as the closure of non-essential businesses and social distancing, actual results could differ materially 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.

- *Lease term of contracts with renewal options*

The Corporation determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Corporation reassesses the lease term for whether significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy) has occurred.

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29. 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 portion of 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 facilities 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 derivative financial instruments is determined using an evaluation of the estimated market value, adjusted for the credit quality of the counterparty. 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, 2022 and 2021. 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.

As at March 31, 2022	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 14,563				
Trade and other receivables	62,410				
Financial assets measured at fair value					
Investments	\$ 1,615	\$ 1,615	\$ —	\$ —	\$ 1,615
Financial liabilities measured at amortized cost					
Credit facilities	\$ 358,203				
Subordinated debt	25,442				
Accounts payable and accrued liabilities	62,768				
CRTC tangible benefits	28,240				
Accrued pension benefit liability	2,837				
Performance share unit payable	5,046				
Balance payable on business acquisitions	2,559				
Financial liabilities measured at fair value					
Contingent consideration	\$ 19,204	\$ 19,204	\$ —	\$ —	\$ 19,204
Derivative financial instruments	1,464	1,464	—	1,464	—

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As at March 31, 2021	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 9,040				
Trade and other receivables	57,891				
Financial assets measured at fair value					
Investments	\$ 900	\$ 900	\$ —	\$ —	\$ 900
Financial liabilities measured at amortized cost					
Credit facilities	\$ 303,704				
Subordinated debt	31,741				
Accounts payable and accrued liabilities	49,398				
CRTC tangible benefits	27,970				
Accrued pension benefit liability	6,112				
Performance share unit payable	4,478				
Balance payable on business acquisitions	100				
Financial liabilities measured at fair value					
Contingent consideration	\$ 14,456	\$ 14,456	\$ —	\$ —	\$ 14,456
Derivative financial instruments	5,370	5,370	—	5,370	—

Fair value measurement (Level 3):

	Investments	Contingent consideration
Balance as at March 31, 2020	\$ 23,548	\$ 17,831
Change in fair value, including foreign exchange differences	(3,787)	110
Addition through business acquisition	—	2,197
Settlements	(18,861)	(5,682)
Balance as at March 31, 2021	\$ 900	\$ 14,456
Change in fair value, including foreign exchange differences	12	(7,598)
Additions	703	—
Additions through business acquisitions	—	15,807
Settlements	—	(3,461)
Balance as at March 31, 2022	\$ 1,615	\$ 19,204

INVESTMENTS

For the years ended March 31, 2022 and 2021, the equity instruments in a private entity were classified as a financial assets at fair value through profit and loss. A change of 5% in the liquidity discount would have increased / decreased the fair value of the investments by approximately \$81 and \$45 during the years ended March 31, 2022 and 2021 respectively.

For the year ended March 31, 2021, the Corporation disposed of its investment in AppDirect for a cash consideration of USD14,612 (\$18,861) and recognized a loss on disposal of \$3,787 in change in fair value of investments in the consolidated statements of comprehensive income.

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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 increased by \$2,496 and if projected cash flows were 10% lower, the fair value would have decreased by \$2,619. Discount rates ranging from 12% to 36% 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 \$187.

The contingent consideration is classified as a financial liability and is included in other liabilities (note 22). 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 expected credit risk, 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. 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.

An allowance for expected credit losses is maintained to reflect an impairment risk for trade accounts receivable based on an expected credit loss model. Bad debts are also provided for based on collection history and specific risks identified on a customer-by-customer basis.

The aging of trade receivable balances and the allowance for doubtful accounts as at March 31, 2022 and March 31, 2021 were as follows:

	2022		2021
Current	\$ 25,867	\$	20,125
Past due 0-30 days	12,252		9,652
Past due 31-60 days	7,363		6,767
Past due 61-90 days	4,171		5,134
Past due more than 90 days	7,067		6,901
Total trade receivables	56,720		48,579
Less : allowance for expected credit losses	(5,929)		(3,198)
	\$ 50,791	\$	45,381

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The movement in the allowance for expected credit losses in respect of trade receivables was as follows:

	2022		2021	
Balance, beginning of year	\$	3,198	\$	2,401
Bad debt expense		88		1,488
Write-off against reserve		2,643		(691)
Balance, end of year	\$	5,929	\$	3,198

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 manages liquidity risk by continuously monitoring actual and budgeted cash flows under both normal and stressed conditions. The Board of Directors also 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, 2022:

	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
Credit facilities	\$ 358,203	\$ 359,336	\$ 7,500	\$ 351,836	\$ —
Subordinated debt	25,442	25,600	—	25,600	—
Accounts payables and accrued liabilities	67,016	67,016	67,016	—	—
Lease liabilities	28,318	36,918	1,439	19,171	16,308
Other liabilities	60,997	66,556	23,421	40,884	2,251

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.

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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, 2022		March 31, 2021	
	USD	EURO	USD	EURO
Cash and cash equivalents	5,666	1,464	877	1,925
Trade receivables	17,846	2,562	10,438	3,753
Investments	2,850	—	—	—
Credit facilities	(7,800)	(3,800)	(10,421)	(6,000)
Accounts payable and accrued liabilities	(2,272)	(2,484)	(280)	(1,770)
Contingent consideration and balance payable on business acquisitions	(14,093)	—	—	—
Net balance exposure	2,197	(2,258)	614	(2,092)
Equivalent in Canadian dollars	2,745	(3,128)	772	(3,088)

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

	2022		2021	
	Average	Reporting	Average	Reporting
USD per CAD	1.2535	1.2496	1.3221	1.2575
EURO per CAD	1.4573	1.3853	1.5406	1.4759

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, assuming that all other variables remained constant:

	March 31, 2022		March 31, 2021	
	USD	EURO	USD	EURO
Increase (decrease) in net income	138	(156)	39	(154)

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.

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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 facilities are variable interest rate instruments 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 interest rate swap agreements.

The table below summarize the interest rate contracts effective as at March 31, 2022 and 2021:

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market liabilities as at March 31, 2022	Mark-to-market liabilities as at March 31, 2021
Swaps					
October 25, 2024	CAD	0.81%	\$ 50,000	\$ —	\$ 945
October 25, 2024	CAD	1.33%	50,000	—	403
October 25, 2021	CAD	2.19%	50,000	—	494
October 25, 2024	CAD	2.29%	50,000	—	1,938
			200,000	—	3,780
Swaptions					
October 25, 2024	CAD	—	100,000	604	642
October 25, 2024	CAD	—	100,000	860	948
			\$ 200,000	\$ 1,464	\$ 1,590
			\$ 400,000	\$ 1,464	\$ 5,370

During the year ended March 31, 2022, the Corporation unwound three interest rate swaps with maturity date of October 25, 2024 and made payments totaling \$600.

During the year ended March 31, 2021, the Corporation unwound two interest rate swaps with maturity dates of August 29, 2029 and August 31, 2029 and received cash payments totaling \$490.

Given that the Corporation did not elect to apply hedge accounting during the years ended March 31, 2022 and 2021, mark-to-market gains of \$3,397 and \$13,818 were recorded in net finance expense (income), respectively.

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30. 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:

	2022		2021
Contingent consideration, including current portion	\$ 19,204	\$	14,456
Balance payable on business acquisitions, including current portion	2,559		100
Credit facilities	358,203		303,704
Subordinated debt	25,442		31,741
Cash and cash equivalents	(14,563)		(9,040)
Net debt, including contingent consideration and balance payable on business acquisition	390,845		340,961
Total equity	273,529		274,692
	\$ 664,374	\$	615,653

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. Refer to note 4 for more information about the EBITDA.

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.

31. 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:

	2022		2021
Short-term employee benefits	\$ 5,074	\$	5,727
Share-based compensation	525		465
Performance share units	2,533		1,755
Deferred share units	954		2,908
	\$ 9,086	\$	10,855

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.

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During the year ended March 31, 2022, the Corporation recognized revenues amounted to \$794 (2021 — \$742) for advertising sold to companies controlled by directors of the Corporation.

32. 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 7, 2022.

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, 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.
- Derivative financial instruments are measured at fair value, determined by using an evaluation of the estimated market value, adjusted for the credit quality of the counterparty in accordance with IFRS 9.

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.

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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 financial position presented are translated at the closing rate at the date of that financial position;
- income and expenses for each statement of income 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 (loss).

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.

33. 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 and its wholly-owned subsidiaries, Stingray Music USA Inc. and its subsidiaries Pop Radio 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, SBA Music PTY Ltd., Stingray Music, S.A. de C.V., DJ Matic NV, Stingray Radio Inc. and Calm Radio Corp. and all these entities' wholly owned subsidiaries.

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INVESTMENT IN ASSOCIATES

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 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.

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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 nor 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 facilities 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

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Corporation is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Corporation expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs on trade and other receivables is assessed by portfolio based on factors that 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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and is recognized in profit or loss.

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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

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, primarily 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.

Equipment and labor

For equipment and labor 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.

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(In thousands of Canadian dollars, unless otherwise stated)

Advertising

The Corporation recognize revenues related to advertising generally at a point in time, when the advertising airs in the network. Advertising reaches the customers by Retail media, Streaming media and Broadcast media. Retail media includes in-store licensed music, music video, digital signage and consumer insights, Streaming media includes music and soundscapes across web and mobile and FAST channels and Broadcast media includes concerts, shows, music videos and TV audio channels.

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.

(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 ASSISTANCE

Government assistance is recognized when there is reasonable assurance that the Corporation will comply with the requirements of the approved grant or subsidy program and the Corporation, based on management's judgment, is reasonably certain that the government assistance will be received. Government assistance related to operating expenses, including salary subsidy such as the Canada Emergency Wage Subsidy, is recorded as a reduction of such expenses. Investment tax credits are accounted for as a reduction of the research and development costs during the year in which the costs are incurred.

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 credit facilities, 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.

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(In thousands of Canadian dollars, unless otherwise stated)

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

(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, performance 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 performance share units, only the unrecognized share-based compensation is considered assumed proceeds since there is no exercise price paid by the holder.

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(J) CASH AND CASH EQUIVALENTS

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

(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.

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(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 labor 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 software and apps	2 to 5 years
Music catalog	5 to 15 years
Client list and relationships	3 to 15 years
Trademarks	2 to 20 years
Licences, website applications and computer software	2 to 25 years
Non-compete agreements	2 to 11 years

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

(N) LEASES

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties for which it is a lessee, the Corporation has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component. The right-of-use asset and a lease liability are recognized at the lease commencement date.

RIGHT-OF-USE ASSETS ON LEASES

The right-of-use asset is measured at cost. The cost is based on the initial amount of the lease liability plus initial direct costs incurred, less lease incentives received, if any.

The cost of right-of-use assets is periodically reduced by amortization expenses and impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are amortized to reflect the expected pattern of consumption of the future economic benefits which is based on the lesser of the useful life of the asset or

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the lease term using the straight-line method. The lease term includes the renewal option only if it is reasonably certain to be exercised. The lease terms range from 1 to 50 years for buildings and towers, from 10 to 99 years for land and from 1 to 5 years for vehicles.

The Corporation elected not to recognize a right-of-use asset and liability for leases where the total lease term is less than or equal to twelve months and for leases of low value assets; such as but not limited to, office equipment. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

LEASE LIABILITIES

At the commencement date of the lease, the Corporation recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payments of penalties for terminating a lease, if the lease term reflects the Corporation exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggered the payment has occurred.

In calculating the present value of lease payments, the Corporation uses the incremental borrowing rate as at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced to reflect the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there has been a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(O) 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.

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(P) 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.

(Q) 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.

(R) 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.

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Performance share units and deferred share units plans

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.

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(S) 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.

GLOSSARY OF TERMS

Annual General Meeting of Shareholders

The Annual General Meeting will be held virtually by videoconference on August 3, 2022.

Provisional calendar of results

First quarter of 2023	Second quarter of 2023	Third quarter of 2023	Fourth quarter of 2023
August 2, 2022	November 8, 2022	February 7, 2023	June 6, 2023

Stock exchange

TSX : RAY.A and RAY.B

Transfer agent

TSX Trust Company

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Video 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.

Free Ad-Supported Streaming Television (FAST): FAST channels are a new category of IPTV content which consists of subscription-free linear programming supported by advertising (requires an internet subscription).

Artificial Intelligence (AI): Sometimes called machine intelligence, is, generally speaking, algorithms designed to make human-like decisions, often using real-time data.

Digital Out-of-Home (DOOH): refers to a media network of digital display advertising in commercial spaces and public places.

Audio Out-of-Home (AOOH): Similarly to DOOH, Audio Out-of-Home is a new category of Out-of-Home (OOH) advertising developed by Stingray where custom audio ads are inserted in music channels broadcasting inside commercial establishments.

Connected TV: Is a device that connects to — or is embedded in — a television to support video content streaming.



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