STINGRAY®

Third Quarter Report

Fiscal 2023

For the nine-month period ended December 31, 2022

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BASIS OF PREPARATION AND FORWARD-LOOKING STATEMENTS

The following is the quarterly 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 unaudited interim consolidated financial statements and accompanying notes for the three-month and nine-month periods ended December 31, 2022 and 2021, and with the most recent audited consolidated financial statements and MD&A for the year ended March 31, 2022. This MD&A reflects information available to the Corporation as at February 7, 2023. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com. The auditors of the Corporation have not performed a review of the interim financial report for the three-month and nine-month periods ended December 31, 2022 and 2021.

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 included 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 risk factors disclosed in the Annual Information Form for the year ended March 31, 2022 available on SEDAR.

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 over 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 December 31, 2022 ("Q3 2023"):

\$89.2 M ▲ 18.9% from Q3 2022 Revenues	**\$12.9 M** Or \$0.19 per share Net income	**\$24.6 M** ▼ 0.6% from Q3 2022 Cash flow from operating activities
\$34.5 M ▲ 20.9% from Q3 2022 Adjusted EBITDA(1)	**\$16.5 M** ▼ 3.4% from Q3 2022 Adjusted Net income(1) Or \$0.24 per share(1)	**\$18.1 M** ▲ 22.8% from Q3 2022 Adjusted free cash flow(1) Or \$0.26 per share(1)

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the third quarter ended December 31, 2022:

Compared to the quarter ended December 31, 2021 ("Q3 2022"):

- Revenues increased 18.9% to $89.2 million from $75.0 million;
- Adjusted EBITDA(1) increased 20.9% to $34.5 million from $28.5 million. Adjusted EBITDA by segment was $22.6 million or 41.7% of revenues for Broadcasting and Commercial Music, $13.3 million or 37.9% of revenues for Radio and $(1.4) million for Corporate;
- Net income was $12.9 million ($0.19 per share(1)) compared with $12.5 million ($0.18 per share(1));
- Adjusted Net income(1) of $16.5 million ($0.24 per share(1)) compared with $17.0 million ($0.24 per share(1));
- Cash flow from operating activities decreased 0.6% to $24.6 million ($0.35 per share(1)) compared to $24.8 million ($0.35 per share(1));
- Adjusted free cash flow(1) increased 22.8% to $18.1 million ($0.26 per share(1)) compared to $14.7 million ($0.21 per share(1));
- Net debt to Pro Forma Adjusted EBITDA(1) ratio of 3.34x, compared with 3.01x and;
- 340,900 shares repurchased and cancelled for a total of $1.6 million, compared with 927,800 shares repurchased and cancelled for a total of $6.4 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 6 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 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

Business Highlights:

- 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 will be payable on or around 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.
- On December 22, 2022, the Corporation announced the launch of free ad-supported TV channels Stingray Music, Stingray Naturescape and Stingray CMusic with two major OTT providers: Freevee (US) and Samsung TV Plus (Austria, Germany, Italy, Netherlands, Sweden and Switzerland). These distribution agreements grow Stingray's audience over new platforms in new territories and add millions of potential viewers.
- On December 15, 2022, the Corporation announced an expanded exclusive partnership between Stingray Advertising and Hivestack, the world's largest, independent, programmatic digital out-of-home ad tech company, to power their retail audio advertising network across several markets. The integration of Stingray's proprietary streaming media player into Hivestack's suite of supply side technology is already active in Canada and will now allow for retail audio advertising inventory to be available programmatically in the United States, Mexico, and Australia for the first time.
- On December 14, 2022, the Corporation announced the launch of a brand new Karaoke app available on all Samsung Smart TVs worldwide. Samsung Smart TV users have now access to over 70,000 licensed songs to sing along to, from today's top charting artists to yesterday's legends, in all the most popular genres, including pop, rock, country, R&B, hip-hop, Disney, and more.
- On November 8, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend was paid on December 15, 2022, to shareholders on record as of November 30, 2022.
- On November 3, 2022, the Corporation announced that Familiprix has joined Stingray Advertising's retail audio advertising network. Under the agreement, Stingray Advertising will be responsible for exclusive sales representation of all in-store digital audio advertising within their 427 pharmacies in Quebec and New Brunswick.
- On October 25, 2022, the Corporation announced that Chatter by Stingray launched Save the Sale: a new solution that enables brands to convert non-purchasers into buyers by uncovering their pain points through one-to-one conversations in real time. The highly engaging platform captures up to 40% of non-purchaser feedback, giving brands unprecedented access to a neglected demographic.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	3 months				9 months			
	Dec. 31, 2022 Q3 2023		Dec. 31, 2021 Q3 2022 Recast(3)		Dec. 31, 2022 YTD 2023		Dec. 31, 2021 YTD 2022 Recast(3)	
(in thousands of Canadian dollars, except per share amounts)	**$**	**% of revenues**	**$**	**% of revenues**	**$**	**% of revenues**	**$**	**% of revenues**
Revenues	89,242	100.0 %	75,028	100.0 %	245,013	100.0 %	209,982	100.0 %
Operating expenses	54,707	61.3 %	47,399	63.2 %	157,689	64.3 %	136,361	64.9 %
Depreciation, amortization and write-off	7,472	8.4 %	8,187	10.9 %	24,802	10.1 %	26,305	12.5 %
Net finance expense (1)	7,205	8.1 %	1,999	2.7 %	23,086	9.4 %	6,888	3.3 %
Change in fair value of investments	68	0.1 %	3	0.0 %	(300)	(0.1) %	(10)	0.0 %
Acquisition, legal, restructuring and other expenses	1,809	2.0 %	779	1.0 %	5,277	2.2 %	2,795	1.3 %
Income before income taxes	17,981	20.1 %	16,661	22.2 %	34,459	14.1 %	37,643	18.0 %
Income taxes	5,037	5.6 %	4,115	5.5 %	8,787	3.6 %	8,822	4.2 %
Net income	12,944	14.5 %	12,546	16.7 %	25,672	10.5 %	28,821	13.8 %
Adjusted EBITDA(2)	34,450	38.6 %	28,504	38.0 %	87,567	35.7 %	78,246	37.3 %
Adjusted Net income(2)	16,464	18.4 %	17,048	22.7 %	40,534	16.5 %	44,609	21.2 %
Cash flow from operating activities	24,605	27.6 %	24,762	33.0 %	59,397	24.2 %	61,536	29.3 %
Adjusted free cash flow(2)	18,085	20.3 %	14,731	19.6 %	48,753	19.9 %	45,100	21.5 %
Net debt(2)	379,382	–	374,578	–	379,382	–	374,578	–
Net debt to Pro Forma Adjusted EBITDA(2)	3.34x	–	3.01x	–	3.34x	–	3.01x	–
Net income per share basic and diluted	0.19	–	0.18	–	0.37	–	0.40	–
Adjusted Net income per share basic(2)	0.24	–	0.24	–	0.58	–	0.63	–
Adjusted Net income per share diluted(2)	0.24	–	0.24	–	0.58		0.62	
Cash flow from operating activities per share basic and diluted	0.35	–	0.35	–	0.85	–	0.86	–
Adjusted free cashflow per share basic and diluted(2)	0.26	–	0.21	–	0.70	–	0.63	–
Revenues by segment								
Broadcasting and Commercial Music	54,158	60.7 %	40,085	53.4 %	145,189	59.3 %	113,498	54.1 %
Radio	35,084	39.3 %	34,943	46.6 %	99,824	40.7 %	96,484	45.9 %
Revenues	89,242	100.0 %	75,028	100.0 %	245,013	100.0 %	209,982	100.0 %
Revenues by geography								
Canada	49,471	55.4 %	49,286	65.7 %	143,365	58.5 %	137,283	65.4 %
United States	26,561	29.8 %	12,588	16.8 %	64,024	26.1 %	33,258	15.8 %
Other Countries	13,210	14.8 %	13,154	17.5 %	37,624	15.4 %	39,441	18.8 %
Revenues	89,242	100.0 %	75,028	100.0 %	245,013	100.0 %	209,982	100.0 %

Notes:

(1) Interest paid during the Q3 2023 was $6.9 million (Q3 2022; $3.9 million). Interest paid for YTD Q3 2023 was $17.0 million (YTD Q3 2022; $11.0 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 6 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 8 and “Reconciliation of Quarterly Non-IFRS Measures” on page 17.

(3) The 2022 comparative figures have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and commercial music segment from previously recorded $76.0 million and $48.4 million to recast $75.0 million and $47.4 million, respectively. Year-to-date 2022 revenues and operating expenses have been reduced from $212.3 million to $210.0 million and $138.7 million to $136.4 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, acquisition, restructuring and other various costs and change in fair value of investments. 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, 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.

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		9 months	
(in thousands of Canadian dollars)	Dec. 31, 2022 **Q3 2023**	Dec. 31, 2021 **Q3 2022**	Dec. 31, 2022 **YTD 2023**	Dec. 31, 2021 **YTD 2022**
Net income	**12,944**	**12,546**	**25,672**	**28,821**
Net finance expense (income)	7,205	1,999	23,086	6,888
Change in fair value of investments	68	3	(300)	(10)
Income taxes	5,037	4,115	8,787	8,822
Depreciation and write-off of property and equipment	1,784	2,237	7,331	7,207
Depreciation of right-of-use assets	1,092	1,281	3,281	3,875
Amortization of intangible assets	4,596	4,669	14,190	15,223
Share-based compensation	153	216	454	576
Performance and deferred share unit expense	(238)	659	(211)	4,049
Acquisition, legal, restructuring and other expenses	1,809	779	5,277	2,795
Adjusted EBITDA	**34,450**	**28,504**	**87,567**	**78,246**
Adjusted EBITDA margin	**38.6%**	**38.0%**	**35.6%**	**37.3%**
Net income	**12,944**	**12,546**	**25,672**	**28,821**
Adjusted for:				
Unrealized loss (gain) on derivative financial instruments	(1,642)	(248)	809	(1,247)
Amortization of intangible assets	4,596	4,669	14,190	15,223
Change in fair value of investments	68	3	(300)	(10)
Share-based compensation	153	216	454	576
Performance and deferred share unit expense	(238)	659	(211)	4,049
Acquisition, legal, restructuring and other expenses	1,809	779	5,277	2,795
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses	(1,226)	(1,576)	(5,357)	(5,598)
Adjusted Net income	**16,464**	**17,048**	**40,534**	**44,609**
Average number of shares outstanding (diluted)	69,678	70,960	69,872	71,738
Adjusted Net income per share (diluted)	**0.24**	**0.24**	**0.58**	**0.62**

(in thousands of Canadian dollars)	**December 31, 2022**	**December 31, 2021**	**March 31, 2022**
LTM Adjusted EBITDA	**108,590**	**101,884**	**99,269**
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	-	19,500	16,000
COVID-19 credits allocated due to mandated store closures	-	3,051	1,535
Permanent cost-saving initiatives	5,074	-	-
Pro Forma Adjusted EBITDA	**113,664**	**124,435**	**116,804**

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

(in thousands of Canadian dollars)	3 months		9 months	
	Dec. 31, 2022 **Q3 2023**	Dec. 31, 2021 **Q3 2022**	Dec. 31, 2022 **YTD 2023**	Dec. 31, 2021 **YTD 2022**
Cash flow from operating activities	**24,605**	**24,762**	**59,397**	**61,536**
Add / Less :				
Acquisition of property and equipment	(1,997)	(2,181)	(5,247)	(6,618)
Acquisition of intangible assets other than internally developed intangible assets	(532)	(276)	(898)	(779)
Addition to internally developed intangible assets	(1,978)	(2,058)	(4,707)	(6,261)
Interest paid	(6,882)	(3,868)	(17,050)	(10,993)
Repayment of lease liabilities	(974)	(1,130)	(3,311)	(3,741)
Net change in non-cash operating working capital items	3,376	(1,533)	14,559	7,595
Unrealized loss on foreign exchange	658	236	733	1,566
Acquisition, legal, restructuring and other expenses	1,809	779	5,277	2,795
Adjusted free cash flow	**18,085**	**14,731**	**48,753**	**45,100**
Average number of shares outstanding (diluted)	69,678	70,960	69,872	71,738
Adjusted free cash flow per share (diluted)	**0.26**	**0.21**	**0.70**	**0.63**

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

(in thousands of Canadian dollars)	**December 31, 2022**	**December 31, 2021**	**March 31, 2022**
Credit facilities	366,168	317,957	358,203
Subordinated debt	25,517	25,416	25,442
Cash and cash equivalents	(12,303)	(11,266)	(14,563)
Portion of the balance payable on acquisition of InStore Audio Network paid on January 5, 2022	-	42,471	-
Net debt	**379,382**	**374,578**	**369,082**
Net debt to Pro Forma Adjusted EBITDA	**3.34**	**3.01**	**3.16**

FINANCIAL RESULTS FOR THE PERIODS ENDED DECEMBER 31, 2022 AND 2021

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2023	Q3 2022	% Change	YTD 2023	YTD 2022	% Change
Revenues by geography						
Canada	49,471	49,286	0.4	143,365	137,283	4.4
United States	26,561	12,588	111.0	64,024	33,258	92.5
Other Countries	13,210	13,154	0.4	37,624	39,441	(4.6)
Revenues	89,242	75,028	18.9	245,013	209,982	16.7

Global

Revenues in Q3 2023 increased $14.2 million or 18.9% to $89.2 million, from $75.0 million for Q3 2022. The increase was primarily due to the acquisition of InStore Audio Network and to a positive foreign exchange impact.

Cumulative revenues for Fiscal 2023 increased $35.0 million or 16.7% to $245.0 million, from $210.0 million for cumulative Fiscal 2022. The increase was largely due to the acquisition of InStore Audio Network, to an increase in Radio revenues driven by growth in digital sales, to an increase in subscription revenues and to a positive foreign exchange impact.

Canada

Revenues in Canada in Q3 2023 increased $0.2 million or 0.4% to $49.4 million, from $49.2 million for Q3 2022. The increase was mainly due to an increase in equipment and installation sales related to digital signage and to an increase in Radio revenues due to growth in digital sales, partially offset by a decrease in audio channel revenues.

Cumulative revenues in Canada for Fiscal 2023 increased $6.1 million or 4.4% to $143.4 million, from $137.3 million for cumulative Fiscal 2022. The increase was 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 Q3 2023 increased $14.0 million or 111.0% to $26.6 million, from $12.6 million for Q3 2022. The increase was largely due to the acquisition of InStore Audio Network and to a positive foreign exchange impact.

Cumulative revenues in the United States for Fiscal 2023 increased $30.7 million or 92.5% to $64.0 million, from $33.3 million for cumulative Fiscal 2022. The increase was primarily due to the acquisition of InStore Audio Network, to a positive foreign exchange impact and to an increase in subscription revenues, partially offset by a decrease in audio channel revenues.

Other Countries

Revenues in Other countries in Q3 2023 remained stable at $13.2 million compared to Q2 2022. The nil variance was mostly due to a positive foreign exchange impact, largely offset by a decrease in In-store commercial revenues.

Cumulative revenues in Other countries for Fiscal 2023 decreased $1.8 million or 4.6% to $37.6 million, from $39.4 million for cumulative Fiscal 2022. The decrease was primarily due to a decrease in In-store commercial revenues.

Operating expenses

Operating expenses in Q3 2023 increased $7.3 million or 15.4% to $54.7 million, from $47.4 million for Q3 2022. The increase was mainly related to higher variable and operating costs due to the acquisition of InStore Audio Network.

Cumulative operating expenses for Fiscal 2023 increased $21.3 million or 15.6% to $157.7 million, from $136.4 million for cumulative Fiscal 2022. The increase was due to higher operating costs related to the acquisition of InStore Audio Network and higher revenues, and to Canadian Emergency Wage Subsidy (CEWS) in the comparative period (YTD 2023; nil, YTD 2022; $5.7 million).

Adjusted EBITDA(1)

Adjusted EBITDA in Q3 2023 increased $6.0 million or 20.9% to $34.5 million from $28.5 million for Q3 2022. Adjusted EBITDA margin was 38.6% compared to 38.0% for Q3 2022. Cumulative Adjusted EBITDA for Fiscal 2023 increased $9.4 million or 11.9% to $87.6 million from $78.2 million for cumulative Fiscal 2022. Adjusted EBITDA margin was 35.6% compared to 37.3% for cumulative Fiscal 2022. Both increases in Adjusted EBITDA were mainly due to the acquisition of InStore Audio Network, partially offset by CEWS in the comparative period. The increase in Adjusted EBITDA margin for Q3 2023 was due to the increase in revenues. The decrease in Adjusted EBITDA margin for Fiscal 2023 was due to CEWS in the comparative period.

Depreciation, amortization and write off

Depreciation, amortization and write off in Q3 2023 decreased $0.7 million or 8.7% to $7.5 million, from $8.2 million for Q3 2022. Cumulative depreciation, amortization and write off for Fiscal 2023 decreased $1.5 million or 5.7% to $24.8 million, from $26.3 million for cumulative Fiscal 2022. Both decreases were mainly due to less intangible assets to amortize compared to the prior period as certain intangible assets are now fully amortized.

Net finance expense

Net finance expense in Q3 2023 increased $5.2 million or 260.4% to $7.2 million, from $2.0 million for Q3 2022. The increase was mainly due to higher interest expense in the current period and to a gain on the change in fair value of contingent consideration in the comparative period, partially offset by a gain on the fair value of financial derivative instruments.

Cumulative Net finance expense for Fiscal 2023 increased $16.2 million or 235.2% to $23.1 million, from $6.9 million for cumulative Fiscal 2022. The increase was mainly due to a gain on the change in the fair value of contingent consideration in the comparative period and to higher interest expense.

Change in fair value of investments

In Q3 2023 there was a loss of $0.1 million, while for cumulative 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 Q3 2022 and in cumulative Fiscal 2022, there was no gain or loss on the fair value of investments.

Acquisition, legal, restructuring and other expenses

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2023	Q3 2022	% Change	YTD 2023	YTD 2022	% Change
Acquisition	88	30	414.3	302	243	24.3
Legal	555	101	45.8	1,067	1,177	(9.3)
Restructuring and other	1,166	648	317.8	3,908	1,375	184.2
Acquisition, legal, restructuring and other expenses	1,809	779	88.2	5,277	2,795	88.8

In Q3 2023 and in cumulative Fiscal 2023, there was an increase in restructuring and other costs mainly due to higher severance costs and other expenses related to the implementation of a restructuring plan.

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 6 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 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

Income taxes

The income tax expense recognized in comprehensive income was $5.0 million for Q3 2023 compared to $4.1 million for Q3 2022. The effective tax rate for Q3 2023 was 28.0% compared to 24.7% for Q3 2022. The income tax expense recognized in comprehensive income was $8.8 million for cumulative Fiscal 2023 and for cumulative Fiscal 2022. The effective tax rate for cumulative Fiscal 2023 was 25.5% compared to 22.9% for cumulative Fiscal 2022. Both variances in the effective tax rates are mainly due to the variance in permanent differences.

Net income and Net income per share

Net income in Q3 2023 was $12.9 million ($0.19 per share) compared to $12.5 million ($0.18 per share) for Q3 2022. The increase was mainly due to higher operating results, partially offset by higher interest expense and by a gain on the fair value of contingent consideration in the comparative period.

Cumulative Net income for Fiscal 2023 was $25.7 million ($0.37 per share) compared to $28.8 million ($0.40 per share) for cumulative Fiscal 2022. The decrease was mainly due to a gain on the fair value of contingent consideration in the comparative period, to higher interest expense and to a loss on the fair value of derivative financial instruments, partially offset by higher operating results and by a gain on performance and deferred share units expense related to a decrease in the share price.

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

Adjusted Net income in Q3 2023 was $16.5 million ($0.24 per share), compared to $17.0 million ($0.24 per share) for Q3 2022. The decrease was primarily due to higher interest expense and to a gain on the fair value of contingent consideration in the comparative period, partially offset by higher operating results.

Cumulative Adjusted Net income for Fiscal 2023 was $40.5 million ($0.58 per share), compared to $44.6 million ($0.62 per share) for cumulative 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:

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BUSINESS SEGMENT PERFORMANCE

BROADCASTING AND COMMERCIAL MUSIC

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2023	Q3 2022	% Change	YTD 2023	YTD 2022	% Change
Revenues	54,158	40,085	35.1	145,189	113,498	27.9
Operating expenses	31,563	25,489	23.8	88,883	69,707	27.5
Adjusted EBITDA(1)	**22,595**	**14,596**	**54.8**	**56,306**	**43,791**	**28.6**
Adjusted EBITDA margin(1)	**41.7%**	**36.4%**	**14.6**	**38.8%**	**38.6%**	**0.5**

Revenues

In Q3 2023, Broadcasting and Commercial Music revenues increased $14.1 million or 35.1% to $54.2 million, from $40.1 million for Q3 2022. The increase was mainly due to the acquisition of InStore Audio Network and to a positive foreign exchange impact.

Cumulative Broadcasting and Commercial Music revenues for Fiscal 2023 increased $31.7 million or 27.9% to $145.2 million from $113.5 million for cumulative Fiscal 2022. The increase was primarily due to the acquisition of InStore Audio Network, to an increase in subscription revenues, to an increase in equipment and installation sales related to digital signage and to a positive foreign exchange impact, partially offset by a decrease in audio channel revenues.

Adjusted EBITDA(1)

In Q3 2023, Broadcasting and Commercial Music Adjusted EBITDA increased $8.0 million or 54.8% to $22.6 million from $14.6 million for Q3 2022. The increase was mainly due to the acquisition of InStore Audio Network.

Cumulative Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2023 increased $12.5 million or 28.6% to $56.3 million from $43.8 million for cumulative 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 cumulative Fiscal 2022.

RADIO

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2023	Q3 2022	% Change	YTD 2023	YTD 2022	% Change
Revenues	35,084	34,943	0.4	99,824	96,484	3.5
Operating expenses	21,796	19,923	9.4	64,595	58,106	11.2
Adjusted EBITDA(1)	**13,288**	**15,020**	**(11.5)**	**35,229**	**38,378**	**(8.2)**
Adjusted EBITDA margin(1)	**37.9%**	**43.0%**	**(11.9)**	**35.3%**	**39.8%**	**(11.3)**

Revenues

Radio revenues are derived from the sale of advertising airtime, which is subject to the seasonal fluctuations of the Canadian radio industry. Accordingly, the first and third quarter results tend to be the strongest and the second and fourth quarter results tend to be the weakest in a fiscal year.

In Q3 2023, Radio revenues increased $0.2 million or 0.4% to $35.1 million from $34.9 million for Q3 2022. Cumulative Radio revenues for Fiscal 2023 increased $3.3 million or 3.5% to $99.8 million from $96.5 million for cumulative Fiscal 2022. Both increases were largely due to growth in digital revenues.

Adjusted EBITDA(1)

In Q3 2023, Radio Adjusted EBITDA decreased $1.7 million or 11.5% to $13.3 million from $15.0 million in Q3 2022. Cumulative Radio Adjusted EBITDA for Fiscal 2023 decreased $3.2 million or 8.2% to $35.2 million from $38.4 million for cumulative Fiscal 2022. Both decreases were mostly related to CEWS in the comparative period.

Note:

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CORPORATE

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2023	Q3 2022	% Change	YTD 2023	YTD 2022	% Change
Operating expenses	1,348	1,987	(32.2)	4,211	8,548	(50.7)
Adjust:						
Share-based compensation	(153)	(216)	(29.2)	(454)	(576)	(21.2)
Performance and deferred share unit expense	238	(659)	(136.1)	211	(4,049)	(105.2)
Adjusted EBITDA(1)	**(1,433)**	**(1,112)**	**28.9**	**(3,968)**	**(3,923)**	**1.1**

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 in Q3 2023 and in cumulative Fiscal 2023 is related to a gain 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 6 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 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

Quarterly results

Revenues fluctuated over the last eight quarters from $59.7 million in Q4 2021 to $89.2 million in Q3 2023. The increase in Q1 2022 was due to the gradual easing of COVID-19 restrictions. The increase in Q2 2022 was due to the gradual easing of COVID-19 restrictions, 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.

Adjusted EBITDA(1) fluctuated over the last eight quarters from $23.6 million in Q4 2021 to $34.5 million in Q3 2023. The increase in Q1 2022 was due to normal business seasonality and change in product mix, partially offset by higher operating costs. The increase in Q2 2022 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 was mainly due to normal business seasonality.

Net income (loss) fluctuated over the last eight quarters from $12.1 million in Q4 2021 to $12.9 million in Q3 2023. In Q1 2022, the decrease was due to a negative change in fair value of mark-to-market on derivative financial instruments and a lower foreign exchange gain, partially offset by lower income tax expense, and lower acquisition and restructuring costs. In Q2 2022, the increase was due a positive change in the fair value of contingent consideration, a positive change in fair value of derivative financial instruments and higher operating results, partially offset by a foreign exchange loss. In Q3 2022, the increase 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.

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 6 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 8 and “Reconciliation of Quarterly Non-IFRS Measures” on page 17.

Summary of Consolidated Quarterly Results

(in thousands of Canadian dollars, except per share amounts)	3 months							
	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)	March 31, 2021 Recast(2)
	FY2023	**FY2023**	**FY2023**	**FY2022**	**FY2022**	**FY2022**	**FY2022**	**FY2021**
Revenues by segment								
Broadcasting and Commercial Music	54,158	44,901	46,130	45,584	40,085	38,392	35,021	35,780
Radio	35,084	32,734	32,006	27,060	34,943	32,311	29,230	23,960
Total revenues	**89,242**	**77,635**	**78,136**	**72,644**	**75,028**	**70,703**	**64,251**	**59,740**
Revenues by geography								
Canada	49,471	47,236	46,658	40,456	49,286	46,659	41,338	35,594
United States	26,561	18,360	19,103	19,145	12,588	10,853	9,817	10,366
Other countries	13,210	12,039	12,375	13,043	13,154	13,191	13,096	13,780
Total revenues	**89,242**	**77,635**	**78,136**	**72,644**	**75,028**	**70,703**	**64,251**	**59,740**
Adjusted EBITDA(1)	**34,450**	**27,031**	**26,086**	**21,023**	**28,504**	**25,587**	**24,155**	**23,638**
LTM Adjusted EBITDA(1)	**108,590**	**102,644**	**101,200**	**99,269**	**101,884**	**107,373**	**112,942**	**114,268**
Net income	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**	**12,077**
Net income per share basic and diluted	0.19	0.05	0.13	0.06	0.18	0.17	0.06	0.17
Adjusted Net income(1)	**16,464**	**10,825**	**13,245**	**11,780**	**17,048**	**16,323**	**11,238**	**11,981**
Adjusted Net income per share basic(1)	0.24	0.16	0.19	0.17	0.24	0.23	0.16	0.17
Adjusted Net income per share diluted(1)	0.24	0.15	0.19	0.17	0.24	0.23	0.16	0.16
Cash flow from operations	**24,605**	**18,446**	**16,346**	**22,127**	**24,762**	**20,437**	**16,337**	**24,514**
Adjusted free Cash Flow(1)	**18,085**	**15,009**	**15,659**	**11,833**	**14,731**	**15,362**	**15,007**	**13,808**
Quarterly dividend	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**

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 6 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 8 and “Reconciliation of Quarterly Non-IFRS Measures” on page 17.

(2) The comparative figures of the first three quarters of Fiscal 2022 and of Fiscal 2021 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 $41.1 million to $40.1 million for Q3 2022, from $39.1 million to 38.4 million for Q2 2022, from $35.6 million to $35.0 million for Q1 2022 and from $36.4 million to $35.8 million for Q4 2021.

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 financial performance. Refer to "Supplemental information on Non-IFRS Measures" on page 6.

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)	**Dec. 31, 2022**	**Sept. 30, 2022**	**June 30, 2022**	**March 31, 2022**	**Dec. 31, 2021**	**Sept. 30, 2021**	**June 30, 2021**	**March 31, 2021**
	Fiscal 2023	**Fiscal 2023**	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2022**	**Fiscal 2022**	**Fiscal 2022**	**Fiscal 2021**
Net income	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**	**12,077**
Net finance expense (income)	7,205	11,906	3,975	(769)	1,999	(364)	5,253	(7,284)
Change in fair value of investments	68	(247)	(121)	12	3	(13)	–	–
Income taxes	5,037	611	3,139	191	4,115	2,874	1,833	4,047
Depreciation and write-off of property and equipment	1,784	2,876	2,671	3,862	2,237	2,446	2,524	3,082
Depreciation of right-of-use assets	1,092	1,066	1,123	1,201	1,281	1,298	1,296	1,436
Amortization of intangible assets	4,596	4,822	4,772	4,176	4,669	4,927	5,627	5,303
Share-based compensation	153	164	137	222	216	196	164	235
Performance and deferred share unit expense (income)	(238)	427	(400)	1,750	659	1,300	2,090	2,028
Acquisition, legal, restructuring and other expenses	1,809	2,075	1,393	5,912	779	848	1,168	2,714
Adjusted EBITDA	**34,450**	**27,031**	**26,086**	**21,023**	**28,504**	**25,587**	**24,155**	**23,638**
Adjusted EBITDA margin	**38.6%**	**34.8%**	**33.4%**	**28.9%**	**38.0%**	**36.2%**	**37.6%**	**39.6%**
Net income	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**	**12,077**
Adjusted for:								
Unrealized loss (gain) on derivative financial instruments	(1,642)	2,996	(545)	(2,150)	(248)	(1,517)	518	(10,498)
Amortization of intangible assets	4,596	4,822	4,772	4,176	4,669	4,927	5,627	5,303
Change in fair value of investments	68	(247)	(121)	12	3	(13)	–	–
Share-based compensation	153	164	137	222	216	196	164	235
Performance and deferred share unit expense	(238)	427	(400)	1,750	659	1,300	2,090	2,028
Acquisition, legal, restructuring and other expenses	1,809	2,075	1,393	5,912	779	848	1,168	2,714
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses	(1,226)	(2,743)	(1,388)	(2,608)	(1,576)	(1,493)	(2,529)	122
Adjusted Net income	**16,464**	**10,825**	**13,245**	**11,780**	**17,048**	**16,323**	**11,238**	**11,981**
Average number of shares outstanding (diluted)	69,678	70,008	70,277	70,655	70,960	71,978	72,363	73,109
Adjusted Net income per share diluted	**0.24**	**0.15**	**0.19**	**0.17**	**0.24**	**0.23**	**0.16**	**0.16**

(in thousands of Canadian dollars)	3 months Dec. 31, 2022 Fiscal 2023	Sept. 30, 2022 Fiscal 2023	June 30, 2022 Fiscal 2023	March 31, 2022 Fiscal 2022	Dec. 31, 2021 Fiscal 2022	Sept. 30, 2021 Fiscal 2022	June 30, 2021 Fiscal 2022	March 31, 2021 Fiscal 2021
LTM Adjusted EBITDA	108,590	102,644	101,200	99,269	101,884	107,373	112,942	114,268
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	190
COVID-19 credits allocated due to mandated store closures	–	–	699	1,535	3,051	2,492	1,369	1,825
Permanent cost-saving initiatives	5,074	–	–	–	–	–	–	–
Pro Forma Adjusted EBITDA	**113,664**	**110,094**	**113,799**	**116,804**	**124,435**	**111,293**	**115,153**	**116,283**

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

(in thousands of Canadian dollars)	3 months Dec. 31, 2022 Fiscal 2023	Sept. 30, 2022 Fiscal 2023	June 30, 2022 Fiscal 2023	March 31, 2022 Fiscal 2022	Dec. 31, 2021 Fiscal 2022	Sept. 30, 2021 Fiscal 2022	June 30, 2021 Fiscal 2022	March 31, 2021 Fiscal 2021
Cash flow from operating activities	**24,605**	**18,446**	**16,346**	**22,127**	**24,762**	**20,437**	**16,337**	**24,514**
Acquisition of property and equipment	(1,997)	(2,099)	(1,151)	(2,443)	(2,181)	(2,360)	(2,077)	(1,929)
Acquisition of intangible assets other than internally developed intangible assets	(532)	(89)	(277)	(355)	(276)	(305)	(198)	(194)
Addition to internally developed intangible assets	(1,978)	(1,165)	(1,564)	(593)	(2,058)	(2,050)	(2,153)	(1,367)
Interest paid	(6,882)	(5,916)	(4,252)	(3,391)	(3,868)	(3,234)	(3,891)	(5,142)
Repayment of lease liabilities	(974)	(1,280)	(1,057)	(1,074)	(1,130)	(1,526)	(1,085)	(1,099)
Net change in non-cash operating working capital items	3,376	3,727	7,456	(7,571)	(1,533)	2,323	6,805	(344)
Unrealized loss (gain) on foreign exchange	658	1,310	(1,235)	(779)	236	1,229	101	(3,345)
Acquisition, legal, restructuring and other expenses	1,809	2,075	1,393	5,912	779	848	1,168	2,714
Adjusted free cash flow	**18,085**	**15,009**	**15,659**	**11,833**	**14,731**	**15,362**	**15,007**	**13,808**
Average number of shares outstanding (diluted)	69,678	70,008	70,277	70,655	70,960	71,978	72,363	73,109
Adjusted free cash flow per share (diluted)	**0.26**	**0.21**	**0.22**	**0.17**	**0.21**	**0.21**	**0.21**	**0.19**

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

(in thousands of Canadian dollars)	3 months Dec. 31, 2022 Fiscal 2023	Sept. 30, 2022 Fiscal 2023	June 30, 2022 Fiscal 2023	March 31, 2022 Fiscal 2022	Dec. 31, 2021 Fiscal 2022	Sept. 30, 2021 Fiscal 2022	June 30, 2021 Fiscal 2022	March 31, 2021 Fiscal 2021
Credit facilities	366,168	368,442	358,440	358,203	317,957	313,172	305,779	303,704
Subordinated debt	25,517	25,492	25,467	25,442	25,416	31,791	31,766	31,741
Cash and cash equivalents	(12,303)	(15,411)	(13,816)	(14,563)	(11,266)	(8,475)	(6,416)	(9,040)
Portion of the balance payable on acquisition of InStore Audio Network paid on January 5, 2022	–	–	–	–	42,471	–	–	–
Net debt	**379,382**	**378,503**	**370,091**	**369,082**	**374,578**	**336,488**	**331,129**	**326,405**
Net debt to Pro Forma Adjusted EBITDA	**3.34**	**3.44**	**3.25**	**3.16**	**3.01**	**3.02**	**2.88**	**2.81**

LIQUIDITY AND CAPITAL RESOURCES
FOR THE PERIODS ENDED DECEMBER 31, 2022 AND 2021

	3 months		9 months	
(in thousands of Canadian dollars)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Operating activities	24,605	24,762	59,397	61,536
Financing activities	(23,175)	(18,638)	(46,334)	(44,080)
Investing activities	(4,538)	(3,333)	(15,323)	(15,230)
Net change in cash	(3,108)	2,791	(2,260)	2,226
Cash – beginning of period	15,411	8,475	14,563	9,040
Cash – end of period	12,303	11,266	12,303	11,266
Adjusted free cash flow(1)	**18,085**	**14,731**	**48,753**	**45,100**

Operating activities

Cash flow generated from operating activities amounted to $24.6 million for Q3 2023 compared to $24.8 million for Q3 2022. The decrease was mainly due to a negative change in non-cash operating items and to higher restructuring and other costs, partially offset by higher operating results.

Cash flow generated from operating activities amounted to $59.4 million for cumulative Fiscal 2023 compared to $61.5 million for cumulative Fiscal 2022. The decrease was mainly due to higher negative change in non-cash operating items and to higher income tax paid, partially offset by higher operating results.

Financing Activities

Net cash flow used in financing activities amounted to $23.2 million for Q3 2023 compared to $18.6 million for Q3 2022. The increase was mostly due to higher repayment of credit facilities and to payments of CRTC tangible benefits, partially offset by a partial repayment of the subordinated debt in the comparative period.

Net cash flow used in financing activities amounted to $46.3 million for cumulative Fiscal 2023 compared to $44.0 million for cumulative Fiscal 2022. The increase was mainly related to payments of CRTC tangible benefits, to higher interest paid and to a lower credit facilities borrowing, partially offset 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 $4.5 million for Q3 2023 compared to $3.3 million for Q3 2022. The increase was mostly due to the acquisition of InStore Audio Network in the comparative period which included a balance payable for the acquisition of $42.5 million that was paid on January 5, 2022.

Net cash flow used in investing activities amounted to $15.3 million for cumulative Fiscal 2023 compared to $15.2 million for cumulative 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 and by lower addition to internally developed intangible assets.

Adjusted free cash flow(1)

Adjusted free cash flow generated in Q3 2023 amounted to $18.1 million compared to $14.7 million for Q3 2022. Adjusted free cash flow generated in cumulative Fiscal 2023 amounted to $48.8 million compared to $45.1 million for cumulative 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 6 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 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

CONSOLIDATED FINANCIAL POSITION AND CAPITAL RESOURCES

The following table shows the main variances that have occurred in the consolidated financial position of the Corporation for the nine-month period ending December 31, 2022:

(in thousands of Canadian dollars)	Dec. 31, 2022	March 31, 2022	Variance		Significant contributions
Trade and other receivables	76,389	66,666	9,723	▲	Timing of payments by clients and increase in revenues
Intangible assets	70,702	76,230	(5,528)	▼	Amortization of intangible assets, partially offset by additions through internally developed intangible assets
Goodwill	359,038	354,679[(1)]	4,359	▲	Foreign exchange differences
Accounts payables and accrued liabilities	70,540	67,391[(1)]	3,149	▲	Timing of payments to suppliers
Other liabilities	49,387	60,997	(11,610)	▼	Payments for CRTC tangible benefits
Credit facilities	366,168	358,203	7,965	▲	Refer to the graph on next page
Subordinated debt	25,517	25,442	75	▲	Amortization of deferred financing fees

Note:

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

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. The Corporation expects 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 $58.1 million term loan, both maturing in October 2026.

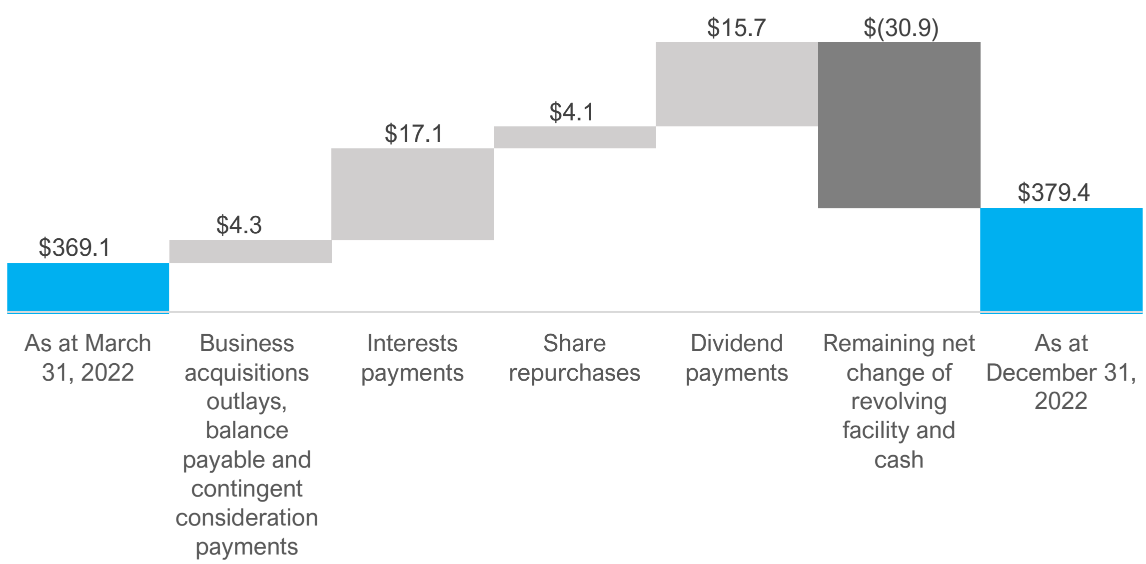
The Corporation is required to make consecutive quarterly capital repayments of 2.50% of the initial drawdown of the term loan. The remaining capital balance will be payable on maturity date, on October 25, 2026.

The credit facilities bear interest at (a) the bank's prime rate or US base rate if denominated in US dollars plus an applicable margin based on a financial covenant, or (b) the banker's acceptance rate plus an applicable margin based on a financial covenant, or (c) LIBOR plus an applicable margin based on a financial covenant, at the Corporation's option. In addition, the Corporation incurs standby fees, varying between 0.25% and 0.48% based on a financial covenant.

As of December 31, 2022, the Corporation had cash and cash equivalents of $12.3 million, a subordinated debt of $25.5 million and credit facilities of $366.2 million, of which approximately $65.2 million was available.

The following table summarizes the impact on the Net debt that occurred in the nine-month period ended December 31, 2022:

Movement in Net debt(1)(2)



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 6 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 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

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 memorandum of understanding 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.

Contractual Obligations

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily the rental of office space, financial obligations under its credit agreement, broadcast licences and commitments for copyright royalties. There have been no material changes to these obligations since March 31, 2022.

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. There have been no material changes to the nature or importance of the transactions between related parties since March 31, 2022.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements, except for the operating leases with terms of 12 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:

	February 2, 2023	December 31, 2022
Issued and outstanding shares:		
Subordinate voting shares	50,987,460	51,040,160
Subordinate voting shares held in trust through employee share purchase plan	(4,522)	(57,178)
Variable subordinate voting shares	392,642	393,242
Multiple voting shares	17,941,498	17,941,498
	69,317,078	69,317,722
Outstanding stock options:		
Stock options	3,489,333	3,621,567

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. During the first nine months of Fiscal 2023, no options were exercised, 14,943 options were cancelled and 166,703 options were granted to eligible employees, subject to service vesting periods of 4 years.

Financial Risk Factors

The Corporation is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest risk). The interim consolidated financial statements and management discussion and analysis do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at March 31, 2022. The Corporation is not aware of any significant changes from those disclosed at that time.

Risk Factors

For a detailed description of risk factors associated with the Corporation, please refer to the “Risk Factors” section of the Corporation’s Annual Information Form dated June 7, 2022. The Corporation is not aware of any significant changes to the Corporation’s risk factors from those disclosed at that time.

Future Accounting Changes

For information on future accounting changes, please refer to the unaudited interim consolidated financial statements.

Evaluation of Disclosure Controls and Procedures

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 Corporation’s management, under the supervision of the CEO and CFO, designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and based on 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.

During the third quarter ended December 31, 2022, there have been no changes in the Corporation’s internal control over financial reporting 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 February 7, 2023, did not include the controls or procedures of the operations of InStore Audio Network. The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of these acquisitions in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition.

Subsequent Events

Dividend

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 will be payable on or around March 15, 2023, to shareholders on record as of February 28, 2023.

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.

Consolidated Statements of Comprehensive Income

Three-month and nine-month periods ended December 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts) (Unaudited)	Note	3 months December 31, 2022	3 months December 31, 2021 Recast (note 4)	9 months December 31, 2022	9 months December 31, 2021 Recast (note 4)
Revenues	5	$ 89,242	$ 75,028	$ 245,013	$ 209,982
Operating expenses		54,707	47,399	157,689	136,361
Depreciation, amortization and write-off		7,472	8,187	24,802	26,305
Net finance expense (income)	6	7,205	1,999	23,086	6,888
Change in fair value of investments		68	3	(300)	(10)
Acquisition, legal, restructuring and other expenses	7	1,809	779	5,277	2,795
Income before income taxes		17,981	16,661	34,459	37,643
Income taxes		5,037	4,115	8,787	8,822
Net income		$ 12,944	$ 12,546	$ 25,672	$ 28,821
Net income per share — Basic and Diluted		$ 0.19	$ 0.18	$ 0.37	$ 0.40
Weighted average number of shares — Basic		69,548,610	70,517,746	69,743,282	71,236,117
Weighted average number of shares — Diluted		69,677,650	70,960,464	69,872,322	71,737,760
Comprehensive income					
Net income		$ 12,944	$ 12,546	$ 25,672	$ 28,821
Other comprehensive income					
Items that may be reclassified to profit and loss					
Exchange differences on translation of foreign operations		2,745	(8)	6,895	1,223
Total other comprehensive gain (loss)		2,745	(8)	6,895	1,223
Total comprehensive income		$ 15,689	$ 12,538	$ 32,567	$ 30,044

Net income is entirely attributable to shareholders.

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

Consolidated Statements of Financial Position

December 31, 2022 and March 31, 2022

(In thousands of Canadian dollars) (Unaudited)	Note	December 31, 2022	March 31, 2022 Recast (note 3)
Assets			
Current assets			
Cash and cash equivalents		$ 12,303	$ 14,563
Trade and other receivables		76,389	66,666
Income taxes receivable		3,354	96
Inventories		6,269	5,200
Other current assets		19,025	13,388
		117,340	99,913
Non-current assets			
Property and equipment	8	37,872	39,931
Right-of-use assets on leases	8	23,884	25,944
Intangible assets, excluding broadcast licences	8	70,702	76,230
Broadcast licences	8	272,996	272,996
Goodwill	8	359,038	354,679
Investments		9,103	6,431
Other non-current assets		4,374	5,136
Deferred tax assets		2,560	2,816
Total assets		$ 897,869	$ 884,076
Liabilities and Equity			
Current liabilities			
Credit facilities	9	$ 7,500	$ 7,500
Accounts payable and accrued liabilities		70,540	67,391
Dividend payable		—	5,259
Deferred revenues		7,721	4,942
Current portion of lease liabilities	10	4,194	4,171
Current portion of other liabilities	11	30,396	17,786
Income taxes payable		3,917	8,283
		124,268	115,332
Non-current liabilities			
Credit facilities	9	358,668	350,703
Subordinated debt		25,517	25,442
Deferred revenues		283	1,030
Lease liabilities	10	21,985	24,147
Other liabilities	11	18,991	43,211
Deferred tax liabilities		56,266	50,682
Total liabilities		605,978	610,547
Shareholders' equity			
Share capital	12	297,876	302,328
Contributed surplus		6,372	5,745
Deficit		(15,811)	(31,103)
Accumulated other comprehensive income (loss)		3,454	(3,441)
Total equity		291,891	273,529
Subsequent event (note 15)			
Total liabilities and equity		$ 897,869	$ 884,076

The accompanying notes are an integral part of these interim consolidated financial statements.
Approved by the Board of Directors,

(Signed) Eric Boyko, Director

(Signed) Karinne Bouchard, Director

Consolidated Statements of Changes in Equity

Nine-month periods ended December 31, 2022 and 2021

(In thousands of Canadian dollars, except number of share capital) (Unaudited)	Share Capital				Accumulated other comprehensive income (loss)		
	Number	Amount	Contributed surplus	Deficit	Cumulative Translation Account	Defined Benefit 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 options	85,000	361	(72)	—	—	—	289
Dividends	—	—	—	(10,583)	—	—	(10,583)
Repurchase and cancellation of shares	(2,025,800)	(11,514)	—	(2,994)	—	—	(14,508)
Share-based compensation	—	—	443	—	—	—	443
Employee share purchase plan	(32,246)	(273)	273	—	—	—	—
Net income	—	—	—	28,821	—	—	28,821
Other comprehensive income	—	—	—	—	1,223	—	1,223
Balance at December 31, 2021	70,138,542	$ 302,525	$ 5,824	$ (24,928)	$ (2,552)	$ (492)	$ 280,377
Balance at March 31, 2022	70,095,924	$ 302,328	$ 5,745	$ (31,103)	$ (5,729)	$ 2,288	$ 273,529
Dividends	—	—	—	(10,423)	—	—	(10,423)
Repurchase and cancellation of shares (note 12)	(732,800)	(4,163)	—	43	—	—	(4,120)
Share-based compensation	—	—	338	—	—	—	338
Employee share purchase plan (note 12)	(45,402)	(289)	289	—	—	—	—
Net income	—	—	—	25,672	—	—	25,672
Other comprehensive income	—	—	—	—	6,895	—	6,895
Balance at December 31, 2022	69,317,722	$ 297,876	$ 6,372	$ (15,811)	$ 1,166	$ 2,288	$ 291,891

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

Consolidated Statements of Cash Flows

Three-month and nine-month periods ended December 31, 2022 and 2021

(In thousands of Canadian dollars) (Unaudited)	Note	3 months December 31, 2022	3 months December 31, 2021	9 months December 31, 2022	9 months December 31, 2021
Operating activities:					
Net income		$ 12,944	$ 12,546	$ 25,672	$ 28,821
Adjustments for:					
Depreciation, amortization and write-off		7,472	8,187	24,802	26,305
Share-based compensation, PSU and DSU expenses		(85)	875	243	4,625
Interest expense and standby fees	6	6,230	2,976	14,748	9,674
Mark-to-market loss (gain) on derivative financial instruments	6	(1,642)	(248)	809	(1,247)
Change in fair value of investments		68	3	(300)	(10)
Share of results of joint venture		167	—	150	65
Equity loss (gain) on associates		(73)	90	382	120
Change in fair value of contingent consideration	6	868	(1,651)	4,244	(5,212)
Depreciation, amortization and accretion of other liabilities	6	471	540	1,434	1,165
Interest expense on lease liabilities	6,10	391	392	1,205	1,221
Income tax expense		5,037	4,115	8,787	8,822
Income taxes paid		(3,867)	(4,596)	(8,220)	(5,218)
		27,981	23,229	73,956	69,131
Net change in non-cash operating items	13	(3,376)	1,533	(14,559)	(7,595)
		24,605	24,762	59,397	61,536
Financing activities:					
Increase (decrease) of credit facilities		(2,350)	4,631	7,684	13,501
Decrease of subordinated debt		—	(6,400)	—	(6,400)
Payment of dividends		(5,210)	(5,267)	(15,682)	(15,992)
Share repurchases	12	(1,648)	(6,427)	(4,121)	(14,508)
Proceeds from the exercise of stock options		—	11	—	289
Shares purchased under the employee share purchase plan		(113)	(98)	(289)	(273)
Interest paid		(6,882)	(3,868)	(17,050)	(10,993)
Repayment of lease liabilities		(974)	(1,130)	(3,311)	(3,741)
Repayment of other liabilities		(5,998)	—	(13,565)	(5,873)
Unwind of interest rate contracts		—	(90)	—	(90)
		(23,175)	(18,638)	(46,334)	(44,080)
Investing activities:					
Business acquisition, net of cash acquired	3	—	1,307	(3,887)	1,621
Acquisition of investments		(31)	(125)	(71)	(685)
Acquisition of investments in associates		—	—	(513)	(2,508)
Acquisition of property and equipment		(1,997)	(2,181)	(5,247)	(6,618)
Acquisition of intangible assets other than internally developed intangible assets		(532)	(276)	(898)	(779)
Addition to internally developed intangible assets		(1,978)	(2,058)	(4,707)	(6,261)
		(4,538)	(3,333)	(15,323)	(15,230)
Net increase (decrease) in cash and cash equivalents		(3,108)	2,791	(2,260)	2,226
Cash and cash equivalents, beginning of period		15,411	8,475	14,563	9,040
Cash and cash equivalents, end of period		$ 12,303	$ 11,266	$ 12,303	$ 11,266

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

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

1. BUSINESS DESCRIPTION AND BASIS OF CONSOLIDATION

Stingray Group Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act. The Corporation is domiciled in Canada and its registered office is located at 730 Wellington, Montréal, Québec, H3C 1T4. The Corporation is a provider of multi-platform music services. It broadcasts high quality music and video content on a number of platforms including radio stations, premium television channels, digital TV, satellite TV, IPTV, the Internet, mobile devices and game consoles. A portion of the Corporation's revenue is derived from the sale of advertising airtime, which is subject to the seasonal fluctuations of the Canadian radio industry. Accordingly, the first and third quarter results tend to be the strongest and the second and fourth quarter results tend to be the weakest in a fiscal year.

These interim consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, Stingray Music USA Inc. (and its subsidiary 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 and Stingray Radio Inc. and all these entities' wholly owned subsidiaries.

The auditors of the Corporation have not performed a review of the interim financial report for the three-month and nine-month periods ended December 31, 2022.

2. SIGNIFICANT CHANGE AND HIGHLIGHT

The interim consolidated financial position and performance of the Corporation was particularly affected by the following event and transaction during the three-month and nine-month periods ended December 31, 2022:

- 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 12 for more information.

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

3. BUSINESS ACQUISITIONS

FISCAL 2022

InStore Audio Network

On December 31, 2021, the Corporation purchased all of the membership interest of Pop Radio LLC, a company operating InStore Audio Network, an in-store audio advertising network in the United States, for a total consideration of US$47,788 ($60,586). As a result of the acquisition, goodwill of $18,947 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will be deductible for tax purposes.

The fair value of acquired trade receivables was US$5,629 ($7,136), which represented the gross contractual amount. The contingent consideration arrangement requires the Corporation to pay, in cash, to the former owners, an amount not exceeding US$11,843 ($15,015) over the next two years ending in April 2023, based on revenue target. The fair value of the contingent consideration was determined using an income approach based on the estimated amount and timing of projected cash flows. A portion of the balance payable on acquisition was subsequently paid on January 5, 2022 for an amount of US$33,500 ($42,471).

The 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 interim 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	380	18,947
Other non-current assets	2,853	—	2,853
	65,080	380	65,460
Liabilities assumed			
Accounts payable and accrued liabilities	3,788	380	4,168
Deferred revenues	706	—	706
	4,494	380	4,874
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)
(Unaudited)

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
		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)
(Unaudited)

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 expenses, 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 provides support and governance to the Corporation's operating business units.

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

The following tables present financial information by segment for the three-month and nine-month periods ended December 31, 2022 and 2021.

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q3 2023	Q3 2022 Recast	Q3 2023	Q3 2022	Q3 2023	Q3 2022	**Q3 2023**	**Q3 2022 Recast**
Three-month periods								
Revenues	$ 54,158	$ 40,085	$ 35,084	$ 34,943	$ —	$ —	**$ 89,242**	**$ 75,028**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	31,563	25,489	21,796	19,923	1,433	1,112	**54,792**	**46,524**
Adjusted EBITDA	$ 22,595	$ 14,596	$ 13,288	$ 15,020	(1,433)	(1,112)	**34,450**	**28,504**
Share-based compensation					153	216	**153**	**216**
PSU and DSU expenses					(238)	659	**(238)**	**659**
Depreciation, amortization and write-off					7,472	8,187	**7,472**	**8,187**
Net finance expense (income)					7,205	1,999	**7,205**	**1,999**
Change in fair value of investments					68	3	**68**	**3**
Acquisition, legal, restructuring and other expenses					$ 1,809	$ 779	**1,809**	**779**
Income before income taxes							**17,981**	**16,661**
Income taxes							**5,037**	**4,115**
Net income							**$ 12,944**	**$ 12,546**

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q3 2023	Q3 2022 Recast	Q3 2023	Q3 2022	Q3 2023	Q3 2022	**Q3 2023**	**Q3 2022 Recast**
Nine-month periods								
Revenues	$ 145,189	$ 113,498	$ 99,824	$ 96,484	$ —	$ —	**$ 245,013**	**$ 209,982**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	88,883	69,707	64,595	58,106	3,968	3,923	**157,446**	**131,736**
Adjusted EBITDA	$ 56,306	$ 43,791	$ 35,229	$ 38,378	(3,968)	(3,923)	**87,567**	**78,246**
Share-based compensation					454	576	**454**	**576**
PSU and DSU expenses					(211)	4,049	**(211)**	**4,049**
Depreciation, amortization and write-off					24,802	26,305	**24,802**	**26,305**
Net finance expense (income)					23,086	6,888	**23,086**	**6,888**
Change in fair value of investments					(300)	(10)	**(300)**	**(10)**
Acquisition, legal, restructuring and other expenses					$ 5,277	$ 2,795	**5,277**	**2,795**
Income before income taxes							**34,459**	**37,643**
Income taxes							**8,787**	**8,822**
Net income							**$ 25,672**	**$ 28,821**

The Corporation received tax credits related to its research and development and multimedia activities and which were recorded as a reduction of operating expenses.

In Fiscal 2022, the Corporation applied and qualified for the Canada Emergency Wage Subsidy ("CEWS"), a Canadian federal government program created in response to the negative economic impact of the COVID-19 pandemic and designed to provide financial assistance to businesses who experienced a certain level of decrease in revenues to help them retain their employees. The Corporation recognized, as a reduction of operating expenses, the subsidies claimed under the CEWS and other programs.

	3 months		9 months	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Research and development and multimedia tax credits	$ 521	$ 552	$ 1,667	$ 1,823
CEWS	—	1,673	—	5,712
	$ 521	$ 2,225	$ 1,667	$ 7,535

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

	Broadcasting and commercial music		Radio		Corporate and eliminations[1]		**Consolidated**	
	December 31, 2022	March 31, 2022 Recast (note 3)	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022 Recast (note 3)
Total assets	$ 284,768	$ 268,535	$ 613,101	$ 615,541	$ —	$ —	**$ 897,869**	**$ 884,076**
Total liabilities	$ 102,124	$ 97,944	$ 109,896	$ 122,235	$ 393,958	$ 390,368	**$ 605,978**	**$ 610,547**

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

	Broadcasting and commercial music		Radio		**Consolidated**	
Three-month periods	Q3 2023	Q3 2022 Recast (note 3)	Q3 2023	Q3 2022	**Q3 2023**	**Q3 2022 Recast (note 3)**
Acquisition of property and equipment	$ 959	$ 1,346	$ 840	$ 842	**$ 1,799**	**$ 2,188**
Addition to right-of-use assets on leases	$ 132	$ 33	$ 298	$ 106	**$ 430**	**$ 139**
Acquisition of intangible assets	$ 2,478	$ 36,531	$ —	$ —	**$ 2,478**	**$ 36,531**
Acquisition of broadcast licences	$ —	$ —	$ —	$ 7	**$ —**	**$ 7**
Goodwill recorded on business acquisitions	$ —	$ 18,947	$ —	$ —	**$ —**	**$ 18,947**

	Broadcasting and commercial music		Radio		**Consolidated**	
Nine-month periods	Q3 2023	Q3 2022 Recast (note 3)	Q3 2023	Q3 2022	**Q3 2023**	**Q3 2022 Recast (note 3)**
Acquisition of property and equipment	$ 2,604	$ 3,783	$ 2,521	$ 2,417	**$ 5,125**	**$ 6,200**
Addition to right-of-use assets on leases	$ 1,079	$ 559	$ 433	$ 460	**$ 1,512**	**$ 1,019**
Acquisition of intangible assets	$ 5,781	$ 54,108	$ —	$ —	**$ 5,781**	**$ 54,108**
Acquisition of broadcast licences	$ —	$ —	$ —	$ 7	**$ —**	**$ 7**
Goodwill recorded on business acquisitions	$ —	$ 18,986	$ —	$ —	**$ —**	**$ 18,986**

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

As at December 31, 2022 and 2021, approximately 75% of the Corporation's non-current assets are located in Canada.

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

The 2022 comparative figures have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on a net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and commercial music segment from previously recorded $41,097, and $26,501 to recast $40,085 and $25,489, respectively for the three-month period ended December 31, 2021 and from previously recorded $115,793 and $72,002 to recast $113,498 and $69,707, respectively for the nine-month period ended December 31, 2021. Consolidated revenues and operating expenses have been reduced from $76,040 to $75,028 and $48,411 to $47,399 respectively for the three-month period ended December 31, 2021 and from $212,277 to $209,982 and $138,656 to $136,361, respectively for the nine-month period ended December 31, 2021.

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

5. REVENUES

DISAGGREGATION OF REVENUES

The following table presents the Corporation's revenues disaggregated by reportable segments, primary geographical markets, and products.

	Reportable segments(3)					
Three-month periods	Q3 2023	Q3 2022 Recast (note 4)	Q3 2023	Q3 2022	**Q3 2023**	**Q3 2022 Recast (note 4)**
	Broadcasting and commercial music		Radio		**Total revenues**	
Geography						
Canada	$ 14,387	$ 14,343	$ 35,084	$ 34,943	**$ 49,471**	**$ 49,286**
United States	26,561	12,588	—	—	**26,561**	**12,588**
Other countries	13,210	13,154	—	—	**13,210**	**13,154**
	54,158	40,085	35,084	34,943	**89,242**	**75,028**
Products						
Subscriptions (1)	34,799	34,411	—	—	**34,799**	**34,411**
Equipment and labor (2)	5,307	3,899	—	—	**5,307**	**3,899**
Advertising (2)	14,052	1,775	35,084	34,943	**49,136**	**36,718**
	$ 54,158	$ 40,085	$ 35,084	$ 34,943	**$ 89,242**	**$ 75,028**

(1) Generally recognized over time
(2) Generally recognized at a point in time
(3) No revenues are generated from the Corporate and eliminations segment

	Reportable segments(3)					
Nine-month periods	Q3 2023	Q3 2022 Recast (note 4)	Q3 2023	Q3 2022	**Q3 2023**	**Q3 2022 Recast (note 4)**
	Broadcasting and commercial music		Radio		**Total revenues**	
Geography						
Canada	$ 43,541	$ 40,799	$ 99,824	$ 96,484	**$ 143,365**	**$ 137,283**
United States	64,024	33,258	—	—	**64,024**	**33,258**
Other countries	37,624	39,441	—	—	**37,624**	**39,441**
	145,189	113,498	99,824	96,484	**245,013**	**209,982**
Products						
Subscriptions (1)	101,176	99,401	—	—	**101,176**	**99,401**
Equipment and labor (2)	13,095	9,795	—	—	**13,095**	**9,795**
Advertising (2)	30,918	4,302	99,824	96,484	**130,742**	**100,786**
	$ 145,189	$ 113,498	$ 99,824	$ 96,484	**$ 245,013**	**$ 209,982**

(1) Generally recognized over time
(2) Generally recognized at a point in time
(3) No revenues are generated from the Corporate and eliminations segment

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

6. NET FINANCE EXPENSE (INCOME)

	3 months		9 months	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Interest expense and standby fees	$ 6,230	$ 2,976	$ 14,748	$ 9,674
Mark-to-market loss (gain) on derivative financial instruments	(1,642)	(248)	809	(1,247)
Change in fair value of contingent consideration	868	(1,651)	4,244	(5,212)
Depreciation, amortization and accretion of other liabilities	471	540	1,434	1,165
Interest expense on lease liabilities (note 10)	391	392	1,205	1,221
Foreign exchange loss (gain)	887	(10)	646	1,287
	$ 7,205	$ 1,999	$ 23,086	$ 6,888

7. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES

	3 months		9 months	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Acquisition	$ 88	$ 30	$ 302	$ 243
Legal	555	101	1,067	1,177
Restructuring and other	1,166	648	3,908	1,375
	$ 1,809	$ 779	$ 5,277	$ 2,795

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

8. PROPERTY AND EQUIPMENT, RIGHT-OF-USE-ASSETS ON LEASES, INTANGIBLE ASSETS, BROADCAST LICENCES AND GOODWILL

	Property and equipment	Right-of-use assets on leases	Intangible assets	Broadcast licences	Goodwill Recast (note 3)
Year ended March 31, 2022					
Net book amount as at March 31, 2021	$ 42,228	$ 28,184	$ 41,884	$ 272,988	$ 337,897
Additions	8,627	3,119	8,153	8	—
Additions through business acquisitions	56	—	46,314	—	19,145
Reassessment of leases' term	—	(241)	—	—	—
Disposals and write-off	(547)	—	—	—	—
Depreciation of property and equipment	(10,522)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(5,076)	—	—	—
Amortization of intangible assets	—	—	(19,399)	—	—
Foreign exchange differences	89	(42)	(722)	—	(2,363)
Net book amount as at March 31, 2022	$ 39,931	$ 25,944	$ 76,230	$ 272,996	$ 354,679
Nine-month period ended December 31, 2022					
Net book amount as at March 31, 2022	$ 39,931	$ 25,944	$ 76,230	$ 272,996	$ 354,679
Additions	5,125	1,512	5,781	—	—
Reassessment of leases' term	—	(355)	—	—	—
Disposals and write-off	(698)	—	—	—	—
Depreciation of property and equipment	(6,633)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(3,281)	—	—	—
Amortization of intangible assets	—	—	(14,190)	—	—
Foreign exchange differences	147	64	2,881	—	4,359
Net book amount as at December 31, 2022	$ 37,872	$ 23,884	$ 70,702	$ 272,996	$ 359,038

9. CREDIT FACILITIES

The total credit facilities consist of a $375,000 revolving credit facility and a remaining $58,125 term loan, both maturing in October 2026.

The credit facilities bear interest at (a) the bank's prime rate or US base rate if denominated in US dollars plus an applicable margin based on a financial covenant, or (b) the banker's acceptance rate plus an applicable margin based on a financial covenant, or (c) LIBOR plus an applicable margin based on a financial covenant, at the Corporation's option. In addition, the Corporation incurs standby fees, varying between 0.25% and 0.48% based on a financial covenant.

The table below is a summary of the credit facilities:

December 31, 2022	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	$ 375,000	$ 309,003	$ 750	$ 65,247
Term facility	58,125	58,125	—	—
Total committed credit facilities	$ 433,125	367,128	$ 750	$ 65,247
Less: unamortized deferred financing fees		(960)		
Balance, end of period		$ 366,168		
Current portion		$ 7,500		
Non-current portion		$ 358,668		

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

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

As at December 31, 2022 and March 31, 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
2023	$ 1,875
2024	7,500
2025	7,500
2026	7,500
2027	33,750
	$ 58,125

10. LEASE LIABILITIES

The following table presents a summary of the activity related to the lease liabilities of the Corporation for the three-month and nine-month periods ended December 31, 2022:

	3 months		9 months	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Lease liabilities, beginning of period	**$ 26,838**	**$ 27,879**	**$ 28,318**	**$ 30,212**
Additions	430	139	1,512	1,019
Payment of lease liabilities, including related interest	(1,365)	(1,522)	(4,516)	(4,962)
Reassessment of the lease term	(160)	—	(355)	(594)
Interest expense on lease liabilities (note 6)	391	392	1,205	1,221
Foreign exchange differences	45	(10)	15	(18)
Lease liabilities, end of period	**$ 26,179**	**$ 26,878**	**$ 26,179**	**$ 26,878**

Lease liabilities included in the interim consolidated statements of financial position	**December 31, 2022**	**March 31, 2022**
Current portion	$ 4,194	$ 4,171
Non-current portion	$ 21,985	$ 24,147
	$ 26,179	**$ 28,318**

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

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

Less than one year	$	2,687
One to five years		18,031
More than five years		13,223
Total undiscounted lease liabilities as at December 31, 2022	**$**	**33,941**

11. OTHER LIABILITIES

	Note		December 31, 2022		March 31, 2022
CRTC tangible benefits		$	15,158	$	28,240
Contingent consideration			22,879		19,204
Balance payable on business acquisitions			2,919		2,559
Accrued pension benefit liability			2,749		2,837
Derivative financial instruments	14		2,273		1,464
Performance share unit payable			1,623		5,046
Other			1,786		1,647
			49,387		60,997
Current portion			(30,396)		(17,786)
		$	18,991	$	43,211

12. 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)
(Unaudited)

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
Nine-month period ended December 31, 2022			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2022	52,154,426	$	284,102
Repurchased and cancelled	(732,800)		(4,163)
Purchased and held in trust through employee share purchase plan	(45,402)		(289)
As at December 31, 2022	51,376,224	$	279,650
Multiple voting shares			
As at March 31, 2022 and December 31, 2022	17,941,498	$	18,226
	69,317,722	$	297,876

Transactions for the nine-month period ended December 31, 2022

On November 8, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $5,210 was paid on December 15, 2022.

On August 2, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $5,229 was paid on September 15, 2022.

On March 23, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. A dividend payable of $5,259 was accrued in the consolidated statement of financial position as at March 31, 2022. The dividend paid on June 15, 2022 was $5,243, which resulted in an adjustment of $16 in the consolidated statements of changes in equity for the nine-month period ended December 31, 2022.

Share repurchase program

On September 23, 2022, the Toronto Stock Exchange (the "TSX") approved the renewal of its share repurchase program, effective September 27, 2022 and allowed 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.

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

The following table summarizes the Corporation's share repurchase activities during the three-month and nine-month periods ended December 31, 2022:

	3 months	9 months
Subordinate voting shares repurchased for cancellation *(unit)*	340,900	732,800
Average price per share	$ 4.8334	$ 5.6227
Total repurchase cost	$ 1,648	$ 4,120
Repurchase resulting in a reduction of:		
Share capital	$ 1,937	$ 4,163
Deficit [1]	$ (289)	$ (43)

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

13. SUPPLEMENTAL CASH FLOW INFORMATION

	3 months		9 months	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Trade and other receivables	$ (9,022)	$ 426	$ (9,854)	$ (2,618)
Inventories	(1,359)	363	(1,088)	(1,729)
Other current assets	(4,797)	(863)	(5,669)	(1,386)
Other non-current assets	(676)	4	(1,558)	25
Accounts payable and accrued liabilities	11,785	(427)	7,743	(1,500)
Deferred revenues	1,950	(716)	2,019	(337)
Income taxes payable	(985)	2,164	(1,976)	859
Other liabilities	(272)	582	(4,176)	(909)
	$ (3,376)	$ 1,533	$ (14,559)	$ (7,595)

The following table summarizes the Corporation's additions not affecting cash and cash equivalents for the three-month and nine-month periods ended December 31, 2022 and 2021:

	3 months		9 months	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Additions to property and equipment	$ (198)	$ 7	$ (122)	$ (501)
Additions to intangible assets, excluding broadcast licences and intangible assets acquired through business acquisitions	(1,019)	(36)	176	107
	$ (1,217)	$ (29)	$ 54	$ (394)

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

14. FINANCIAL INSTRUMENTS

FINANCIAL RISK FACTORS

The Corporation is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest risk). The interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at March 31, 2022. The Corporation is not aware of any significant changes to the Corporation's risk factors from those disclosed at that time.

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 approximates 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 values as they are discounted using the effective interest rate, which approximates current rates that could be obtained with similar terms and credit risk.

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

The carrying and fair value of financial assets and liabilities, including their level in the fair value hierarchy, consist of the following:

As at December 31, 2022	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 12,303				
Trade and other receivables	72,330				
Financial assets measured at fair value					
Investments	$ 1,741	$ 1,741	$ —	$ —	$ 1,741
Financial liabilities measured at amortized cost					
Credit facilities	$ 366,168				
Subordinated debt	25,517				
Accounts payable and accrued liabilities	66,657				
CRTC tangible benefits	15,158				
Accrued pension benefit liability	2,749				
Performance share unit payable	1,623				
Balance payable on business acquisitions	2,919				
Financial liabilities measured at fair value					
Contingent consideration	$ 22,879	$ 22,879	$ —	$ —	$ 22,879
Derivative financial instruments	2,273	2,273	—	2,273	—

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	63,143				
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	—

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

Fair value measurement (Level 3):

		Investments		Contingent consideration
Nine-month period ended December 31, 2021				
Opening amount as at March 31, 2021	$	900	$	14,456
Additions		686		—
Additions through business acquisition		—		15,807
Change in fair value		10		(5,212)
Settlements		—		(1,461)
Balance at December 31, 2021	$	**1,596**	**$**	**23,590**
Nine-month period ended December 31, 2022				
Opening amount as at March 31, 2022	$	1,615	$	19,204
Additions		77		—
Change in fair value		49		4,103
Settlements		—		(428)
Balance at December 31, 2022	$	1,741	$	22,879

There were no changes in the valuation techniques for the contingent consideration, investments, and investments in associates during the nine-month periods ended December 31, 2022 and 2021.

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.

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. The contingent consideration is classified as a financial liability and is included in other liabilities (note 11). The change in fair value is recognized in net finance expense (income) (note 6).

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation uses derivative financial instruments to manage its interest rate risk on its credit facilities.

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

Maturity	Currency	Initial nominal value	Mark-to-market liabilities as at December 31, 2022	Mark-to-market liabilities as at March 31, 2022
Swaptions				
October 25, 2024	CAD	$ 100,000	$ 391	$ 604
October 25, 2024	CAD	100,000	556	860
		$ 200,000	$ 947	$ 1,464

The Corporation also entered into derivative financial instruments to manage its currency risk, during the nine-month period ended December 31, 2022. The table below summarizes the foreign exchange forward contracts effective as at December 31, 2022 and March 31, 2022:

Maturity	Type	Contract exchange rate	Contractual amount	Mark-to-market liabilities as at December 31, 2022	Mark-to-market liabilities as at March 31, 2022
0 to 12 months	USD Sale	1.2831 – 1.3037	$ 24,000	$ 1,178	$ —
13 to 24 months	USD Sale	1.2831 – 1.3599	24,000	148	—
			$ 48,000	$ 1,326	$ —

15. SUBSEQUENT EVENT

Dividend

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 will be payable on or around March 15, 2023 to shareholders on record as of February 28, 2023.

16. BASIS OF PREPARATION

a) Statement of compliance:

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a basis consistent with those accounting policies followed by the Corporation in the most recent audited consolidated annual financial statements. These interim consolidated financial statements have been prepared on a form in accordance with IAS 34 "Interim Financial Reporting". Accordingly, certain information, in particular the accompanying notes, normally included in the consolidated annual financial statements prepared in accordance with IFRS, has been omitted or condensed. Income taxes in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. These interim consolidated financial statements should be read in conjunction with the consolidated annual financial statements and the note thereto for the year ended March 31, 2022.

The interim consolidated financial statements were authorized for issue by the Board of Directors on February 7, 2023.

(In thousands of Canadian dollars, unless otherwise stated)
(Unaudited)

b) Use of estimates and judgements:

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

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of information were the same as the ones applied to the audited consolidated financial statements for the year ended March 31, 2022.

c) Functional and presentation currency:

These interim consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

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