STINGRAY

THIRD QUARTER REPORT

Fiscal 2022

For the nine-month period ended December 31, 2021

TABLE OF CONTENTS

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 three-month and nine-month periods ended December 31, 2021 and 2020, and with the most recent audited consolidated financial statements and MD&A for the year ended March 31, 2021. This MD&A reflects information available to the Corporation as at February 8, 2022. 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, 2021 and 2020.

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, 2021 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.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

The Corporation believes that Adjusted EBITDA and Adjusted EBITDA margin are important measures when analyzing its operating profitability without being influenced by financing decisions, non-cash items and income taxes strategies. Comparison with peers is also easier as companies rarely have the same capital and financing structure. The Corporation believes that Adjusted Net income and Adjusted Net income per share are important measures as it shows stable results from its operations which allows users of the financial statements to better assess the trend in the profitability of the business. The Corporation believes that Adjusted free cash flow and Adjusted free cash flow per share are important measures when assessing the amount of cash generated after accounting for capital expenditures and non-core charges. It demonstrates cash available to make business acquisitions, pay dividends and reduce debt. The Corporation believes that Net debt and Net debt to Pro Forma Adjusted EBITDA are important to analyse the company's debt repayment capacity on an annualized basis, taking into consideration the annualized adjusted EBITDA of acquisitions made during the last twelve months. Each of these non-IFRS financial measures is not an earnings or cash flow measure recognized by International Financial Reporting Standards (IFRS) and does not have a standardized meaning prescribed by IFRS. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-IFRS financial measures should not be construed as an alternative to net income determined in accordance with IFRS as indicators of our performance or to cash flows from operating activities as measures of liquidity and cash flows.

OVERVIEW

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

KEY PERFORMANCE INDICATORS[1]

For the three-month period ended December 31, 2021 ("Q3 2022"):

$76.0 M ▲ 4.8% from Q3 2021 Revenues	**$12.5 M** Or $0.18 per share Net income	**$24.8 M** ▲ 51.6% from Q3 2021 Cash flow from operating activities Or $0.35 per share
$28.5 M ▼16.1% from Q3 2021 Adjusted EBITDA	**$17.0 M** Or $0.24 per share Adjusted Net income	**$14.7 M** ▼ 25.0% from Q3 2021 Adjusted free cash flow Or $0.21 per share

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the third quarter ended December 31, 2021:

Compared to the quarter ended December 31, 2020 ("Q3 2021"):

- Revenues increased 4.8% to $76.0 million from $72.6 million;
- Adjusted EBITDA[1] decreased 16.1% to $28.5 million from $34.0 million. Adjusted EBITDA[1] by segment was $14.6 million or 35.5% of revenues for Broadcasting and Commercial Music, $15.0 million or 43.0% of revenues for Radio and $(1.1) million for Corporate;
- Net income was $12.5 million ($0.18 per share) compared with $14.1 million ($0.19 per share);
- Adjusted Net income[1] of $17.0 million ($0.24 per share) compared with $21.1 million ($0.29 per share);
- Cash flow from operating activities increased 51.6% to $24.8 million ($0.35 per share) compared to $16.3 million ($0.22 per share);
- Adjusted free cash flow[1] decreased 25.0% to $14.7 million ($0.21 per share) compared to $19.6 million ($0.27 per share);
- Net debt to Pro Forma Adjusted EBITDA[1] ratio of 3.01x, and;
- 927,800 shares repurchased and cancelled for a total of $6.4 million.

Note:
(1) Refer to "Supplemental information on Non-IFRS measures" on page 2 and 6.

Business Highlights:

- On February 8, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around March 15, 2022, to shareholders on record as of February 28, 2022.
- On January 5, 2022, the Corporation announced that it had acquired InStore Audio Network, the largest in-store audio advertising network in the United States, reaching 100 million shoppers each week in over 16,000 grocery retailers and pharmacies across the US for total consideration of up to approximately $59.0 million subject to a specific earn out mechanism set forth in the purchase agreement.
- On December 22, 2021, the Corporation announced that Canadian value retailer Dollarama has joined the Stingray Retail Media Network. Under the agreement, Stingray will produce and dynamically insert digital audio advertisements within Dollarama stores connected to the retail audio network powered by Stingray's proprietary streaming media technology.
- On December 20, 2021, the Corporation announced the launch of Alexa Karaoke featured by Yokee on Echo Show and Fire TV devices in the United Kingdom and Spain.
- On December 13, 2021, the Corporation announced its partnership with Digital monetization company Centili. Under the agreement, three of Stingray mobile services – *Stingray Music, Qello Concerts by Stingray* and *Stingray Karaoke* - will be available via Centili Maestro Storefront.
- On November 30, 2021 the Corporation signed a channel carriage deal for North America and the United Kingdom with View TV Group for broadcast on their Kapang CTV platform. The carriage deal makes Stingray's premium music themed channels available on the Kapang CTV platform.
- On November 29, 2021 the Corporation announced that it had partnered with Hivestack to power Audio Out of Home (AOOH) in Canada. The integration of Stingray's proprietary streaming media player into Hivestack's suite of supply side technology, including the Ad Server and Supply-side Platform will allow for AOOH inventory to be available programmatically for the first time in Canada.
- On November 9, 2021, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend has been paid on December 15, 2021 to shareholders on record as of November 30, 2021.
- On October 19, 2021, the Corporation announced that it had successfully completed the increase and extension of its existing credit facilities, providing additional liquidity for operations and merger and acquisition activities. The $442.5 million credit facilities consist of a $375.0 million revolving credit facility and a $67.5 million term loan, both maturing in October 2026. The renewed terms include incremental commitments up to $100.0 million upon request, subject to predetermined conditions. The pre-existing sub debt of $32.0 million maturing in October 2023 combined with the credit facilities described above accounts for total flexibility of up to $574.5 million.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of Canadian dollars, except per share amounts)	3 months				9 months			
	Dec. 31, 2021 **Q3 2022**		Dec. 31, 2020 **Q3 2021**		Dec. 31, 2021 **YTD 2022**		Dec. 31, 2020 **YTD 2021**	
	$	**% of revenues**	**$**	**% of revenues**	**$**	**% of revenues**	**$**	**% of revenues**
Revenues	76,040	100.0 %	72,565	100.0 %	212,277	100.0 %	189,152	100.0 %
Operating expenses	48,411	63.7 %	40,583	55.9 %	138,656	65.4 %	103,546	54.7 %
Depreciation, amortization and write-off	8,187	10.8 %	9,771	13.5 %	26,305	12.4 %	28,871	15.3 %
Net finance expense (income)(1)	1,999	2.6 %	(1,290)	(1.8) %	6,888	3.2 %	6,085	3.2 %
Change in fair value of investments	3	0.0 %	2,434	3.4 %	(10)	0.0 %	3,787	2.0 %
Acquisition, legal, restructuring and other expenses (income)	779	1.0 %	2,049	2.8 %	2,795	1.3 %	1,923	1.0 %
Income before income taxes	16,661	21.9 %	19,018	26.2 %	37,643	17.7 %	44,940	23.8 %
Income taxes	4,115	5.4 %	4,900	6.8 %	8,822	4.1 %	11,913	6.3 %
Net income	12,546	16.5 %	14,118	19.4 %	28,821	13.6 %	33,027	17.5 %
Adjusted EBITDA(2)	28,504	37.5 %	33,993	46.8 %	78,246	36.9 %	90,630	47.9 %
Adjusted Net income(2)	17,048	22.4 %	21,054	29.0 %	44,609	21.0 %	50,874	26.9 %
Cash flow from operating activities	24,762	32.6 %	16,333	22.5 %	61,536	29.0 %	79,732	42.2 %
Adjusted free cash flow(2)	14,731	19.4 %	19,645	27.1 %	45,100	21.2 %	60,551	32.0 %
Net debt(2)	374,578	–	320,241	–	374,578	–	320,241	–
Net debt to Pro Forma Adjusted EBITDA(2)(3)	3.01x	–	2.65x	–	3.01x	–	2.65x	–
Net income per share basic and diluted	0.18	–	0.19	–	0.40	–	0.45	–
Adjusted Net income per share basic(2)	0.24	–	0.29	–	0.63	–	0.69	–
Adjusted Net income per share diluted(2)	0.24	–	0.29	–	0.62	–	0.69	–
Cash flow from operating activities per share basic and diluted	0.35	–	0.22	–	0.86	–	1.08	–
Adjusted free cashflow per share basic and diluted(2)	0.21	–	0.27	–	0.63	–	0.82	–
Revenues by segment								
Broadcasting and Commercial Music	41,097	54.0 %	40,186	55.4 %	115,793	54.5 %	115,302	61.0 %
Radio	34,943	46.0 %	32,379	44.6 %	96,484	45.5 %	73,850	39.0 %
Revenues	76,040	100.0 %	72,565	100.0 %	212,277	100.0 %	189,152	100.0 %
Revenues by geography								
Canada	49,372	64.9 %	47,368	65.3 %	137,448	64.7 %	115,135	60.9 %
United States	13,438	17.7 %	10,693	14.7 %	35,201	16.6 %	31,086	16.4 %
Other Countries	13,230	17.4 %	14,504	20.0 %	39,628	18.7 %	42,931	22.7 %
Revenues	76,040	100.0 %	72,565	100.0 %	212,277	100.0 %	189,152	100.0 %

Notes:

(1) Interest paid during Q3 2022 was $3.9 million (Q3 2021; $6.3 million). Interest paid for YTD 2022 was $11.0 million (YTD 2021; $12.9 million).

(2) Refer to “Forward-looking statements” and “Supplemental information on Non-IFRS measures” on page 2 and for reconciliations to the most directly comparable IFRS financial measure, refer to “Supplemental information on Non-IFRS measures” on page 6.

(3) Refer to page 18 for a reconciliation of Pro Forma Adjusted EBITDA to the most directly comparable IFRS financial measure. Refer to “Forward-looking statements” and “Supplemental information on Non-IFRS measures” on page 2 and for reconciliations of Adjusted EBITDA to the most directly comparable IFRS financial measure, refer to “Supplemental information on Non-IFRS measures” on page 6.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

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 Proforma Adjusted EBITDA are non-IFRS measures that the Corporation uses to assess its operating performance. See "Supplemental information on Non-IFRS Measures" on page 2.

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

	3 months		9 months	
(in thousands of Canadian dollars)	Dec. 31, 2021 **Q3 2022**	Dec. 31, 2020 **Q3 2021**	Dec. 31, 2021 **YTD 2022**	Dec. 31, 2020 **YTD 2021**
Net income	**12,546**	**14,118**	**28,821**	**33,027**
Net finance expense (income)	1,999	(1,290)	6,888	6,085
Change in fair value of investments	3	2,434	(10)	3,787
Income taxes	4,115	4,900	8,822	11,913
Depreciation and write-off of property and equipment	2,237	2,894	7,207	8,571
Depreciation of right-of-use assets	1,281	1,399	3,875	4,224
Amortization of intangible assets	4,669	5,478	15,223	16,076
Share-based compensation	216	231	576	616
Performance and deferred share unit expense	659	1,780	4,049	4,408
Acquisition, legal, restructuring and other expenses (income)	779	2,049	2,795	1,923
Adjusted EBITDA	**28,504**	**33,993**	**78,246**	**90,630**
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(2,247)	(1,727)	(8,135)	(9,405)
Income taxes	(4,115)	(4,900)	(8,822)	(11,913)
Depreciation of property and equipment and write-off	(2,237)	(2,894)	(7,207)	(8,571)
Depreciation of right-of-use assets	(1,281)	(1,399)	(3,875)	(4,224)
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 (income)	(1,576)	(2,019)	(5,598)	(5,643)
Adjusted Net income	**17,048**	**21,054**	**44,609**	**50,874**

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

	3 months		9 months	
(in thousands of Canadian dollars)	Dec. 31, 2021 **Q3 2022**	Dec. 31, 2020 **Q3 2021**	Dec. 31, 2021 **YTD 2022**	Dec. 31, 2020 **YTD 2021**
Cash flow from operating activities	**24,762**	**16,333**	**61,536**	**79,732**
Add / Less :				
Acquisition of property and equipment	(2,181)	(1,849)	(6,618)	(3,761)
Acquisition of intangible assets other than internally developed intangible assets	(276)	(649)	(779)	(1,119)
Addition to internally developed intangible assets	(2,058)	(1,838)	(6,261)	(5,061)
Interest paid	(3,868)	(6,312)	(10,993)	(12,911)
Repayment of lease liabilities	(1,130)	(1,255)	(3,741)	(3,912)
Net change in non-cash operating working capital items	(1,533)	15,858	7,595	10,976
Unrealized loss on foreign exchange	236	(2,692)	1,566	(5,316)
Acquisition, legal, restructuring and other expenses (income)	779	2,049	2,795	1,923
Adjusted free cash flow	**14,731**	**19,645**	**45,100**	**60,551**

The following table shows the calculation of Net debt:

(in thousands of Canadian dollars)	**December 31, 2021**	**March 31, 2021**	**December 31, 2020**
Credit facilities	317,957	303,704	290,353
Subordinated debt	25,416	31,741	39,715
Cash and cash equivalents	(11,266)	(9,040)	(9,827)
Portion of the balance payable on acquisition of InStore Audio Network paid on January 5, 2022	42,471	-	-
Net debt	**374,578**	**326,405**	**320,241**

FINANCIAL RESULTS FOR THE PERIODS ENDED DECEMBER 31, 2021 AND 2020

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2022	Q3 2021	% Change	YTD 2022	YTD 2021	% Change
Revenues by geography						
Canada	49,372	47,368	4.2	137,448	115,135	19.4
United States	13,438	10,693	25.7	35,201	31,086	13.2
Other Countries	13,230	14,504	(8.8)	39,628	42,931	(7.7)
Revenues	76,040	72,565	4.8	212,277	189,152	12.2

Global

Revenues in Q3 2022 increased $3.4 million or 4.8% to $76.0 million, from $72.6 million for Q3 2021. The increase was primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations and to an increase in advertising revenues in the Broadcast and Commercial Music segment.

Cumulative revenues for Fiscal 2022 increased $23.1 million or 12.2% to $212.3 million, from $189.2 million for cumulative Fiscal 2021. The increase was primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations and to an increase in advertising revenues in the Broadcast and Commercial Music segment, partially offset by a negative foreign exchange rate impact.

Canada

Revenues in Canada in Q3 2022 increased $2.0 million or 4.2% to $49.4 million, from $47.4 million for Q3 2021. Cumulative revenues in Canada for Fiscal 2022 increased $22.3 million or 19.4% to $137.5 million, from $115.1 million for cumulative Fiscal 2021. Both increases were primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

United States

Revenues in the United States in Q3 2022 increased $2.7 million or 25.7% to $13.4 million, from $10.7 million for Q3 2021. The increase was mainly due to an increase in subscription revenues and to organic growth in advertising revenues.

Cumulative revenues in the United States for Fiscal 2022 increased $4.1 million or 13.2% to $35.2 million, from $31.1 million for cumulative Fiscal 2021. The increase was primarily due to an increase in subscription and advertising revenues in the Broadcast and Commercial Music segment, partially offset by a negative foreign exchange rate impact.

Other Countries

Revenues in Other countries in Q3 2022 decreased $1.3 million or 8.8% to $13.2 million, from $14.5 million for Q3 2021. The decrease was mainly due to a decrease in audio channel revenues and to a negative foreign exchange rate impact.

Cumulative revenues in Other countries for Fiscal 2022 decreased $3.3 million or 7.7% to $39.6 million, from $43.0 million for cumulative Fiscal 2021. The decrease was primarily due to a negative foreign exchange rate impact and to a decrease in audio channel revenues.

Operating expenses

Operating expenses in Q3 2022 increased $7.8 million or 19.3% to $48.4 million, from $40.6 million for Q3 2021. The increase was primarily due to a gain related to a settlement with SOCAN in Q3 2021 (refer to page 19), to increased operating and variable expenses caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations, partially offset by a special bonus to employees in Q3 2021.

Cumulative operating expenses for Fiscal 2022 increased $35.2 million or 33.9% to $138.7 million, from $103.5 million for cumulative Fiscal 2021. The increase is mainly due to lower Canadian Emergency Wage Subsidy (CEWS), to increased operating and variable expenses caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations, and to a gain related to a settlement with SOCAN in Q3 2021 (refer to page 19).

Adjusted EBITDA(1)

Adjusted EBITDA in Q3 2022 decreased $5.5 million or 16.1% to $28.5 million from $34.0 million for Q3 2021. Adjusted EBITDA margin was 37.5% compared to 46.8% for Q3 2021. The decrease is mainly due to a gain related to a settlement with SOCAN in Q3 2021 (refer to page 19) and to higher operating costs, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations, partially offset by a special bonus to employees in Q3 2021.

Cumulative Adjusted EBITDA for Fiscal 2022 decreased $12.4 million or 13.7% to $78.2 million from $90.6 million for cumulative Fiscal 2021. Adjusted EBITDA margin was 36.9% compared to 47.9% for cumulative Fiscal 2021. The decrease was mainly due to lower CEWS, to higher operating costs and to a gain related to a settlement with SOCAN in Q3 2021 (refer to page 19), partially offset by higher revenues.

Depreciation, amortization and write off

Depreciation, amortization and write off in Q3 2022 decreased $1.6 million or 16.2% to $8.2 million, from $9.8 million for Q3 2021. Cumulative depreciation, amortization and write off for Fiscal 2022 decreased $2.6 million or 8.9% to $26.3 million, from $28.9 million for cumulative Fiscal 2021. Both decreases were primarily due to less intangible assets to amortize compared to the prior period as certain intangible assets are fully amortized.

Net finance expense (income)

Net finance expense (income) in Q3 2022 varied to a $2.0 million expense, from a $1.3 million income for Q3 2021. The variance is mainly due to a lower gain on derivative financial instruments and to a lower foreign exchange gain, partially offset by lower interest expense.

Cumulative Net finance expense (income) for Fiscal 2022 increased $0.8 million or 13.2% to $6.9 million, from $6.1 million for cumulative Fiscal 2021. The increase is mainly due to a foreign exchange loss, partially offset by a decrease in the fair value of contingent consideration and by lower interest expense.

Change in fair value of investments

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

Note:
(1) Refer to “Supplemental information on Non-IFRS measures” on page 2 and 6.

Acquisition, legal, restructuring and other expenses (income)

(in thousands of Canadian dollars)	3 months Q3 2022	Q3 2021	% Change	9 months YTD 2022	YTD 2021	% Change
Acquisition	30	802	(96.3)	243	1,332	(81.8)
Legal	101	735	(86.3)	1,177	199	491.5
Restructuring and other	648	512	26.6	1,375	392	250.8
Acquisition, legal, restructuring and other expenses (income)	779	2,049	(468.6)	2,795	1,923	45.3

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

Income taxes

The income tax expense recognized in comprehensive income was $4.1 million for Q3 2022 compared to $4.9 million for Q3 2021. The effective tax rate for Q3 2022 was 24.7% compared to 25.8% for Q3 2021. The income tax expense recognized in comprehensive income was $8.8 million for cumulative Fiscal 2022 compared to $11.9 million for cumulative Fiscal 2021. The effective tax rate for cumulative Fiscal 2022 was 22.9% compared to 26.5% for cumulative Fiscal 2021. Both decreases in the effective tax rate are due to the variance in permanent differences.

Net income and Net income per share

Net income in Q3 2022 was $12.5 million ($0.18 per share) compared to $14.1 million ($0.19 per share) for Q3 2021. The decrease was mainly related to lower operating results, partially offset by a positive change in fair value of investments following the loss related to the sale of securities held in AppDirect Inc. in Q3 2021.

Cumulative Net income for Fiscal 2022 was $28.8 million ($0.40 per share) compared to $33.0 million ($0.45 per share) for cumulative Fiscal 2021. The decrease was mainly related to lower operating results and to a foreign exchange loss, partially offset by a gain related to the change in the fair value of contingent consideration, by a positive change in fair value of investments following the loss related to the sale of securities held in AppDirect Inc. in Q3 2021 and by lower income tax and interest expenses.

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

Adjusted Net income in Q3 2022 was $17.0 million ($0.24 per share), compared to $21.1 million ($0.29 per share) for Q3 2021. The decrease was primarily due to lower operating results and to a lower foreign exchange gain, partially offset by lower interest and income tax expenses.

Cumulative Adjusted Net income for Fiscal 2022 was $44.6 million ($0.62 per share), compared to $50.9 million ($0.69 per share) for cumulative Fiscal 2021. The decrease was mainly related to lower operating results and to a foreign exchange loss, partially offset by a decrease in the fair value of contingent consideration, by lower income tax and interest expenses.

Note:

(1) Refer to “Supplemental information on Non-IFRS measures” on page 2 and 6.

Business segment performance

Broadcasting and Commercial Music

(in thousands of Canadian dollars)	3 months			9 months		
	Q3 2022	Q3 2021	% Change	YTD 2022	YTD 2021	% Change
Revenues	41,097	40,186	2.3	115,793	115,302	0.4
Operating expenses	26,501	18,293	44.9	72,002	54,146	33.0
Adjusted EBITDA(1)	**14,596**	**21,893**	**(33.3)**	**43,791**	**61,156**	**(28.4)**
Adjusted EBITDA margin(1)	**35.5%**	**54.5%**	**(34.8)**	**37.8%**	**53.0%**	**(28.7)**

Revenues

In Q3 2022, Broadcasting and Commercial Music revenues increased $0.9 million or 2.3% to $41.1 million, from $40.2 million for Q3 2021. The increase was mainly due to an increase in advertising revenues.

Cumulative Broadcasting and Commercial Music revenues for Fiscal 2022 increased $0.5 million or 0.4% to $115.8 million from $115.3 million for cumulative Fiscal 2021. The increase was mainly due to an increase in advertising revenues and to the gradual easing of COVID-19 restrictions and the return to normal commercial operation, partially offset by a negative foreign exchange rate impact.

Adjusted EBITDA(1)

In Q3 2022, Broadcasting and Commercial Music Adjusted EBITDA decreased $7.3 million or 33.3% to $14.6 million from $21.9 million for Q3 2021. The decrease was primarily due to a gain related to a settlement with SOCAN in Q3 2021 (refer to page 19), to higher operating costs, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations and to a decrease in gross margin related to product mix, partially offset by a special bonus to employees in Q3 2021.

Cumulative Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2022 decreased $17.4 million or 28.4% to $43.8 million from $61.2 million for cumulative Fiscal 2021. The decrease was primarily due to higher operating costs and reduced CEWS, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations and to a gain related to a settlement with SOCAN in Q3 2021 (refer to page 19).

Note:

(1) Refer to “Supplemental information on Non-IFRS measures” on page 2 and 6.

RADIO

(in thousands of Canadian dollars)	3 months			9 months		
	Q3 2022	Q3 2021	% Change	YTD 2022	YTD 2021	% Change
Revenues	34,943	32,379	7.9	96,484	73,850	30.6
Operating expenses	19,923	18,598	7.1	58,106	41,188	41.1
Adjusted EBITDA(1)	**15,020**	**13,781**	**9.0**	**38,378**	**32,662**	**17.5**
Adjusted EBITDA margin(1)	**43.0%**	**42.6%**	**1.0**	**39.8%**	**44.2%**	**(10.1)**

Revenues

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

In Q3 2022, Radio revenues increased $2.5 million or 7.9% to $34.9 million from $32.4 million for Q3 2021. Cumulative Radio revenues for Fiscal 2022 increased $22.6 million or 30.6% to $96.5 million from $73.9 million for cumulative Fiscal 2021. Both increases were largely due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Adjusted EBITDA(1)

In Q3 2022, Radio Adjusted EBITDA increased $1.2 million or 9.0% to $15.0 million from $13.8 million for Q3 2021. The increase in Adjusted EBITDA is due to higher revenues, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Cumulative Radio Adjusted EBITDA for Fiscal 2022 increased $5.7 million or 17.5% to $38.4 million from $32.7 million for cumulative Fiscal 2021. The increase in Adjusted EBITDA is due to higher revenues, partially offset by lower CEWS and higher operating costs, all caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

CORPORATE

(in thousands of Canadian dollars)	3 months			9 months		
	Q3 2022	Q3 2021	% Change	YTD 2022	YTD 2021	% Change
Operating expenses	1,987	3,692	(46.2)	8,548	8,212	4.1
Adjust:						
Share-based compensation	(216)	(231)	(6.5)	(576)	(616)	(6.5)
Performance and deferred share unit expense	(659)	(1,780)	(63.0)	(4,049)	(4,408)	(8.1)
Adjusted EBITDA(1)	**(1,112)**	**(1,681)**	**(33.8)**	**(3,923)**	**(3,188)**	**23.1**

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 2022 is related to a special bonus to employees in Q3 2021. The increased operating costs for Fiscal 2022 is caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Note:

(1) Refer to “Supplemental information on Non-IFRS measures” on page 2 and 6.

Quarterly results

Revenues fluctuated over the last eight quarters from $68.4 million in Q4 2020 to $76.0 million in the Q3 2022. The decrease in Q1 2021 was due to the impact of the COVID-19 pandemic. The increases in Q2 2021 and Q3 2021 were due to progressive improvements in Radio advertising bookings as provinces began lifting restrictions on social and economic activity and to normal business seasonality. The decrease in Q4 2021 was due to normal business seasonality. The increase in Q1 2022 was due to the gradual easing of COVID-19 restrictions. The increase in Q2 2022 was due to the gradual easing of COVID-19 restrictions, to increased equipment and installation sales related to digital signage and to the acquisition of Calm Radio. In Q3 2022, the increase is mainly due to normal business seasonality and to an increase in subscription revenues.

Adjusted EBITDA(1) fluctuated over the last eight quarters from $28.2 million in Q4 2020 to $28.5 million in Q3 2022. The decrease in Q1 2021 was mainly due to the impact of the COVID-19 pandemic on Radio revenues, which was partially offset by the CEWS and reduced operating costs. The increase in Q2 2021 was due to progressive improvements in Radio advertising bookings as provinces begin lifting restrictions on social and economic activity, partially offset by higher operating costs and lower CEWS. The increase in Q3 2021 was due to continuing improvements in Radio advertising bookings and normal business seasonality and to a settlement with SOCAN (refer to page 19), partially offset by a special bonus to employees, lower CEWS and higher operating costs. The decrease in Q4 2021 was due to normal business seasonality and to a settlement with SOCAN in Q3 2021, partially offset by a special bonus to employees in Q3 2021. The increase in Q1 2022 was due to normal business seasonality and change in product mix, partially offset by higher operating costs. The increase in Q2 2022 was due to higher operating results, partially offset by reduced CEWS. The increase in Q3 2022 is mainly due to normal business seasonality.

Net income (loss) fluctuated over the last eight quarters from $8.5 million loss in Q4 2020 to $12.4 million in Q3 2022. In Q1 2021, the increase was due to lower mark-to-market losses on derivative financial instruments and a foreign exchange gain, partially offset by the impact of the COVID-19 pandemic on revenues, higher income tax expense and negative change in fair value of investments. In Q2 2021, the increase was due to higher operating results and positive change in mark-to-market on derivative financial instruments, partially offset by higher income tax and legal expenses. In Q3 2021, the increase was due to higher operating results, positive change in the fair value of contingent consideration, and higher gain in mark-to-market on derivative financial instruments, partially offset by a negative change in fair value of investments related to the sale of securities held in AppDirect Inc. In Q4 2021, the decrease was due to lower operating results, partially offset by higher gains in mark-to-market on derivative financial instruments. In Q1 2022, the decrease was due to a negative change in fair value of mark-to-market on derivative financial instruments and a lower foreign exchange gain, partially offset by lower income tax expense, and lower acquisition and restructuring costs. In Q2 2022, the increase was due a positive change in the fair value of contingent consideration, a positive change in fair value of derivative financial instruments and higher operating results, partially offset by a foreign exchange loss. In Q3 2022, the increase is mainly due to higher operating results, partially offset by a lower gain related to the change in the fair value of contingent consideration.

Note:

(1) Refer to “Supplemental information on Non-IFRS measures” on page 2 and 6.

Summary of Consolidated Quarterly Results

(in thousands of Canadian dollars, except per share amounts)	3 months Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020
	FY2022	**FY2022**	**FY2022**	**FY2021**	**FY2021**	**FY2021**	**FY2021**	**FY2020**
Revenues by segment								
Broadcasting and Commercial Music	41,097	39,118	35,578	36,356	40,186	39,169	35,947	38,483
Radio	34,943	32,311	29,230	23,960	32,379	25,125	16,346	29,915
Total revenues	**76,040**	**71,429**	**64,808**	**60,316**	**72,565**	**64,294**	**52,293**	**68,398**
Revenues by geography								
Canada	49,372	46,700	41,376	35,594	47,368	39,710	28,057	43,498
United States	13,438	11,485	10,278	10,942	10,693	10,091	10,302	10,236
Other countries	13,230	13,244	13,154	13,780	14,504	14,493	13,934	14,664
Total revenues	**76,040**	**71,429**	**64,808**	**60,316**	**72,565**	**64,294**	**52,293**	**68,398**
Adjusted EBITDA(1)	**28,504**	**25,587**	**24,155**	**23,638**	**33,993**	**31,156**	**25,481**	**28,217**
LTM Adjusted EBITDA(1)	**101,884**	**107,373**	**112,942**	**114,268**	**118,847**	**115,887**	**112,402**	**118,086**
Net income (loss)	**12,546**	**12,075**	**4,200**	**12,077**	**14,118**	**11,888**	**7,021**	**(8,486)**
Net income (loss) per share basic and diluted	0.18	0.17	0.06	0.17	0.19	0.16	0.10	(0.11)
Adjusted Net income(1)	**17,048**	**16,323**	**11,238**	**11,981**	**21,054**	**16,311**	**13,509**	**10,095**
Adjusted Net income per share basic(1)	0.24	0.23	0.16	0.17	0.29	0.22	0.18	0.13
Adjusted Net income per share diluted(1)	0.24	0.23	0.16	0.16	0.29	0.22	0.18	0.13
Cash flow from operations	**24,762**	**20,437**	**16,337**	**24,514**	**16,333**	**25,406**	**37,993**	**14,062**
Adjusted free Cash Flow(1)	**14,731**	**15,362**	**15,007**	**13,808**	**19,645**	**22,861**	**18,045**	**17,974**
Quarterly dividend	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**

Note:
(1) Refer to "Supplemental information on Non-IFRS measures" on page 2 and 6. Last twelve months (LTM) Adjusted EBITDA represents the Adjusted EBITDA of the referenced period, plus the Adjusted EBITDA of the three quarters immediately preceding the referenced period.

Reconciliation of Quarterly Non-IFRS Measures

	3 months							
(in thousands of Canadian dollars)	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020
	Fiscal 2022	Fiscal 2022	Fiscal 2022	Fiscal 2021	Fiscal 2021	Fiscal 2021	Fiscal 2021	Fiscal 2020
Net income (loss)	**12,546**	**12,075**	**4,200**	**12,077**	**14,118**	**11,888**	**7,021**	**(8,486)**
Net finance expense (income)	1,999	(364)	5,253	(7,284)	(1,290)	2,774	4,601	33,463
Change in fair value of investments	3	(13)	–	–	2,434	461	892	(1,914)
Income taxes	4,115	2,874	1,833	4,047	4,900	4,654	2,359	(4,165)
Depreciation and write-off of property and equipment	2,237	2,446	2,524	3,082	2,894	2,976	2,701	2,790
Depreciation of right-of-use assets	1,281	1,298	1,296	1,436	1,399	1,413	1,412	1,426
Amortization of intangible assets	4,669	4,927	5,627	5,303	5,478	5,188	5,410	5,659
Share-based compensation	216	196	164	235	231	219	166	258
Performance and deferred share unit expense (income)	659	1,300	2,090	2,028	1,780	1,312	1,316	(1,507)
Acquisition, legal, restructuring and other expenses (income)	779	848	1,168	2,714	2,049	271	(397)	693
Adjusted EBITDA	**28,504**	**25,587**	**24,155**	**23,638**	**33,993**	**31,156**	**25,481**	**28,217**
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(2,247)	(1,153)	(4,735)	(3,214)	(1,727)	(4,340)	(3,338)	(10,976)
Income taxes	(4,115)	(2,874)	(1,833)	(4,047)	(4,900)	(4,654)	(2,359)	4,165
Depreciation and write-off of property and equipment	(2,237)	(2,446)	(2,524)	(3,082)	(2,894)	(2,976)	(2,701)	(2,790)
Depreciation of right-of-use assets	(1,281)	(1,298)	(1,296)	(1,436)	(1,399)	(1,413)	(1,412)	(1,426)
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 (income)	(1,576)	(1,493)	(2,529)	122	(2,019)	(1,462)	(2,162)	(7,095)
Adjusted Net income	**17,048**	**16,323**	**11,238**	**11,981**	**21,054**	**16,311**	**13,509**	**10,095**

	3 months							
(in thousands of Canadian dollars)	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020
	Fiscal 2022	Fiscal 2022	Fiscal 2022	Fiscal 2021	Fiscal 2021	Fiscal 2021	Fiscal 2021	Fiscal 2020
Cash flow from operating activities	**24,762**	**20,437**	**16,337**	**24,514**	**16,333**	**25,406**	**37,993**	**14,062**
Acquisition of property and equipment	(2,181)	(2,360)	(2,077)	(1,929)	(1,849)	(1,209)	(703)	(2,153)
Acquisition of intangible assets other than internally developed intangible assets	(276)	(305)	(198)	(194)	(649)	(212)	(258)	(463)
Addition to internally developed intangible assets	(2,058)	(2,050)	(2,153)	(1,367)	(1,838)	(1,671)	(1,552)	(1,534)
Interest paid	(3,868)	(3,234)	(3,891)	(5,142)	(6,312)	(2,912)	(3,687)	(3,819)
Repayment of lease liabilities	(1,130)	(1,526)	(1,085)	(1,099)	(1,255)	(1,443)	(1,214)	(1,180)
Net change in non-cash operating working capital items	(1,533)	2,323	6,805	(344)	15,858	6,530	(11,412)	7,262
Unrealized loss (gain) on foreign exchange	236	1,229	101	(3,345)	(2,692)	(1,899)	(725)	5,106
Acquisition, legal, restructuring and other expenses (income)	779	848	1,168	2,714	2,049	271	(397)	693
Adjusted free cash flow	**14,731**	**15,362**	**15,007**	**13,808**	**19,645**	**22,861**	**18,045**	**17,974**

LIQUIDITY AND CAPITAL RESOURCES
FOR THE PERIODS ENDED DECEMBER 31, 2021 AND 2020

	3 months		9 months	
(in thousands of Canadian dollars)	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Operating activities	24,762	16,333	61,536	79,732
Financing activities	(18,638)	(31,937)	(44,080)	(81,337)
Investing activities	(3,333)	14,525	(15,230)	8,920
Net change in cash	2,791	(1,079)	2,226	7,315
Cash – beginning of period	8,475	10,906	9,040	2,512
Cash – end of period	11,266	9,827	11,266	9,827
Adjusted free cash flow(1)	**14,731**	**19,645**	**45,100**	**60,551**

Operating activities

Cash flow generated from operating activities amounted to $24.8 million for Q3 2022 compared to $16.3 million for Q3 2021. The increase was mainly due to a positive change in non-cash operating working capital items, partially offset by lower operating results and a lower gain on foreign exchange.

Cash flow generated from operating activities amounted to $61.5 million for cumulative Fiscal 2022 compared to $79.7 million for cumulative Fiscal 2021. The decrease was mainly due to lower operating results and to a foreign exchange loss, partially offset by a positive change in non-cash operating working capital items.

Financing Activities

Net cash flow used in financing activities amounted to $18.6 million for Q3 2022 compared to $31.9 million for Q3 2021. The decrease was primarily due to lower repayment of credit facilities and to the repayment of the balance payable for the acquisition of Marketing Sensorial Mexico in Q3 2021, partially offset by a partial repayment of the subordinated debt.

Net cash flow used in financing activities amounted to $44.0 million for cumulative Fiscal 2022 compared to $81.3 million for cumulative Fiscal 2021. The decrease was mainly related to lower repayment of credit facilities, partially offset by more shares repurchased and by a partial repayment of the subordinated debt.

Investing Activities

Net cash flow used in investing activities amounted to $3.3 million for Q3 2022 compared to net cash flow generated in investing activities of $14.5 million for Q3 2021. The negative net change was mainly due to the $18.9 million proceeds from the sale of securities held in AppDirect Inc. during Q3 2021.

Net cash flow used in investing activities amounted to $15.2 million for cumulative Fiscal 2022 compared to net cash flow generated in investing activities of $8.9 million for cumulative Fiscal 2021. The net change was primarily due to the $18.9 million proceeds from the sale of securities held in AppDirect Inc. during Q3 2021, to higher acquisition of property and equipment and to the acquisition of a minority interest in The Singing Machine.

Adjusted free cash flow(1)

Adjusted free cash flow generated in Q3 2022 amounted to $14.7 million compared to $19.6 million for Q3 2021. The decrease was mainly due to lower operating results and higher income tax paid, partially offset by lower interest paid.

Adjusted free cash flow generated in cumulative Fiscal 2022 amounted to $45.1 million compared to $60.6 million for cumulative Fiscal 2021. The decrease was mainly due to lower operating results and higher capital expenditures, partially offset by lower interest paid.

Note:

(1) Refer to “Supplemental information on Non-IFRS measures” on page 2 and 6.

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, 2021:

(in thousands of Canadian dollars)	Dec. 31, 2021	March 31, 2021	Variance		Significant contributions
Trade and other receivables	71,491	61,114	10,377	▲	Timing of payments by clients
Intangible assets	81,951	41,884	40,067	▲	Additions through business acquisition of Calm Radio and InStore Audio Network, partially offset by amortization of intangible assets
Goodwill	355,927	337,897	18,030	▲	Acquisition of InStore Audio Network
Accounts payables and accrued liabilities	62,094	53,146	8,948	▲	Timing of payments to suppliers
Other liabilities	111,906	60,027	51,879	▲	Balance payable on the acquisition of InStore Audio Network and increase in contingent consideration for the acquisition of InStore Audio Network and Calm Radio
Credit facilities	317,957	303,704	14,253	▲	Refer to the graph on next page
Subordinated debt	25,416	31,741	(6,325)	▼	Debt repayment

Capital Resources

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

The credit facilities consist of a $375.0 million revolving credit facility and a $65.6 million term loan, both maturing in October 2026. On May 28, 2021, the Corporation fully repaid, on maturity, its $20.0 million term loan.

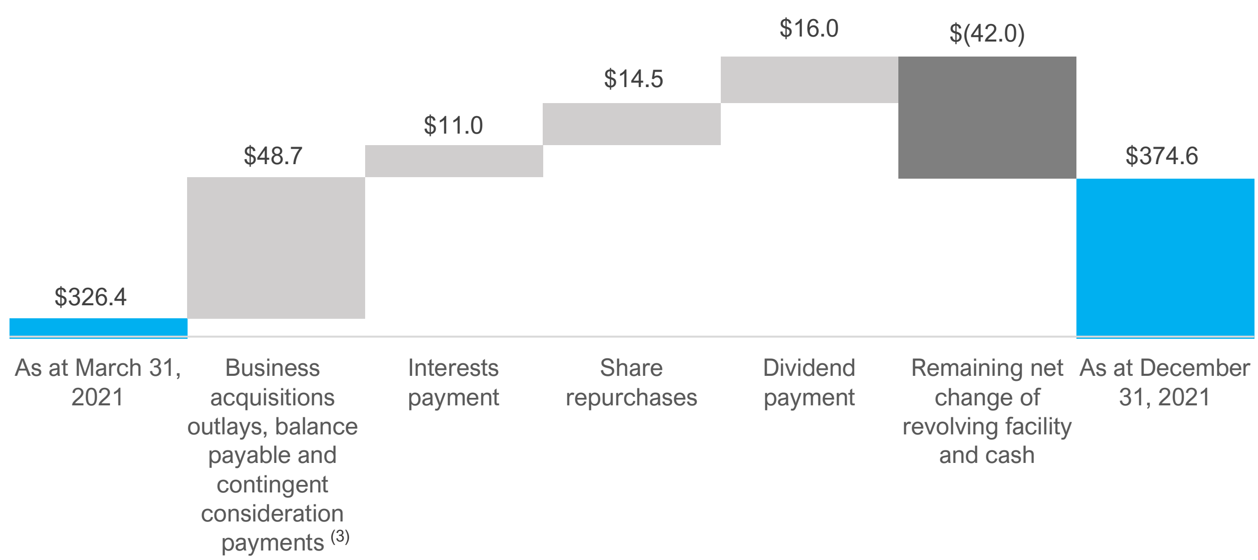
The Corporation is required to make consecutive quarterly capital repayments of 2.50% of the initial drawdown of the term loan. The remaining capital balance will be payable on maturity date, on October 25, 2026.

The credit facilities bear interest at either (a) the bank's prime rate plus an applicable margin based on a financial covenant or (b) the banker's acceptance rate plus an applicable margin based on a financial covenant. In addition, the Corporation incurs standby fees, varying between 0.40% and 0.63% based on a financial covenant.

As of December 31, 2021, the Corporation had cash and cash equivalents of $11.3 million, a subordinated debt of $25.4 million and credit facilities of $318.0 million, of which approximately $120.7 million was available.

The following table summarizes the impact on the Net debt that occurred in the nine-month period ended December 31, 2021, including related ratios:

Movement in Net debt(1)(2)



(in thousands of Canadian dollars)	December 31, 2021	March 31, 2021
LTM Adjusted EBITDA(2)	101,884	114,268
Synergies and Adjusted EBITDA(2) for the months prior to the business acquisitions and to investments in associates which are not already reflected in the results	19,500	190
COVID-19 credits allocated due to mandated store closures	3,051	1,825
Pro Forma Adjusted EBITDA(2)	**124,435**	**116,283**
Net debt to Pro Forma Adjusted EBITDA(2)	**3.01**	**2.81**

Notes:

(1) In millions of Canadian dollars.
(2) Refer to "Supplemental information on Non-IFRS measures" on page 2 and 6. See page 15 to reconcile with LTM Adjusted EBITDA.
(3) Includes a portion of balance payable on business acquisition of ISAN of $42.5M that was paid on January 5, 2022.

SOCAN and Re:Sound legal proceedings

In May 2017, the Corporation, together with its Canadian Broadcast Distribution Undertaking customers (together, the "Objectors"), presented an affirmative case before the Copyright Board of Canada to seek a reduction in the prescribed rates and terms for the Pay Audio Services Tariff for the 2007-2016 period. SOCAN and Re:Sound (together, the "Collectives") opposed that case, but in the opinion of the Objectors failed to offer compelling alternatives other than a request to maintain the status quo.

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

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 licence and commitments for copyright royalties. There have been no material changes to these obligations since March 31, 2021.

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, 2021.

Off-Balance Sheet Arrangements

The Corporation therefore has no off-balance sheet arrangements, except for the operating leases with terms of twelve months or less, leases of low-value assets or leases that are not in scope of IFRS 16, that have, or are reasonably likely to have, a current or future material effect on its consolidated financial position, financial performance, liquidity, capital expenditures or capital resources.

Disclosure of Outstanding Share Data

Issued and outstanding shares and outstanding stock options consisted of:

	February 4, 2022	December 31, 2021
Issued and outstanding shares:		
Subordinate voting shares	51,817,070	51,872,791
Subordinate voting shares held in trust through employee share purchase plan	(3,637)	(39,358)
Variable subordinate voting shares	402,969	402,969
Multiple voting shares	17,941,498	17,941,498
	70,157,900	70,177,900
Outstanding stock options:		
Stock options	3,457,683	3,457,683

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 2022, 85,000 options were exercised, 32 650 options were cancelled, and 412,080 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, 2021. The Corporation is not aware of any significant changes to the 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 2, 2021. 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, 2021, except for the acquisition of InStore Audio Network, 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 August 3, 2021, did not include the controls or procedures of the operations of Calm Radio and InStore Audio Network. The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of these acquisitions in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition.

Subsequent Event

Dividend

On February 8, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around March 15, 2022, to shareholders on record as of February 28, 2022.

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, 2021 and 2020

(In thousands of Canadian dollars, except per share amounts) (Unaudited)	Note	3 months December 31, 2021	3 months December 31, 2020	9 months December 31, 2021	9 months December 31, 2020
Revenues	5	$ 76,040	$ 72,565	$ 212,277	$ 189,152
Operating expenses		48,411	40,583	138,656	103,546
Depreciation, amortization and write-off		8,187	9,771	26,305	28,871
Net finance expense (income)	6	1,999	(1,290)	6,888	6,085
Change in fair value of investments	14	3	2,434	(10)	3,787
Acquisition, legal, restructuring and other expenses (income)	7	779	2,049	2,795	1,923
Income before income taxes		16,661	19,018	37,643	44,940
Income taxes		4,115	4,900	8,822	11,913
Net income		$ 12,546	$ 14,118	$ 28,821	$ 33,027
Net income per share — Basic and Diluted		$ 0.18	$ 0.19	$ 0.40	$ 0.45
Weighted average number of shares — Basic		70,517,746	73,307,228	71,236,117	73,491,458
Weighted average number of shares — Diluted		70,960,464	73,644,683	71,737,760	73,626,046
Comprehensive income					
Net income		$ 12,546	$ 14,118	$ 28,821	$ 33,027
Other comprehensive income (loss)					
Items that may be reclassified to profit and loss					
Exchange differences on translation of foreign operations		(8)	(868)	1,223	(1,648)
Total other comprehensive gain (loss)		(8)	(868)	1,223	(1,648)
Total comprehensive income		$ 12,538	$ 13,250	$ 30,044	$ 31,379

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, 2021 and March 31, 2021

(In thousands of Canadian dollars) (Unaudited)	Note		December 31, 2021		March 31, 2021
Assets					
Current assets					
Cash and cash equivalents		$	11,266	$	9,040
Trade and other receivables			71,491		61,114
Income taxes receivable			642		3,801
Inventories			5,006		3,215
Other current assets			16,063		13,439
			104,468		90,609
Non-current assets					
Property and equipment	8		40,178		42,228
Right-of-use assets on leases	8		24,630		28,184
Intangible assets, excluding broadcast licences	8		81,951		41,884
Broadcast licences	8		272,995		272,988
Goodwill	8		355,927		337,897
Investments			6,099		3,046
Other non-current assets			4,121		1,335
Deferred tax assets			3,248		4,666
Total assets		$	893,617	$	822,837
Liabilities and Equity					
Current liabilities					
Credit facilities	9	$	7,500	$	27,462
Accounts payable and accrued liabilities			62,094		53,146
Dividend payable			—		5,409
Deferred revenues			5,959		4,970
Current portion of lease liabilities	10		3,515		4,479
Current portion of other liabilities	11		59,955		15,812
Income taxes payable			10,827		9,211
			149,850		120,489
Non-current liabilities					
Credit facilities	9		310,457		276,242
Subordinated debt			25,416		31,741
Deferred revenues			1,172		—
Lease liabilities	10		23,363		25,733
Other liabilities	11		51,951		44,215
Deferred tax liabilities			51,031		49,725
Total liabilities			613,240		548,145
Shareholders' equity					
Share capital	12		302,525		313,951
Contributed surplus			5,824		5,180
Deficit			(24,928)		(40,172)
Accumulated other comprehensive income (loss)			(3,044)		(4,267)
Total equity			280,377		274,692
Subsequent event (note 15)					
Total liabilities and equity		$	893,617	$	822,837

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

Approved by the Board of Directors,

(Signed) Eric Boyko, Director

(Signed) Pascal Tremblay, Director

Consolidated Statements of Changes in Equity

Nine-month periods ended December 31, 2021 and 2020

(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, 2020	73,549,454	$ 322,366	$ 4,620	$ (56,407)	$ 3,891	$ (574)	$ 273,896
Issuance of shares upon exercise of options	39,035	129	(60)	—	—	—	69
Dividends	—	—	—	(16,528)	—	—	(16,528)
Repurchase and cancellation of shares	(562,765)	(3,201)	—	(204)	—	—	(3,405)
Share-based compensation	—	—	513	—	—	—	513
Employee share purchase plan	(40,589)	(242)	243	—	—	—	1
Net income	—	—	—	33,027	—	—	33,027
Other comprehensive loss	—	—	—	—	(1,648)	—	(1,648)
Balance at December 31, 2020	72,985,135	$ 319,052	$ 5,316	$ (40,112)	$ 2,243	$ (574)	$ 285,925
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 (note 12)	85,000	361	(72)	—	—	—	289
Dividends	—	—	—	(10,583)	—	—	(10,583)
Repurchase and cancellation of shares (note 12)	(2,025,800)	(11,514)	—	(2,994)	—	—	(14,508)
Share-based compensation	—	—	443	—	—	—	443
Employee share purchase plan (note 12)	(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

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, 2021 and 2020

(In thousands of Canadian dollars) (Unaudited)	Note	3 months December 31, 2021	3 months December 31, 2020	9 months December 31, 2021	9 months December 31, 2020
Operating activities:					
Net income		$ 12,546	$ 14,118	$ 28,821	$ 33,027
Adjustments for:					
Depreciation, amortization and write-off		8,187	9,771	26,305	28,871
Share-based compensation, PSU and DSU expenses		875	2,011	4,625	5,024
Interest expense and standby fees	6	2,976	4,543	9,674	12,050
Mark-to-market gains on derivative financial instruments	6	(248)	(3,017)	(1,247)	(3,320)
Change in fair value of investments		3	2,434	(10)	3,787
Share of results of joint venture		—	33	65	8
Equity loss on associates		90	—	120	—
Change in fair value of contingent consideration	6	(1,651)	(1,479)	(5,212)	(897)
Depreciation, amortization and accretion of other liabilities	6	540	848	1,165	2,457
Interest expense on lease liabilities	6,10	392	409	1,221	1,201
Income tax expense		4,115	4,900	8,822	11,913
Income taxes paid		(4,596)	(2,380)	(5,218)	(3,413)
		23,229	32,191	69,131	90,708
Net change in non-cash operating items	13	1,533	(15,858)	(7,595)	(10,976)
		24,762	16,333	61,536	79,732
Financing activities:					
Increase (decrease) of credit facilities		4,631	(9,431)	13,501	(34,839)
Decrease of subordinated debt		(6,400)	—	(6,400)	—
Payment of dividends		(5,267)	(5,492)	(15,992)	(16,528)
Share repurchases	12	(6,427)	(3,294)	(14,508)	(3,405)
Proceeds from the exercise of stock options		11	37	289	69
Shares purchased under the employee share purchase plan		(98)	(90)	(273)	(242)
Interest paid		(3,868)	(6,312)	(10,993)	(12,911)
Repayment of lease liabilities		(1,130)	(1,255)	(3,741)	(3,912)
Repayment of other liabilities		—	(6,100)	(5,873)	(9,569)
Unwind of interest rate contracts		(90)	—	(90)	—
		(18,638)	(31,937)	(44,080)	(81,337)
Investing activities:					
Business acquisitions, net of cash acquired		1,307	—	1,621	—
Acquisition of investments		(125)	—	(685)	—
Acquisition of investments in associates		—	—	(2,508)	—
Proceeds from the disposal of an investment		—	18,861	—	18,861
Acquisition of property and equipment		(2,181)	(1,849)	(6,618)	(3,761)
Acquisition of intangible assets other than internally developed intangible assets		(276)	(649)	(779)	(1,119)
Addition to internally developed intangible assets		(2,058)	(1,838)	(6,261)	(5,061)
		(3,333)	14,525	(15,230)	8,920
Increase (decrease) in cash and cash equivalents		2,791	(1,079)	2,226	7,315
Cash and cash equivalents, beginning of period		8,475	10,906	9,040	2,512
Cash and cash equivalents, end of period		$ 11,266	$ 9,827	$ 11,266	$ 9,827

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. However, for the year ended March 31, 2021, Radio revenues did not follow historical patterns due to the ongoing impact of the coronavirus ("COVID-19") pandemic.

These interim consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, Stingray Music USA Inc. and its subsidiaries Pop Radio LLC, 2144286 Ontario Inc., 4445694 Canada Inc., Pay Audio Services Limited Partnership, Music Choice Europe Limited, Stingray Digital International Ltd., Stingray Europe B.V., Transmedia Communications SA, SBA Music PTY Ltd., Stingray Music, S.A. de C.V., DJ Matic NV, Stingray Radio Inc. and Calm Radio Corp. and all these entities' wholly owned subsidiaries.

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, 2021.

2. SIGNIFICANT CHANGES AND HIGHLIGHTS

The interim consolidated financial position and performance of the Corporation was particularly affected by the following events and transactions during the three-month and nine-month periods ended December 31, 2021:

- On December 31, 2021, the Corporation signed an agreement to acquire all of the membership interest of Pop Radio LLC, a company operating InStore Audio Network, an in-store audio advertising network in the United States, for total consideration of US$ 47,788 ($60,586). It resulted in the recognition of goodwill (note 8), intangible assets (note 8), a contingent consideration (note 11) and a balance payable on acquisition (note 11).

- On October 26, 2021, the Corporation made a voluntary capital repayment on its subordinated debt under its prepayment option of $6,400. The remaining capital balance of $25,600 will be payable on maturity date.

- On October 15, 2021, the Corporation amended its existing $392,500 credit facilities by increasing the authorized amount up to $442,500 and extending the maturity to October 15, 2026. The credit facilities consist of a revolving credit facility for an authorized amount up to $375,000 and a non-revolving term facility of $67,500.

- On September 21, 2021, the Corporation announced that the Toronto Stock Exchange had approved its normal course issuer bid, authorizing the Corporation to repurchase up to an aggregate 3,222,901 subordinate voting shares and variable subordinate voting shares (collectively, "Subordinate Shares"), representing approximately 10% of the public float of Subordinate Shares as at September 13, 2021. Refer to note 12 for more information.

- On August 11, 2021, the Corporation announced that it has acquired a minority interest of 20% in The Singing Machine Company Inc., for a cash consideration of US$2,000 ($2,508).

- On June 30, 2021, the Corporation signed an agreement to acquire all of the outstanding shares of Calm Radio Corp. ("Calm Radio"), a provider of online music focused on the wellness and relaxation markets, for total consideration of $8,171. It resulted in the recognition of goodwill (note 8), intangible assets (note 8) and contingent consideration (note 11).

- On May 28, 2021, the Corporation fully repaid, on maturity, its $20,000 term loan.

(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 total consideration of US$ 47,788 ($60,586). As a result of the acquisition, goodwill of $18,567 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will be deductible for tax purposes.

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

Had the acquisition occurred at the beginning of the fiscal year, revenues related to this acquired business would have been approximately $16,011 and net income would have been $6,797.

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

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

(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 total consideration of $8,171. As a result of the acquisition, goodwill of $39 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will not be deductible for tax purposes.

The fair value of acquired trade receivables was $149, which represented the gross contractual amount. The contingent consideration arrangement requires the Corporation to pay, in cash, to the former owners, an amount not exceeding $8,000 over the next three years ending in August 2024, based on recurring monthly revenues targets. The fair value of the contingent consideration was determined using an income approach based on the estimated amount and timing of projected cash flows.

The results of the business acquisition of Calm Radio for the period ended December 31, 2021 are included in results since the date of the acquisition. Revenues recorded from the acquisition date to December 31, 2021 were $1,898 and net income was $305. Had the acquisition occurred at the beginning of the fiscal year, revenues related to this acquired business would have been approximately $2,832 and net income would have been $356.

		Preliminary
Assets acquired:		
Cash and cash equivalents	$	314
Trade and other receivables		149
Other current assets		104
Property and equipment		83
Intangible assets		12,728
Goodwill		39
Deferred tax assets		142
		13,559
Liabilities assumed:		
Accounts payable and accrued liabilities		208
Deferred revenues		1,872
Deferred tax liabilities		3,308
		5,388
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

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

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

FISCAL 2021

Marketing Sensorial México

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

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

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

(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 asses its performance based on adjusted earnings before interest, taxes, depreciation and amortization (thereafter "Adjusted EBITDA"), and for which distinct financial information is available. Adjusted EBITDA excludes from income before income taxes the following expenses: share-based compensation, performance and deferred share unit expense, depreciation, amortization and write-off, net finance expense (income), change in fair value of investments and acquisition, legal, restructuring and other expenses (income). There are no inter-segment revenues for the periods.

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

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

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

(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, 2021 and 2020.

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	**Q3 2022**	**Q3 2021**
Three-month periods								
Revenues	$ 41,097	$ 40,186	$ 34,943	$ 32,379	$ —	$ —	**$ 76,040**	**$ 72,565**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	26,501	18,293	19,923	18,598	1,112	1,681	**47,536**	**38,572**
Adjusted EBITDA	$ 14,596	$ 21,893	$ 15,020	$ 13,781	(1,112)	(1,681)	**28,504**	**33,993**
Share-based compensation					216	231	**216**	**231**
PSU and DSU expenses					659	1,780	**659**	**1,780**
Depreciation, amortization and write-off					8,187	9,771	**8,187**	**9,771**
Net finance expense (income)					1,999	(1,290)	**1,999**	**(1,290)**
Change in fair value of investments					3	2,434	**3**	**2,434**
Acquisition, legal, restructuring and other expenses (income)					$ 779	$ 2,049	**779**	**2,049**
Income before income taxes							**16,661**	**19,018**
Income taxes							**4,115**	**4,900**
Net income							**$ 12,546**	**$ 14,118**

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	**Q3 2022**	**Q3 2021**
Nine-month periods								
Revenues	$ 115,793	$ 115,302	$ 96,484	$ 73,850	$ —	$ —	**$ 212,277**	**$ 189,152**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	72,002	54,146	58,106	41,188	3,923	3,188	**134,031**	**98,522**
Adjusted EBITDA	$ 43,791	$ 61,156	$ 38,378	$ 32,662	(3,923)	(3,188)	**78,246**	**90,630**
Share-based compensation					576	616	**576**	**616**
PSU and DSU expenses					4,049	4,408	**4,049**	**4,408**
Depreciation, amortization and write-off					26,305	28,871	**26,305**	**28,871**
Net finance expense (income)					6,888	6,085	**6,888**	**6,085**
Change in fair value of investments					(10)	3,787	**(10)**	**3,787**
Acquisition, legal, restructuring and other expenses (income)					$ 2,795	$ 1,923	**2,795**	**1,923**
Income before income taxes							**37,643**	**44,940**
Income taxes							**8,822**	**11,913**
Net income							**$ 28,821**	**$ 33,027**

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

During the year ended March 31, 2021, the Corporation applied and qualified for the Canada Emergency Wage Subsidy ("CEWS"), a Canadian federal government program created in response to the negative economic impact of the COVID-19 pandemic and designed to provide financial assistance to businesses who experienced a certain level of decrease in revenues to help them retain their employees. The Corporation recognized, as a reduction of operating expenses, the subsidies claimed under the CEWS and other programs.

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

	3 months		9 months	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
CEWS	$ 1,673	$ 3,139	$ 5,712	$ 21,148
Research and development and multimedia tax credits	552	1,266	1,823	2,158
	$ 2,225	$ 4,405	$ 7,535	$ 23,306

	Broadcasting and commercial music		Radio		Corporate and eliminations[1]		**Consolidated**	
	December 31, 2021	March 31, 2021	December 31, 2021	March 31, 2021	December 31, 2021	March 31, 2021	**December 31, 2021**	**March 31, 2021**
Total assets	$ 282,341	$ 217,256	$ 611,276	$ 605,581	$ —	$ —	**$ 893,617**	**$ 822,837**
Total liabilities	$ 142,074	$ 85,194	$ 123,720	$ 116,727	$ 347,446	$ 346,224	**$ 613,240**	**$ 548,145**

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

	Broadcasting and commercial music		Radio		**Consolidated**	
Three-month periods	Q3 2022	Q3 2021	Q3 2022	Q3 2021	**Q3 2022**	**Q3 2021**
Acquisition of property and equipment	$ 1,346	$ 1,919	$ 842	$ 213	**$ 2,188**	**$ 2,132**
Addition to right-of-use assets on leases	$ 33	$ 2,888	$ 106	$ 16	**$ 139**	**$ 2,904**
Acquisition of intangible assets	$ 36,531	$ 2,548	$ —	$ —	**$ 36,531**	**$ 2,548**
Acquisition of broadcast licences	$ —	$ —	$ 7	$ —	**$ 7**	**$ —**
Goodwill recorded on business acquisitions	$ 18,567	$ —	$ —	$ —	**$ 18,567**	**$ —**

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

	Broadcasting and commercial music		Radio		**Consolidated**	
Nine-month periods	Q3 2022	Q3 2021	Q3 2022	Q3 2021	**Q3 2022**	**Q3 2021**
Acquisition of property and equipment	$ 3,783	$ 6,031	$ 2,417	$ 610	**$ 6,200**	**$ 6,641**
Addition to right-of-use assets on leases	$ 559	$ 3,282	$ 460	$ 1,421	**$ 1,019**	**$ 4,703**
Acquisition of intangible assets	$ 54,108	$ 9,238	$ —	$ —	**$ 54,108**	**$ 9,238**
Acquisition of broadcast licences	$ —	$ —	$ 7	$ 78	**$ 7**	**$ 78**
Goodwill recorded on business acquisitions	$ 18,606	$ 2,947	$ —	$ —	**$ 18,606**	**$ 2,947**

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

Approximately 75% of the Corporation's non-current assets are located in Canada.

5. REVENUES

DISAGGREGATION OF REVENUES

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

	Reportable segments[3]					
Three-month periods	**Q3 2022**	**Q3 2021**	**Q3 2022**	**Q3 2021**	**Q3 2022**	**Q3 2021**
	Broadcasting and commercial music		Radio		**Total revenues**	
Geography						
Canada	$ 14,429	$ 14,989	$ 34,943	$ 32,379	**$ 49,372**	**$ 47,368**
United States	13,438	10,693	—	—	**13,438**	**10,693**
Other countries	13,230	14,504	—	—	**13,230**	**14,504**
	41,097	40,186	34,943	32,379	**76,040**	**72,565**
Products						
Subscriptions [1]	34,411	35,197	—	—	**34,411**	**35,197**
Equipment and labor [2]	3,899	3,326	—	—	**3,899**	**3,326**
Advertising [2]	2,787	1,663	34,943	32,379	**37,730**	**34,042**
	$ 41,097	$ 40,186	$ 34,943	$ 32,379	**$ 76,040**	**$ 72,565**

[1] Generally recognized over time
[2] Generally recognized at a point in time
[3] No revenues are generated from the Corporate Segment

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

Nine-month periods	Reportable segments[3] Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021
	Broadcasting and commercial music		Radio		**Total revenues**	
Geography						
Canada	$ 40,964	$ 41,285	$ 96,484	$ 73,850	**$ 137,448**	**$ 115,135**
United States	35,201	31,086	—	—	**35,201**	**31,086**
Other countries	39,628	42,931	—	—	**39,628**	**42,931**
	115,793	115,302	96,484	73,850	**212,277**	**189,152**
Products						
Subscriptions [1]	99,401	102,423	—	—	**99,401**	**102,423**
Equipment and labor [2]	9,795	9,250	—	—	**9,795**	**9,250**
Advertising [2]	6,597	3,629	96,484	73,850	**103,081**	**77,479**
	$ 115,793	$ 115,302	$ 96,484	$ 73,850	**$ 212,277**	**$ 189,152**

[1] Generally recognized over time
[2] Generally recognized at a point in time
[3] No revenues are generated from the Corporate Segment

6. NET FINANCE EXPENSE (INCOME)

	3 months December 31, 2021	3 months December 31, 2020	9 months December 31, 2021	9 months December 31, 2020
Interest expense and standby fees	$ 2,976	$ 4,543	$ 9,674	$ 12,050
Mark-to-market gains on derivative financial instruments	(248)	(3,017)	(1,247)	(3,320)
Change in fair value of contingent consideration	(1,651)	(1,479)	(5,212)	(897)
Depreciation, amortization and accretion of other liabilities	540	848	1,165	2,457
Interest expense on lease liabilities (note 10)	392	409	1,221	1,201
Foreign exchange loss (gain)	(10)	(2,594)	1,287	(5,406)
	$ 1,999	$ (1,290)	$ 6,888	$ 6,085

7. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES (INCOME)

	3 months December 31, 2021	3 months December 31, 2020	9 months December 31, 2021	9 months December 31, 2020
Acquisition	$ 30	$ 802	$ 243	$ 1,332
Legal	101	735	1,177	199
Restructuring and other	648	512	1,375	392
	$ 779	$ 2,049	$ 2,795	$ 1,923

(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
Year ended March 31, 2021					
Net book amount as at March 31, 2020	$ 45,732	$ 29,460	$ 54,490	$ 272,910	$ 337,824
Additions	6,493	4,697	8,933	78	—
Additions through business acquisition	1,765	—	2,721	—	2,947
Disposals and write-off	(1,058)	(372)	(2,457)	—	—
Depreciation of property and equipment	(10,907)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(5,614)	—	—	—
Amortization of intangible assets	—	—	(21,379)	—	—
Foreign exchange differences	203	13	(424)	—	(2,874)
Net book amount as at March 31, 2021	$ 42,228	$ 28,184	$ 41,884	$ 272,988	$ 337,897
Nine-month period ended December 31, 2021					
Net book amount as at March 31, 2021	$ 42,228	$ 28,184	$ 41,884	$ 272,988	$ 337,897
Additions	6,117	1,019	7,147	7	—
Additions through business acquisitions	83	—	46,961	—	18,606
Disposals and write-off	(359)	(682)	—	—	—
Depreciation of property and equipment	(6,848)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(3,875)	—	—	—
Amortization of intangible assets	—	—	(15,223)	—	—
Foreign exchange differences	(1,043)	(16)	1,182	—	(576)
Net book amount as at December 31, 2021	$ 40,178	$ 24,630	$ 81,951	$ 272,995	$ 355,927

9. CREDIT FACILITIES

The credit facilities consist of a $375,000 revolving credit facility (“Revolving facility”) and a remaining $65,625 term loan (“Term facility”), both maturing in October 2026. On May 28, 2021, the Corporation fully repaid, on maturity, its $20,000 term loan.

The credit facilities bear interest at either (a) the bank’s prime rate plus an applicable margin based on a financial covenant or (b) the banker’s acceptance rate plus an applicable margin based on a financial covenant. In addition, the Corporation incurs standby fees, varying between 0.40% and 0.63% based on a financial covenant.

The table below is a summary of the credit facilities:

December 31, 2021	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	$ 375,000	$ 253,554	$ 750	$ 120,696
Term facility	65,625	65,625	—	—
Total committed credit facilities	$ 440,625	$ 319,179	$ 750	$ 120,696
Less: unamortized deferred financing fees		(1,222)		
Balance, end of period		317,957		
Current portion		$ 7,500		
Non-current portion		$ 310,457		

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

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

As at December 31, 2021 and March 31, 2021, letters 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
2022	$ 1,875
2023	7,500
2024	7,500
2025	7,500
2026	7,500
2027	33,750
	$ 65,625

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, 2021:

	3 months		9 months	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Lease liabilities, beginning of period	**$ 27,879**	**$ 29,784**	**$ 30,212**	**$ 30,853**
Additions	139	2,904	1,019	4,703
Payment of lease liabilities, including related interest	(1,522)	(1,664)	(4,962)	(5,113)
Reassessment of the lease term	—	—	(594)	(256)
Interest expense on lease liabilities (note 6)	392	409	1,221	1,201
Foreign exchange differences	(10)	18	(18)	63
Lease liabilities, end of period	**$ 26,878**	**$ 31,451**	**$ 26,878**	**$ 31,451**

Lease liabilities included in the Consolidated statements of financial position	**December 31, 2021**	**March 31, 2021**
Current portion	$ 3,515	$ 4,479
Non-current portion	$ 23,363	$ 25,733
	$ 26,878	**$ 30,212**

(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, 2021:

Less than one year	$	2,953
One to five years		17,658
More than five years		16,308
Total undiscounted lease liabilities as at December 31, 2021	**$**	**36,919**

11. OTHER LIABILITIES

		December 31, 2021		March 31, 2021
CRTC tangible benefits	$	27,912	$	27,970
Contingent consideration		23,590		14,456
Balance payable on business acquisitions		45,025		100
Accrued pension benefit liability		5,663		6,112
Derivative financial instruments (note 14)		4,073		5,370
Performance share unit payable		4,154		4,478
Other		1,489		1,541
		111,906		60,027
Current portion		(59,955)		(15,812)
	$	51,951	$	44,215

As at December 31, 2021, the balance payable on business acquisitions amounting to 45,025$ was related to the acquisition of InStore Audio Network. An amount of US$ 33,500 ($42,471) was subsequently paid on January 5, 2022.

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)

Issued and outstanding:

The movements in share capital were as follows:

	Number of shares		Carrying amount
Year ended March 31, 2021			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2020	55,607,956	$	304,140
Exercise of stock options	80,732		269
Repurchased and cancelled	(1,530,180)		(8,700)
Purchased and held in trust through employee share purchase plan	11,582		16
As at March 31, 2021	54,170,090	$	295,725
Multiple voting shares			
As at March 31, 2020 and 2021	17,941,498		18,226
	72,111,588	$	313,951

	Number of shares		Carrying amount
Nine-month period ended December 31, 2021			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2021	54,170,090	$	295,725
Exercise of stock options	85,000		361
Repurchased through share repurchase program and cancelled	(2,025,800)		(11,514)
Purchased and held in trust through employee share purchase plan	(32,246)		(273)
As at December 31, 2021	52,197,044	$	284,299
Multiple voting shares			
As at March 31, 2021 and December 31, 2021	17,941,498		18,226
	70,138,542	$	302,525

Transactions for the nine-month period ended December 31, 2021

During the period, 85,000 stock options were exercised and consequently, the Corporation issued 85,000 subordinate voting shares. The proceeds amounted to $289. An amount of $72 of contributed surplus related to those stock options was transferred to the subordinate voting shares' account balance.

On November 9, 2021, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $5,267 was paid on December 15, 2021.

On August 3, 2021, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $5,348 was paid on September 15, 2021.

On March 24, 2021, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share, multiple voting share and subscription receipts. A dividend payable of $5,409 was accrued in the consolidated statement of financial position as at March 31, 2021. The dividend paid on June 15, 2021 was $5,377, which resulted in an adjustment of $32 in the consolidated statement of changes in equity for the three-month period ended June 30, 2021.

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

Share repurchase program

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

The following table summarizes the Corporation's share repurchase activities during the three-month and nine-month periods ended December 31, 2021:

		3 months		9 months
Subordinate voting shares repurchased for cancellation *(unit)*		927,800		2,025,800
Average price per share	$	6.9271	$	7.1616
Total repurchase cost	$	6,427	$	14,508
Repurchase resulting in a reduction of:				
Share capital	$	5,273	$	11,514
Deficit [1]	$	1,154	$	2,994

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

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

13. SUPPLEMENTAL CASH FLOW INFORMATION

	3 months		9 months	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Trade and other receivables	$ 426	$ (7,627)	$ (2,618)	$ 1,460
Inventories	363	(614)	(1,729)	(916)
Other current assets	(863)	3,734	(1,386)	4,868
Other non-current assets	4	(5)	25	136
Accounts payable and accrued liabilities	(427)	(8,873)	(1,500)	(11,046)
Deferred revenues	(716)	(180)	(337)	10
Income taxes payable	2,164	(1,915)	859	(3,921)
Other liabilities	582	(378)	(909)	(1,567)
	$ 1,533	$ (15,858)	$ (7,595)	$ (10,976)

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, 2021 and 2020:

	3 months		9 months	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Additions to property and equipment	$ 7	$ 283	$ (501)	$ 2,880
Additions to intangible assets, excluding broadcast licences and intangible assets acquired through business acquisitions	(36)	61	107	337
	$ (29)	$ 344	$ (394)	$ 3,217

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, 2021. 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 approximate current rates that could be obtained for debts with similar terms and credit risk. The fair value of derivative financial instruments is determined using an evaluation of the estimated market value, adjusted for the credit quality of the counterparty. The carrying amount of CRTC tangible benefits and balance payable on business acquisitions is a reasonable approximation of their fair value as they are discounted using the effective interest rate, which approximate current rates that could be obtained with similar terms and credit risk.

(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, 2021	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 11,266				
Trade and other receivables	68,150				
Financial assets measured at fair value					
Investments	$ 1,596	$ 1,596	$ —	$ —	$ 1,596
Financial liabilities measured at amortized cost					
Credit facilities	$ 317,957				
Subordinated debt	25,416				
Accounts payable and accrued liabilities	58,714				
CRTC tangible benefits	27,912				
Accrued pension benefit liability	5,663				
Performance share unit payable	4,154				
Balance payable on business acquisitions	45,025				
Financial liabilities measured at fair value					
Contingent consideration	$ 23,590	$ 23,590	$ —	$ —	$ 23,590
Derivative financial instruments	4,073	4,073	—	4,073	—

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

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

Fair value measurement (Level 3):

		Investments		Contingent consideration
Nine-month period ended December 31, 2020				
Opening amount as at March 31, 2020	$	23,548	$	17,831
Additions through business acquisition		—		2,197
Change in fair value		(3,787)		(897)
Settlements		(18,861)		(5,548)
Balance at December 31, 2020	**$**	**900**	**$**	**13,583**
Nine-month period ended December 31, 2021				
Opening amount as at March 31, 2021	$	900	$	14,456
Additions		686		—
Additions through business acquisitions (note 3)		—		15,807
Change in fair value		10		(5,212)
Settlements		—		(1,461)
Balance at December 31, 2021	**$**	**1,596**	**$**	**23,590**

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, 2021 and 2020.

INVESTMENTS

The Corporation has equity instruments in private entities that were 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.

The table below is a summary of the investments:

		December 31, 2021		March 31, 2021
Spotlight Media Ltd.	$	254	$	—
Space Factory Media Inc.		317		—
Nextologies		900		900
Dalton Aviation Inc.		125		—
	$	1,596	$	900

AppDirect

During the three-month period ended December 31, 2020, the Corporation disposed of its investment in AppDirect for a cash consideration of US$ 14,612 ($18,861) and recognized a loss on disposal of $2,434 in change in fair value of investments in the consolidated statements of comprehensive income.

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

CONTINGENT CONSIDERATION

The contingent consideration related to business acquisitions is payable based on the achievement of targets for growth in revenues for a period from the date of the acquisition and upon renewal of client contracts. The fair value measurement of the contingent consideration is determined using unobservable (Level 3) inputs. These inputs include (i) the estimated amount and timing of projected cash flows; and (ii) the risk-adjusted discount rate used to present value the cash flows, which is based on the risk associated with the revenue targets being met. 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).

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation use derivative financial instruments to manage its interest rate risk on its credit facilities. These include interest rate swaps and swaptions.

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

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market liabilities as at December 31, 2021	Mark-to-market liabilities as at March 31, 2021
Swaps					
October 25, 2024	CAD	0.81%	$ 50,000	$ —	$ 945
October 25, 2024	CAD	1.33%	50,000	—	403
October 25, 2021	CAD	2.19%	50,000	—	494
October 25, 2024	CAD	2.29%	50,000	736	1,938
			200,000	736	3,780
Swaptions					
October 25, 2024	CAD	—	100,000	1,397	642
October 25, 2024	CAD	—	100,000	1,940	948
			$ 200,000	$ 3,337	$ 1,590
			$ 400,000	$ 4,073	$ 5,370

During the nine-month periods ended December 31, 2021, the Corporation unwound two interest rate swaps with maturity date of October 25, 2024 and made payments totaling $90.

15. SUBSEQUENT EVENT

Dividend

On February 8, 2022, the Corporation declared a dividend of $0.75 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around March 15, 2022 to shareholders on record as of February 28, 2022.

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

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, 2021.

The interim consolidated financial statements were authorized for issue by the Board of Directors on February 8, 2022.

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, 2021.

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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