Annual Report 2023

Year Ended March 31, 2023

Stingray Group Inc.

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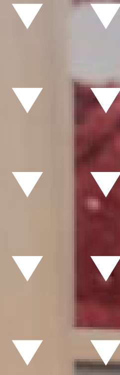
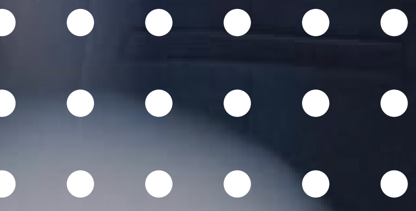



Word from *the CEO*

Eric Boyko
President, Co-founder
and CEO

Dear investors, partners, clients and colleagues,

Against a backdrop of economic uncertainty, Stingray bucked the trend in FY 2023. Despite economic headwinds, we had a banner year and maintained an exemplary growth trajectory in the face of market turbulence.

We are very proud to report that revenues are up by 14.6% compared to the previous year. Revenues stood at $323.9 million, Adjusted EBITDA[1] was $114.1 million and net income was $30.1 million ($0.43 per share). Cash flow from operating activities was $86.9 million and Adjusted free cash flow[1] was 63.7 million.

We owe much of our success to our incredible ability to grow and shift alongside market trends. This past fiscal year, we continued to pivot our product offerings to become a leader in ad-supported music channels, ad-supported video channels, and connected car innovations. We also doubled down on our stake in the connected TV market by distributing even more channels over Free, Ad-Supported Streaming Television (FAST) across Canada, the United States, Europe and Latin America.

Building upon our acquisition last year of the U.S.-based retail media provider, In-Store Audio Network (ISAN), we continued our foray into the world of retail media. This burgeoning corner of the advertising market is growing at break-neck speed, and Stingray is perfectly positioned to leverage its in-store audio infrastructure to deliver proximity-based audio ads.

We are also putting the pedal to the metal in the connected car space - another sector experiencing tremendous growth. A successful collaboration with Tesla centred on Stingray Karaoke has paved the way for new automotive partnerships, with a particular focus on electric vehicle manufacturers.

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

The streaming revolution

Streaming Video on Demand (SVOD) has been experiencing remarkable growth with a projected increase of 65% from 2020 to 2026[2], hitting a whopping 1.5 billion subscriptions by the end of this period. Stingray seized this opportunity by focusing attention on profitable SVOD products and B2B2C distribution. Our approach will continue to favor partnership acquisition over direct paid acquisition models.

As we grow our B2B2C streaming subscription base, we will also continue leveraging global relationships with Amazon to break into new markets and launch new products. In April 2022, Stingray added its *All Good Vibes* channels to Amazon Prime Australia as a paid add-on subscription.

On the other side of the world, we also launched Stingray Karaoke and Qello Concerts on Claro Música in Latin America. Every Samsung Smart TV in the world is now enabled with Stingray Karaoke, and Verizon +play now includes access to Qello as well.

Most recently, at the tail end of FY 2023, we brought Stingray Classica and Qello Concerts to YouTube TV. No matter the platform or SVOD offering, it's all systems go.

A new way to advertise on TV

In the United States, the connected TV advertising spend is anticipated to reach $18 billion by 2026, demonstrating a steady CAGR of 8.1%. Free Ad-Supported Streaming Television (FAST) business also shows exceptional growth potential, with revenue from FAST channels expected to surpass $10 billion by 2027[2].

We are harnessing these opportunities by distributing FAST channels across Canada, the United States, Europe, and Latin America. Using Over-the-Top (OTT) advertising, we can reach 100s of millions of engaged TV viewers, in addition to leveraging the largest music channel library in the world.

Some of our most notable FAST partnerships of FY 2023 include a distribution agreement with TCL FALCON for all their Smart TVs, a global distribution deal with LG, and partnerships with Amazon Freevee and Samsung TV Plus.

In a continued demonstration of our commitment to innovation and audience engagement, we are excited to announce our latest venture: Ultimate Trivia by Stingray, which promises to deliver a captivating and interactive experience for trivia buffs of all ages. Initially launched as an ad-supported linear channel, Ultimate Trivia is the world's only FAST channel dedicated to trivia, providing an endless stream of questions across a wide range of categories and themes.

Accelerating our connected car partnerships

Building off our success in FY 2022, we made further inroads in the fast-growing connected car space throughout FY 2023. Not only have we continued our alliance with Tesla, one of our key automotive partners, but we have also brought Stingray Karaoke to VinFast, an emerging electric vehicle manufacturer.

Speaking of old friends, Stingray announced a major launch with The Singing Machine in early 2023: the world's first fully-integrated hardware and software in-car karaoke solution for the global automotive market. This integration couples a fully integrated microphone with our in-car karaoke app, as well as voice-enhancing technology, and integrates essential safety features.

We also signed a global deal with Harman, a leading connected car technology company, and CARIAD, Volkswagen Group's software company, to bring Stingray Karaoke to selected Audi vehicles world-wide. We envision many more integrations of this kind in the future.

(2) Digital TV Research

What's new with Stingray Business

This sector of our company has grown in directions we never would have imagined possible. As of FY 2023, Stingray Business is powering in-store brand experiences for more than 140,000 locations across the globe – not to mention our countless e-commerce partners.

This existing network has been the ultimate springboard for further solutions developments, most notably Stingray Advertising: a revenue-generating vector for retailers and brands that's exploding in popularity. By leveraging the in-store music infrastructure that's already in place, we can seamlessly integrate digital audio advertising capabilities to drive new ad-based revenue streams for our retail and commercial partners.

Building on our success with retail-based technologies, Chatter – the consumer insights arm of our business – has also picked up steam. FY 2023 was punctuated by partnerships with major brands across a variety of retail verticals, growing its network to more than 3,000 locations across North America. This year, Chatter onboarded in-store partners including Driven Brands, Lowe's, Mary Brown's, and Fleet Feet, and made headway in the e-commerce space with household names like JCrew.com and Madewell.com.

Breaking new ground with Stingray Advertising

In recent times, out-of-home (OOH) advertising and retail media has emerged as a new form of advertising that has caught the markets' attention. Stingray responded to this development with exceptional speed and agility, and FY 2023 was defined in large part by Stingray Advertising.

This business unit represents North America's largest in-store advertising network. In an exceptionally short period of time, we have grown from a nascent sector of the business to a major industry player spanning more than 20,000 locations across North America.

The allure of digital audio advertising is undeniable for retailers, who are enticed by the concept of turning their stores into media channels. In FY 2023, we welcomed Walmart, Metro Inc., and Familiprix into our network. We have absolutely no doubt that this is just the beginning of a remarkable trend in the OOH market.

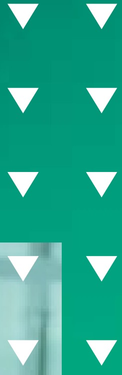
To support our growth and lead further expansion throughout the United States, Stingray Advertising is growing its sales force, adding experienced individuals with extensive backgrounds in media, advertising, and partnerships. Speaking of partnerships, we joined forces with two key players in out-of-home audio space that catapulted Stingray Advertising into pioneer territory. Thanks to a collaboration with Geopath, a leading audience measurement company, we are giving brands a way to measure OOH audio impressions for the very first time. We also partnered up with Hivestack, the world's largest, independent, programmatic OOH ad tech company. Together, we are making retail audio advertising inventory available programmatically for the first time in the United States, Mexico, and Australia.

The future looks bright

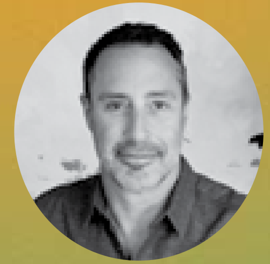
In the past fiscal year, Stingray withstood challenging market conditions and emerged stronger. That's no coincidence: as the age-old proverb goes, sticks in a bundle are unbreakable. Our relentless, hard-working team is the real hero of this story, coupled with an outstanding executive team and investors who share our bold vision for the future.

Stingray has weathered a global pandemic. We've expertly navigated the ups and downs of a turbulent, unpredictable, and downright hostile economy. Whatever we do, we do with guts and gusto – and I speak for my entire team when I say we're stronger and more optimistic than ever.

Sincerely,



Word from *the Chairman*



Mark Pathy
Chairman of the Board

The past year's economic events have rocked many businesses. Widespread layoffs throughout the tech sector, plummeting stock prices, the threat of looming recession – not a business environment for the faint of heart. But Stingray has weathered the storm, buoyed by its legacy brand experience and a commitment to customer service.

Before getting into a few of FY 2023's greatest hits, I'd like to underscore a very important consideration. The most exciting part about Stingray's growth is that we've only scratched the surface. Each of Stingray's business vectors hold meaningful potential for even greater business opportunities and better returns.

This year, we were excited to deepen our relationship with a legacy partner. The addition of Stingray's *All Good Vibes* channel to Amazon Prime Australia and a FAST channel collaboration with Amazon Freevee represents the next chapter in what we envision to be a long-term strategic partnership with one of the world's most recognized brands.

Building on our strategic alliances, we doubled down on our relationship with Tesla in FY 2023, taking an even bigger bite out of the thriving connected car space. New ventures with Vinfast and Audi have underscored our value-add to cutting-edge car manufacturers.

As Stingray continues to broaden its horizons in new markets, we are also leveraging a growing gem in our portfolio - in-store music – to propel us even further. Stingray Business is already present in 140,000 locations across North America, giving us a major foot in the door for the development of Stingray Advertising.

The retail-based digital audio advertising arm of our business uses this very same infrastructure to deliver in-store ads, which have already proven to be a significant driver for sales and brand awareness. Since retailers receive compensation for each campaign that we run in-store, it's been smooth sailing for our network development among both existing and new retail partners.

Last year, I spoke about our impressive agility in the wake of the pandemic. Today, I'd like to underscore that our agile approach goes beyond our ability to react quickly to changing circumstances - it's embedded in our DNA, from our processes to our people to our vision for progress.

To the executive team and our board members – thank you for your leadership and guidance. To our teams on the ground – without you, not a single thing I've mentioned would have been possible. You are key to executing our strategy and vision.

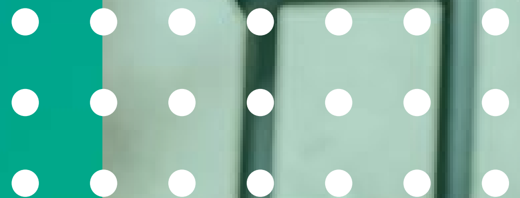
Here's to another year of bold innovation, strategic partnerships, and continued growth.

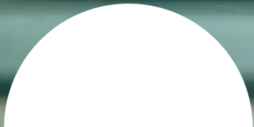
Management's *Discussion and Analysis*

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, 2023 and 2022. This MD&A reflects information available to the Corporation as of June 6, 2023. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com.

Company *Profile*

Stingray (TSX: RAY.A; RAY.B), a global music, media, and technology company, is an industry leader in TV broadcasting, streaming, radio, business services, and advertising. Stingray provides an array of music, digital, and advertising services to enterprise brands worldwide, including audio and video channels, over 100 radio stations, subscription video-on-demand content, FAST channels, karaoke products and music apps, and in-car and on-board infotainment content. Stingray Business, a division of Stingray, provides commercial solutions in music, in-store advertising solutions, digital signage, and AI-driven consumer insights and feedback. Stingray Advertising is North America's largest retail audio advertising network, delivering digital audio messaging to more than 20,000 major retail locations. Stingray has close to 1000 employees worldwide and reaches 540 million consumers in 160 countries.





Products

Subscription services (APPS & SVOD)

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.

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

Over 100,000 karaoke songs in all the most popular genres.

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

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

Yokee Karaoke

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

Yokee Piano

A gamefied piano app that offers a diverse song-book and interactive features, making piano playing fun and accessible for all ages and skill levels.

Piano Academy

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

Subscription Video On Demand (SVOD)

Stingray's SVOD offering is available through major entertainment service providers such as Amazon, AT&T, Comcast, and Samsung TV. The offering is growing in reach through new carriers such as Cox, Claro Música, Verizon, and YouTube TV.

The following Stingray services are available as SVOD:

→ Qello Concerts by Stingray
→ Stingray Classica
→ Stingray DJAZZ
→ Stingray Karaoke
→ Stingray Naturescape

Free, Ad-supported TV (FAST)

Stingray's FAST channels allow customers to access a wide variety of expertly curated content without subscription fees. Our partners include Distro, Local Now, Plex, Pluto TV, Samsung TV Plus, STIRR, Redbox and Xumo.

The following Stingray services are available as FAST channels:

→ Stingray Music
→ Qello Concerts by Stingray
→ Stingray Classica
→ Stingray DJAZZ
→ Stingray CMusic
→ Stingray Karaoke
→ Stingray Naturescape

Radio's recovery continues

Canadian radio is on the mend, slowly but surely bouncing back from the pandemic-era drop in advertising revenue. Having said that, while the industry has certainly improved compared to last year, the operative word is "slowly."

Stingray's content team has worked hard to adjust programming and deploy technology to attract and captivate listeners in their new hybrid/remote work environments, and to preserve radio as an essential part of their daily lives. From engaging listeners on smart speakers to increasing personality profiles outside of morning drive, we continue to adapt to shifting societal patterns. We are confident that as more large companies call their employees back to the office, we will see a corresponding increase in commute-related tuning. Our brands are strong, and our listeners are passionate, but routines and habits have changed to such a degree that necessarily impacts our business.

One thing that hasn't changed is the roster of world-class radio stations in the Stingray portfolio. In 2022, some of our most successful stations included boom 97.3/Toronto, Hot 89.9/Ottawa, Q104/Halifax, XL 103/Calgary, K97/Edmonton, and Z95.3/Vancouver. Each one is a respected market leader in its respective community. Our radio stations continue to serve Canadian cities, large and small, with dedicated broadcasters, entertainers, and journalists.

With our radio stations, podcasts, and digital audio products combined, we continue to explore new and efficient processes, including the creation of regionally and nationally syndicated content, using artificial intelligence to streamline content creation and distribution, and investing in technology to amplify our reach. These technological innovations include using world-class streaming to reach listeners on every device and rolling out HD radio to offer listeners better sound quality and selection.

Beyond offering traditional radio commercials, Stingray's marketing and sales teams have embraced a vast array of digital advertising products. From display to social, from audio out-of-home to programmatic outdoor and connected TVs, our advertising suite is equipped to offer retail, streaming, and broadcast media to reach customers wherever they shop, listen, watch, travel, and play. The combination of radio's broad reach and digital's ability to hyper-target specific customer demographics creates a very efficient and far-reaching model for advertisers to grow their business.

Finally, there is optimism around a resurgence in audio listening thanks to the growth of streaming radio, podcasts, and audio books. Audio is having a renaissance, and Stingray's suite of radio stations and digital products are well positioned to ride that wave.

Current *Company Goals*

1 **Grow B2B digital revenues:** Significantly increase B2B digital revenues by developing and distributing new FAST (free ad-supported TV) channels, SVOD services, and App offerings in new territories, platforms, and verticals such as automotive.

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2 **Expand Audio Advertising Network:** Drive growth through new retail accounts, leveraging the latest ad technology with advanced tech measurement and CPM, and strategic partnerships. Increase sales by investing in additional sales resources and reaching a greater number of clients and agencies.

3 **Enhance global content offerings:** Expand content offerings and exclusivities with global best-in-class rights management.

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4 **Focus capital allocation on debt reduction and a disciplined M&A strategy.**

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5 **Foster an innovative company culture:** Integrate AI tools and features into all aspects of the business to encourage a culture of innovation.

Proven *Acquisition Strategy*

2007

- Slep-Tone Entertainment Corp/ SoundChoice (Karaoke Channel)

2009

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

2010

- Marketing Senscity Inc.
- Concert TV Inc.

2011

- Music Choice International Ltd.

2012

- Musicoola Ltd.
- Zoe Interactive Ltd.

2013

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

2014

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

2015

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

2016

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

$849M spent on acquisitions since inception

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

2017

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

2018

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

2019

- → Drumheller Radio

2020

- → Chatter Research Inc.
- → Minority investment in The Podcast Exchange (TPX)

2021

- → Marketing Sensorial México

2022

- → Calm Radio Corp
- → Minority investment in The Singing Machine
- → InStore Audio Network

2023

- → Ultimate Trivia Network

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

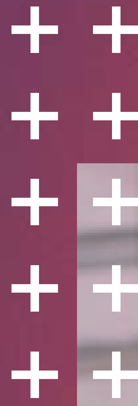
Apart from radio and FAST offerings, our business model is based on subscription revenues and long-term agreements with pay-TV providers and OTT platforms, which gives us significant predictability of future cash flow, reduces cyclicality of earnings, and increases customer retention.

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 multi-product 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 46 acquisitions representing outlays of approximately $849 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 a lean-forward, music consumption model. Stingray provides some of the world's most comprehensive music libraries and channels, all programmed by expert 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, 2023 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 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 developing and improving our operational, financial, and management controls, enhancing our reporting systems and procedures, and recruiting, training, and retaining 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 2023, approximately 42% of our revenue is derived from customers outside of Canada. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic, and political risks that are different from those in Canada. To mitigate this risk, the Corporation has committed to developing and improving our operational, financial, and management controls, enhancing our reporting systems and procedures, and recruiting, training, and retaining highly skilled personnel, all of which will enable the Corporation to continue to expand into international markets.

Reliance 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 payTV providers, Stingray expects that all Canadian pay-TV providers will continue to carry Stingray's pay-audio service and Stingray's other offerings on their platforms.

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 from soliciting 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 catalog.

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.

Executive *Officers*

Eric Boyko
President, CEO, Co-founder and Director

Jean-Pierre Trahan
Chief Financial Officer

Lloyd Feldman
Senior Vice-President, General Counsel and Corporate Secretary

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

Non-Executive *Directors*

Claudine Blondin
Director, Chairwoman of the Corporate Governance Committee and Member of the Human Resources Committee

Karinne Bouchard
Director and Chairwoman of the Audit Committee

Mélanie Dunn
Director and Member of the Corporate Governance Committee and Member of the Human Resources Committee

Frédéric Lavoie
Director and Member of the Audit Committee

Mark Pathy
Chairman of the Board of Directors

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

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

Robert G. Steele
Director

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

BASIS OF PREPARATION AND FORWARD-LOOKING STATEMENTS

The following is the annual financial report and Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of Stingray Group Inc., ("Stingray" or "the Corporation"), and should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes for the years ended March 31, 2023 and 2022. This MD&A reflects information available to the Corporation as at June 6, 2023. 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.

OVERVIEW

Stingray (TSX: RAY.A; RAY.B), a global music, media, and technology company, is an industry leader in TV broadcasting, streaming, radio, business services, and advertising. Stingray provides an array of music, digital, and advertising services to enterprise brands worldwide, including audio and video channels, over 100 radio stations, subscription video-on-demand content, FAST channels, karaoke products and music apps, and in-car and on-board infotainment content. Stingray Business, a division of Stingray, provides commercial solutions in music, in-store advertising solutions, digital signage, and AI-driven consumer insights and feedback. Stingray Advertising is North America's largest retail audio advertising network, delivering digital audio messaging to more than 20,000 major retail locations. Stingray has close to 1000 employees worldwide and reaches 540 million consumers in 160 countries. For more information, visit www.stingray.com.

KEY PERFORMANCE INDICATORS

For the three-month period ended March 31, 2023 ("Q4 2023"):

$78.9 M ▲ 8.7% from Q4 2022 Revenues	**$4.4 M** ▼ 0.4% from Q4 2022 Net income Or $0.06 per share	**$27.6 M** ▲ 24.5% from Q4 2022 Cash flow from operating activities Or $0.40 per share(2)
$26.6 M ▲ 26.4% from Q4 2022 Adjusted EBITDA(1)	**$14.7 M** ▲ 24.5% from Fiscal 2022 Adjusted Net income(1) Or $0.21 per share	**$14.9 M** ▲ 26.0% from Q4 2022 Adjusted free cash flow(1) Or $0.21 per share

For the year ended March 31, 2023 ("Fiscal 2023"):

$323.9 M ▲ 14.6% from Fiscal 2022 Revenues	**$30.1 M** ▼ 9.5% from Fiscal 2022 Net income Or $0.43 per share	**$86.9 M** ▲ 3.9% from Fiscal 2022 Cash flow from operating activities Or $1.25 per share(2)
$114.1 M ▲ 15.0% from Fiscal 2022 Adjusted EBITDA(1)	**$55.2 M** ▼ 2.1% from Fiscal 2022 Adjusted Net income(1) Or $0.79 per share	**$63.7 M** ▲ 11.8% from Fiscal 2022 Adjusted free cash flow(1) Or $0.90 per share

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

(2) This is a non-IFRS measure and is not a standardized financial measure. This non-IFRS measure is calculated by dividing Cash flow from operating activities by the weighted average number of shares (basic).

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the fourth quarter ended March 31, 2023

Compared to the quarter ended March 31, 2022 (“Q4 2022”):

- Revenues increased 8.7% to $78.9 million from $72.6 million;
- Adjusted EBITDA[(1)] increased 26.4% to $26.6 million from $21.0 million. Adjusted EBITDA[(1)] by segment was $20.4 million or 40.8% of revenues for Broadcasting and Commercial Music, $7.7 million or 26.6% of revenues for Radio and $(1.5) million for Corporate;
- Net income was $4.4 million ($0.06 per share) compared to $4.5 million ($0.06 per share);
- Adjusted Net income[(1)] increased to $14.7 million ($0.21 per share) from $11.8 million ($0.17 per share);
- Cash flow from operating activities increased 24.5% to $27.6 million ($0.40 per share) from $22.1 million ($0.31 per share);
- Adjusted free cash flow[(1)] increased 26.0% to $14.9 million ($0.21 per share) from $11.8 million ($0.17 per share);
- Net debt to Pro Forma Adjusted EBITDA[(1)] ratio of 3.19x, compared to 3.16x; and
- 53,300 shares were repurchased and cancelled for a total of $0.3 million compared to 80,200 shares for a total of $0.6 million.

Highlights of the year ended March 31, 2023

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

- Revenues increased 14.6% to $323.9 million from $282.6 million;
- Adjusted EBITDA[(1)] increased 15.0% to $114.1 million from $99.3 million. Adjusted EBITDA[(1)] by segment was $76.7 million or 39.3% of revenues for Broadcasting and Commercial Music, $42.9 million or 33.3% of revenues for Radio and $(5.5) million for Corporate;
- Net income was $30.1 million ($0.43 per share) compared with $33.3 million ($0.47 per share);
- Adjusted Net income[(1)] of $55.2 million ($0.79 per share) compared with $56.4 million ($0.79 per share);
- Cash flow from operating activities increased 3.9% to $86.9 million ($1.25 per share) from $83.7 million ($1.17 per share);
- Adjusted free cash flow[(1)] increased 11.8% to $63.7 million ($0.90 per share) from $56.9 million ($0.80 per share);
- Net debt to Pro Forma Adjusted EBITDA[(1)] ratio of 3.19x, compared to 3.16x; and
- 786,100 shares repurchased and cancelled for a total of $4.4 million compared to 2,106,000 shares for a total of $15.0 million.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to “Supplemental Information on Non-IFRS Measures” on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Non-IFRS Measures Reconciliations” on page 33 and “Reconciliation of Quarterly Non-IFRS Measures” on page 43.

Additional business highlights for the fourth quarter and subsequent events:

- On March 31, 2023, the Corporation acquired the assets and business of the Ultimate Trivia Network, a move that paves the way for the launch of an exciting new product, Ultimate Trivia by Stingray. Initially launching as an ad-supported linear channel, Ultimate Trivia by Stingray promises to deliver a captivating and interactive experience for kids and adults of all ages.

- On March 22, 2023, 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, 2023, to shareholders on record as of May 31, 2023.

- On March 15, 2023, the Corporation announced that Qello Concerts, the premium streaming service that offers full-length concerts and award-winning music documentaries across all genres and eras, is now available on Verizon's +play- the cutting-edge platform built by Verizon for customers to shop for, manage and save on their favorite subscriptions, all in one place.

- On March 1, 2023, the Corporation announced a global deal with Harman, the premier connected technologies company for automotive, consumer and enterprise markets, and CARIAD, Volkswagen Group's software company, to bring its popular Stingray Karaoke product to selected Audi models around the globe.

- On February 7, 2023, 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, 2023, to shareholders on record as of February 28, 2023.

- On January 23, 2023, the Corporation announced the launch of CalmLIFE, a brand-new digital wellness resource to help viewers live better every day. Comcast customers with Xfinity X1, Xfinity Flex or Xumo TV, and Cox customers with Contour devices now have access to a plethora of full-length 4K wellness assets, including meditation, sleep, and nature videos.

- On January 3, 2023, the Corporation announced its latest partnership with The Singing Machine Company, Inc. ("Singing Machine") (NASDAQ: MICS) –, the worldwide leader in consumer karaoke products, to launch the world's first fully-integrated hardware and software in-car karaoke solution for the global automotive market.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	3 months				12 months					
	March 31, 2023 **Q4 2023**		March 31, 2022 **Q4 2022**		March 31, 2023 **Fiscal 2023**		March 31, 2022 **Fiscal 2022**		March 31, 2021 **Fiscal 2021** Recast [3]	
(in thousands of Canadian dollars, except per share amounts)	$	% of revenues	$	% of revenues	$	% of revenues	$	% of revenues	$	% of revenues
Revenues	78,931	100.0 %	72,644	100.0 %	323,944	100.0 %	282,626	100.0 %	247,857	100.0 %
Operating expenses	54, 583	69.2 %	53,593	73.8 %	212,272	65.4 %	189,954	67.1 %	140,876	56.8 %
Depreciation, amortization and write-off	8,178	10.4 %	9,239	12.7 %	32,980	10.2 %	35,544	12.6 %	38,692	15.6 %
Net finance expense (income)[1]	3,749	4.7 %	(769)	(1.1) %	26,835	8.3 %	6,119	2.2 %	(1,199)	(0.5) %
Change in fair value of investments	11	0.0 %	12	0.0 %	(289)	(0.1) %	2	0.0 %	3,787	1.5 %
Acquisition, legal, restructuring and other expenses	7,210	9.1 %	5,912	8.1 %	12,487	3.9 %	8,707	3.1 %	4,637	1.9 %
Income before income taxes	5,200	6.6 %	4,657	6.5 %	39,659	12.3 %	42,300	15.0 %	61,064	24.7 %
Income taxes	753	1.0 %	191	0.3 %	9,540	2.9 %	9,013	3.2 %	15,960	6.5 %
Net income	4,447	5.6 %	4,466	6.2 %	30,119	9.4 %	33,287	11.8 %	45,104	18.2 %
Adjusted EBITDA[2]	26,573	33.7 %	21,023	28.9 %	114,140	35.2 %	99,269	35.1 %	114,268	46.1 %
Adjusted Net income[2]	14,668	18.6 %	11,780	16.2 %	55,202	17.0 %	56,389	20.0 %	62,855	25.4 %
Cash flow from operating activities	27,552	34.9 %	22,127	30.5 %	86,949	26.8 %	83,663	29.6 %	104,246	42.1 %
Adjusted free cash flow[2]	14,909	18.9 %	11,833	16.3 %	63,662	19.7 %	56,933	20.1 %	74,359	30.0 %
Net debt[2]	371,080	–	369,082	–	371,080	–	369,082	–	326,405	–
Net debt to Pro Forma Adjusted EBITDA[2]	3.19x	–	3.16x	–	3.19x	–	3.16x	–	2.81x	–
Net income per share basic	0.06	–	0.06	–	0.43	–	0.47	–	0.62	–
Net income per share diluted	0.06	–	0.06	–	0.43	–	0.47	–	0.61	–
Adjusted Net income per share basic[2]	0.21	–	0.17	–	0.79	–	0.79	–	0.86	–
Adjusted Net income per share diluted[2]	0.21	–	0.17	–	0.79	–	0.79	–	0.86	–
Cash flow from operating activities per share basic	0.40	–	0.32	–	1.25	–	1.18	–	1.42	–
Cash flow from operating activities per share diluted	0.40	–	0.31	–	1.25	–	1.17	–	1.42	–
Adjusted free cash flow per share basic[2]	0.22	–	0.17	–	0.91	–	0.80	–	1.01	–
Adjusted free cash flow per share diluted[2]	0.21	–	0.17	–	0.90	–	0.80	–	1.01	–
Revenues by segment										
Broadcasting and Commercial Music	50,045	63.4 %	45,584	62.7 %	195,234	60.3 %	159,082	56.3 %	150,047	60.5 %
Radio	28,886	36.6 %	27,060	37.3 %	128,710	39.7 %	123,544	43.7 %	97,810	39.5 %
Revenues	78,931	100.0 %	72,644	100.0 %	323,944	100.0 %	282,626	100.0 %	247,857	100.0 %
Revenues by geography										
Canada	43,667	55.4 %	40,456	55.6 %	187,032	57.8 %	177,739	62.9 %	150,729	60.8 %
United States	21,968	27.8 %	19,145	26.4 %	85,992	26.5 %	52,403	18.5 %	40,417	16.3 %
Other Countries	13,296	16.8 %	13,043	18.0 %	50,920	15.7 %	52,484	18.6 %	56,711	22.9 %
Revenues	78,931	100.0 %	72,644	100.0 %	323,944	100.0 %	282,626	100.0 %	247,857	100.0 %

Notes:

(1) Interest paid during Q4 2023 was $6.8 million (Q4 2022; $3.4 million) and $23.9 million during Fiscal 2023 (Fiscal 2022; $14.4 million and Fiscal 2021; $18.1 million).

(2) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

(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. 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

The Corporation uses non-IFRS measures and ratios to provide investors with supplemental metrics to assess and measure its operating performance and financial position, as applicable, from one period to the next. The Corporation believes that those measures are important supplemental metrics because they eliminate items that have less bearing on its core business performance and could potentially distort the analysis of trends in its performance and financial position. The Corporation also uses non-IFRS measures to facilitate financial performance comparisons from period to period, to prepare annual budgets and forecasts and to determine components of management compensation. The Corporation believes these non-GAAP financial measures, in addition to the financial measures prepared in accordance with IFRS, enable investors to evaluate the Corporation's results, underlying performance and future prospects in a manner similar to management.

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

The Corporation believes that Adjusted EBITDA provides investors with useful information because it is a common industry measure and it is also a key metric of the Corporation's financial performance without the variation caused by the impacts of the elements itemized below. Further, it provides an indication of the Corporation's ability to seize growth opportunities in a cost-effective manner as well as finance its ongoing operations and service its long-term debt. Adjusted EBITDA is defined as earnings before Net finance expense (income), income taxes, depreciation, amortization, share-based compensation, performance and deferred share unit expense, change in fair value of investments, and acquisition, legal, restructuring, other expenses, including one time settlement and shared results in joint venture. The Corporation believes that Adjusted EBITDA is an important measure when analyzing its profitability without being influenced by financing decisions, non-cash items and income tax strategies. 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. 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 profitability without being influenced by financing decisions, non-cash items and income tax strategies. 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 cash outflows that support our operations. It is a useful measure because it demonstrates cash available to make business acquisitions, pay dividends and reduce debt. Furthermore, this non-IFRS measure is a useful indicator of the Corporation's financial strength and liquidity. Adjusted free cash flow is calculated by taking the net cash generated from our operating activities, subtracting capital expenditures, interest paid, repayment of lease liabilities, net change in non-cash operating working capital items and unrealized losses or gains on foreign exchange, and excluding acquisition, legal, restructuring and other expenses. Refer to section "Non-IFRS measures reconciliations" of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Adjusted free cash flow per share

Adjusted free cash flow per share is calculated by dividing the amount of Adjusted free cash flow for a given period by the weighted average number of diluted shares. This non-IFRS measure is useful because it provides an indication of the Corporation's financial strength and liquidity on a per share basis and facilitates the comparison across reporting periods.

Adjusted Net income

Adjusted Net income is a non-IFRS measure used by management to assess performance of the Corporation as it provides meaningful performance results and facilitates period-to-period comparisons. The Corporation believes Adjusted Net income is useful to investors because it helps identify underlying trends in our business that could otherwise be masked by certain write-offs, charges, income or recoveries that can vary from period to period. The Corporation believes that Adjusted Net income is an important measure as it shows stable results which allows users of the financial statements to better assess the trend in the profitability of the business. It is calculated by excluding from the Net income unrealized gains or losses on derivative financial instruments, amortization from intangible assets, gains or losses from the change in fair value of investments, share-based compensation, performance and deferred share unit expense, acquisition, legal, restructuring and

other expenses, including one time settlement and shared results in joint venture, as well as the tax impact of these adjustments. Refer to section “Non-IFRS measures reconciliations” of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Adjusted Net income per share

Adjusted Net income per share is a non-IFRS ratio used by management to assess financial performance results of the Corporation on a per share basis and because the Corporation believes it facilitates period-to-period comparisons. Adjusted Net income per share is calculated by dividing the amount of Adjusted Net Income for a given period by the weighted average number of diluted shares.

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. Management believes that LTM Adjusted EBITDA is a useful measure to evaluate the Corporation’s financial 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 Adjusted EBITDA from acquisitions for the months prior to such acquisitions, as well as estimated revenue and cost saving synergies from such acquisitions and the value of credit notes granted to certain customers as a result of the COVID-19 pandemic. Furthermore, Pro Forma Adjusted EBITDA was adjusted in Fiscal 2023 to include the impact on a 12-month basis of the significant cost efficiency measures, following Management’s initiative to eliminate the projects that were not aligned with the latest strategic plan of the Corporation. The amount calculated represents the net impact of the cost efficiencies, mostly salaries, and the cost of the new hires that were completed in the fastest growing divisions. Those efficiencies were progressively deployed in Q2 and Q3 2023. For Fiscal 2022, the synergies included derive from the acquisitions of InStore Audio Network and Calm Radio. For Fiscal 2022, Pro Forma Adjusted EBITDA includes an adjustment for credits that were given to various customers following the mandated store closures required by governments due to the pandemic. Management believes that Pro Forma Adjusted EBITDA provides investors with useful financial metrics to assess and evaluate the Corporation’s financial performance from period-to-period by adjusting for the impact of acquisitions and cost saving initiatives assuming they occurred at the beginning of the fiscal year, as well as certain events that are otherwise 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 a measure of financial performance.

Adjustments to arrive to Pro Forma Adjusted EBITDA are based on estimates and assumptions made by management that are inherently uncertain, although considered reasonable by management, and subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond our control. Adjusted EBITDA from acquisitions for the months prior to such acquisitions are based on the internal books and records available to management and has been determined using the definition used by the Corporation. The amounts exclude certain non-recurring charges that have been or will be incurred in connection with such acquisitions, including professional fees to complete the acquisitions. Synergies, the adjustment for credits granted and for cost efficiency measures are based on certain estimates and assumptions and should not be regarded as a representation by the Corporation or any other person that the Corporation will achieve such results. Pro Forma Adjusted EBITDA is presented for informational purposes only and does not purport to represent the Corporation’s results had the acquisitions been made by the Corporation at the beginning of the period presented nor is such measure meant to project the results for any future date or period. As a result, readers should exercise caution in interpreting this financial measure and should not place undue reliance thereon.

Net debt

Net debt is a non-IFRS measure calculated as the Corporation’s credit facilities, including the current portion of credit facilities, and subordinated debt less the Corporation’s cash and cash equivalents. It is used by management to monitor the amount of debt at a particular date after taking into account cash and cash equivalents and as an indicator of the Corporation’s overall financial position.

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, synergies of acquisitions and permanent cost-saving initiatives made during the last twelve months.

NON-IFRS MEASURES RECONCILIATIONS

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 31.

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	
(in thousands of Canadian dollars)	March 31, 2023 **Q4 2023**	March 31, 2022 **Q4 2022**	March 31, 2023 **Fiscal 2023**	March 31, 2022 **Fiscal 2022**
Net income	**4,447**	**4,466**	**30,119**	**33,287**
Net finance expense (income)	3,749	(769)	26,835	6,119
Change in fair value of investments	11	12	(289)	2
Income taxes	753	191	9,540	9,013
Depreciation and write-off of property and equipment	2,406	3,862	9,737	11,069
Depreciation of right-of-use assets	1,225	1,201	4,506	5,076
Amortization of intangible assets	4,547	4,176	18,737	19,399
Share-based compensation	157	222	611	798
Performance and deferred share unit expense	2,068	1,750	1,857	5,799
Acquisition, legal, restructuring and other expenses	7,210	5,912	12,487	8,707
Adjusted EBITDA	**26,573**	**21,023**	**114,140**	**99,269**
Adjusted EBITDA margin	**33.7%**	**28.9%**	**35.2%**	**35.1%**
Net income	**4,447**	**4,466**	**30,119**	**33,287**
Adjusted for:				
Change in fair value of derivative financial instruments	(70)	(2,150)	739	(3,397)
Amortization of intangible assets	4,547	4,176	18,737	19,399
Change in fair value of investments	11	12	(289)	2
Share-based compensation	157	222	611	798
Performance and deferred share unit expense	2,068	1,750	1,857	5,799
Acquisition, legal, restructuring and other expenses	7,210	5,912	12,487	8,707
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, change in fair value of derivative financial instruments and acquisition, legal, restructuring and other expenses	(3,702)	(2,608)	(9,059)	(8,206)
Adjusted Net income	**14,668**	**11,780**	**55,202**	**56,389**
Average number of shares outstanding (diluted)	69,459	70,655	69,770	71,464
Adjusted Net income per share (diluted)	**0.21**	**0.17**	**0.79**	**0.79**

(in thousands of Canadian dollars)	March 31, 2023 **Fiscal 2023**	March 31, 2022 **Fiscal 2022**
LTM Adjusted EBITDA	**114,140**	**99,269**
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	–	16,000
COVID-19 credits allocated due to mandated store closures	–	1,535
Permanent cost-saving initiatives	2,325	–
Pro Forma Adjusted EBITDA	**116,465**	**116,804**

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

	3 months		12 months	
(in thousands of Canadian dollars)	March 31, 2023 **Q4 2023**	March 31, 2022 **Q4 2022**	March 31, 2023 **Fiscal 2023**	March 31, 2022 **Fiscal 2022**
Cash flow from operating activities	**27,552**	**22,127**	**86,949**	**83,663**
Add / Less :				
Acquisition of property and equipment	(2,987)	(2,443)	(8,234)	(9,061)
Acquisition of intangible assets other than internally developed intangible assets	(383)	(355)	(1,281)	(1,134)
Addition to internally developed intangible assets	(1,236)	(593)	(5,943)	(6,854)
Interest paid	(6,842)	(3,391)	(23,892)	(14,384)
Repayment of lease liabilities	(1,122)	(1,074)	(4,433)	(4,815)
Net change in non-cash operating working capital items	(7,077)	(7,571)	7,482	24
Unrealized loss (gain) on foreign exchange	(206)	(779)	527	787
Acquisition, legal, restructuring and other expenses	7,210	5,912	12,487	8,707
Adjusted free cash flow	**14,909**	**11,833**	**63,662**	**56,933**

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, 2023**	**March 31, 2022**
Credit facilities	360,990	358,203
Subordinated debt	25,543	25,442
Cash and cash equivalents	(15,453)	(14,563)
Net debt	**371,080**	**369,082**
Net debt to Pro Forma Adjusted EBITDA	**3.19**	**3.16**

FINANCIAL RESULTS FOR THE QUARTERS AND YEARS ENDED MARCH 31, 2023 AND 2022

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

	3 months			12 months		
(in thousands of Canadian dollars)	2023	2022	% Change	2023	2022	% Change
Revenues by geography						
Canada	43,667	40,456	7.9	187,032	177,739	5.2
United States	21,968	19,145	14.7	85,992	52,403	64.1
Other Countries	13,296	13,043	1.9	50,920	52,484	(3.0)
Revenues	78,931	72,644	8.7	323,944	282,626	14.6

Global

Revenues in Q4 2023 increased $6.3 million or 8.7% to $78.9 million, from $72.6 million for Q4 2022. The increase was mainly due to an increase in equipment and installation sales related to digital signage, an increase in InStore Audio Network revenues to an increase in Radio revenues driven by growth in digital sales and a positive foreign exchange impact.

Revenues for Fiscal 2023 increased $41.3 million or 14.6% to $323.9 million, from $282.6 million for Fiscal 2022. The increase was mainly due to the acquisition of InStore Audio Network, to an increase in Radio revenues and in equipment and installation sales related to digital signage, in-car revenues increase and to a positive foreign exchange impact, partially offset by a decrease in B2C and Music Video on Demand revenues.

Canada

Revenues in Canada in Q4 2023 increased $3.1 million or 7.9% to $43.6 million, from $40.5 million for Q4 2022. Revenues in Canada for Fiscal 2023 increased $9.3 million or 5.2% to $187.0 million, from $177.7 million for Fiscal 2022. Both increases were primarily due to an increase in Radio revenues due to growth in digital sales and to an increase in equipment and installation sales related to digital signage.

United States

Revenues in the United States in Q4 2023 increased $2.9 million or 14.7% to $22.0 million, from $19.1 million for Q4 2022. Revenues in the United States for Fiscal 2023 increased $33.6 million or 64.1% to $86.0 million, from $52.4 million for Fiscal 2022. Both increases were primarily due the acquisition of InStore Audio Network and to a positive foreign exchange impact.

Other Countries

Revenues in Other countries in Q4 2023 increased $0.3 million or 1.9% to $13.3 million, from $13.0 million for Q4 2022. The increase was largely due to a positive foreign exchange rate impact.

Revenues in Other countries for Fiscal 2023 decreased $1.6 million or 3.0% to $50.9 million, from $52.5 million for Fiscal 2022. The decrease was largely due to a decrease in In-store commercial revenues.

Operating expenses

Operating expenses in Q4 2023 increased $1.0 million or 1.8% to $54.6 million, from $53.6 million for Q4 2022. The increase was mainly due to increased variable expenses due to higher revenues.

Operating expenses for Fiscal 2023 increased $22.3 million or 11.7% to $212.3 million, from $190.0 million for Fiscal 2022. The increase was primarily due to higher operating costs related to the acquisition of InStore Audio Network, to increased variable expenses due to higher revenues and to Canadian Emergency Wage Subsidy (CEWS) in the comparative period (2023; nil, 2022; $5.5 million).

Adjusted EBITDA(1)

Adjusted EBITDA in Q4 2023 increased $5.6 million or 26.4% to $26.6 million from $21.0 million for Q4 2022. Adjusted EBITDA margin was 33.7% compared to 28.9% for Q4 2022. The increase in Adjusted EBITDA was mainly due to higher revenues. The increase in Adjusted EBITDA margin was mostly due to lower operating costs in the Broadcasting and Commercial Music segment resulting from cost-saving initiatives implemented in Fiscal 2023.

Adjusted EBITDA in fiscal 2023 increased $14.8 million, or 15.0%, to $114.1 million from $99.3 million in 2022. Adjusted EBITDA margin in 2023 reached 35.2% compared to 35.1% in 2022. The improvement in Adjusted EBITDA and EBITDA Margin can mainly be attributed to the InStore Audio Network acquisition and higher revenues partially offset by the Canadian Emergency Wage Subsidy (CEWS) in the comparable period.

Depreciation, amortization and write off

Depreciation, amortization and write off decreased $1.0 million or 11.5% to $8.2 million from $9.2 million for Q4 2022. Depreciation, amortization and write off for Fiscal 2023 decreased $2.5 million or 7.2% to $33.0 million, from $35.5 million for Fiscal 2022. 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 expense for Q4 2023 was $3.7 million compared to a Net finance income of $0.8 million for Q4 2022. The variance was mainly due to higher interest expense and to a lower gain on fair value of derivative financial instruments.

Net finance expense for Fiscal 2023 was $26.8 million compared to $6.1 million for Fiscal 2022. The increase was mainly due to a decrease in the fair value of contingent consideration in the comparative period, to higher interest expense and to a gain on the fair value of derivative financial instruments in the comparative period.

Change in fair value of investments

In Q4 2023 there was no gain or loss on fair value of investments, while for Fiscal 2023, there was a gain of $0.3 million on the fair value of investments due to the translation of an investment denominated in U.S. dollars to Canadian dollars. In Q4 2022 and in cumulative Fiscal 2022, there was no gain or loss on fair value of investments.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

Acquisition, legal, restructuring and other expenses

(in thousands of Canadian dollars)	3 months			12 months		
	2023	2022	Change $	2023	2022	Change $
Acquisition	(118)	39	(157)	184	282	(98)
Legal	2,606	1,328	1,278	3,673	2,505	1,168
Restructuring and other	4,722	4,545	177	8,630	5,920	2,710
Acquisition, legal, restructuring and other expenses	7,210	5,912	1,298	12,487	8,707	3,780

In Fiscal 2023, there was an increase in restructuring and other expenses mainly due to a one-time settlement[2] and higher severance costs and other expenses related to the implementation of a restructuring plan.

Income taxes

The income tax expense recognized in comprehensive income was $0.8 million for Q4 2023 compared to $0.2 million for Q4 2022. The effective tax rate for Q4 2023 was 14.5% compared to 4.1% % for Q4 2022. The variance of the income tax rate stems from the impact of a different mix in our earnings across the various jurisdictions and due to the variance in permanent differences.

The income taxes expense recognized in comprehensive income was $9.5 million for Fiscal 2023 compared to $9.0 million for Fiscal 2022. The effective tax rate for Fiscal 2023 was 24.1% compared to 21.3% for Fiscal 2022. This increase in the effective tax rate was due to the variance in permanent differences.

Net income and Net income per share

Net income in Q4 2023 was $4.4 million ($0.06 per share) compared to $4.5 million ($0.06 per share) for Q4 2022. The decrease was mainly related to higher interest expense, to a lower gain on the fair value of derivative financial instruments and on the fair value of contingent consideration, partially offset by higher operating results.

Net income for Fiscal 2023 was $30.1 million ($0.43 per share) compared to $33.3 million ($0.47 per share) for Fiscal 2022. The decrease was mainly due to a gain on the fair value of contingent consideration in the comparative period and to higher interest expense, partially offset by higher operating results.

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

Adjusted Net income in Q4 2023 was $14.7 million ($0.21 per share), compared to $11.8 million ($0.17 per share) for Q4 2022. The increase was mainly due to higher operating results, partially offset by higher interest expense and by a lower gain in the fair value of contingent consideration.

Adjusted Net income for Fiscal 2023 was $55.2 million ($0.79 per share), compared to $56.4 million ($0.79 per share) for Fiscal 2022. The decrease was mainly related to a gain on the fair value of contingent consideration in the comparative period and to higher interest expense, partially offset by higher operating results.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to “Supplemental Information on Non-IFRS Measures” on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Non-IFRS Measures Reconciliations” on page 33 and “Reconciliation of Quarterly Non-IFRS Measures” on page 43.

(2) The one-time settlement in Stingray Radio of $2.1 million is a retroactive adjustment due to a rate increase effective back to July 1, 2020 on account of the increase to Re:Sound’s repertoire resulting from U.S. sound recordings becoming eligible for equitable remuneration in Canada through the coming into force of the Canada-U.S.-Mexico Free Trade Agreement (CUSMA).

BUSINESS SEGMENT PERFORMANCE

BROADCASTING AND COMMERCIAL MUSIC

	3 months			12 months		
(in thousands of Canadian dollars)	2023	2022	% Change	2023	2022	% Change
Revenues	50,045	45,584	9.8	195,234	159,082	22.7
Operating expenses	29,631	31,060	(4.6)	118,514	100,767	17.6
Adjusted EBITDA[(1)]	**20,414**	**14,524**	**40.6**	**76,720**	**58,315**	**31.6**
Adjusted EBITDA margin[(1)]	**40.8%**	**31.9%**	**28.0**	**39.3%**	**36.7%**	**7.2**

Revenues

In Q4 2023, Broadcasting and Commercial Music revenues increased $4.4 million or 9.8% to $50.0 million, from $45.6 million for Q4 2022. The increase was primarily due to an increase in equipment and installation sales related to digital signage and to a positive foreign exchange rate impact.

Broadcasting and Commercial Music revenues for Fiscal 2023 increased $36.1 million or 22.7% to $195.2 million from $159.1 million for Fiscal 2022. The increase was primarily due to the acquisition of InStore Audio Network to an increase in equipment and installation sales related to digital signage and a positive foreign exchange rate impact, partially offset by a decrease in audio channel revenues.

Adjusted EBITDA[(1)]

In Q4 2023, Broadcasting and Commercial Music Adjusted EBITDA increased $5.9 million or 40.6% to $20.4 million from $14.5 million for Q4 2022. The increase was mainly due to an increase in gross margin due to higher revenue and to a decrease in operating expenses.

Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2023 increased $18.4 million or 31.6% to $76.7 million from $58.3 million for Fiscal 2022. The increase was mainly due to the acquisition of InStore Audio Network and to an increase in gross margin due to higher revenue, partially offset by CEWS in Fiscal 2022.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

RADIO

(in thousands of Canadian dollars)	3 months			12 months		
	2023	2022	% Change	2023	2022	% Change
Revenues	28,886	27,060	6.7	128,710	123,544	4.2
Operating expenses	21,209	19,203	10.4	85,804	77,309	11.0
Adjusted EBITDA(1)	**7,677**	**7,857**	**(2.3)**	**42,906**	**46,235**	**(7.2)**
Adjusted EBITDA margin(1)	**26.6%**	**29.0%**	**(8.5)**	**33.3%**	**37.4%**	**(10.9)**

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.

In Q4 2023, Radio revenues increased $1.8 million or 6.7% to $28.9 million from $27.1 million for Q4 2022. Radio revenues for Fiscal 2023 increased $5.2 million or 4.2% to $128.7 million from $123.5 million for Fiscal 2022. Both increases were largely due to growth in local airtime and digital revenues.

Adjusted EBITDA(1)

In Q4 2023, Radio Adjusted EBITDA decreased $0.2 million or 2.3% to $7.7 million from $7.9 million for Q4 2022. The decrease was primarily due to the effect of one-time allowance for doubtful accounts accrual reversals in the prior period.

Radio Adjusted EBITDA for Fiscal 2023 decreased $3.3 million or 7.2% to $42.9 million from $46.2 million for Fiscal 2022. The decrease was mostly related to CEWS in the comparative period.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

CORPORATE

(in thousands of Canadian dollars)	3 months 2023	3 months 2022	3 months % Change	12 months 2023	12 months 2022	12 months % Change
Operating expenses	3,743	3,330	12.4	7,954	11,878	(33.0)
Adjust:						
Share-based compensation	(157)	(222)	(29.3)	(611)	(798)	(23.4)
Performance and deferred share unit expense	(2,068)	(1,750)	18.1	(1,857)	(5,799)	(68.0)
Adjusted EBITDA[(1)]	**(1,518)**	**(1,358)**	**11.8**	**(5,486)**	**(5,281)**	**3.9**

Adjusted EBITDA[(1)]

Corporate Adjusted EBITDA represents the head office operating expenses less the share-based compensation and performance and deferred share unit expense. The decrease in operating expenses for cumulative Fiscal 2023 is related to a loss on performance and deferred share units expense due to a decrease in the share price.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to “Supplemental Information on Non-IFRS Measures” on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Non-IFRS Measures Reconciliations” on page 33 and “Reconciliation of Quarterly Non-IFRS Measures” on page 43.

Quarterly results

Revenues fluctuated over the last eight quarters from $64.3 million in the first quarter of Fiscal 2022 to $78.9 million in the fourth quarter of Fiscal 2023. The increase in Q2 2022 was due to the gradual easing of COVID-19 restrictions, increased equipment and installation sales related to digital signage and 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. The increase in Q1 2023 and the decrease in Q2 2023 were mainly due to normal business seasonality. The increase in Q3 2023 was mostly due to normal business seasonality, to a positive foreign exchange impact and to an increase in equipment and installation sales related to digital signage. The decrease in Q4 2023 was mainly due to normal business seasonality.

Adjusted EBITDA[(1)] fluctuated over the last eight quarters from $24.2 million in the first quarter of Fiscal 2022 to $26.6 million in the fourth quarter of Fiscal 2023. The increase in Q2 2022 is 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 reduced CEWS, partially offset by the acquisition of InStore Audio Network. The increase in Q1 2023 was primarily due to normal business seasonality. The increase in Q2 2023 was mainly due to lower operating costs. The increase in Q3 2023 and the decrease in Q4 2023 were mainly due to normal business seasonality.

Net income fluctuated over the last eight quarters from $4.2 million in the first quarter of Fiscal 2022 to $4.4 million in the fourth quarter of Fiscal 2023. 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 was 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. The increase in Q1 2023 was mainly due to higher operating results and lower restructuring and other costs, partially offset by an increase in the fair value of contingent consideration. The decrease in Q2 2023 was primarily due to a loss on the fair value of derivative financial instruments, a foreign exchange loss and higher interest expenses, partially offset by lower income tax expense. The increase in Q3 2023 was mainly due to higher operating results and to a gain on the fair value of derivative financial instruments, partially offset by higher income tax expense. The decrease in Q4 2023 was mainly due to lower operating results, to higher restructuring and other costs and to higher performance and deferred share units expense, partially offset by lower income tax expense.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to “Supplemental Information on Non-IFRS Measures” on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Non-IFRS Measures Reconciliations” on page 33 and “Reconciliation of Quarterly Non-IFRS Measures” on page 43.

Summary of Consolidated Quarterly Results

(in thousands of Canadian dollars, except per share amounts)	3 months							
	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021 Recast[2]	Sept. 30, 2021 Recast[2]	June 30, 2021 Recast[2]
	FY2023	**FY2023**	**FY2023**	**FY2023**	**FY2022**	**FY2022**	**FY2022**	**FY2022**
Revenues by segment								
Broadcasting and Commercial								
Music	50,045	54,158	44,901	46,130	45,584	40,085	38,392	35,021
Radio	28,886	35,084	32,734	32,006	27,060	34,943	32,311	29,230
Total revenues	**78,931**	**89,242**	**77,635**	**78,136**	**72,644**	**75,028**	**70,703**	**64,251**
Revenues by geography								
Canada	43,667	49,471	47,236	46,658	40,456	49,286	46,659	41,338
United States	21,968	26,561	18,360	19,103	19,145	12,588	10,853	9,817
Other countries	13,296	13,210	12,039	12,375	13,043	13,154	13,191	13,096
Total revenues	**78,931**	**89,242**	**77,635**	**78,136**	**72,644**	**75,028**	**70,703**	**64,251**
Adjusted EBITDA[1]	**26,573**	**34,450**	**27,031**	**26,086**	**21,023**	**28,504**	**25,587**	**24,155**
LTM Adjusted EBITDA[1]	**114,140**	**108,590**	**102,644**	**101,200**	**99,269**	**101,884**	**107,373**	**112,942**
Net income	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**
Net income per share basic and diluted	0.06	0.19	0.05	0.13	0.06	0.18	0.17	0.06
Adjusted Net income[1]	**14,668**	**16,464**	**10,825**	**13,245**	**11,780**	**17,048**	**16,323**	**11,238**
Adjusted Net income per share basic[1]	0.21	0.24	0.16	0.19	0.17	0.24	0.23	0.16
Adjusted Net income per share diluted[1]	0.21	0.24	0.15	0.19	0.17	0.24	0.23	0.16
Cash flow from operations	**27,552**	**24,605**	**18,446**	**16,346**	**22,127**	**24,762**	**20,437**	**16,337**
Adjusted free Cash Flow[1]	**14,909**	**18,085**	**15,009**	**15,659**	**11,833**	**14,731**	**15,362**	**15,007**
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 and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

(2) The figures of Q3 2022, Q2 2022 and Q1 2022 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 and from $35.6 million to $35.0 million for Q1 2022, 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 31.

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:

	3 months							
(in thousands of Canadian dollars)	**March 31, 2023**	**Dec. 31, 2022**	**Sept. 30, 2022**	**June 30, 2022**	**March 31, 2022**	**Dec. 31, 2021**	**Sept. 30, 2021**	**June 30, 2021**
	FY2023	**FY2023**	**FY2023**	**FY2023**	**FY2022**	**FY2022**	**FY2022**	**FY2022**
Net income	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**
Net finance expense (income)	3,749	7,205	11,906	3,975	(769)	1,999	(364)	5,253
Change in fair value of investments	11	68	(247)	(121)	12	3	(13)	–
Income taxes	753	5,037	611	3,139	191	4,115	2,874	1,833
Depreciation and write-off of property and equipment	2,406	1,784	2,876	2,671	3,862	2,237	2,446	2,524
Depreciation of right-of-use assets	1,225	1,092	1,066	1,123	1,201	1,281	1,298	1,296
Amortization of intangible assets	4,547	4,596	4,822	4,772	4,176	4,669	4,927	5,627
Share-based compensation	157	153	164	137	222	216	196	164
Performance and deferred share unit expense	2,068	(238)	427	(400)	1,750	659	1,300	2,090
Acquisition, legal, restructuring and other expenses	7,210	1,809	2,075	1,393	5,912	779	848	1,168
Adjusted EBITDA	**26,573**	**34,450**	**27,031**	**26,086**	**21,023**	**28,504**	**25,587**	**24,155**
Adjusted EBITDA margin	**33.7%**	**38.6%**	**34.8%**	**33.4%**	**28.9%**	**38.0%**	**36.2%**	**37.6%**
Net Income	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**
Adjusted for:								
Change in fair value of derivative financial instruments	(70)	(1,642)	2,996	(545)	(2,150)	(248)	(1,517)	518
Amortization of intangible assets	4,547	4,596	4,822	4,772	4,176	4,669	4,927	5,627
Change in fair value of investments	11	68	(247)	(121)	12	3	(13)	–
Share-based compensation	157	153	164	137	222	216	196	164
Performance and deferred share unit expense	2,068	(238)	427	(400)	1,750	659	1,300	2,090
Acquisition, legal, restructuring and other expenses	7,210	1,809	2,075	1,393	5,912	779	848	1,168
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, change in fair value of derivative financial instruments and acquisition, legal, restructuring and other expenses	(3,702)	(1,226)	(2,743)	(1,388)	(2,608)	(1,576)	(1,493)	(2,529)
Adjusted Net income	**14,668**	**16,464**	**10,825**	**13,245**	**11,780**	**17,048**	**16,323**	**11,238**
Average number of shares outstanding (diluted)	69,459	69,678	70,008	70,277	70,655	70,960	71,978	72,363
Adjusted Net income per share diluted	**0.21**	**0.24**	**0.15**	**0.19**	**0.17**	**0.24**	**0.23**	**0.16**

(in thousands of Canadian dollars)	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
	3 months							
	FY2023	FY2023	FY2023	FY2023	FY2022	FY2022	FY2022	FY2022
LTM Adjusted EBITDA	114,140	108,590	102,644	101,200	99,269	101,884	107,373	112,942
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	–	–	7,450	11,900	16,000	19,500	1,428	842
COVID-19 credits allocated due to mandated store closures	–	–	–	699	1,535	3,051	2,492	1,369
Permanent cost-saving initiatives	2,325	5,074	–	–	–	–	–	–
Pro Forma Adjusted EBITDA	**116,465**	**113,664**	**110,094**	**113,799**	**116,804**	**124,435**	**111,293**	**115,153**

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

(in thousands of Canadian dollars)	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
	3 months							
	FY2023	FY2023	FY2023	FY2023	FY2022	FY2022	FY2022	FY2022
Cash flow from operating activities	**27,552**	**24,605**	**18,446**	**16,346**	**22,127**	**24,762**	**20,437**	**16,337**
Acquisition of property and equipment	(2,987)	(1,997)	(2,099)	(1,151)	(2,443)	(2,181)	(2,360)	(2,077)
Acquisition of intangible assets other than internally developed intangible assets	(383)	(532)	(89)	(277)	(355)	(276)	(305)	(198)
Addition to internally developed intangible assets	(1,236)	(1,978)	(1,165)	(1,564)	(593)	(2,058)	(2,050)	(2,153)
Interest paid	(6,842)	(6,882)	(5,916)	(4,252)	(3,391)	(3,868)	(3,234)	(3,891)
Repayment of lease liabilities	(1,122)	(974)	(1,280)	(1,057)	(1,074)	(1,130)	(1,526)	(1,085)
Net change in non-cash operating working capital items	(7,077)	3,376	3,727	7,456	(7,571)	(1,533)	2,323	6,805
Unrealized loss (gain) on foreign exchange	(206)	658	1,310	(1,235)	(779)	236	1,229	101
Acquisition, legal, restructuring and other expenses	7,210	1,809	2,075	1,393	5,912	779	848	1,168
Adjusted free cash flow	**14,909**	**18,085**	**15,009**	**15,659**	**11,833**	**14,731**	**15,362**	**15,007**

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

(in thousands of Canadian dollars)	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021
	3 months							
	FY2023	FY2023	FY2023	FY2023	FY2022	FY2022	FY2022	FY2022
Credit facilities	360,990	366,168	368,442	358,440	358,203	317,957	313,172	305,779
Subordinated debt	25,543	25,517	25,492	25,467	25,442	25,416	31,791	31,766
Cash and cash equivalents	(15,453)	(12,303)	(15,411)	(13,816)	(14,563)	(11,266)	(8,475)	(6,416)
Portion of the balance payable on acquisition of InStore Audio Network paid on January 5, 2022	–	–	–	–	–	42,471	–	–
Net debt	**371,080**	**379,382**	**378,523**	**370,091**	**369,082**	**374,578**	**336,488**	**331,129**
Net debt to Pro Forma Adjusted EBITDA	**3.19**	**3.34**	**3.44**	**3.25**	**3.16**	**3.01**	**3.02**	**2.88**

LIQUIDITY AND CAPITAL RESOURCES FOR THE QUARTERS AND YEARS ENDED MARCH 31, 2023 AND 2022

	3 months		12 months	
(in thousands of Canadian dollars)	2023	2022	2023	2022
Operating activities	27,552	22,127	86,949	83,663
Financing activities	(19,120)	(15,430)	(65,454)	(59,510)
Investing activities	(5,282)	(3,400)	(20,605)	(18,630)
Net change in cash	3,150	3,297	890	5,523
Cash – beginning of period	12,303	11,266	14,563	9,040
Cash – end of period	15,453	14,563	15,453	14,563
Adjusted free cash flow(1)	**14,909**	**11,833**	**63,662**	**56,933**

Operating Activities

Cash flow generated from operating activities amounted to $27.6 million for Q4 2023 compared to $22.1 million for Q4 2022. The increase was primarily due to higher operating results.

Cash flow generated from operating activities amounted to $86.9 million for Fiscal 2023 compared to $83.7 million for Fiscal 2022. The increase was mainly due to higher operating results, partially offset by higher negative change in non-cash operating items and higher restructuring and other costs.

Financing Activities

Net cash flow used in financing activities amounted to $19.1 million for Q4 2023 compared to $15.4 million for Q4 2022. The increase was mostly due to repayment of credit facilities and to higher interest paid, partially offset by the repayment of the balance payable for the acquisition of InStore Audio Network in the comparative period.

Net cash flow used in financing activities amounted to $65.5 million for Fiscal 2023 compared to $59.5 million for Fiscal 2022. The increase was mainly related to higher credit facilities borrowing and higher interest paid, partially offset by the repayment of the balance payable for the acquisition of InStore Audio Network in the comparative period, by lower shares repurchased of cancelled and by a partial repayment of the subordinated debt in the comparative period.

Investing Activities

Net cash flow used in investing activities amounted to $5.3 million for Q4 2023 compared to $3.4 million for Q4 2022. The increase was mainly due to higher additions to internally developed intangible assets and to higher acquisitions of property and equipment.

Net cash flow used in investing activities amounted to $20.6 million for Fiscal 2023 compared to $18.6 million for Fiscal 2022. The increase was primarily due to the payment of net working capital related to the acquisition of InStore Audio Network, partially offset by the acquisition of a minority interest in The Singing Machine in Q2 2022.

Adjusted free cash flow(1)

Adjusted free cash flow generated in Q4 2023 amounted to $14.9 million compared to $11.8 million for Q4 2022. Adjusted free cash flow generated in Fiscal 2023 amounted to $63.7 million compared to $56.9 million for Fiscal 2022. Both increases were mainly related to higher operating results, partially offset by higher interest paid.

Note

(1) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

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, 2023, 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	1,361	19,213	13,295	**33,869**
Operating obligations	2,961	2,307	1,617	**6,885**
Broadcast licences commitments	7,124	7,640	–	**14,764**
Credit facilities	7,500	354,354	–	**361,854**
Subordinated debt	–	25,600	–	**25,600**
Accounts payables and accrued liabilities	74,826	–	–	**74,826**
Other liabilities	25,774	7,338	1,836	**34,948**
Total obligations	**119,546**	**416,452**	**16,748**	**552,746**

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.

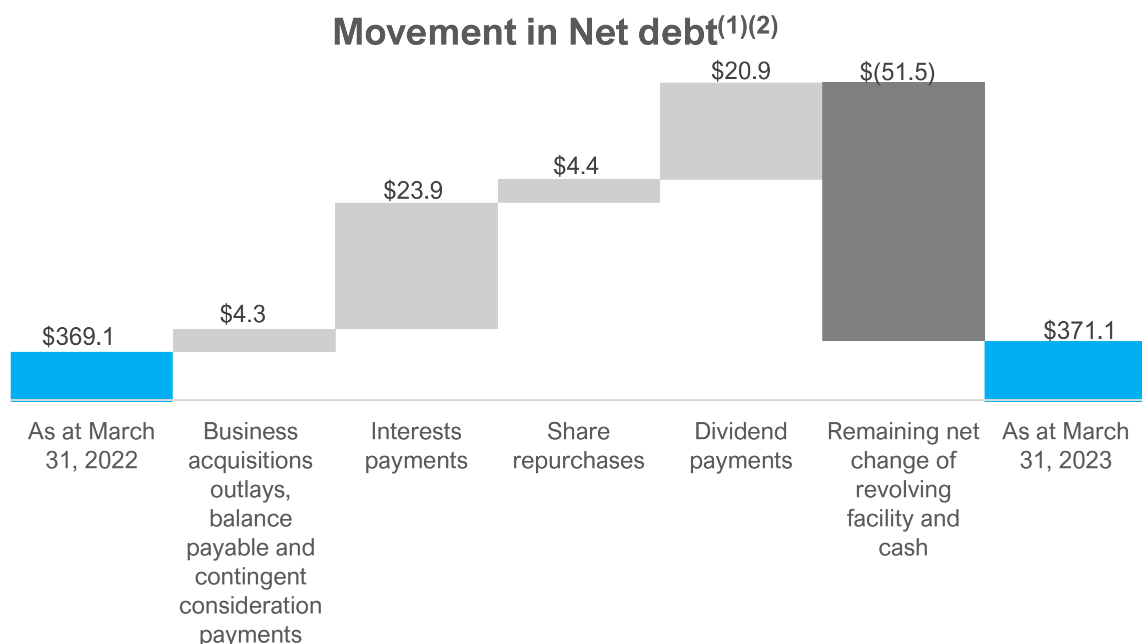
The credit facilities consist of a $375.0 million revolving credit facility and a $56.3 million term loan, both maturing in October 2026.

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 (6.70% and 2.70% as at March 31, 2023 and 2022, respectively) or US base rate if denominated in US dollars (9.25% and 4.00% as at March 31, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, or (b) the banker's acceptance rate (5.07% and 0.73% as at March 31, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, or (c) LIBOR (4.84% and 0.21% as at March 31, 2023 and 2022, 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, 2023 and 2022).

As of March 31, 2023, the Corporation had cash and cash equivalents of $15.5 million, a subordinated debt of $25.5 million and credit facilities of $361.0 million, of which approximately $68.6 million was available.

The following table summarizes the impact on the Net debt(2) that occurred in the fiscal year ended March 31, 2023 including related ratios:



Notes:

(1) In millions of Canadian dollars.

(2) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to "Supplemental Information on Non-IFRS Measures" on page 31 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 33 and "Reconciliation of Quarterly Non-IFRS Measures" on page 43.

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, 2023:

(in thousands of Canadian dollars)	March 31, 2023	March 31, 2022	Variance		Significant contributions
Trade and other receivables	71,251	66,666	4,585	▲	Timing of payments by clients and increase in revenues
Intangible assets	68,814	76,230	(7,416)	▼	Amortization of intangible assets
Goodwill	360,900	354,679[1]	6,221	▲	Foreign exchange differences
Accounts payables and accrued liabilities	74,826	67,391[1]	7,435	▲	Timing of payments to suppliers and higher operating costs
Other liabilities	47,984	60,997	(13,013)	▼	Payments for CRTC tangible benefits
Credit facilities	360,990	358,203	2,787	▲	Refer to the graph on previous page
Subordinated debt	25,543	25,442	101	▲	Amortization of deferred financing fees

Note:
(1) Recast. Refer to note 3 of the consolidated financial statements.

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:

	12 months	
(in thousands of Canadian dollars)	2023	2022
Short-term employee benefits	5,444	5,074
Share-based compensation	358	525
Performance share units	1,213	2,533
Deferred share units	(282)	954
	6,733	**9,086**

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 2, 2023	March 31, 2023
Issued and outstanding shares:		
Subordinate voting shares	50,977,650	50,978,450
Subordinate voting shares held in trust through employee share purchase plan	(7,598)	(1,802)
Variable subordinate voting shares	402,452	401,652
Multiple voting shares	17,941,498	17,941,498
	69,314,002	**69,319,798**
Outstanding stock options:		
Stock options	3,489,333	3,489,333

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 2023, no options were exercised, 147,177 options were cancelled and 166,701 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 ("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.

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 table below summarizes the FX forward contracts effective as at March 31, 2023

	Type	Contract exchange rate	Contractual amount	Mark-to-market liabilities (assets) as at March 31, 2023
FX Forward				
0 to 12 months	USD Sale	1.2831 – 1.3000	24,000	1,121
13 to 24 months	USD Sale	1.3260 – 1.3565	24,000	(106)
			48,000	1,015

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. Cash equivalents consist of term deposits with original maturities of less than three months and are, therefore, also exposed to interest rate risk on fair value. However, fair value risk is not significant, considering the relatively short term to maturity of these instruments.

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

(in thousands of Canadian dollars)

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market liabilities (assets) as at March 31, 2023	Mark-to-market liabilities (assets) as at March 31, 2022
Swaptions					
October 25, 2024	CAD	—	100,000	(490)	(604)
October 25, 2024	CAD	—	100,000	(699)	(860)
			200,000	(1,189)	(1,464)
Swap					
September 29, 2026	CAD	3.5975%	70,000	1	—
			$ 270,000	$ (1,188)	$ (1,464)

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 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.

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.

New standard adopted by the Corporation

There are no new standards adopted by the Corporation as of March 31, 2023.

Future Accounting Changes

There are no material future accounting changes as of March 31, 2023.

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, 2023, 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, 2023.

As at March 31, 2023, 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, 2023.

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

Management's assessment of and conclusion on the design and the effectiveness of the Corporation's ICFR as at June 6, 2023, did not include the controls or procedures of the operations of Ultimate Trivia by Stingray. The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of this acquisition in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition.

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 AUDITOR'S REPORT

To the Shareholders of Stingray Group Inc.

Opinion

We have audited the consolidated financial statements of Stingray Group Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at March 31, 2023 and March 31, 2022
- 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, 2023 and March 31, 2022, 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 **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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, 2023. These matters were addressed in the context of our audit of the 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 auditor's report.

Goodwill and broadcast licenses impairment assessments for certain cash generating units

Description of the matter

We draw attention to Note 16 of the financial statements. The Entity's goodwill and broadcast licenses amount to $360,900 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 compared the Entity's revenue growth rate assumptions for certain groups of CGUs to the expected growth rates included in analyst reports of the Entity and comparable entities and took into account conditions and events considered by the entity in arriving at projected sales of the groups of CGUs.
- 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.
- The information, other than the financial statements and the auditor's 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, and the Annual Report filed with the relevant Canadian Securities Commissions as at the date of this auditor's 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 auditor's report.

We have nothing to report in this regard.

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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's 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 auditor's 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 auditor’s 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 auditor’s 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 auditor's 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 auditor's 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 auditor's report is Marie David.

KPMG LLP*

Montréal, Canada

June 6, 2023

*CPA auditor, public accountancy permit No. A131681

Consolidated Statements of Comprehensive Income

Years ended March 31, 2023 and 2022

(In thousands of Canadian dollars, except per share amounts)	Note	2023	2022
Revenues	5	$ 323,944	$ 282,626
Operating expenses	6	212,272	189,954
Depreciation, amortization and write-off		32,980	35,544
Net finance expense (income)	8	26,835	6,119
Change in fair value of investments	17, 29	(289)	2
Acquisition, legal, restructuring and other expenses	9	12,487	8,707
Income before income taxes		39,659	42,300
Income taxes	10	9,540	9,013
Net income		$ 30,119	$ 33,287
Net income per share — Basic	11	$ 0.43	$ 0.47
Net income per share — Diluted	11	$ 0.43	$ 0.47
Weighted average number of shares — Basic	11	69,640,151	70,968,954
Weighted average number of shares — Diluted	11	69,769,939	71,463,581
Comprehensive income			
Net income		$ 30,119	$ 33,287
Other comprehensive income (loss), net of tax			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		7,435	(1,954)
Items that will not be reclassified to profit and loss			
Remeasurement gain (loss) on pension benefit obligations, net of income tax payable of $0 (2022 — $1,004)		(52)	2,780
Total other comprehensive income		7,383	826
Total comprehensive income		$ 37,502	$ 34,113

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, 2023 and 2022

(In thousands of Canadian dollars)	Note		March 31, 2023		March 31, 2022 Recast (Note 3)
Assets					
Current assets					
Cash and cash equivalents		$	15,453	$	14,563
Trade and other receivables	12		71,251		66,666
Income taxes receivable			5,856		96
Inventories			5,704		5,200
Other current assets			17,719		13,388
			115,983		99,913
Non-current assets					
Property and equipment	13		38,792		39,931
Right-of-use assets on leases	14		23,271		25,944
Intangible assets, excluding broadcast licences	15		68,814		76,230
Broadcast licences	16		272,996		272,996
Goodwill	16		360,900		354,679
Investments	17		8,295		6,431
Other non-current assets			3,945		5,136
Deferred tax assets	10		2,206		2,816
Total assets		$	895,202	$	884,076
Liabilities and Equity					
Current liabilities					
Credit facilities	19	$	7,500	$	7,500
Accounts payable and accrued liabilities	18		74,826		67,391
Dividend payable	24		5,200		5,259
Deferred revenues			7,473		4,942
Current portion of lease liabilities	21		4,177		4,171
Current portion of other liabilities	22		31,428		17,786
Income taxes payable			4,575		8,283
			135,179		115,332
Non-current liabilities					
Credit facilities	19		353,490		350,703
Subordinated debt	20		25,543		25,442
Deferred revenues			267		1,030
Lease liabilities	21		21,533		24,147
Other liabilities	22		16,556		43,211
Deferred tax liabilities	10		56,365		50,682
Total liabilities			608,933		610,547
Shareholders' equity					
Share capital	24		297,903		302,328
Contributed surplus			6,158		5,745
Deficit			(21,734)		(31,103)
Accumulated other comprehensive income (loss)			3,942		(3,441)
Total equity			286,269		273,529
Commitments (note 27)					
Total liabilities and equity		$	895,202	$	884,076

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

Approved by the Board of Directors,

(Signed) Eric Boyko, Director

(Signed) Karinne Bouchard, Director

Consolidated Statements of Changes in Equity

Years ended March 31, 2023 and 2022

(In thousands of Canadian dollars, except number of share capital)	Share Capital				Accumulated other comprehensive income (loss)		
	Number	Amount	Contributed surplus	Deficit	Cumulative translation account	Defined benefit pension plans	Total shareholders' equity
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
Dividends	—	—	—	(20,821)	—	—	(20,821)
Repurchase and cancellation of shares (note 24)	(786,100)	(4,466)	—	71	—	—	(4,395)
Share-based compensation	—	—	454	—	—	—	454
Employee share purchase plan (notes 24 and 26)	9,974	41	(41)	—	—	—	—
Net income	—	—	—	30,119	—	—	30,119
Other comprehensive income (loss)	—	—	—	—	7,435	(52)	7,383
Balance at March 31, 2023	69,319,798	297,903	6,158	(21,734)	1,706	2,236	286,269

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

Consolidated Statements of Cash Flows

Years ended March 31, 2023 and 2022

(In thousands of Canadian dollars)	Note		2023		2022
Operating activities:					
Net income		$	30,119	$	33,287
Adjustments for:					
Depreciation, amortization and write-off			32,980		35,544
Share-based compensation, PSU and DSU expenses			2,468		6,597
Interest expense and standby fees	8		21,164		12,683
Change in fair value of derivative financial instruments	8		739		(3,397)
Change in fair value of investments	17		(289)		2
Share of results of joint ventures	17		726		65
Share of results of investments in associates	17		649		(241)
Change in fair value of contingent consideration	8		1,098		(7,555)
Accretion of other liabilities	8		1,728		1,644
Interest expense on lease liabilities	8, 21		1,631		1,615
Income tax expense			9,540		9,013
Income taxes paid			(8,122)		(5,570)
			94,431		83,687
Net change in non-cash operating items	25		(7,482)		(24)
			86,949		83,663
Financing activities:					
Increase of credit facilities			2,410		53,658
Decrease of subordinated debt	20		—		(6,400)
Payment of dividends	24		(20,880)		(21,254)
Proceeds from the exercise of stock options	24		—		294
Shares repurchased and cancelled	24		(4,396)		(15,084)
Shares purchased under the employee share purchase plan			(324)		(430)
Interest paid			(23,892)		(14,384)
Repayment of lease liabilities	21		(4,433)		(4,815)
Repayment of other liabilities			(13,939)		(50,495)
Unwind of interest rate swaps	29		—		(600)
			(65,454)		(59,510)
Investing activities:					
Business acquisitions, net of cash acquired	3		(3,887)		1,630
Acquisition of investments	17		(158)		(703)
Acquisition of investments in associates	17		(513)		(2,508)
Acquisition of investments in joint ventures			(589)		—
Acquisition of property and equipment			(8,234)		(9,061)
Acquisition of intangible assets other than internally developed intangible assets			(1,281)		(1,134)
Addition to internally developed intangible assets			(5,943)		(6,854)
			(20,605)		(18,630)
Net increase in cash and cash equivalents			890		5,523
Cash and cash equivalents, beginning of year			14,563		9,040
Cash and cash equivalents, end of year		$	15,453	$	14,563

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

(In thousands of Canadian dollars, unless otherwise stated)

1. BUSINESS DESCRIPTION

Stingray Group Inc. (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 revenues 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.

2. SIGNIFICANT CHANGE AND HIGHLIGHT

The consolidated financial position and performance of the Corporation was particularly affected by the following event and transactions during the year ended March 31, 2023:

- On March 29, 2023, the Corporation signed an agreement to acquire the assets of Barvanna Inc. a company operating a Free Ad-Supported Television (FAST) channel known as the "Ultimate Trivia Network" for total consideration of US$1,397 ($1,891). It resulted in the recognition of intangible assets (note 15), goodwill (note 16), balance payable on business acquisitions (note 22) and contingent consideration (note 22).
- On September 23, 2022, the Corporation announced that the Toronto Stock Exchange had approved its normal course issuer bid, authorizing the Corporation to repurchase up to an aggregate 2,868,124 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, 2022. Refer to note 24 for more information.

(In thousands of Canadian dollars, unless otherwise stated)

3. BUSINESS ACQUISITIONS

FISCAL 2023

Ultimate Trivia Network

On March 29, 2023, the Corporation purchased all of the assets of Barvanna inc., a company operating a FAST channel known as “The Ultimate Trivia Network” for total consideration of US$1,397 ($1,891). As a result of the acquisition, goodwill of $1,145 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 contingent consideration arrangement requires the Corporation to pay, in cash, to the former owners, an amount not exceeding US$3,000 ($4,058) over the next four years ending in March 2027, 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. An amount of US$125 ($169) of the balance payable on acquisitions was subsequently paid on April 11, 2023.

		Preliminary
Assets acquired:		
Intangible assets		746
Goodwill		1,145
		1,891
Net assets acquired at fair value	$	1,891
Consideration given:		
Balance payable on business acquisitions		648
Contingent consideration		1,243
	$	1,891

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

(In thousands of Canadian dollars, unless otherwise stated)

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 $18,942 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$14,000 ($18,946) 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 business acquisitions was paid on January 5, 2022 for an amount of US$33,500 ($42,471). During the year ended March 31, 2023, the Corporation paid to the former owners a working capital of $3,887.

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.

	Preliminary as of March 31, 2022	Adjustments	Final
Assets acquired			
Cash and cash equivalents	$ 1,307	$ —	$ 1,307
Trade and other receivables	7,136	—	7,136
Other current assets	984	—	984
Intangible assets	34,233	—	34,233
Goodwill	18,567	375	18,942
Other non-current assets	2,853	—	2,853
	65,080	375	65,455
Liabilities assumed			
Accounts payable and accrued liabilities	3,788	375	4,163
Deferred revenues	706	—	706
	4,494	375	4,869
Net assets acquired at fair value	$ 60,586	$ —	$ 60,586
Consideration given			
Balance payable on business acquisition	$ 45,025	$ —	$ 45,025
Contingent consideration	11,895	—	11,895
Working capital payable	3,666	—	3,666
	$ 60,586	$ —	$ 60,586

(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.

		Final
Assets acquired:		
Cash and cash equivalents	$	323
Trade and other receivables		159
Other current assets		121
Property and equipment		56
Intangible assets		12,081
Goodwill		198
Deferred tax assets		—
		12,938
Liabilities assumed:		
Accounts payable and accrued liabilities		221
Deferred revenues		1,640
Deferred tax liabilities		2,906
		4,767
Net assets acquired at fair value	$	8,171
Consideration given:		
Balance payable on business acquisition	$	4,000
Contingent consideration		3,912
Working capital payable		259
	$	8,171

(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 assesses 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, 2023 and 2022.

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
Year ended	2023	2022	2023	2022	2023	2022	**2023**	**2022**
Revenues	$ 195,234	$ 159,082	$ 128,710	$ 123,544	$ —	$ —	**$ 323,944**	**$ 282,626**
Operating expenses (excluding share-based compensation and PSU and DSU expenses)	118,514	100,767	85,804	77,309	5,486	5,281	**209,804**	**183,357**
Adjusted EBITDA	$ 76,720	$ 58,315	$ 42,906	$ 46,235	(5,486)	(5,281)	**114,140**	**99,269**
Share-based compensation					611	798	**611**	**798**
PSU and DSU expenses					1,857	5,799	**1,857**	**5,799**
Depreciation, amortization and write-off					32,980	35,544	**32,980**	**35,544**
Net finance expense (income)					26,835	6,119	**26,835**	**6,119**
Change in fair value of investments					(289)	2	**(289)**	**2**
Acquisition, legal, restructuring and other expenses					$ 12,487	$ 8,707	**12,487**	**8,707**
Income before income taxes							**39,659**	**42,300**
Income taxes					9,540	9,013	**9,540**	**9,013**
Net income							**$ 30,119**	**$ 33,287**

(In thousands of Canadian dollars, unless otherwise stated)

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	March 31, 2023	March 31, 2022 Recast (note 3)	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022 Recast (note 3)
Total assets	$ 282,499	$ 268,535	$ 612,703	$ 615,541	$ —	$ —	**$ 895,202**	**$ 884,076**
Total liabilities[(1)]	$ 101,172	$ 97,944	$ 113,825	$ 122,235	$ 393,936	$ 390,368	**$ 608,933**	**$ 610,547**

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

	Broadcasting and commercial music		Radio		**Consolidated**	
Year ended	2023	2022 Recast (note 3)	2023	2022	**2023**	**2022 Recast (note 3)**
Acquisition of property and equipment	$ 4,143	$ 4,617	$ 4,181	$ 4,066	**$ 8,324**	**$ 8,683**
Addition to right-of-use assets on leases	$ 2,026	$ 685	$ 525	$ 2,434	**$ 2,551**	**$ 3,119**
Acquisition of intangible assets	$ 8,229	$ 54,467	$ —	$ —	**$ 8,229**	**$ 54,467**
Acquisition of broadcast licences	$ —	$ —	$ —	$ 8	**$ —**	**$ 8**
Goodwill recorded on business acquisitions	$ 1,145	$ 18,942	$ —	$ —	$ **1,145**	**$ 18,942**

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, 2023, approximately 76% (75% as at March 31, 2022) of the Corporation's non-current assets are located in Canada.

(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.

	Reportable segments[3]					
Year ended	2023	2022	2023	2022	**2023**	**2022**
	Broadcasting and commercial music		Radio		**Total revenues**	
Geography						
Canada	$ 58,322	54,195	$ 128,710	123,544	$ **187,032**	**177,739**
United States	85,992	52,403	—	—	**85,992**	**52,403**
Other countries	50,920	52,484	—	—	**50,920**	**52,484**
	195,234	159,082	128,710	123,544	**323,944**	**282,626**
Products						
Subscriptions [1]	136,615	134,257	—	—	**136,615**	**134,257**
Equipment and labor [2]	18,192	12,863	—	—	**18,192**	**12,863**
Advertising [2]	40,427	11,962	128,710	123,544	**169,137**	**135,506**
	$ 195,234	159,082	$ 128,710	123,544	$ **323,944**	**282,626**

[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, 2023. 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.

	2024	**2025**	**2026**	**Thereafter**	**Total**
Equipment and labor	$ 5,066	—	—	—	$ 5,066
Subscriptions	15,765	8,985	3,971	2,173	30,894
	$ 20,831	8,985	3,971	2,173	$ 35,960

(In thousands of Canadian dollars, unless otherwise stated)

6. OPERATING EXPENSES

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. There were no CEWS recognized during the year ended March 31, 2023.The Corporation also received tax credits related to its research and development and multimedia activities, which amounted $1,980 (2022 – $1,606) and was recorded as a reduction of operating expenses for an amount of $1,140 (2022 - $799) and as a reduction of intangible assets for an amount of $840 (2022 - $807).

7. OTHER INFORMATION

Expenses by nature are as follows:

		2023		2022
Salaries and other short-term employee benefits	$	95,737	$	96,566
Research and development	$	10,193	$	11,149
Equipment costs	$	10,530	$	6,869
Share-based compensation	$	611	$	798
PSU and DSU expenses	$	1,857	$	5,799

8. NET FINANCE EXPENSE (INCOME)

		2023		2022
Interest expense and standby fees	$	21,164	$	12,683
Change in fair value of derivative financial instruments		739		(3,397)
Change in fair value of contingent consideration		1,098		(7,555)
Accretion of other liabilities		1,728		1,644
Interest expense on lease liabilities (note 21)		1,631		1,615
Foreign exchange loss		475		1,129
	$	26,835	$	6,119

9. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES

		2023		2022
Acquisition	$	184	$	282
Legal		3,673		2,505
Restructuring and other		8,630		5,920
	$	12,487	$	8,707

(In thousands of Canadian dollars, unless otherwise stated)

10. INCOME TAXES

The income tax expense consists of the following:

	2023	2022
Current income tax:		
Current year	$ 2,810	$ 10,308
Adjustment for prior years	478	(129)
	3,288	10,179
Deferred income tax:		
Origination and reversal of temporary differences	6,835	(733)
Change in substantively enacted tax rate	22	(164)
Adjustment for prior years	(605)	(269)
	6,252	(1,166)
Total income tax expense	$ 9,540	$ 9,013

The following table reconciles income tax computed at the Canadian statutory rate of 26.5% (2022 — 26.5%) and the total income tax expense for the years ended March 31.

	2023	2022
Income before income taxes	$ 39,659	$ 42,300
Income tax at the combined Canadian statutory rate	10,510	11,210
(Decrease) increase resulting from:		
Impact of foreign tax rate differences	(853)	(860)
Income taxes on non-deductible expenses and non-taxable revenues	(761)	(1,547)
Change in recognized tax losses and deductible temporary differences	159	266
Change in substantively enacted tax rate	22	(164)
Other	463	108
Total income tax expense	$ 9,540	$ 9,013

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.

(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:

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	$ 1,950	$ 3,952	$ 2,067	$ 3,261
Intangible assets, goodwill and broadcast licences	1,986	66,007	839	66,879
Financing fees	46	—	514	—
Tax losses and Scientific Research and Experimental Development Expenditures (“SR&ED”) carried forward	3,431	—	6,105	—
Investments	—	444	—	66
CRTC tangible benefits	3,907	—	7,479	—
PSU and DSU expenses	3,425	—	3,213	—
Balance payable on business acquisition	—	25	—	—
Right-of-use assets on leases	—	6,217	—	6,844
Lease liabilities	6,837	—	7,485	—
Accrued pension benefit liability	982	—	1,457	—
Other	—	78	25	—
Deferred tax assets and liabilities	22,564	76,723	29,184	77,050
Offsetting of assets and liabilities	(20,358)	(20,358)	(26,368)	(26,368)
Net deferred tax assets and liabilities	$ 2,206	$ 56,365	$ 2,816	$ 50,682

Changes in deferred tax assets and liabilities for the year ended March 31, 2023 are as follow:

	Balance as at March 31, 2022	Recognized in net income	Recognized in other comprehensive income (loss)	Exchange rate change	**Balance as at March 31, 2023**
Property and equipment	$ (1,193)	(809)	—	—	(2,002)
Intangible assets, goodwill and broadcast licences	(66,040)	2,064	—	(45)	(64,021)
Financing fees	514	(468)	—	—	46
Tax losses and SR&ED carried forward	6,103	(2,676)	—	4	3,431
Investments	(65)	(379)	—	—	(444)
CRTC tangible benefits	7,479	(3,572)	—	—	3,907
Balance payable on business acquisition	—	(25)	—	—	(25)
PSU and DSU expenses	3,213	212	—	—	3,425
Right-of-use assets on leases	(6,844)	627	—	—	(6,217)
Lease liabilities	7,485	(648)	—	—	6,837
Accrued pension benefit liability	1,457	(475)	—	—	982
Other	25	(103)	—	—	(78)
	$ (47,866)	(6,252)	—	(41)	(54,159)

(In thousands of Canadian dollars, unless otherwise stated)

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
PSU and DSU expenses		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)

UNRECOGNIZED DEFERRED TAX ASSETS

The Corporation has operating tax losses carried forward of $16,579 (2022 – $30,331) that are available to reduce future taxable income. A tax benefit was not recognized for $5,003 (2022 – $9,297) 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, 2023 and 2022, the amounts and expiry dates of the tax losses carried forward were as follows:

	2023								
		Canada [1]		Netherlands		Belgium		Switzerland		United Kingdom
2028	$	—	$	—	$	—	$	337	$	—
2032		—		—		—		341		—
2037		219		—		—		—		—
2038		2,522		—		—		—		—
2039		46		—		—		—		—
2040		1,537		—		—		—		—
2041		837		—		—		—		—
2042		17		—		—		—		—
2043		46		—		—		—		—
Indefinite		—		2,134		815		—		7,728
	$	5,224	$	2,134	$	815	$	678	$	7,728

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

(In thousands of Canadian dollars, unless otherwise stated)

	2022				
	Canada [1]	Netherlands	Belgium	Switzerland	United Kingdom
2023 [2]	$ —	$ —	$ —	$ 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.

(2) These losses expired during the year ended March 31, 2023.

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

	2023	2022
Net income	$ 30,119	$ 33,287
Basic weighted average number of subordinate voting shares, variable subordinate voting shares and multiple voting shares	69,640,151	70,968,954
Dilutive effect of stock options	129,788	494,627
Diluted weighted average number of subordinated voting shares, variable subordinated voting shares and multiple voting shares	69,769,939	71,463,581
Net income per share — Basic	$ 0.43	$ 0.47
Net income per share — Diluted	$ 0.43	$ 0.47

(In thousands of Canadian dollars, unless otherwise stated)

12. TRADE AND OTHER RECEIVABLES

	2023	2022
Trade	$ 61,133	$ 50,791
Other receivables	2,176	6,464
Settlement receivable	2,748	5,155
Sales taxes receivable	5,194	4,256
	$ 71,251	$ 66,666

As at March 31, 2023 and 2022, the Corporation had research and development tax credits receivable of $1,811 and $3,406, respectively, from the provincial and federal governments, which relate to qualified research and development expenditures under the applicable tax laws. As at March 31, 2023 and 2022, the research and development tax credits receivable of $1,811 and $3,406, respectively, were 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. For the year ended March 31, 2022, an amount of $5,155 was recognized in reduction of operating expenses. The Corporation received a portion of the receivable after March 31, 2022. As at March 31, 2023, a balance of 2,748 is still receivable.

(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, 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
Additions		220		2,020		3,271		2,197		616		8,324
Additions through business acquisition		—		—		—		—		—		—
Disposals and write-off		(224)		(153)		(869)		(570)		(67)		(1,883)
Foreign exchange differences		21		—		1,144		403		—		1,568
Balance at March 31, 2023	$	16,035	$	23,238	$	30,636	$	21,620	$	3,104	$	94,633
Accumulated depreciation												
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
Depreciation for the year		916		2,005		3,271		2,339		394		8,925
Disposals and write-off		(125)		(152)		(251)		(405)		(66)		(999)
Foreign exchange differences		26		—		965		231		—		1,222
Balance at March 31, 2023	$	7,074	$	9,625	$	21,002	$	17,026	$	1,114	$	55,841
Net carrying amounts												
March 31, 2022	$	9,761	$	13,599	$	10,073	$	4,729	$	1,769	$	39,931
March 31, 2023	$	8,961	$	13,613	$	9,634	$	4,594	$	1,990	$	38,792

(In thousands of Canadian dollars, unless otherwise stated)

14. RIGHT-OF-USE ASSETS ON LEASES

	Land and buildings	Vehicles	Total
Cost			
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
Additions	2,431	120	2,551
Reassessment of leases' term	(1,170)	(39)	(1,209)
Foreign exchange differences	91	15	106
Balance at March 31, 2023	$ 40,367	$ 1,285	$ 41,652
Accumulated depreciation			
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
Depreciation for the year	4,367	178	4,545
Reassessment of leases' term	(459)	(17)	(476)
Foreign exchange differences	37	15	52
Balance at March 31, 2023	$ 17,273	$ 1,108	$ 18,381
Net carrying amounts			
March 31, 2022	$ 25,687	$ 257	$ 25,944
March 31, 2023	$ 23,094	$ 177	$ 23,271

(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, 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 acquisition	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
Additions, net of tax credit of $840	5,943	552	—	—	988	—	7,483
Additions through business acquisition	—	90	—	192	173	291	746
Foreign exchange differences	(335)	31	4,291	401	249	204	4,841
Balance at March 31, 2023	$ 34,863	$ 11,336	$ 144,578	$ 14,665	$ 36,240	$ 18,748	$ 260,430
Accumulated depreciation							
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
Amortization for the year	5,850	984	7,046	1,532	2,967	358	18,737
Foreign exchange differences	(355)	27	1,545	204	206	122	1,749
Balance at March 31, 2023	$ 21,525	$ 8,381	$ 110,442	$ 8,933	$ 25,095	$ 17,240	$ 191,616
Net carrying amounts							
March 31, 2022	$ 13,225	$ 3,293	$ 38,436	$ 6,875	$ 12,908	$ 1,493	$ 76,230
March 31, 2023	$ 13,338	$ 2,955	$ 34,136	$ 5,732	$ 11,145	$ 1,508	$ 68,814

(In thousands of Canadian dollars, unless otherwise stated)

16. GOODWILL AND BROADCAST LICENCES

	Goodwill Recast (note 3)	Broadcast licences
Balance at March 31, 2021	$ 337,897	272,988
Additions through business acquisitions (note 3)	19,140	—
Additions	—	8
Foreign exchange differences	(2,358)	—
Balance at March 31, 2022	354,679	$ 272,996
Additions through business acquisition (note 3)	1,145	—
Foreign exchange differences	5,076	—
Balance at March 31, 2023	$ 360,900	$ 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.

	2023	2022 Recast (Note 3)
Goodwill		
Radio	$ 218,404	$ 218,404
Broadcast and commercial music	142,496	136,275
	$ 360,900	$ 354,679
Broadcast licences		
Toronto	$ 90,270	$ 90,270
Ottawa	48,568	48,568
Other[1]	134,158	134,158
	$ 272,996	$ 272,996

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

RADIO 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	4.5%	2.3%	1.5%	9.7%
Ottawa	4.6%	1.8%	1.5%	9.7%
Other[1]	4.0% to 5.3%	(3.5)% to 3.1%	1.5%	9.5% to 9.8%

[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. In fact, by their nature, the above significant estimates and assumptions are subject to measurement uncertainty, and consequently, actual results could differ from estimates used.

Management has determined that the calculation of the VIUs is very sensitive to all above assumptions and therefore management's conclusions on impairment could be materially different if these assumptions changed.

The following changes in basis points would result in carrying value equal to recoverable amount for the year ended March 31, 2023, assuming that all other variables remained constant:

	Five-year average growth rate in revenues	Five-year average growth rate in operating expenses	Terminal value	Pre-tax discount rate
Radio	(215)	152	(110)	80

(In thousands of Canadian dollars, unless otherwise stated)

GOODWILL IMPAIRMENT ASSESSMENTS

The recoverable amount of the CGUs 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	4.0%	1.0%	2.5%	9.7%
Radio	4.1%	1.9%	1.5%	9.7%

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, for the Broadcast and Commercial Music CGU, it has been determined that there is no reasonable change in assumptions that would cause the carrying amount to exceed the estimated recoverable amount. For the Radio CGU, refer to the section above for more information on sensitivity analysis.

(In thousands of Canadian dollars, unless otherwise stated)

17. INVESTMENTS

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

	Investments	Investments in joint ventures	Investments in associates	Total
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**
Additions	190	2,244	516	**2,950**
Share of results of joint ventures	—	(726)	—	**(726)**
Equity gains on associates	—	—	(649)	**(649)**
Change in fair value, including foreign exchange differences	40	—	249	**289**
Balance at March 31, 2023	**$ 1,845**	**$ 2,043**	**$ 4,407**	**$ 8,295**

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.

(In thousands of Canadian dollars, unless otherwise stated)

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022 (Recast Note 3)
Trade	$ 16,039	$ 18,374
Accrued liabilities	36,980	32,651
PSU and DSU payable	12,306	9,247
Salaries and other short-term employees benefit payable	3,423	2,871
Sales taxes payable	6,078	4,248
	$ 74,826	$ 67,391

19. CREDIT FACILITIES

The credit facilities consist of a $375,000 revolving credit facility ("Revolving facility") and a remaining $56,250 term loan ("Term facility"), both maturing in October 2026.

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 (6.70% and 2.70% as at March 31, 2023 and 2022, respectively) or US base rate if denominated in US dollars (9.25% and 4.00% as at March 31, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, or (b) the banker's acceptance rate (5.07% and 0.73% as at March 31, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, or (c) LIBOR (4.84% and 0.21% as at March 31, 2023 and 2022, 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, 2023 and 2022). The credit facilities are secured by guarantees from subsidiaries and first ranking lien on universality of all assets, tangible and intangible, present and future.

The tables below are a summary of the credit facilities:

March 31, 2023	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	$ 375,000	$ 305,604	$ 750	$ 68,646
Term facility	56,250	56,250	—	—
Total committed credit facilities	$ 431,250	$ 361,854	$ 750	$ 68,646
Less: unamortized deferred financing fees		(864)		
Balance, end of year		360,990		
Current portion		$ 7,500		
Non-current portion		$ 353,490		

(In thousands of Canadian dollars, unless otherwise stated)

March 31, 2022	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	$ 375,000	$ 295,586	$ 750	$ 78,664
Term facilities	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		

As at March 31, 2023 and 2022, 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
2024	$ 7,500
2025	7,500
2026	7,500
2027	33,750
	$ 56,250

As at March 31, 2023 and 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 during the year ended March 31, 2023, maturity was extended from October 26, 2023 to October 26, 2026. The loan is unsecured and bears interest based on a financial covenant (6.95% as at March 31, 2023 and 6.65% as at March 31, 2022). During the year ended March 31, 2022, the Corporation made a voluntary capital repayment under its prepayment option of $6,400. The remaining capital balance will be payable on maturity date.

Unamortized deferred financing fees amounted to $57 as at March 31, 2023 (2022 – $158).

(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.

		2023		2022
Lease liabilities, beginning of year	$	28,318	$	30,212
Additions		2,537		3,119
Payment of lease liabilities, including related interest		(6,064)		(6,430)
Reassessment of leases' term		(716)		(153)
Disposal		(39)		—
Interest expense on lease liabilities (note 8)		1,631		1,615
Foreign exchange		43		(45)
Lease liabilities, end of year	$	25,710	$	28,318

Lease liabilities included in the consolidated statements of financial position		**March 31, 2023**		**March 31, 2022**
Current portion	$	4,177	$	4,171
Non-current portion	$	21,533	$	24,147
	$	25,710	$	28,318

The following table presents the maturity analysis of contractual undiscounted cashflows related to the lease liabilities of the Corporation as of March 31, 2023.

Less than one year	$	1,361
One to five years		19,213
More than five years		13,295
Total undiscounted lease liabilities as at March 31, 2023	$	33,869

(In thousands of Canadian dollars, unless otherwise stated)

22. OTHER LIABILITIES

	2023	2022
CRTC tangible benefits	$ 14,765	$ 28,240
Contingent consideration	21,117	19,204
Balance payable on business acquisitions	3,428	2,559
Accrued pension benefit liability (note 23)	2,707	2,837
Derivative financial instruments (note 29)	2,203	1,464
Performance share units payable	2,136	5,046
Other	1,628	1,647
	47,984	60,997
Current portion	(31,428)	(17,786)
	$ 16,556	$ 43,211

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 $21,117 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 15% to 47%. During the year ended March 31, 2023, 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.

(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 $1,614 (2022 – $1,550).

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, 2023.

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, 2023 and the 2023 current service cost of the Plans are determined based on membership data as at March 31, 2023.

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

		2023		2022
Consolidated statements of financial position				
Accrued pension benefit liability, included in other liabilities (note 22)	$	(2,707)	$	(2,837)
Accrued pension benefit asset, included in other non-current assets		1,599		1,633
Net accrued pension liability	$	(1,108)	$	(1,204)
Consolidated statements of comprehensive income				
Pension benefit expense, included in net finance expense (income)	$	86	$	193
Other comprehensive gains and accumulated other comprehensive losses				
Actuarial (gains) losses recognized in other comprehensive income (loss)	$	52	$	(3,784)
Cumulative actuarial gains recognized in other comprehensive income (loss)	$	(3,148)	$	(3,200)

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

	2023		2022	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Accrued benefit obligations				
Balance, beginning of year	$ 4,012	2,837	$ 4,805	$ 6,112
Interest cost	151	109	130	167
Benefits paid	(272)	(234)	(318)	(785)
Actuarial gains (losses):				
Impact of changes in financial assumptions	(246)	(119)	(450)	(271)
Impact of changes in experience adjustments	(36)	114	(155)	(2,386)
Balance, end of year	$ 3,609	2,707	$ 4,012	$ 2,837
Plan assets				
Fair value, beginning of year	$ 5,645	—	$ 5,337	$ —
Interest income	214	—	144	—
Actuarial gains:				
Return on plan assets, excluding interest income	(339)	—	522	—
Administrative expenses	(40)	—	(40)	—
Benefits paid	(272)	—	(318)	—
Fair value, end of year	$ 5,208	—	$ 5,645	$ —
Net accrued pension benefit asset (liability)	$ 1,599	(2,707)	$ 1,633	$ (2,837)

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 $199 in 2024.

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

	2023		2022	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Interest cost	$ 151	$ 109	$ 130	$ 167
Interest income on plan assets	(214)	—	(144)	—
Administrative expenses	40	—	40	—
Defined benefit plan expense	$ (23)	$ 109	$ 26	$ 167

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

	2023			2022		
	Basic Plan	SRPAs	**Total**	Basic Plan	SRPAs	**Total**
Cumulative actuarial losses (gains), beginning of year	$ (1,336)	(1,864)	**(3,200)**	$ (209)	$ 793	**$ 584**
Recognized actuarial losses (gains) during the year	57	(5)	**52**	(1,127)	(2,657)	**(3,784)**
Cumulative actuarial losses, end of year	$ (1,279)	(1,869)	**(3,148)**	$ (1,336)	$ (1,864)	**$ (3,200)**

(In thousands of Canadian dollars, unless otherwise stated)

The principal actuarial assumptions were as follows:

	2023		2022	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Discount rate for the accrued net benefit obligation	3.9%	3.9%	3.5%	3.5%
Future pension increases	2.3%	0.7%	1.7%	0.3%

As at March 31, 2023 and based on an actuarial review, the net remeasurement gain, before income tax recovery, recorded in other comprehensive income (loss) of $52 (2022 – $3,784) 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:

	2023	2022
Equity funds	73%	73%
Fixed income funds	27%	27%
	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.

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%	$ (266)	$ 286
Future pension costs — change of 1.0%	$ 379	$ (276)
Life expectancy — change by 1 year	$ 239	$ (251)

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.7 years.

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

(In thousands of Canadian dollars, unless otherwise stated)

Issued and outstanding:

The movements in share capital were as follows:

	Number of shares		Carrying amount
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
Year ended March 31, 2023			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2022	52,154,426	$	284,102
Repurchased and cancelled	(786,100)		(4,466)
Purchased and held in trust through employee share purchase plan	9,974		41
As at March 31, 2023	51,378,300	$	279,677
Multiple voting shares			
As at March 31, 2022 and 2023	17,941,498	$	18,226
	69,319,798	$	297,903

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

TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2023

During the period, no stock options were exercised and consequently, the Corporation issued 0 subordinate voting shares.

During the year ended March 31, 2023, the Corporation declared dividends of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share totalling $20,821. An amount of $20,880 was paid during the year. A dividend payable of $5,200 is accrued in the consolidated statement of financial position as at March 31, 2023 as it will be payable on or around June 15, 2023.

Share repurchase program

On September 23, 2022, the Toronto Stock Exchange (the "TSX") approved the implementation of a share repurchase program, which took effect on September 27, 2022. This program allows the Corporation to repurchase up to an aggregate 2,868,124 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, 2022. In accordance with TSX requirements, the Corporation is entitled to purchase, on any trading day, up to a total of 9,404 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, 2023.

The following table summarizes the Corporation's share repurchase activities during the years ended March 31, 2023 and 2022.

		2023		2022
Subordinate voting shares repurchased for cancellation *(unit)*		786,100		2,106,000
Average price per share	$	5.5911	$	7.1622
Total repurchase cost	$	4,395	$	15,084
Repurchase resulting in a reduction of:				
Share capital	$	4,466	$	11,970
Deficit [1]	$	(71)	$	3,114

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

(In thousands of Canadian dollars, unless otherwise stated)

TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2022

During the year ended March 31, 2022, 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.

Also during the year, the Corporation declared dividends of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share totalling $21,104. An amount of $21,254 was paid during the year. A dividend payable of $5,259 was accrued in the consolidated statement of financial position as at March 31, 2022 as it was paid on June 15, 2022.

25. NET CHANGE IN NON CASH OPERATING ITEMS

		2023		2022
Trade and other receivables	$	(4,873)	$	2,031
Inventories		(542)		(1,945)
Other current assets		(4,417)		1,255
Other non-current assets		(499)		(956)
Accounts payable and accrued liabilities		9,235		2,104
Deferred revenues		1,729		(1,289)
Income taxes payable		(4,181)		(1,430)
Other payables		(3,934)		206
	$	(7,482)	$	(24)

The following table summarizes the Corporation's additions not affecting cash and cash equivalents activities during the years ended March 31, 2023 and 2022.

		2023		2022
Additions to property and equipment	$	90	$	(434)
Additions to intangible assets, excluding broadcast licences and intangible assets acquired through business acquisitions		259		165
	$	349	$	(269)

(In thousands of Canadian dollars, unless otherwise stated)

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, 3,489,331 stock options were outstanding as at March 31, 2023 (3,469,807 as at March 31, 2022). 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, 2023 and 2022:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	3,469,807	$ 6.48	3,163,253	$ 6.30
Granted	166,701	6.12	434,204	6.97
Exercised (note 24)	—	—	(95,000)	3.09
Forfeited	(147,177)	6.73	(32,650)	5.18
Options outstanding, end of year	3,489,331	6.45	3,469,807	6.48
Exercisable options, end of year	2,470,260	$ 6.75	1,970,675	$ 6.97

The following is a summary of the information on the outstanding stock options as at March 31, 2023 and 2022:

		Outstanding options	**Exercisable options**
Exercise price	Number of options outstanding	Weighted average outstanding contractual life outstanding (years)	Number
March 31, 2023			
$ 4.63	717,520	4.18	328,760
5.60	644,996	3.18	483,747
6.12	160,496	6.19	—
6.13	21,929	3.85	16,447
6.25	287,880	2.15	287,880
6.92	337,740	5.18	84,435
7.00	25,000	2.36	25,000
7.03	44,248	5.62	11,062
7.27	311,047	3.21	311,047
7.62	458,270	4.23	458,270
7.69	22,124	5.87	5,531
7.92	43,698	5.60	43,698
8.61	414,383	5.19	414,383
$ 6.45	3,489,331	4.09	2,470,260

(In thousands of Canadian dollars, unless otherwise stated)

		Outstanding options	**Exercisable options**
Exercise price	Number of options outstanding	Weighted average outstanding contractual life outstanding (years)	Number
March 31, 2022			
$ 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

The weighted average fair value of the stock options granted during the year ended March 31, 2023 was $1.27 per stock option (2022 — $1.41). 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:

	2023	**2022**
Weighted average volatility	34%	35%
Weighted average risk-free interest rate	3.15%	0.86% - 1.82%
Weighted average expected life of options	5 years	5 years
Weighted average value of the subordinate voting share at grant date	$6.12	$6.92 - $7.69
Weighted average expected dividend rate	4.90%	3.90% - 4.34%

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 $454 for the year ended March 31, 2023 (2022 — $635).

The weighted average share price at the date of exercise for share options exercised during the year ended March 31, 2022 was $6.98. No options were exercised during Fiscal 2023.

(In thousands of Canadian dollars, unless otherwise stated)

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.

The following summarizes the changes in the plan’s position for the years ended March 31, 2023 and 2022:

	2023			2022		
	Number of units		Amount	Number of units		Amount
Unvested contributions, beginning of year	11,776	$	145	7,112	$	114
Contributions	51,374		324	39,464		325
Dividends credited	9,172		50	5,028		36
Vested	(70,520)		(415)	(39,828)		(330)
Unvested contributions, end of year	1,802	$	104	11,776	$	145

The weighted average fair value of the shares contributed during the year ended March 31, 2023 was $7.25 (2022 — $7.23).

Total share-based compensation costs recognized under the ESPP amount to $157 for the year ended March 31, 2023 (2022 — $163).

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, 2023, 470,766 PSU (2022 — 417,783) were granted at a range of $4.49 to $6.59 (2022 — $6.71 to $7.26) per unit to executives and employees and no outstanding PSU were vested. As at March 31, 2023, the fair value per unit was $5.89 (2022 — $7.32) for a total amount of $7,313 (2022 — $7,208) and was presented in accrued liabilities on the consolidated statements of financial position.

(In thousands of Canadian dollars, unless otherwise stated)

The following summarizes the changes in the plan's position for the years ended March 31, 2023 and 2022:

	2023		2022	
	Number of units	Amount	Number of units	Amount
Balance, beginning of year	1,472,787	$ 7,209	1,510,513	$ 5,705
Granted	470,766	—	417,783	—
Expense and revision of estimates	—	2,579	—	4,860
Liabilities settled	(268,671)	(2,035)	(448,061)	(3,342)
Forfeited	(104,472)	(440)	(7,448)	(15)
Balance, end of year	1,570,410	$ 7,313	1,472,787	$ 7,208
Balance, vested	—	—	—	—

Total share-based compensation costs recognized under the PSU plan amount to $2,139 for the year ended March 31, 2023 (2022 — $4,825).

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. DSU are vested as soon as they are granted.

During the year ended March 31, 2023, 210,062 DSU (2022 — 266,535) were granted at a range of $4.39 to $6.20 per unit to directors (2022 — $6.58 to $7.61) and 1,134,322 DSU were vested (2022 — 924,260). The total expense related to DSU plans amounted to $282 in 2023 (2022 — $954). As at March 31, 2023, the fair value per unit ranged from $5.94 to $5.96 (2022 — $7.26 to $7.43) for a total amount, including fringes, of $7,129 (2022 — $7,084) 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, 2023 and 2022:

	2023		2022	
	Number of units	Amount	Number of units	Amount
Balance, beginning of year	924,260	$ 7,084	672,827	$ 5,063
Granted	210,062	1,186	266,535	1,859
Settlement	—	—	(15,102)	(91)
Revision of estimates	—	(1,141)	—	253
Balance, end of year	1,134,322	$ 7,129	924,260	$ 7,084
Balance, vested	1,134,322	$ 7,129	924,260	$ 7,084

27. COMMITMENTS

The following table is a summary of the Corporation's operating obligations as at March 31, 2023 that are due in each of the next six years and thereafter.

	Operating obligations
2024	$ 2,961
2025	796
2026	508
2027	508
2028	495
2029 and thereafter	1,617
	$ 6,885

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.

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.

(In thousands of Canadian dollars, unless otherwise stated)

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:

- 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

The other areas involving 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

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.

(In thousands of Canadian dollars, unless otherwise stated)

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”).

- *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.

- *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.

(In thousands of Canadian dollars, unless otherwise stated)

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. Balance payable on business acquisitions is carried at amortized cost and its fair value is categorized under level 2 and measured based upon discounted future cash flows using a discount rate, adjusted for the Company's own credit risk, that reflects current market conditions for instruments with similar terms and risks.

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, 2023 and 2022. 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 use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at March 31, 2023	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 15,453				
Trade and other receivables	66,057				
Financial assets measured at fair value					
Investments	$ 1,845	$ 1,845	$ —	$ —	$ 1,845
Financial liabilities measured at amortized cost					
Credit facilities	$ 360,990				
Subordinated debt	25,543				
Accounts payable and accrued liabilities	68,748				
CRTC tangible benefits	14,765				
Accrued pension benefit liability	2,707				
Performance share unit payable	2,136				
Balance payable on business acquisitions	3,428			$ 3,392	
Financial liabilities measured at fair value					
Contingent consideration	$ 21,117	$ 21,117	$ —	$ —	$ 21,117
Derivative financial instruments	2,203	2,203	—	2,203	—

(In thousands of Canadian dollars, unless otherwise stated)

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	—

Fair value measurement (Level 3):

	Investments	Contingent consideration
Balance as at March 31, 2021	$ 900	$ 14,456
Change in fair value, including foreign exchange differences	12	(7,598)
Additions	703	—
Addition through business acquisition	—	15,807
Settlements	—	(3,461)
Balance as at March 31, 2022	$ 1,615	$ 19,204
Change in fair value, including foreign exchange differences	40	1,098
Additions	190	—
Additions through business acquisitions	—	1,243
Settlements	—	(428)
Balance as at March 31, 2023	$ 1,845	$ 21,117

INVESTMENTS

For the years ended March 31, 2023 and 2022, the equity instruments in a private entity were classified as 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 $92 and $81 during the years ended March 31, 2023 and 2022 respectively.

(In thousands of Canadian dollars, unless otherwise stated)

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 discount 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 $2,111 and if projected cash flows were 10% lower, the fair value would have decreased by $2,111. Discount rates ranging from 15% to 47% 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 $37.

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, 2023 and March 31, 2022 were as follows:

	2023	2022
Current	$ 30,271	$ 25,867
Past due 0-30 days	13,880	12,252
Past due 31-60 days	8,312	7,363
Past due 61-90 days	4,786	4,171
Past due more than 90 days	11,717	7,067
Total trade receivables	68,966	56,720
Less : allowance for expected credit losses	(7,833)	(5,929)
	$ 61,133	$ 50,791

(In thousands of Canadian dollars, unless otherwise stated)

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

		2023		2022
Balance, beginning of year	$	5,929	$	3,198
Bad debt expense		1,144		88
Other reserve increase		760		2,643
Balance, end of year	$	7,833	$	5,929

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, 2023:

		Total carrying amount		Contractual cash flows		Less than 1 year		1 to 5 years		More than 5 years
Credit facilities	$	360,990	$	361,854	$	7,500	$	354,354	$	—
Subordinated debt		25,543		25,600		—		25,600		—
Accounts payables and accrued liabilities		74,826		74,826		74,826		—		—
Other liabilities		47,984		49,712		32,898		14,978		1,836

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.

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.

(In thousands of Canadian dollars, unless otherwise stated)

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

	March 31, 2023		March 31, 2022	
	USD	EURO	USD	EURO
Cash and cash equivalents	6,183	677	4,887	680
Trade receivables	4,710	1,761	3,654	1,580
Investments	2,807	—	2,850	—
Credit facilities	(12,000)	(10,000)	(7,800)	(3,800)
Accounts payable and accrued liabilities	(461)	(280)	(1,099)	(219)
Contingent consideration and balance payable on business acquisitions	(3,304)	—	—	—
Net balance exposure	(2,065)	(7,842)	2,492	(1,759)
Equivalent in Canadian dollars	(2,795)	(11,572)	3,114	(2,437)

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

	2023		2022	
	Average	Reporting	Average	Reporting
USD per CAD	1.3228	1.3533	1.2535	1.2496
EURO per CAD	1.3773	1.4757	1.4573	1.3853

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, 2023		March 31, 2022	
	USD	EURO	USD	EURO
Increase (decrease) in net income	(139)	(579)	156	(122)

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.

To manage its currency risk, the Corporation entered into foreign exchange forward contracts during the year ended March 31, 2023. The table below summarizes the contracts effective as at March 31, 2023:

Maturity	Type	Contract exchange rate	Contractual amount	Mark-to-market liabilities (assets) as at March 31, 2023
Foreign exchange forward contracts				
0 to 12 months	USD Sale	1.2831 – 1.3000	$ 24,000	$ 1,121
13 to 24 months	USD Sale	1.3260 – 1.3565	24,000	(106)
			$ 48,000	$ 1,015

(In thousands of Canadian dollars, unless otherwise stated)

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 are 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 summarizes the interest rate contracts effective as at March 31, 2023 and 2022:

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market assets (liabilities) as at March 31, 2023	Mark-to-market assets (liabilities) as at March 31, 2022
Swaptions					
October 25, 2024	CAD	—	$ 100,000	$ (490)	$ (604)
October 25, 2024	CAD	—	100,000	(699)	(860)
			200,000	(1,189)	(1,464)
Swap					
September 29, 2026	CAD	3.5975%	70,000	1	—
			$ 270,000	$ (1,188)	$ (1,464)

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.

Given that the Corporation did not elect to apply hedge accounting during the years ended March 31, 2023 and 2022, mark-to-market gains (losses) of $(739) and $3,397 were recorded in net finance expense (income), respectively.

(In thousands of Canadian dollars, unless otherwise stated)

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:

	2023	2022
Contingent consideration, including current portion	$ 21,117	$ 19,204
Balance payable on business acquisitions, including current portion	3,428	2,559
Credit facilities	360,990	358,203
Subordinated debt	25,543	25,442
Cash and cash equivalents	(15,453)	(14,563)
Net debt, including contingent consideration and balance payable on business acquisition	395,625	390,845
Total equity	286,269	273,529
	$ 681,894	$ 664,374

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:

	2023	2022
Short-term employee benefits	$ 5,444	$ 5,074
Share-based compensation	358	525
Performance share units	1,213	2,533
Deferred share units	(282)	954
	$ 6,733	$ 9,086

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.

(In thousands of Canadian dollars, unless otherwise stated)

During the year ended March 31, 2023, the Corporation recognized revenues amounted to $689 (2022 — $794) 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 6, 2023.

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.

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.

(In thousands of Canadian dollars, unless otherwise stated)

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. The Corporation accounts for its interest in a joint venture using the equity method. Under the equity method, the joint venture is initially recognized at cost. Subsequent to initial recognition, the consolidated financial statements include the Corporation's share of the earnings and losses in the joint venture. Distributions received from a joint venture reduce the carrying amount of the investment. Additionally, the Corporation makes capital calls, which are treated as additions to the investment in the joint venture.

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.

(In thousands of Canadian dollars, unless otherwise stated)

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.

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

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

Financial liabilities

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

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

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

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

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

Derivative financial instruments

The Corporation use derivative financial instruments to manage its interest rate risk on its credit facilities and its currency risk on its trade 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.

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.

(In thousands of Canadian dollars, unless otherwise stated)

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.

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.

(In thousands of Canadian dollars, unless otherwise stated)

(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.

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

(In thousands of Canadian dollars, unless otherwise stated)

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.

(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 to 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.

(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.

(In thousands of Canadian dollars, unless otherwise stated)

(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 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.

(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.

(In thousands of Canadian dollars, unless otherwise stated)

(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.

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.

(In thousands of Canadian dollars, unless otherwise stated)

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.

(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.

Annual General Meeting of Shareholders

The Annual General Meeting will be held virtually by videoconference on August 9, 2023.

Provisional calendar of results

First quarter of 2024
August 8, 2023

Second quarter of 2024
November 7, 2023

Third quarter of 2024
February 6, 2024

Fourth quarter of 2024
June 4, 2024

Stock exchange

TSX : RAY.A and RAY.B

Transfer agent

TSX Trust Company
2001 Boulevard Robert-Bourassa
Suite 1600
Montreal, Quebec
H3A 2A6
Canada

1 514.285.8300 or 1 800.387.0825
help@astfinancial.com
www.tsxtrust.com

Glossary *of terms*

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

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.

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

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).

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

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

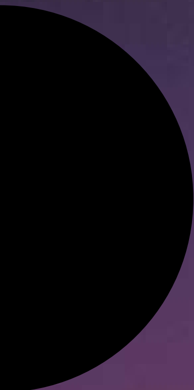
Pay TV: Television broadcasting in which viewers pay by subscription to watch a particular channel.

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

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.

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.

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).



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