STINGRAY®

Third Quarter Report

Fiscal 2024

For the nine-month period ended December 31, 2023

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BASIS OF PREPARATION AND FORWARD-LOOKING STATEMENTS

The following is the quarterly financial report and Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of Stingray Group Inc., ("Stingray" or "the Corporation"), and should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and accompanying notes for the three-month and nine-month periods ended December 31, 2023 and 2022, and with the most recent audited consolidated financial statements and MD&A for the year ended March 31, 2023. This MD&A reflects information available to the Corporation as at February 6, 2024. 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, 2023 and 2022.

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, 2023 available on SEDAR.

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

OVERVIEW

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

KEY PERFORMANCE INDICATORS

For the three-month period ended December 31, 2023 ("Q3 2024"):

$100.3 M ▲ 12.4% from Q3 2023 Revenues	**$9.1 M** ▼ 29.9% from Q3 2023 Net income Or $0.13 per share	**$30.9 M** ▲ 25.6% from Q3 2023 Cash flow from operating activities Or $0.45 per share
$38.6 M ▲ 12.2% from Q3 2023 Adjusted EBITDA(1)	**$18.5 M** ▲ 12.3% from Q3 2023 Adjusted Net income(1) Or $0.27 per share(1)	**$32.7 M** ▲ 80.6% from Q3 2023 Adjusted free cash flow(1) Or $0.47 per share(1)

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the third quarter ended December 31, 2023:

Compared to the quarter ended December 31, 2022 ("Q3 2023"):

- Revenues increased 12.4% to $100.3 million from $89.2 million;
- Adjusted EBITDA(1) increased 12.2% to $38.6 million from $34.5 million. Adjusted EBITDA by segment was $27.9 million or 42.5% of revenues for Broadcasting and Commercial Music, $12.3 million or 35.6% of revenues for Radio and $(1.6) million for Corporate;
- Net income was $9.1 million ($0.13 per share(1)) compared with $12.9 million ($0.19 per share(1));
- Adjusted Net income(1) increased to $18.5 million ($0.27 per share(1)) compared with $16.5 million ($0.24 per share(1));
- Cash flow from operating activities increased 25.6% to $30.9 million ($0.45 per share(1)) compared to $24.6 million ($0.35 per share(1));
- Adjusted free cash flow(1) increased 80.6% to $32.7 million ($0.47 per share(1)) compared to $18.1 million ($0.26 per share(1));
- Net debt to Pro Forma Adjusted EBITDA(1) ratio of 2.99x, compared with 3.34x and;
- 372,400 shares repurchased and cancelled for a total of $1.9 million, compared with 340,900 shares repurchased and cancelled for a total of $1.6 million.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to "Supplemental Information on Non-IFRS Measures" on page 6 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

Business Highlights:

- On February 6, 2024, 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, 2024, to shareholders on record as of February 29, 2024.
- On January 22, 2024, the Corporation announced the launch of five video channels on Xiaomi TV+, a free ad-supported TV streaming service platform. This successful cooperation was made possible through the commercial support and expertise of THEMA, a Canal+ company. The offering is now live and available on all Android TVs (through Xiaomi TV+ App download) in Germany, Italy, Spain, France, and the United Kingdom, providing a rich and diverse content experience to all viewers across these countries. Further expansion to other countries is planned for next year.
- On January 10, 2024, the Corporation announced that Stingray Karaoke will be featured as an in-car entertainment service in the innovative and luxurious AFEELA Prototype manufactured by Sony Honda Mobility Inc.. This collaboration was showcased at the 2024 Consumer Electronics Show (CES) and represents the start of future collaboration between the companies.
- On January 8, 2024, the Corporation announced the launch of the next-generation karaoke experience with gaming and scoring features for use in the automotive space. Its partner, The Singing Machine Company, Inc., announced the launch of its in-car karaoke microphone with pitch detection exclusively working with Stingray Karaoke scoring features at the 2024 Consumer Electronics Show in Las Vegas from January 9-12, 2024.
- On January 5, 2024, the Corporation announced the expansion of its global deal with BYD, the world's leading manufacturer of new energy vehicles. Following the successful integration of Stingray Karaoke, BYD will now include the established Calm Radio app in their models sold across dozens of countries. This represents the first time that Calm Radio has been deployed across a leading EV OEM platform, showcasing Stingray's commitment to revolutionizing the global in-car entertainment landscape with compelling content and features.
- On November 17, 2023, the Corporation announced the launch of eighteen new channels on Samsung TV Plus, Samsung's 100% free ad-supported streaming TV and video on-demand (AVOD) service. These channels are now live and available to users in the U.S. on Samsung Smart TVs, Galaxy devices, Smart Monitors, Family Hub refrigerators and on the web. The new audio channels on Samsung TV Plus cater to a broad spectrum of musical tastes and genres. From Hot Country, Remember the 80's, Nothin' but 90's, Flashback 70's, Smooth Jazz, Easy Listening, The Spa, Today's K-Pop, Today's Latin Pop, Romance Latino, Classic Rock, Hip-Hop and Greatest Hits, there's something for every music lover. This diverse array of channels reflects Stingray's commitment to delivering a rich and varied music experience to all listeners.
- On November 16, 2023, the Corporation announced the introduction of its latest TV channel, Stingray Holidayscapes. Now available on LG Smart TVs, the channel promises to enhance the viewing experience for millions of users across North America. Stingray Holidayscapes sets the perfect ambiance for all at-home activities and gatherings throughout the seasons, transforming everyday moments into memorable experiences. The channel artfully weaves together scenes of vibrant celebrations with holiday-inspired lifestyle videos, creating a distinctive backdrop for every occasion. With a repertoire ranging from heartfelt Valentine's Day love songs to spooky Halloween pop hits and timeless holiday classics, Stingray Holidayscapes celebrates the spirit of festivity all year round.
- On November 9, 2023, the Corporation announced the addition of five new FAST channels on Pluto TV now available to audiences in Canada. This expansion highlights Stingray's commitment to delivering diverse, high-quality content across the country.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	3 months				9 months			
	Dec. 31, 2023 Q3 2024		Dec. 31, 2022 Q3 2023		Dec. 31, 2023 YTD 2024		Dec. 31, 2022 YTD 2023	
(in thousands of Canadian dollars, except per share amounts)	**$**	**% of revenues**	**$**	**% of revenues**	**$**	**% of revenues**	**$**	**% of revenues**
Revenues	100,278	100.0 %	89,242	100.0 %	261,763	100.0 %	245,013	100.0 %
Operating expenses	64,498	64.3 %	54,707	61.3 %	167,803	64.2 %	157,689	64.3 %
Depreciation, amortization and write-off	7,478	7.5 %	7,472	8.4 %	23,634	9.0 %	24,802	10.1 %
Net finance expense [1]	15,159	15.1 %	7,205	8.1 %	25,147	9.6 %	23,086	9.4 %
Change in fair value of investments	103	0.1 %	68	0.1 %	124	0.0 %	(300)	(0.1) %
Acquisition, legal, restructuring and other expenses	784	0.8 %	1,809	2.0 %	87	0.0 %	5,277	2.2 %
Income before income taxes	12,256	12.2 %	17,981	20.1 %	44,968	17.2 %	34,459	14.1 %
Income taxes	3,186	3.2 %	5,037	5.6 %	12,391	4.7 %	8,787	3.6 %
Net income	9,070	9.0 %	12,944	14.5 %	32,577	12.5 %	25,672	10.5 %
Adjusted EBITDA[2]	38,648	38.5 %	34,450	38.6 %	96,432	36.8 %	87,567	35.7 %
Adjusted Net income[2]	18,483	18.4 %	16,464	18.4 %	44,930	17.2 %	40,534	16.5 %
Cash flow from operating activities	30,902	30.8 %	24,605	27.6 %	74,263	28.4 %	59,397	24.2 %
Adjusted free cash flow[2]	32,655	32.6 %	18,085	20.3 %	66,690	25.5 %	48,753	19.9 %
Net debt[2]	381,488	–	379,382	–	381,488	–	379,382	–
Net debt to Pro Forma Adjusted EBITDA[2]	2.99x	–	3.34x	–	2.99x	–	3.34x	–
Net income per share basic and diluted	0.13	–	0.19	–	0.47	–	0.37	–
Adjusted Net income per share basic and diluted[2]	0.27	–	0.24	–	0.65	–	0.58	–
Cash flow from operating activities per share basic and diluted	0.45	–	0.35	–	1.07	–	0.85	–
Adjusted free cashflow per share basic and diluted[2]	0.47	–	0.26	–	0.96	–	0.70	–
Revenues by segment								
Broadcasting and Commercial Music	65,647	65.5 %	54,158	60.7 %	162,650	62.1 %	145,189	59.3 %
Radio	34,631	34.5 %	35,084	39.3 %	99,113	37.9 %	99,824	40.7 %
Revenues	100,278	100.0 %	89,242	100.0 %	261,763	100.0 %	245,013	100.0 %
Revenues by geography								
Canada	51,002	50.9 %	49,471	55.4 %	146,712	56.0 %	143,365	58.5 %
United States	37,099	37.0 %	26,561	29.8 %	77,749	29.7 %	64,024	26.1 %
Other Countries	12,177	12.1 %	13,210	14.8 %	37,302	14.3 %	37,624	15.4 %
Revenues	100,278	100.0 %	89,242	100.0 %	261,763	100.0 %	245,013	100.0 %

Notes:

(1) Interest paid during the Q3 2024 was $6.6 million (Q3 2023; $6.9 million). Interest paid for YTD Q3 2024 was $19.3 million (YTD Q3 2023, $17.0 million).

(2) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to “Supplemental Information on Non-IFRS Measures” on page 6 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Non-IFRS Measures Reconciliations” on page 8 and “Reconciliation of Quarterly Non-IFRS Measures” on page 17.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

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

Each of the below non-IFRS financial measures is not an earnings or cash flow measure recognized by International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-IFRS financial measures should not be construed as an alternative to net income determined in accordance with IFRS as indicators of our performance or to cash flows from operating activities as measures of liquidity and cash flows.

Adjusted EBITDA

The Corporation believes that Adjusted EBITDA provides investors with useful information because it is a common industry measure and it is also a key metric of the Corporation's financial performance without the variation caused by the impacts of the elements itemized below. Further, it provides an indication of the Corporation's ability to seize growth opportunities in a cost-effective manner as well as finance its ongoing operations and service its long-term debt. Adjusted EBITDA is defined as earnings before Net finance expense (income), income taxes, depreciation, amortization, share based compensation, performance and deferred share unit expense, acquisition, restructuring and other various costs and change in fair value of investments. The Corporation believes that Adjusted EBITDA is an important measure when analyzing its profitability without being influenced by financing decisions, non-cash items and income tax strategies. The Corporation also presents such non-IFRS measure because it believes such non-IFRS measure is frequently used by securities analysts, investors and other interested parties as measures of financial performance.

Adjusted EBITDA margin

Adjusted EBITDA margin ratio is a non-IFRS ratio used by management to analyze the profitability of the Corporation and facilitate period-to-period comparisons. This ratio is calculated by dividing the amount of Adjusted EBITDA for a given period by the amount of revenue for the same period. The Corporation believes that Adjusted EBITDA margin is an important measure when analyzing its profitability without being influenced by financing decisions, non-cash items and income tax strategies. The Corporation also presents such non-IFRS ratio because it believes such non-IFRS ratio is frequently used by securities analysts, investors and other interested parties as measures of financial performance.

Adjusted free cash flow

Adjusted free cash flow is a non-IFRS measure used by management to assess the amount of cash generated after accounting for capital expenditures and cash outflows that support our operations. It is a useful measure because it demonstrates cash available to make business acquisitions, pay dividends and reduce debt. Furthermore, this non-IFRS measure is a useful indicator of the Corporation's financial strength and liquidity. Adjusted free cash flow is calculated by taking the net cash generated from our operating activities, subtracting capital expenditures, interest paid, repayment of lease liabilities, net change in non-cash operating working capital items and unrealized losses or gains on foreign exchange, and excluding acquisition, legal, restructuring and other expenses. Refer to section "Non-IFRS measures reconciliations" of this MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Adjusted free cash flow per share

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

Adjusted Net income

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

Adjusted Net income per share

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

LTM Adjusted EBITDA

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

Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA is a non-IFRS measure representing LTM Adjusted EBITDA adjusted to include Adjusted EBITDA from acquisitions for the months prior to such acquisitions, as well as estimated revenue and cost saving synergies from such acquisitions and the value of credit notes granted to certain customers as a result of the COVID-19 pandemic. Furthermore, Pro Forma Adjusted EBITDA includes the impact on a 12-month basis of these significant cost efficiencies, restructuring measures, and new sales hires in the fastest growing divisions. Management believes that Pro Forma Adjusted EBITDA provides investors with useful financial metrics to assess and evaluate the Corporation's financial performance from period-to-period by adjusting for the impact of acquisitions and cost saving initiatives assuming they occurred at the beginning of the fiscal year, as well as certain events that are otherwise non-recurring. The Corporation also presents such non-IFRS measure because it believes such non-IFRS measure is frequently used by securities analysts, investors and other interested parties as a measure of financial performance.

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

Net debt

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

Net debt to Pro Forma Adjusted EBITDA ratio

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

NON-IFRS MEASURES RECONCILIATIONS

Adjusted EBITDA, Pro Forma Adjusted EBITDA, LTM Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Net income per share, Adjusted free cash flow, Adjusted free cash flow per share, Net debt and Net debt to Pro Forma Adjusted EBITDA ratio are non-IFRS measures.

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

	3 months		9 months	
(in thousands of Canadian dollars)	Dec. 31, 2023 **Q3 2024**	Dec. 31, 2022 **Q3 2023**	Dec. 31, 2023 **YTD 2024**	Dec. 31, 2022 **YTD 2023**
Net income	**9,070**	**12,944**	**32,577**	**25,672**
Net finance expense (income)	15,159	7,205	25,147	23,086
Change in fair value of investments	103	68	124	(300)
Income taxes	3,186	5,037	12,391	8,787
Depreciation and write-off of property and equipment	2,401	1,784	7,159	7,331
Depreciation of right-of-use assets	1,074	1,092	3,228	3,281
Amortization of intangible assets	4,003	4,596	13,247	14,190
Share-based compensation	121	153	342	454
Performance and deferred share unit expense	2,747	(238)	2,130	(211)
Acquisition, legal, restructuring and other expenses	784	1,809	87	5,277
Adjusted EBITDA	**38,648**	**34,450**	**96,432**	**87,567**
Adjusted EBITDA margin	**38.5%**	**38.6%**	**36.8%**	**35.7%**
Net income	**9,070**	**12,944**	**32,577**	**25,672**
Adjusted for:				
Unrealized loss (gain) on derivative instruments	5,056	(1,642)	821	809
Amortization of intangible assets	4,003	4,596	13,247	14,190
Change in fair value of investments	103	68	124	(300)
Share-based compensation	121	153	342	454
Performance and deferred share unit expense	2,747	(238)	2,130	(211)
Acquisition, legal, restructuring and other expenses	784	1,809	87	5,277
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, change in fair value of derivative financial instruments and acquisition, legal, restructuring and other expenses	(3,401)	(1,226)	(4,398)	(5,357)
Adjusted Net income	**18,483**	**16,464**	**44,930**	**40,534**
Average number of shares outstanding (diluted)	69,068	69,678	69,282	69,872
Adjusted Net income per share (diluted)	**0.27**	**0.24**	**0.65**	**0.58**

(in thousands of Canadian dollars)	**December 31, 2023**	**December 31, 2022**	**March 31, 2023**
LTM Adjusted EBITDA	**123,005**	**108,590**	**114,140**
Permanent cost-saving initiatives	4,459	5,074	2,325
Pro Forma Adjusted EBITDA	**127,464**	**113,664**	**116,465**

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, 2023 **Q3 2024**	Dec. 31, 2022 **Q3 2023**	Dec. 31, 2023 **YTD 2024**	Dec. 31, 2022 **YTD 2023**
Cash flow from operating activities	**30,902**	**24,605**	**74,263**	**59,397**
Add / Less :				
Acquisition of property and equipment	(1,742)	(1,997)	(5,461)	(5,247)
Acquisition of intangible assets other than internally developed intangible assets	(256)	(532)	(876)	(898)
Addition to internally developed intangible assets	(1,279)	(1,978)	(3,853)	(4,707)
Interest paid	(6,620)	(6,882)	(19,286)	(17,050)
Repayment of lease liabilities	(997)	(974)	(3,422)	(3,311)
Net change in non-cash operating working capital items	9,500	3,376	23,644	14,559
Unrealized loss (gains) on foreign exchange	2,363	658	1,594	733
Acquisition, legal, restructuring and other expenses	784	1,809	87	5,277
Adjusted free cash flow	**32,655**	**18,085**	**66,690**	**48,753**
Average number of shares outstanding (diluted)	69,068	69,678	69,282	69,872
Adjusted free cash flow per share (diluted)	**0.47**	**0.26**	**0.96**	**0.70**

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

(in thousands of Canadian dollars)	**December 31, 2023**	**December 31, 2022**	**March 31, 2023**
Credit facilities	362,902	366,168	360,990
Subordinated debt	25,577	25,517	25,543
Cash and cash equivalents	(6,991)	(12,303)	(15,453)
Net debt	**381,488**	**379,382**	**371,080**
Net debt to Pro Forma Adjusted EBITDA	**2.99**	**3.34**	**3.19**

FINANCIAL RESULTS FOR THE PERIODS ENDED DECEMBER 31, 2023 AND 2022

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2024	Q3 2023	% Change	YTD 2024	YTD 2023	% Change
Revenues by geography						
Canada	51,002	49,471	3.1	146,712	143,365	2.3
United States	37,099	26,561	39.7	77,749	64,024	21.4
Other Countries	12,177	13,210	(7.8)	37,302	37,624	(0.9)
Revenues	100,278	89,242	12.4	261,763	245,013	6.8

Global

Revenues in Q3 2024 increased $11.1 million or 12.4% to $100.3 million, from $89.2 million for Q3 2023. The increase was largely due to an increase in retail media advertising and FAST channels revenues.

Cumulative revenues for Fiscal 2024 increased $16.8 million or 6.8% to $261.8 million, from $245.0 million for cumulative Fiscal 2023. The increase was largely due to an increase in retail media advertising revenues, to a positive foreign exchange impact, and to an increase in FAST channels revenues.

Canada

Revenues in Canada in Q3 2024 increased $1.6 million or 3.1% to $51.0 million, from $49.4 million for Q3 2023. The increase was primarily due to an increase in retail media advertising revenues.

Cumulative revenues in Canada for Fiscal 2024 increased $3.3 million or 2.3% to $146.7 million, from $143.4 million for cumulative Fiscal 2023. The increase was largely due to an increase in equipment and installation sales related to digital signage and an increase in retail media advertising revenues.

United States

Revenues in the United States in Q3 2024 increased $10.5 million or 39.7% to $37.1 million, from $26.6 million for Q3 2023. Cumulative revenues in the United States for Fiscal 2024 increased $13.8 million or 21.4% to $77.8 million, from $64.0 million for cumulative Fiscal 2023. Both increases were largely due to an increase in retail media advertising and FAST channels revenues.

Other Countries

Revenues in Other countries in Q3 2024 decreased $1.0 million or 7.8% to $12.2 million, from $13.2 million for Q3 2023. The decrease was due to a decrease in audio channel revenues and to a decrease in In-store commercial revenues, partially offset by a positive foreign exchange impact.

Cumulative revenues in Other countries for Fiscal 2024 decreased $0.3 million or 0.9% to $37.3 million, from $37.6 million for cumulative Fiscal 2023. The decrease was due to decrease in In-store commercial revenues, to a decrease in equipment and installation sales related to digital signage and subscription revenues, mainly offset by a positive foreign exchange impact.

Operating expenses

Operating expenses in Q3 2024 increased $9.8 million or 17.9% to $64.5 million, from $54.7 million for Q3 2023. Cumulative operating expenses for Fiscal 2024 increased $10.1 million or 6.4% to $167.8 million, from $157.7 million for cumulative Fiscal 2023. Both increases were mainly due to higher operating costs related to higher revenues and due to higher performance and deferred share units expense related to an increase in the share price.

Adjusted EBITDA(1)

Adjusted EBITDA in Q3 2024 increased $4.1 million or 12.2% to $38.6 million from $34.5 million for Q3 2023. Adjusted EBITDA margin was 38.5% compared to 38.6% for Q3 2023. The increase of Adjusted EBITDA was mostly due to higher revenues. The decrease in EBITDA margin is due to the decrease in Adjusted EBITDA in the Radio segment.

Cumulative Adjusted EBITDA for Fiscal 2024 increased $8.8 million or 10.1% to $96.4 million from $87.6 million for cumulative Fiscal 2023. Adjusted EBITDA margin was 36.8% compared to 35.7% for cumulative Fiscal 2023. The increase of Adjusted EBITDA and EBITDA margin was mostly due to higher revenues and lower operating costs in the Broadcasting and Commercial Music segment resulting from cost-saving initiatives implemented in Fiscal 2023.

Depreciation, amortization and write off

Depreciation, amortization and write off in Q3 2024 remains stable at $7.5 million compared to Q3 2023.

Cumulative depreciation, amortization and write off for Fiscal 2024 decreased $1.2 million or 4.7% to $23.6 million, from $24.8 million for cumulative Fiscal 2023. The decrease was mainly due to less intangible assets to amortize compared to the comparative period as certain intangible assets are now fully amortized.

Net finance expense

Net finance expense in Q3 2024 increased $8.0 million or 110.4% to $15.2 million, from $7.2 million for Q3 2023. The increase was mainly due to an unrealized loss on derivative financial instruments and to a higher loss on foreign exchange.

Cumulative Net finance expense for Fiscal 2024 increased $2.0 million or 8.9% to $25.1 million, from $23.1 million for cumulative Fiscal 2023. The increase was mainly due to higher interest expense, partially offset by to a lower increase on the change in the fair value of contingent consideration.

Change in fair value of investments

In both Q3 2024 and in cumulative Fiscal 2024, there was a loss of $0.1 million, respectively, on the fair value of investments due to the translation of an investment denominated in U.S. dollars to Canadian dollars.

Acquisition, legal, restructuring and other expenses

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2024	Q3 2023	% Change	YTD 2024	YTD 2023	% Change
Acquisition	-	88	(100.0)	4	302	(98.6)
Legal	(233)	555	(142.0)	(3,574)	1,067	(435.0)
Restructuring and other	1,017	1,166	(12.8)	3,657	3,908	(6.4)
Acquisition, legal, restructuring and other expenses	784	1,809	(56.6)	87	5,277	(98.4)

In Q3 2024, there was a decrease in restructuring and other costs due to a gain on legal expenses from an adjustment of an accrual. Cumulative acquisition, legal, restructuring and other expenses in Fiscal 2024 decreased compared to Fiscal 2023 mainly due to the decrease in legal expenses from a one-time settlement gain related to a trademark dispute.

Note:

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Income taxes

The income tax expense recognized in comprehensive income was $3.2 million for Q3 2024 compared to $5 million for Q3 2023. The effective tax rate for Q3 2024 was 26.0% compared to 28.0% for Q3 2023. The variance of the income tax rate is due to the variance in permanent differences.

The income tax expense recognized in comprehensive income was $12.4 million for cumulative Fiscal 2024 compared to $8.8 million for cumulative Fiscal 2023. The effective tax rate for cumulative Fiscal 2024 was 27.6% compared to 25.5% for cumulative Fiscal 2023. The variance of the income tax rate stems from the impact of a different mix in earnings across the various jurisdictions.

Net income and Net income per share

Net income in Q3 2024 was $9.1 million ($0.13 per share) compared to $12.9 million ($0.19 per share) for Q3 2023. The decrease was mainly due to an unrealized loss on derivative financial instruments and by higher performance and deferred share units expense related to an increase in the share price, partially offset by higher operating results and by lower income tax expense.

Cumulative Net income for Fiscal 2024 was $32.6 million ($0.47 per share) compared to $25.7 million ($0.37 per share) for cumulative Fiscal 2023. The increase was mainly due to higher operating results, to a one-time settlement gain on a trademark dispute in Q1 2024 and to a lower increase on the fair value of contingent consideration, partially offset by higher interest expense and by higher income tax expense.

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

Adjusted Net income in Q3 2024 was $18.5 million ($0.27 per share), compared to $16.5 million ($0.24 per share) for Q3 2023. The increase was primarily due to higher operating results, partially offset by a higher loss on foreign exchange.

Cumulative Adjusted Net income for Fiscal 2024 was $44.9 million ($0.65 per share), compared to $40.5 million ($0.58 per share) for cumulative Fiscal 2023. The increase was primarily due to higher operating results and to a lower increase on the fair value of contingent consideration, partially offset by higher interest expense.

Note:

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Business segment performance

Broadcasting and Commercial Music

(in thousands of Canadian dollars)	3 months			9 months		
	Q3 2024	Q3 2023	% Change	YTD 2024	YTD 2023	% Change
Revenues	65,647	54,158	21.2	162,650	145,189	12.0
Operating expenses	37,715	31,563	19.5	94,843	88,883	6.7
Adjusted EBITDA(1)	**27,932**	**22,595**	**23.6**	**67,807**	**56,306**	**20.4**
Adjusted EBITDA margin(1)	**42.5%**	**41.7%**	**2.0**	**41.7%**	**38.8%**	**7.5**

Revenues

In Q3 2024, Broadcasting and Commercial Music revenues increased $11.4 million or 21.2% to $65.6 million, from $54.2 million for Q3 2023. The increase was largely due to an increase in retail media advertising and FAST channels revenues.

Cumulative Broadcasting and Commercial Music revenues for Fiscal 2024 increased $17.4 million or 12.0% to $162.6 million from $145.2 million for cumulative Fiscal 2023. The increase was mainly due to higher retail media advertising revenues, to a positive foreign exchange impact and to an increase in FAST channels revenues.

Adjusted EBITDA(1)

In Q3 2024, Broadcasting and Commercial Music Adjusted EBITDA increased $5.3 million or 23.6% to $27.9 million from $22.6 million for Q3 2023. The increase was mainly due to an increase in gross margin due to higher revenues.

Cumulative Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2024 increased $11.5 million or 20.4% to $67.8 million from $56.3 million for cumulative Fiscal 2023. The increase was mainly due to an increase in gross margin due to higher revenues and and lower operating costs from cost-saving initiatives implemented in Fiscal 2023.

Radio

(in thousands of Canadian dollars)	3 months			9 months		
	Q3 2024	Q3 2023	% Change	YTD 2024	YTD 2023	% Change
Revenues	34,631	35,084	(1.3)	99,113	99,824	(0.7)
Operating expenses	22,292	21,796	2.3	65,874	64,595	2.0
Adjusted EBITDA(1)	**12,339**	**13,288**	**(7.1)**	**33,239**	**35,229**	**(5.6)**
Adjusted EBITDA margin(1)	**35.6%**	**37.9%**	**(5.9)**	**33.5%**	**35.3%**	**(5.0)**

Revenues

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

In Q3 2024, Radio revenues decreased $0.5 million or 1.3% to $34.6 million from $35.1 million for Q3 2023. Cumulative Radio revenues for Fiscal 2024 decreased $0.7 million or 0.7% to $99.1 million from $99.8 million for cumulative Fiscal 2023. Both decreases were mainly due to a decrease in local and national agency revenues, partially offset by increases in local direct revenues.

Adjusted EBITDA(1)

In Q3 2024, Radio Adjusted EBITDA decreased $1.0 million or 7.1% to $12.3 million from $13.3 million in Q3 2023. Cumulative Radio Adjusted EBITDA for Fiscal 2024 decreased $2.0 million or 5.6% to $33.2 million from $35.2 million for cumulative Fiscal 2023. Both decreases in Adjusted EBITDA were due to slight revenue declines, combined with higher regulatory fees.

Note:

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CORPORATE

	3 months			9 months		
(in thousands of Canadian dollars)	Q3 2024	Q3 2023	% Change	YTD 2024	YTD 2023	% Change
Operating expenses	4,491	1,348	233.2	7,086	4,211	68.3
Adjust:						
Share-based compensation	(121)	(153)	(20.9)	(342)	(454)	(24.7)
Performance and deferred share unit expense	(2,747)	238	(1,254.2)	(2,130)	211	(1,109.5)
Adjusted EBITDA(1)	**(1,623)**	**(1,433)**	**13.3**	**(4,614)**	**(3,968)**	**16.3**

Adjusted EBITDA(1)

Corporate Adjusted EBITDA represents the head office operating expenses less the share-based compensation and performance and deferred share unit expense. Both increases in negative Adjusted EBITDA is related to higher compensation compared to corresponding periods.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to “Supplemental Information on Non-IFRS Measures” on page 6 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Non-IFRS Measures Reconciliations” on page 8 and “Reconciliation of Quarterly Non-IFRS Measures” on page 17.

Quarterly results

Revenues fluctuated over the last eight quarters from $72.6 million in the fourth quarter of Fiscal 2022 to $100.3 million in the third quarter of Fiscal 2024. These fluctuations, largely driven by the cyclical nature of the Corporation's business, were also influenced by several other factors. The increase in Q1 2023 and the decrease in Q2 2023 were mainly due to normal business seasonality. The increase in Q3 2023 was mostly due to normal business seasonality, to a positive foreign exchange impact and to an increase in equipment and installation sales related to digital signage. The decrease in Q4 2023 was mainly due to normal business seasonality. The increase in Q1 2024 was mostly due to higher Radio revenues, mainly offset by the decrease in retail media advertising and In-store commercial revenues. The increase in Q2 2024 was largely due to an increase in retail media advertising revenues. The increase in Q3 2024 was mostly due to normal business seasonality.

Adjusted EBITDA(1) fluctuated over the last eight quarters from $21.0 million in the fourth quarter of Fiscal 2022 to $38.6 million in the third quarter of Fiscal 2024. The increase in Q1 2023 was primarily due to normal business seasonality. The increase in Q2 2023 was mainly due to lower operating costs. The increase in Q3 2023, the decrease in Q4 2023 is mainly due to normal business seasonality. The increase in Q1 2024 is due to a decrease in operating expenses due to cost-saving initiatives implemented. The increase in Q2 2024 is due to higher gross margin from higher revenues. The increase in Q3 2024 is mainly due to normal business seasonality.

Net income fluctuated over the last eight quarters from $11.8 million in the fourth quarter of Fiscal 2022 to $9.0 million in the third quarter of Fiscal 2024. The increase in Q1 2023 was mainly due to higher operating results and lower restructuring and other costs, partially offset by an increase in the fair value of contingent consideration. The decrease in Q2 2023 was primarily due to an unrealized loss on derivative financial instruments, a foreign exchange loss and higher interest expenses, partially offset by lower income tax expense. The increase in Q3 2023 was mainly due to higher operating results and to an unrealized gain on derivative financial instruments, partially offset by higher income tax expense. The decrease in Q4 2023 was mainly due to lower operating results, to higher restructuring and other costs and to higher performance and deferred share units expense, partially offset by lower income tax expense. In Q1 2024, the increase was mainly due to a one-time settlement gain on a trademark dispute, to lower restructuring and other costs, to a higher unrealized gain on derivative instruments and to a lower performance and deferred share unit expense, partially offset by higher income tax expense and gain related to the change in fair value of contingent consideration. In Q2 2024, the decrease was mainly due to a one-time settlement gain on a trademark dispute in comparative periods, partially offset by an unrealized gain on derivative financial instruments and by lower income tax expense. In Q3 2024 decrease was mainly due to an unrealized loss on derivative financial instruments and to a foreign exchange loss, partially offset higher operating results.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to "Supplemental Information on Non-IFRS Measures" on page 6 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

Summary of Consolidated Quarterly Results

(in thousands of Canadian dollars, except per share amounts)	3 months							
	Dec. 31, 2023	**Sept. 30, 2023**	**June 30, 2023**	**March 31, 2023**	**Dec. 31, 2022**	**Sept. 30, 2022**	**June 30, 2022**	**March 31, 2022**
	FY2024	**FY2024**	**FY2024**	**FY2023**	**FY2023**	**FY2023**	**FY2023**	**FY2022**
Revenues by segment								
Broadcasting and Commercial Music	65,647	49,815	47,188	50,045	54,158	44,901	46,130	45,584
Radio	34,631	32,678	31,804	28,886	35,084	32,734	32,006	27,060
Total revenues	**100,278**	**82,493**	**78,992**	**78,931**	**89,242**	**77,635**	**78,136**	**72,644**
Revenues by geography								
Canada	51,002	48,429	47,281	43,667	49,471	47,236	46,658	40,456
United States	37,099	21,571	19,079	21,968	26,561	18,360	19,103	19,145
Other countries	12,177	12,493	12,632	13,296	13,210	12,039	12,375	13,043
Total revenues	**100,278**	**82,493**	**78,992**	**78,931**	**89,242**	**77,635**	**78,136**	**72,644**
Adjusted EBITDA(1)	**38,648**	**29,518**	**28,266**	**26,573**	**34,450**	**27,031**	**26,086**	**21,023**
LTM Adjusted EBITDA(1)	**123,005**	**118,807**	**116,320**	**114,140**	**108,590**	**102,644**	**101,200**	**99,269**
Net income	**9,070**	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**
Net income per share basic and diluted	0.13	0.14	0.20	0.06	0.19	0.05	0.13	0.06
Adjusted Net income(1)	**18,483**	**14,554**	**11,893**	**14,668**	**16,464**	**10,825**	**13,245**	**11,780**
Adjusted Net income per share basic(1)	0.27	0.21	0.17	0.21	0.24	0.16	0.19	0.17
Adjusted Net income per share diluted(1)	0.27	0.21	0.17	0.21	0.24	0.15	0.19	0.17
Cash flow from operations	**30,902**	**19,101**	**24,260**	**27,552**	**24,605**	**18,446**	**16,346**	**22,127**
Adjusted free Cash Flow(1)	**32,655**	**15,578**	**18,457**	**14,909**	**18,085**	**15,009**	**15,659**	**11,833**
Quarterly dividend	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to "Supplemental Information on Non-IFRS Measures" on page 6 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

Reconciliation of Quarterly Non-IFRS Measures

Adjusted EBITDA, Pro Forma Adjusted EBITDA, LTM Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Net income per share, Adjusted free cash flow, Adjusted free cash flow per share, Net debt and Net debt to Pro Forma Adjusted EBITDA ratio are non-IFRS measures that the Corporation uses to assess its financial performance. Refer to "Supplemental information on Non-IFRS Measures" on page 6.

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

	3 months							
(in thousands of Canadian dollars)	**Dec. 31, 2023**	**Sept. 30, 2023**	**June 30, 2023**	**March 31, 2023**	**Dec. 31, 2022**	**Sept. 30, 2022**	**June 30, 2022**	**March 31, 2022**
	FY 2024	**FY 2024**	**FY2024**	**FY2023**	**FY2023**	**FY2023**	**FY2023**	**FY2022**
Net income	**9,070**	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**
Net finance expense (income)	15,159	5,582	4,406	3,749	7,205	11,906	3,975	(769)
Change in fair value of investments	103	(86)	107	11	68	(247)	(121)	12
Income taxes	3,186	3,467	5,738	753	5,037	611	3,139	191
Depreciation and write-off of property and equipment	2,401	2,373	2,385	2,406	1,784	2,876	2,671	3,862
Depreciation of right-of-use assets	1,074	1,069	1,085	1,225	1,092	1,066	1,123	1,201
Amortization of intangible assets	4,003	4,811	4,433	4,547	4,596	4,822	4,772	4,176
Share-based compensation	121	120	101	157	153	164	137	222
Performance and deferred share unit expense (income)	2,747	590	(1,207)	2,068	(238)	427	(400)	1,750
Acquisition, legal, restructuring and other expenses	784	2,203	(2,900)	7,210	1,809	2,075	1,393	5,912
Adjusted EBITDA	**38,648**	**29,518**	**28,266**	**26,573**	**34,450**	**27,031**	**26,086**	**21,023**
Adjusted EBITDA margin	**38.5%**	**35.8%**	**35.8%**	**33.7%**	**38.6%**	**34.8%**	**33.4%**	**28.9%**
Net income	**9,070**	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**
Adjusted for:								
Unrealized loss (gain) on derivative financial instruments	5,056	(600)	(3,635)	(70)	(1,642)	2,996	(545)	(2,150)
Amortization of intangible assets	4,003	4,811	4,433	4,547	4,596	4,822	4,772	4,176
Change in fair value of investments	103	(86)	107	11	68	(247)	(121)	12
Share-based compensation	121	120	101	157	153	164	137	222
Performance and deferred share unit expense	2,747	590	(1,207)	2,068	(238)	427	(400)	1,750
Acquisition, legal, restructuring and other expenses	784	2,203	(2,900)	7,210	1,809	2,075	1,393	5,912
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	(3,401)	(1,873)	876	(3,702)	(1,226)	(2,743)	(1,388)	(2,608)
Adjusted Net income	**18,483**	**14,554**	**11,893**	**14,668**	**16,464**	**10,825**	**13,245**	**11,780**
Average number of shares outstanding (diluted)	69,068	69,349	69,433	69,459	69,678	70,008	70,277	70,655
Adjusted Net income per share diluted	**0.27**	**0.21**	**0.17**	**0.21**	**0.24**	**0.15**	**0.19**	**0.17**

(in thousands of Canadian dollars)	3 months Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022
	FY2024	FY2024	FY2024	FY2023	FY2023	FY2023	FY2023	FY2022
LTM Adjusted EBITDA	123,005	118,807	116,320	114,140	108,590	102,644	101,200	99,269
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	–	–	–	–	–	7,450	11,900	16,000
COVID-19 credits allocated due to mandated store closures	–	–	–	–	–	–	699	1,535
Permanent cost-saving initiatives	4,459	3,438	1,880	2,325	5,074	–	–	–
Pro Forma Adjusted EBITDA	**127,464**	**122,245**	**118,200**	**116,465**	**113,664**	**110,094**	**113,799**	**116,804**

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

(in thousands of Canadian dollars)	3 months Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022
	FY 2024	FY 2024	FY2024	FY2023	FY2023	FY2023	FY2023	FY2022
Cash flow from operating activities	**30,902**	**19,101**	**24,260**	**27,552**	**24,605**	**18,446**	**16,346**	**22,127**
Acquisition of property and equipment	(1,742)	(2,350)	(1,369)	(2,987)	(1,997)	(2,099)	(1,151)	(2,443)
Acquisition of intangible assets other than internally developed intangible assets	(256)	(318)	(302)	(383)	(532)	(89)	(277)	(355)
Addition to internally developed intangible assets	(1,279)	(1,274)	(1,300)	(1,236)	(1,978)	(1,165)	(1,564)	(593)
Interest paid	(6,620)	(7,093)	(5,573)	(6,842)	(6,882)	(5,916)	(4,252)	(3,391)
Repayment of lease liabilities	(997)	(1,368)	(1,057)	(1,122)	(974)	(1,280)	(1,057)	(1,074)
Net change in non-cash operating working capital items	9,500	8,054	6,090	(7,077)	3,376	3,727	7,456	(7,571)
Unrealized loss (gain) on foreign exchange	2,363	(1,377)	608	(206)	658	1,310	(1,235)	(779)
Acquisition, legal, restructuring and other expenses	784	2,203	(2,900)	7,210	1,809	2,075	1,393	5,912
Adjusted free cash flow	**32,655**	**15,578**	**18,457**	**14,909**	**18,085**	**15,009**	**15,659**	**11,833**
Average number of shares outstanding (diluted)	69,068	69,349	69,433	69,459	69,678	70,008	70,277	70,655
Adjusted free cash flow per share (diluted)	**0.47**	**0.22**	**0.27**	**0.21**	**0.26**	**0.21**	**0.22**	**0.17**

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

(in thousands of Canadian dollars)	3 months Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022
	FY 2024	FY 2024	FY2024	FY2023	FY2023	FY2023	FY2023	FY2022
Credit facilities	362,902	374,573	374,114	360,990	366,168	368,442	358,440	358,203
Subordinated debt	25,577	25,593	25,568	25,543	25,517	25,492	25,467	25,442
Cash and cash equivalents	(6,991)	(9,704)	(11,682)	(15,453)	(12,303)	(15,411)	(13,816)	(14,563)
Net debt	**381,488**	**390,462**	**388,000**	**371,080**	**379,382**	**378,503**	**370,091**	**369,082**
Net debt to Pro Forma Adjusted EBITDA	**2.99**	**3.19**	**3.28**	**3.19**	**3.34**	**3.44**	**3.25**	**3.16**

LIQUIDITY AND CAPITAL RESOURCES
FOR THE PERIODS ENDED DECEMBER 31, 2023 AND 2022

	3 months		9 months	
(in thousands of Canadian dollars)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Operating activities	30,902	24,605	74,263	59,397
Financing activities	(28,801)	(23,175)	(69,928)	(46,334)
Investing activities	(4,900)	(4,538)	(12,782)	(15,323)
Net change in cash	(2,713)	(3,108)	(8,462)	(2,260)
Cash – beginning of period	9,704	15,411	15,453	14,563
Cash – end of period	6,991	12,303	6,991	12,303
Adjusted free cash flow(1)	**32,655**	**18,085**	**66,690**	**48,753**

Operating activities

Cash flow generated from operating activities amounted to $30.9 million for Q3 2024 compared to $24.6 million for Q3 2023. The increase was mainly due to the non-recurring recovery of income taxes attributable to the Radio segment and to higher operating results, partially offset by a higher negative net change in non-cash operating items.

Cash flow generated from operating activities amounted to $74.3 million for cumulative Fiscal 2024 compared to $59.4 million for cumulative Fiscal 2023. The increase is mainly due to the non-recurring recovery of income taxes attributable to the Radio segment, to higher operating results and to a one-time settlement gain on a trademark dispute in prior periods, partially offset by a higher negative net change in non-cash operating items.

Financing Activities

Net cash flow used in financing activities amounted to $28.8 million for Q3 2024 compared to $23.2 million for Q3 2023. The increase was mostly due to higher repayment of credit facilities, partially offset by CRTC payments.

Net cash flow used in financing activities amounted to $69.9 million for cumulative Fiscal 2024 compared to $46.3 million for cumulative Fiscal 2023. The increase was mostly due to the repayment of contingent consideration for the acquisition of InStore Audio Network in Q1 2024 and to a lower credit facilities borrowing.

Investing Activities

Net cash flow used in investing activities amounted to $4.9 million for Q3 2024 compared to $4.5 million for Q3 2023. The increase was mainly due to additional investments in The Singing Machine, partially offset by lower additions to internally developed intangible assets.

Net cash flow used in investing activities amounted to $12.8 million for cumulative Fiscal 2024 compared to $15.3 million for cumulative Fiscal 2023. The decrease was mainly due to a payment of net working capital related to the acquisition of InStore Audio Network in the comparative period.

Adjusted free cash flow(1)

Adjusted free cash flow generated in Q3 2024 amounted to $32.7 million compared to $18.1 million for Q3 2023. The increase was mainly due to the non-recurring recovery of income taxes attributable to the Radio segment and higher operating results.

Adjusted free cash flow generated in cumulative Fiscal 2024 amounted to $66.7 million compared to $48.8 million for cumulative Fiscal 2023. The increase was mainly due to the non-recurring recovery of income taxes attributable to the Radio segment and to higher operating results, partially offset by higher interest paid.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to “Supplemental Information on Non-IFRS Measures” on page 6 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to “Non-IFRS Measures Reconciliations” on page 8 and “Reconciliation of Quarterly Non-IFRS Measures” on page 17.

CONSOLIDATED FINANCIAL POSITION AND CAPITAL RESOURCES

The following table shows the main variances that have occurred in the consolidated financial position of the Corporation for the nine-month period ending December 31, 2023:

(in thousands of Canadian dollars)	Dec. 31, 2023	March 31, 2023	Variance		Significant contributions
Trade and other receivables	91,230	71,251	19,979	▲	Timing of payments by clients and increase in revenues in retail media advertising
Intangible assets	59,842	68,814	(8,972)	▼	Amortization of intangible assets, partially offset by additions through internally developed intangible assets
Goodwill	360,319	360,900	(581)	▼	Foreign exchange differences
Accounts payables and accrued liabilities	67,918	74,826	(6,908)	▼	Timing of payments to suppliers
Other liabilities	19,804	47,984	(28,180)	▼	Payment of contingent consideration on business acquisition of Instore Audio Network and payments for CRTC tangible benefits
Credit facilities	362,902	360,990	1,912	▲	Refer to the graph on next page
Subordinated debt	25,557	25,543	14	▲	Amortization of deferred financing fees

Capital Resources

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

The credit facilities consist of a $375.0 million revolving credit facility and a $50.6 million term loan, both maturing in October 2027.

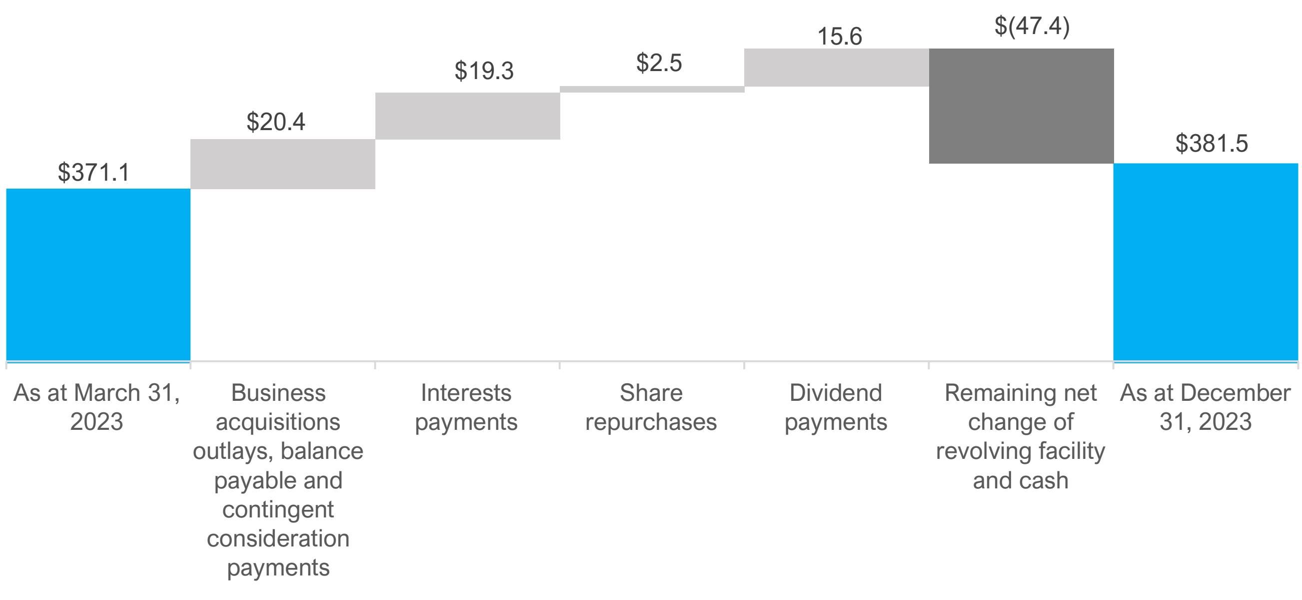
The Corporation is required to make consecutive quarterly capital repayments of 2.50% of the initial drawdown of the term loan. The remaining capital balance will be payable on maturity date, on October 15, 2027.

The credit facilities bear interest at (a) the bank's prime rate (7.20% and 6.70% as at December 31, 2023 and March 31, 2023, respectively) or US base rate if denominated in US dollars plus an applicable margin based on a financial covenant, or (b) the banker's acceptance rate (9.00% and 8.25% as at December 31, 2023 and March 31, 2023, respectively) plus an applicable margin based on a financial covenant, or (c) SOFR (5.45% and 4.84% as at December 31, 2023 and March 31, 2023, respectively) plus an applicable margin based on a financial covenant, or (d) Euribor Loan rate (3.85% and 2.91% as at December 31, 2023 and March 31, 2023 respectively) at the Corporation's option. In addition, the Corporation incurs standby fees based on a financial covenant, on the unused portion of the credit facilities (0.40% for the years ended December 31, 2023 and March 31, 2023, respectively).

As of December 31, 2023, the Corporation had cash and cash equivalents of $7.0 million, a subordinated debt of $25.6 million and credit facilities of $362.9 million, of which approximately $61.0 million was available.

The following table summarizes the impact on the Net debt that occurred in the nine-month period ended December 31, 2023:

Movement in Net debt(1)(2)



Notes:

(1) In millions of Canadian dollars

(2) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to "Supplemental Information on Non-IFRS Measures" on page 6 for more information on each non-IFRS measure and for reconciliations to the most directly comparable IFRS financial measure, refer to "Non-IFRS Measures Reconciliations" on page 8 and "Reconciliation of Quarterly Non-IFRS Measures" on page 17.

SOCAN and Re:Sound legal proceedings

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

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

Contractual Obligations

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily the rental of office space, financial obligations under its credit agreement, broadcast licences and commitments for copyright royalties. There have been no material changes to these obligations since March 31, 2023.

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, 2023.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements, except for the operating leases with terms of 12 months or less, leases of low-value assets or leases that are not in scope of IFRS 16, that have, or are reasonably likely to have, a current or future material effect on its consolidated financial position, financial performance, liquidity, capital expenditures or capital resources.

Disclosure of Outstanding Share Data

Issued and outstanding shares and outstanding stock options consisted of:

	February 2, 2024	December 31, 2023
Issued and outstanding shares:		
Subordinate voting shares	50,494,450	50,491,650
Subordinate voting shares held in trust through employee share purchase plan	(650)	(49,658)
Variable subordinate voting shares	380,852	388,552
Multiple voting shares	17,941,498	17,941,498
	68,816,150	68,772,042
Outstanding stock options:		
Stock options	3,663,251	3,663,251

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 2024, no options were exercised, and 173,918 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, 2023. The Corporation is not aware of any significant changes from those disclosed at that time.

Risk Factors

For a detailed description of risk factors associated with the Corporation, please refer to the “Risk Factors” section of the Corporation’s Annual Information Form dated June 6, 2023. 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, 2023, there have been no changes in the Corporation’s internal control over financial reporting that have materially affected, or are likely to materially affect, the Corporation’s ICFR.

Management’s assessment of and conclusion on the design and the effectiveness of the Corporation’s ICFR as at February 6th, 2024, did not include the controls or procedures of the operations of Ultimate Trivia acquired by Stingray on March 29th, 2023. The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of this acquisition in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition.

Subsequent Events

Dividend

On February 6, 2024, 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, 2024, to shareholders on record as of February 29, 2024.

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, 2023 and 2022

(In thousands of Canadian dollars, except per share amounts)		3 months		9 months	
(Unaudited)	Note	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Revenues	5	$ 100,278	$ 89,242	$ 261,763	$ 245,013
Operating expenses		64,498	54,707	167,803	157,689
Depreciation, amortization and write-off		7,478	7,472	23,634	24,802
Net finance expense (income)	6	15,159	7,205	25,147	23,086
Change in fair value of investments		103	68	124	(300)
Acquisition, legal, restructuring and other expenses	7	784	1,809	87	5,277
Income before income taxes		12,256	17,981	44,968	34,459
Income taxes		3,186	5,037	12,391	8,787
Net income		$ 9,070	$ 12,944	$ 32,577	$ 25,672
Net income per share — Basic and Diluted		$ 0.13	$ 0.19	$ 0.47	$ 0.37
Weighted average number of shares — Basic		69,003,449	69,548,610	69,200,333	69,743,282
Weighted average number of shares — Diluted		69,067,947	69,677,650	69,281,610	69,872,322

Comprehensive income				
Net income	$ 9,070	$ 12,944	$ 32,577	$ 25,672
Other comprehensive income				
Items that may be reclassified to profit and loss				
Exchange differences on translation of foreign operations	2,461	2,745	(1,049)	6,895
Total other comprehensive gain (loss)	2,461	2,745	(1,049)	6,895
Total comprehensive income	$ 11,531	$ 15,689	$ 31,528	$ 32,567

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, 2023 and March 31, 2023

(In thousands of Canadian dollars) (Unaudited)	Note		December 31, 2023		March 31, 2023
Assets					
Current assets					
Cash and cash equivalents		$	6,991	$	15,453
Trade and other receivables			91,230		71,251
Income taxes receivable			466		5,856
Inventories			3,552		5,704
Other current assets			13,317		17,719
			115,556		115,983
Non-current assets					
Property and equipment	8		36,916		38,792
Right-of-use assets on leases	8		20,205		23,271
Intangible assets, excluding broadcast licences	8		59,842		68,814
Broadcast licences	8		272,996		272,996
Goodwill	8		360,319		360,900
Investments			9,231		8,295
Other non-current assets			3,278		3,945
Deferred tax assets			2,020		2,206
Total assets		$	880,363	$	895,202
Liabilities and Equity					
Current liabilities					
Credit facilities	9	$	7,500	$	7,500
Accounts payable and accrued liabilities			67,918		74,826
Dividend payable			—		5,200
Deferred revenues			8,850		7,473
Current portion of lease liabilities	10		4,139		4,177
Current portion of other liabilities	11		5,380		31,428
Income taxes payable			8,700		4,575
			102,487		135,179
Non-current liabilities					
Credit facilities	9		355,402		353,490
Subordinated debt			25,577		25,543
Deferred revenues			189		267
Lease liabilities	10		18,365		21,533
Other liabilities	11		14,424		16,556
Deferred tax liabilities			58,788		56,365
Total liabilities			575,232		608,933
Shareholders' equity					
Share capital	12		294,826		297,903
Contributed surplus			6,607		6,158
Retained earnings (deficit)			805		(21,734)
Accumulated other comprehensive income (loss)			2,893		3,942
Total equity			305,131		286,269
Subsequent event (note 15)					
Total liabilities and equity		$	880,363	$	895,202

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

(Signed) Eric Boyko, Director

(Signed) Karinne Bouchard, Director

Consolidated Statements of Changes in Equity

Nine-month periods ended December 31, 2023 and 2022

(In thousands of Canadian dollars, except number of share capital) (Unaudited)	Share Capital					Accumulated other comprehensive income (loss)		
	Number	Amount	Contributed surplus	Retained earnings (Deficit)	Cumulative Translation Account	Defined Benefit Plans	Total shareholders' equity
Balance at March 31, 2022	70,095,924	$ 302,328	$ 5,745	$ (31,103)	$ (5,729)	$ 2,288	$ 273,529
Dividends	—	—	—	(10,423)	—	—	(10,423)
Repurchase and cancellation of shares	(732,800)	(4,163)	—	43	—	—	(4,120)
Share-based compensation	—	—	338	—	—	—	338
Employee share purchase plan	(45,402)	(289)	289	—	—	—	—
Net income	—	—	—	25,672	—	—	25,672
Other comprehensive income	—	—	—	—	6,895	—	6,895
Balance at December 31, 2022	69,317,722	$ 297,876	$ 6,372	$ (15,811)	$ 1,166	$ 2,288	$ 291,891
Balance at March 31, 2023	69,319,798	$ 297,903	$ 6,158	$ (21,734)	$ 1,706	$ 2,236	$ 286,269
Dividends	—	—	—	(10,361)	—	—	(10,361)
Repurchase and cancellation of shares (note 12)	(499,900)	(2,840)	—	323	—	—	(2,517)
Share-based compensation	—	—	212	—	—	—	212
Employee share purchase plan (note 12)	(47,856)	(237)	237	—	—	—	—
Net income	—	—	—	32,577	—	—	32,577
Other comprehensive income (loss)	—	—	—	—	(1,049)	—	(1,049)
Balance at December 31, 2023	68,772,042	$ 294,826	$ 6,607	$ 805	$ 657	$ 2,236	$ 305,131

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, 2023 and 2022

(In thousands of Canadian dollars) (Unaudited)	Note	3 months December 31, 2023	3 months December 31, 2022	9 months December 31, 2023	9 months December 31, 2022
Operating activities:					
Net income		$ 9,070	$ 12,944	$ 32,577	$ 25,672
Adjustments for:					
Depreciation, amortization and write-off		7,478	7,472	23,634	24,802
Gain on disposal of leases		—	—	33	—
Share-based compensation, PSU and DSU expenses		2,868	(85)	2,472	243
Interest expense and standby fees	6	6,661	6,230	20,101	14,748
Change in fair value of derivative financial instruments	6	5,351	(1,642)	1,116	809
Change in fair value of investments		103	68	124	(300)
Share of results of joint ventures		528	167	828	150
Equity loss (gain) on associates		(29)	(73)	716	382
Change in fair value of contingent consideration	6	125	868	389	4,244
Accretion expense	6	261	471	956	1,434
Interest expense on lease liabilities	6,10	346	391	1,081	1,205
Income tax expense		3,186	5,037	12,391	8,787
Income taxes received (paid)		4,454	(3,867)	1,489	(8,220)
		40,402	27,981	97,907	73,956
Net change in non-cash operating items	13	(9,500)	(3,376)	(23,644)	(14,559)
		30,902	24,605	74,263	59,397
Financing activities:					
Increase (decrease) of credit facilities		(11,406)	(2,350)	1,984	7,684
Payment of dividends		(5,167)	(5,210)	(15,561)	(15,682)
Share repurchases	12	(1,871)	(1,648)	(2,516)	(4,121)
Shares purchased under the employee share purchase plan		(94)	(113)	(237)	(289)
Interest paid		(6,620)	(6,882)	(19,286)	(17,050)
Deferred financing fees		(350)	—	(350)	—
Repayment of lease liabilities		(997)	(974)	(3,422)	(3,311)
Repayment of other liabilities		(2,001)	(5,998)	(30,245)	(13,565)
Unwind of interest rate swaps	14	(295)	—	(295)	—
		(28,801)	(23,175)	(69,928)	(46,334)
Investing activities:					
Business acquisition, net of cash acquired	3	—	—	—	(3,887)
Acquisition of investments		(15)	(31)	(64)	(71)
Acquisition of investments in associates		(1,370)	—	(1,370)	(513)
Acquisition of investments in joint ventures		(238)	—	(1,158)	—
Acquisition of property and equipment		(1,742)	(1,997)	(5,461)	(5,247)
Acquisition of intangible assets other than internally developed intangible assets		(256)	(532)	(876)	(898)
Addition to internally developed intangible assets		(1,279)	(1,978)	(3,853)	(4,707)
		(4,900)	(4,538)	(12,782)	(15,323)
Effect of foreign exchange difference on cash and cash equivalents		86	—	(15)	—
Net decrease in cash and cash equivalents		(2,713)	(3,108)	(8,462)	(2,260)
Cash and cash equivalents, beginning of period		9,704	15,411	15,453	14,563
Cash and cash equivalents, end of period		$ 6,991	$ 12,303	$ 6,991	$ 12,303

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

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

1. BUSINESS DESCRIPTION AND BASIS OF CONSOLIDATION

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

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

The auditors of the Corporation have not performed a review of the interim financial report for the three-month and nine-month periods ended December 31, 2023.

2. SIGNIFICANT CHANGE AND HIGHLIGHT

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, 2023:

- On November 21, 2023, the Corporation bought 1,098,901 common shares of The Signing Machine Company inc. for a consideration of US$1,000 ($1,370) which resulted in an increase of the Corporation's investments.
- On September 22, 2023, the Corporation announced that the Toronto Stock Exchange had approved its normal course issuer bid, authorizing the Corporation to repurchase up to an aggregate 2,765,903 subordinate voting shares and variable subordinate voting shares (collectively, "Subordinate Shares"), representing approximately 10% of the public float of Subordinate Shares as at September 15, 2023. Refer to note 12 for more information.
- On June 30, 2023 the Corporation resolved a trademark dispute, which resulted in a one-time settlement gain, recorded in Acquisition, legal, restructuring, and other expenses. Refer to note 7 for more information.

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

3. BUSINESS ACQUISITIONS

FISCAL 2023

Ultimate Trivia Network

On March 29, 2023, the Corporation purchased all the assets of Barvanna inc., a company operating a FAST channel known as "The Ultimate Trivia Network" for total consideration of US$1,397 ($1,891). As a result of the acquisition, goodwill of $1,145 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will be deductible for tax purposes.

The contingent consideration arrangement requires the Corporation to pay, in cash, to the former owners, an amount not exceeding US$3,000 ($4,058) over the next four years ending in March 2027, based on a revenue target. The fair value of the contingent consideration was determined using an income approach based on the estimated amount and timing of projected cash flows. An amount of US$125 ($169) of the balance payable on acquisition was paid on April 11, 2023.

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

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

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

4. SEGMENT INFORMATION

OPERATING SEGMENTS

The Corporation's operating segments are aggregated in two segments: *Broadcasting and commercial music* and *Radio*. The operating segments reflect how the Corporation manages its operations, resources and assets and how it measures its performance. Both operating segments' financial results are reviewed by the Chief operating decision maker ("CDOM") to make decisions about resources to be allocated to the segment and assesses its performance based on adjusted earnings before interest, taxes, depreciation and amortization (thereafter "Adjusted EBITDA"), and for which distinct financial information is available. Adjusted EBITDA excludes from income before income taxes the following expenses: share-based compensation, performance and deferred share unit expenses, depreciation, amortization and write-off, net finance expense (income), change in fair value of investments and acquisition, legal, restructuring and other expenses. There are no inter-segment revenues for the periods.

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

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

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

The following tables present financial information by segment for the three-month and nine-month periods ended December 31, 2023 and 2022.

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023	**Q3 2024**	**Q3 2023**
Three-month periods								
Revenues	$ 65,647	$ 54,158	$ 34,631	$ 35,084	$ —	$ —	**$ 100,278**	**$ 89,242**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	37,715	31,563	22,292	21,796	1,623	1,433	**61,630**	**54,792**
Adjusted EBITDA	$ 27,932	$ 22,595	$ 12,339	$ 13,288	(1,623)	(1,433)	**38,648**	**34,450**
Share-based compensation					121	153	**121**	**153**
PSU and DSU expenses					2,747	(238)	**2,747**	**(238)**
Depreciation, amortization and write-off					7,478	7,472	**7,478**	**7,472**
Net finance expense (income)					15,159	7,205	**15,159**	**7,205**
Change in fair value of investments					103	68	**103**	**68**
Acquisition, legal, restructuring and other expenses					$ 784	$ 1,809	**784**	**1,809**
Income before income taxes							**12,256**	**17,981**
Income taxes							**3,186**	**5,037**
Net income							**$ 9,070**	**$ 12,944**

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

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023	**Q3 2024**	**Q3 2023**
Nine-month periods								
Revenues	$ 162,650	$ 145,189	$ 99,113	$ 99,824	$ —	$ —	**$ 261,763**	**$ 245,013**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	94,843	88,883	65,874	64,595	4,614	3,968	**165,331**	**157,446**
Adjusted EBITDA	$ 67,807	$ 56,306	$ 33,239	$ 35,229	(4,614)	(3,968)	**96,432**	**87,567**
Share-based compensation					342	454	**342**	**454**
PSU and DSU expenses					2,130	(211)	**2,130**	**(211)**
Depreciation, amortization and write-off					23,634	24,802	**23,634**	**24,802**
Net finance expense (income)					25,147	23,086	**25,147**	**23,086**
Change in fair value of investments					124	(300)	**124**	**(300)**
Acquisition, legal, restructuring and other expenses					$ 87	$ 5,277	**87**	**5,277**
Income before income taxes							**44,968**	**34,459**
Income taxes							**12,391**	**8,787**
Net income							**$ 32,577**	**$ 25,672**

During the nine-month period ended December 31, 2023 the Corporation received tax credits related to its research and development and multimedia activities of $1,323 (2022 – $1,667) which were recorded as a reduction of operating expenses.

	Broadcasting and commercial music		Radio		Corporate and eliminations[(1)]		**Consolidated**	
	December 31, 2023	March 31, 2023	December 31, 2023	March 31, 2023	December 31, 2023	March 31, 2023	**December 31, 2023**	**March 31, 2023**
Total assets	$ 273,679	$ 282,499	$ 606,684	$ 612,703	$ —	$ —	**$ 880,363**	**$ 895,202**
Total liabilities	$ 78,391	$ 101,172	$ 104,435	$ 113,825	$ 392,406	$ 393,936	**$ 575,232**	**$ 608,933**

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

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

	Broadcasting and commercial music		Radio		**Consolidated**	
Three-month periods	Q3 2024	Q3 2023	Q3 2024	Q3 2023	**Q3 2024**	**Q3 2023**
Acquisition of property and equipment	$ 1,007	$ 959	$ 756	$ 840	**$ 1,763**	**$ 1,799**
Addition to right-of-use assets on leases	$ —	$ 132	$ —	$ 298	**$ —**	**$ 430**
Acquisition of intangible assets	$ 1,587	$ 2,478	$ —	$ —	**$ 1,587**	**$ 2,478**

	Broadcasting and commercial music		Radio		**Consolidated**	
Nine-month periods	Q3 2024	Q3 2023	Q3 2024	Q3 2023	**Q3 2024**	**Q3 2023**
Acquisition of property and equipment	$ 2,559	$ 2,604	$ 2,682	$ 2,521	**$ 5,241**	**$ 5,125**
Addition to right-of-use assets on leases	$ 480	$ 1,079	$ 767	$ 433	**$ 1,247**	**$ 1,512**
Acquisition of intangible assets	$ 4,859	$ 5,781	$ —	$ —	**$ 4,859**	**$ 5,781**

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

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

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

5. REVENUES

DISAGGREGATION OF REVENUES

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

	Reportable segments[3]					
	Broadcasting and commercial music		Radio		**Total revenues**	
Three-month periods	Q3 2024	Q3 2023	Q3 2024	Q3 2023	**Q3 2024**	**Q3 2023**
Geography						
Canada	$ 16,371	$ 14,387	$ 34,631	$ 35,084	**$ 51,002**	**$ 49,471**
United States	37,099	26,561	—	—	**37,099**	**26,561**
Other countries	12,177	13,210	—	—	**12,177**	**13,210**
	65,647	54,158	34,631	35,084	**100,278**	**89,242**
Products						
Subscriptions [1]	34,410	34,799	—	—	**34,410**	**34,799**
Equipment and labor [2]	5,346	5,307	—	—	**5,346**	**5,307**
Advertising [2]	25,891	14,052	34,631	35,084	**60,522**	**49,136**
	$ 65,647	$ 54,158	$ 34,631	$ 35,084	**$ 100,278**	**$ 89,242**

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

	Reportable segments[3]					
	Broadcasting and commercial music		Radio		**Total revenues**	
Nine-month periods	Q3 2024	Q3 2023	Q3 2024	Q3 2023	**Q3 2024**	**Q3 2023**
Geography						
Canada	$ 47,599	$ 43,541	$ 99,113	$ 99,824	**$ 146,712**	**$ 143,365**
United States	77,749	64,024	—	—	**77,749**	**64,024**
Other countries	37,302	37,624	—	—	**37,302**	**37,624**
	162,650	145,189	99,113	99,824	**261,763**	**245,013**
Products						
Subscriptions [1]	102,475	101,176	—	—	**102,475**	**101,176**
Equipment and labor [2]	14,953	13,095	—	—	**14,953**	**13,095**
Advertising [2]	45,222	30,918	99,113	99,824	**144,335**	**130,742**
	$ 162,650	$ 145,189	$ 99,113	$ 99,824	**$ 261,763**	**$ 245,013**

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

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

6. NET FINANCE EXPENSE (INCOME)

	3 months		9 months	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Interest expense and standby fees	$ 6,661	$ 6,230	$ 20,101	$ 14,748
Unrealized loss (gain) on derivatives instruments	5,056	(1,642)	821	809
Realized loss on derivatives instruments	295	—	295	—
Change in fair value of contingent consideration	125	868	389	4,244
Accretion expense	261	471	956	1,434
Interest expense on lease liabilities (note 10)	346	391	1,081	1,205
Foreign exchange loss	2,415	887	1,504	646
	$ 15,159	$ 7,205	$ 25,147	$ 23,086

7. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES

	3 months		9 months	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Acquisition	$ —	$ 88	$ 4	$ 302
Legal	(233)	555	(3,574)	1,067
Restructuring and other	1,017	1,166	3,657	3,908
	$ 784	$ 1,809	$ 87	$ 5,277

On June 30, 2023, the Corporation resolved a trademark dispute, which resulted in a one-time settlement gain of US$3,125 ($4,156), recorded as a reduction of legal expenses.

(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, 2023					
Net book amount as at March 31, 2022	$ 39,931	$ 25,944	$ 76,230	$ 272,996	$ 354,679
Additions	8,324	2,551	7,483	—	—
Additions through business acquisitions	—	—	746	—	1,145
Reassessment of leases' term	—	(733)	—	—	—
Disposals and write-off	(884)	—	—	—	—
Depreciation of property and equipment	(8,925)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(4,545)	—	—	—
Amortization of intangible assets	—	—	(18,737)	—	—
Foreign exchange differences	346	54	3,092	—	5,076
Net book amount as at March 31, 2023	$ 38,792	$ 23,271	$ 68,814	$ 272,996	$ 360,900
Nine-month period ended December 31, 2023					
Net book amount as at March 31, 2023	$ 38,792	$ 23,271	$ 68,814	$ 272,996	$ 360,900
Additions	5,241	1,247	4,859	—	—
Reassessment of leases' term	—	(1,083)	—	—	—
Disposals and write-off	(383)	—	—	—	—
Depreciation of property and equipment	(6,776)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(3,261)	—	—	—
Amortization of intangible assets	—	—	(13,247)	—	—
Foreign exchange differences	42	31	(584)	—	(581)
Net book amount as at December 31, 2023	$ 36,916	$ 20,205	$ 59,842	$ 272,996	$ 360,319

9. CREDIT FACILITIES

The total credit facilities consist of a $375,000 revolving credit facility and a remaining $50,625 term loan. On December 22, 2023, the Corporation extended the maturity of its credit facilities by one year, with a new maturity date of October 15, 2027.

The Credit facilities may be drawn in Canadian dollars in the form of prime rate loans or CORRA loans, in US dollars in the form of US base rate loans or SOFR loans, in Euro in the form of Euribor loans, in British Pound in the form of SONIA loans and in Australian dollars in the form of BBSY loans.

The Credit facilities bears interest at (a) the bank's prime rate (7.20% and 6.70% as at December 31, 2023 and March 31, 2023, respectively) or US base rate if denominated in US dollars (9.00% and 8.25% as at December 31, 2023 and March 31, 2023, respectively) plus an applicable margin based on a financial covenant, or (b) the CORRA Loan rate (5.33% as at December 31, 2023) plus an applicable margin based on a financial covenant, or (c) SOFR Loan rate (5.45% and 4.84% as at December 31, 2023 and March 31, 2023, respectively) plus an applicable margin based on a financial covenant, or (d) Euribor Loan rate (3.85% and 2.91% as at December 31, 2023 and March 31, 2023, respectively) at the Corporation's option.

In addition, the Corporation incurs standby fees based on a financial covenant, on the unused portion of the credit facilities (0.40% as at December 31, 2023 and and March 31, 2023). The credit facilities are secured by guarantees from subsidiaries and first ranking lien on universality of all assets, tangible and intangible, present and future.

(In thousands of Canadian dollars, unless otherwise stated)

The table below is a summary of the credit facilities:

December 31, 2023	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	$ 375,000	$ 313,262	$ 775	$ 60,963
Term facility	50,625	50,625	—	—
Total committed credit facilities	$ 425,625	363,887	$ 775	$ 60,963
Less: unamortized deferred financing fees		(985)		
Balance, end of period		$ 362,902		
Current portion		$ 7,500		
Non-current portion		$ 355,402		

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

As at December 31, 2023, a letter of credit amounting to $775 ($750 as at March 31, 2023) 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, 2027.

	Capital repayments of the term facility
2024	$ 1,875
2025	7,500
2026	7,500
2027	7,500
2028	26,250
	$ 50,625

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

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, 2023:

	3 months		9 months	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Lease liabilities, beginning of period	**$ 23,493**	**$ 26,838**	**$ 25,710**	**$ 28,318**
Additions	—	430	1,232	1,512
Payment of lease liabilities, including related interest	(1,343)	(1,365)	(4,503)	(4,516)
Reassessment of the lease term and disposal	—	(160)	(1,016)	(355)
Interest expense on lease liabilities (note 6)	346	391	1,081	1,205
Foreign exchange differences	8	45	—	15
Lease liabilities, end of period	**$ 22,504**	**$ 26,179**	**$ 22,504**	**$ 26,179**

Lease liabilities included in the interim consolidated statements of financial position	**December 31, 2023**	**March 31, 2023**
Current portion	$ 4,139	$ 4,177
Non-current portion	$ 18,365	$ 21,533
	$ 22,504	**$ 25,710**

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

Less than one year	$ 2,617
One to five years	17,390
More than five years	9,704
Total undiscounted lease liabilities as at December 31, 2023	**$ 29,711**

11. OTHER LIABILITIES

	Note	December 31, 2023	March 31, 2023
CRTC tangible benefits		$ 8,316	$ 14,765
Contingent consideration		1,533	21,117
Balance payable on business acquisitions		317	3,428
Accrued pension benefit liability		2,540	2,707
Derivative financial instruments	14	3,927	2,203
Performance share unit payable		1,583	2,136
Other		1,588	1,628
		19,804	47,984
Current portion		(5,380)	(31,428)
		$ 14,424	$ 16,556

On April 11, 2023 the Corporation paid contingent consideration of US$14,000 ($18,876) and balance payable of US$1,000 ($1,315). On December 15, 2023 the Corporation paid balance payable of US$1,250 ($1,672). As a result, other liabilities were reduced in the consolidated statements of financial position.

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

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

Issued and outstanding:

The movements in share capital were as follows:

	Number of shares		Carrying amount
Year ended March 31, 2023			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2022	52,154,426	$	284,102
Repurchased and cancelled	(786,100)		(4,466)
Purchased and held in trust through employee share purchase plan	9,974		41
As at March 31, 2023	51,378,300	$	279,677
Multiple voting shares			
As at March 31, 2022 and 2023	17,941,498	$	18,226
	69,319,798	$	297,903
Nine-month period ended December 31, 2023			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2023	51,378,300	$	279,677
Repurchased and cancelled	(499,900)		(2,840)
Purchased and held in trust through employee share purchase plan	(47,856)		(237)
As at December 31, 2023	50,830,544	$	276,600
Multiple voting shares			
As at March 31, 2023 and December 31, 2023	17,941,498	$	18,226
	68,772,042	$	294,826

Transactions for the nine-month period ended December 31, 2023

On November 7, 2023, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $5,167 was paid on December 15, 2023.

On August 8, 2023, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend of $5,194 was paid on September 15, 2023.

On March 22, 2023, 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 $5,200 was accrued in the consolidated statement of financial position as at March 31, 2023 and was paid on June 15, 2023.

Share repurchase program

On September 22, 2023, the Toronto Stock Exchange (the "TSX") approved the renewal of its share repurchase program, effective September 27, 2023 and allowed the Corporation to repurchase up to an aggregate 2,765,903 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 15, 2023. In accordance with TSX requirements, the Corporation is entitled to purchase, on any trading day, up to a total of 4,973 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, 2024.

(In thousands of Canadian dollars, unless otherwise stated)

The following table summarizes the Corporation's share repurchase activities during the nine-month periods ended December 31, 2023 and December 31, 2022

		2023		2022
Subordinate voting shares repurchased for cancellation *(unit)*		499,900		732,800
Average price per share	$	5.0345	$	5.6227
Total repurchase cost	$	2,517	$	4,120
Repurchase resulting in a reduction of:				
Share capital	$	2,840	$	4,163
Retained earnings (deficit) [1]	$	(323)	$	(43)

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

13. SUPPLEMENTAL CASH FLOW INFORMATION

	3 months				9 months			
		December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022
Trade and other receivables	$	(20,358)	$	(9,022)	$	(19,953)	$	(9,854)
Inventories		709		(1,359)		2,144		(1,088)
Other current assets		1,147		(4,797)		4,382		(5,669)
Other non-current assets		612		(676)		1,559		(1,558)
Accounts payable and accrued liabilities		5,746		11,785		(6,613)		7,743
Deferred revenues		2,968		1,950		1,316		2,019
Income taxes payable		(215)		(985)		(1,610)		(1,976)
Other liabilities		(109)		(272)		(4,869)		(4,176)
	$	(9,500)	$	(3,376)	$	(23,644)	$	(14,559)

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, 2023 and 2022:

	3 months				9 months			
		December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022
Additions to property and equipment	$	21	$	(198)	$	(220)	$	(122)
Additions to intangible assets, excluding broadcast licences and intangible assets acquired through business acquisitions		80		(1,019)		130		176
	$	101	$	(1,217)	$	(90)	$	54

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

14. FINANCIAL INSTRUMENTS

FINANCIAL RISK FACTORS

The Corporation is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest risk). The interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at March 31, 2023. 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 their carrying value as they bear interest at prime or banker's acceptance rates plus a credit spread, which approximate current rates that could be obtained for debts with similar terms and credit risk. The fair value of derivative financial instruments is determined using an evaluation of the estimated market value, adjusted for the credit quality of the counterparty. The carrying amount of CRTC tangible benefits and balance payable on business acquisitions is a reasonable approximation of their fair value as they are discounted using the effective interest rate, which approximate current rates that could be obtained with similar terms and credit risk. Balance payable on business acquisitions is carried at amortized cost and its fair value is categorized under level 2 and measured based upon discounted future cash flows using a discount rate, adjusted for the Company's own credit risk, that reflects current market conditions for instruments with similar terms and risks.

(In thousands of Canadian dollars, unless otherwise stated)

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, 2023	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 6,991				
Trade and other receivables	86,678				
Financial assets measured at fair value					
Investments	$ 1,881	$ 1,881	$ —	$ —	$ 1,881
Derivative financial instruments	904	904	—	904	—
Financial liabilities measured at amortized cost					
Credit facilities	$ 362,902				
Subordinated debt	25,577				
Accounts payable and accrued liabilities	63,877				
CRTC tangible benefits	8,316				
Accrued pension benefit liability	2,540				
Performance share unit payable	1,583				
Balance payable on business acquisitions	317	313	—	313	—
Financial liabilities measured at fair value					
Contingent consideration	$ 1,533	$ 1,533	$ —	$ —	$ 1,533
Derivative financial instruments	3,927	3,927	—	3,927	—

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

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

Fair value measurement (Level 3):

		Investments		Contingent consideration
Nine-month period ended December 31, 2022				
Opening amount as at March 31, 2022	$	1,615	$	19,204
Additions		77		—
Change in fair value		49		4,103
Settlements		—		(428)
Balance at December 31, 2022	$	1,741	$	22,879
Nine-month period ended December 31, 2023				
Opening amount as at March 31, 2023	$	1,845	$	21,117
Additions		50		—
Change in fair value		(14)		389
Settlements		—		(19,973)
Balance at December 31, 2023	$	1,881	$	1,533

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, 2023 and 2022.

INVESTMENTS

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

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

CONTINGENT CONSIDERATION

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

The table below summarizes the interest rate contracts effective as at December 31, 2023 and March 31, 2023:

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market assets (liabilities) as at December 31, 2023	Mark-to-market assets (liabilities) as at March 31, 2023
Swaptions					
October 25, 2024	CAD	—	$ 100,000	$ (183)	$ (490)
October 25, 2024	CAD	—	100,000	(291)	(699)
			200,000	(474)	(1,189)
Swaps					
October 31, 2028	CAD	3.9500%	140,000	(2,941)	N/A
September 29, 2026	CAD	4.7300%	25,000	(512)	N/A
September 29, 2026	CAD	3.5975%	70,000	N/A	1
			$ 435,000	$ (3,927)	$ (1,188)

The Corporation uses derivative financial instruments to manage its interest rate risk on its credit facilities. These include interest rate swaps and swaptions. During the nine-month period ended December 31, 2023, the Corporation unwind some of its swaps for a consideration of $295 and entered into new interest rate swap agreements which results in lower fixed interest rates and extended maturities.

To manage its currency risk, the Corporation uses foreign exchange forward contracts. The table below summarizes the contracts effective as at December 31, 2023 and March 31, 2023:

Maturity	Type	Contract exchange rate	Contractual amount	Mark-to-market assets (liabilities) as at December 31, 2023	Mark-to-market assets (liabilities) as at March 31, 2023
Foreign exchange forward contracts					
0 to 12 months	USD Sale	1.2831 – 1.3599	$ 24,000	$ 246	$ (1,121)
13 to 24 months	USD Sale	1.3182 – 1.3721	24,000	658	106
			$ 48,000	$ 904	$ (1,015)

15. SUBSEQUENT EVENT

Dividend

On February 6, 2024, 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, 2024 to shareholders on record as of February 29, 2024.

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, 2023.

The interim consolidated financial statements were authorized for issue by the Board of Directors on February 6, 2024.

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, 2023.

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.