STINGRAY®

Annual Report 2024

Year ended March 31, 2024

Stingray Group Inc.

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Word from **the CEO**

Eric Boyko
President, Co-founder
and CEO

Dear investors, partners, clients, and colleagues:

In the business world, some years are good. Some years are great. And some very special years break records. I am incredibly proud to report that last year set a new precedent for company revenue, marking a major milestone along Stingray's growth journey.

The main drivers behind this record-setting growth were twofold: first, our relentless expansion the retail media space, and second, an impressive influx of revenue from Free Ad-supported Streaming Television (FAST) channel advertising. While we owe our success to the entire mosaic of Stingray offerings, these two services stood out in 2023. In-car entertainment was the icing on the cake, delivering exceptional performance with substantial growth potential.

With this banner year securely under our belt, we are more optimistic than ever about Stingray's future success. The entire Stingray team is energized, motivated and committed to delivering superior results.

We are very proud to report that revenues are up by 6.6% compared to the previous year. Revenues stood at $345.4 million, Adjusted EBITDA[1] was $125.9 million, Net loss was $13.7 million ($0.20 per share) and Adjusted Net income[1] was $60.3 million. Cash flow from operating activities was $118.5 million and Adjusted free cash flow[1] was $82.0 million.

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 35 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 37 and "Reconciliation of Quarterly Non-IFRS Measures" on page 47.

Broadcast and Streaming go digital

Our Broadcast and Streaming division has undergone a significant pivot, and that decision has paid dividends. We have refocused our efforts to become the leading music distributor in audio and video channels, including Streaming Video on Demand (SVOD) and apps, FAST channels, connected car integrations, and more.

This transformation is underpinned by a suite of features and capabilities that will propel strong organic growth throughout North America and abroad for years to come. Best-in-class asset rights management, global program licensing, AI, and state-of-the-art delivery technology allows Stingray to scale across platforms and territories with ease.

Subscriptions as a gateway to growth

By 2026, the streaming market is expected to grow by 65% for a total of 1.5B subscriptions[1]. With this opportunity in mind, we have focussed our attention on profitable SVOD products and B2B2C distribution, as opposed to apps and B2C.

This past year was marked by countless milestone product launches, leveraging our global relationships with Amazon and The Singing Machine Company to break into new markets and grow our footprint within existing ones.

Meanwhile, the Stingray Karaoke TV launched on Sky Live, a new camera-enabled entertainment device that creates even more immersive and personalized user experiences. Finally, ZenLIFE - our brand-new lifestyle product offering wellness music, meditation, mindfulness and soothing sleepscapes for ultimate relaxation - launched on Comcast, Cox and Amazon US.

FAST & AVOD developments around the world

In the United States, advertising revenue from Connected TVs is projected to surpass $40B by 2027[2] – and Stingray is perfectly positioned to capitalize on this opportunity.

We maintain a strong presence in this market by distributing channels over FAST and Over-The-Top (OTT) across Canada, the United States, Europe, and Latin America. In total, our catalog of more than 3,000 audio channels reaches hundreds of millions of engaged TV viewers.

Our FAST offering experienced a growth surge, boasting a 107% YoY increase in streaming hours in Fiscal 2024. Last fall, we concluded our distribution agreement with TCL, a major North American TV manufacturer, bringing an array of specialty channels and games to their new TCLtv+ app. We also expanded our European footprint by adding FAST channels to Xiaomi TV, enhanced Pluto TV's lineup in Canada with five new channels, and launched a suite of FAST channels on VIDAA smart televisions worldwide.

In support of our aggressive distribution expansion plan, we launched multiple channels and platforms to further reinforce our offering: 13 audio and 5 video channels are now available on Samsung TV Plus US, Canada, Australia, and New Zealand. One of our new launches, Stingray Holidayscapes, is now streaming on LG Channels, Samsung TV Plus, Plex, and Google TV.

Keeping the pedal to the metal with connected car streaming

In 2022, Stingray made considerable progress with connected car integrations, and that success continued rolling into 2023. Stingray Karaoke's massive 100,000-track Karaoke catalog is becoming an increasingly popular default value-added service in connected cars around the world.

We continue to develop our relationship with flagship clients Tesla and Audi, while we expand our reach with new connected car manufacturers. We signed a global deal with BYD - the world's largest EV manufacturer - with a progressive in-car deployment, then successfully expanded the deal with the addition of the Calm Radio app, marking the first time Calm Radio will be rolled out across a leading EV OEM platform. We also took to the skies with Air Transat, elevating the inflight entertainment experience for their discriminating passengers.

Following the release of Sony Honda Mobility's AFEELA prototype, we also announced a new partnership to bring Stingray Karaoke to this groundbreaking innovation. Finally, we kicked off 2024 with a renewed commitment to the quality of these integrations: in collaboration with The Singing Machine Company, we updated our in-car offering with features like vocal scoring and a fully integrated karaoke microphone with built-in pitch detection.

Stingray Business: setting records and expanding agreements

Stingray Business powers commercial experiences for over 140,000 retail locations worldwide, from eye-catching digital signage to branded in-store music. This offering has been at the core of our business for over a decade, and in Q3, we secured the largest-ever agreement in its history: a 5-year contract with Bank of Montreal for more than 1,900 locations across North America.

While securing new clients is essential for business growth, we also see exceptional potential within our current partner portfolio. We are working hard to execute similar contract expansions with existing Stingray Business clients, leveraging our strong relationships to increase revenues per location. Specifically, we are exploring opportunities to cross-sell Stingray Advertising, a revenue-generating vector for our customers that enjoy our background commercial music service.

Stingray Advertising: establishing dominance in North America

Retail media is one of the fastest growing trends in the advertising industry. Ad spend in this category is expected to reach $106B in the United States by 2027[3], more than double what it is today.

Stingray Advertising specializes in one particular type of retail media: in-store audio advertising. This burgeoning in-store out-of-home advertising channel engages consumers at the point of purchase, delivering contextual audio ads when and where buying decisions are made. Since inception, this branch of our business has evolved from nascent to dominant, counting more than 30,000 retail locations and reaching more than 925M shopping visits every month. We intend to continue expanding within the total addressable market of 300,000 locations across Canada and the US.

One of our most significant milestones within the last year was a commercial collaboration with Mood Media's Vibenomics, a fellow retail audio advertising provider. We collaborate to sell ads across both networks across North America. Both of our teams work diligently to maintain strong momentum with sales and expand our roster of advertisers, particularly within the CPG category.

In addition to our roster of committed retailers, we have recently welcomed many new names on board, including Harnois Énergies' Proxi and Proxi Extra Convenience Stores, Giant Eagle, Peavey Mart, and Loblaw grocery stores.

I want to extend my heartfelt gratitude to each member of our all-star team. We owe all these achievements to your hard work and dedication. I also want to express my profound appreciation for our executive team and board of directors, who continue to provide exemplary leadership and guidance.

To our investors, I extend my sincere thanks for your unwavering trust and support. Your confidence in our mission and your commitment to our journey remain fundamental to our continued success.

As we reflect on the past year's accomplishments, we will not rest on our laurels, but will use past successes as motivation to spur us onwards. Looking ahead, I am filled with optimism and confidence for our bright future; all signs point to Stingray's continued growth and prosperity.

Sincerely,

E. Boyko

1 Source: Internal data and Digital TV Research
2 Source: insiderintelligence.com
3 Source: eMarketer, March 2023. Insiderintelligence.com

Word from **the Chairman**

Mark Pathy
Chairman of the Board

Success is often the sum of small efforts, repeated day-in and day-out. That adage certainly proved true for Stingray this past year. The team has long been sowing the seeds of success, and their efforts finally came to fruition in 2024.

Anytime a company undertakes a strategic pivot, it's diving into the unknown. Stingray took a calculated risk with a shift from broadcast to digital streaming. While the pivot was an exercise in patience and perseverance for all of us, we steadfastly believed in the enduring value of our business and the exceptional acumen of our management team. We've remained confident in our capacity to deliver on promises and make sound decisions, even as we navigated through headwinds and the occasional setback. Ultimately, the pivot has proven to be a resounding success.

That success is evidenced by a number of accomplishments across the group. We racked up significant wins in the automotive sector, leveraging our existing partnerships and integrations to grow our connected-car subscriptions. FAST channels were another boon for us this year, becoming an even greater source of revenue and positioning us as a key player within the fast-growing Connected TV sector.

Stingray Advertising also achieved a major milestone this year, growing to become the largest retail audio network in North America after signing several major new contracts. We have thus established ourselves as the leader in the Audio Out Of Home (AOOH) market. On the Stingray Business side, we expanded our mandates with existing clients, proving that there remain multiple avenues for organic growth within that division.

Of course, none of these triumphs happened by accident or sheer luck. The subtext is years of dedication and relentless effort, combined with patience, expertise, and a staunch belief that we are on the right track.

We also owe much of this past year's success to the radio sales team: radio's performance has outperformed its peers and has proven to be an instrumental driver of expansion for retail media and FAST Channels. The remarkable contributions made by our local radio advertising force deserve a special mention, as their targeted and community-centric approaches have significantly amplified our reach and impact.

It has been my pleasure to help guide and advise the leadership team in working towards these accomplishments. It's an honour to be able to play a role in building these foundational strategies and to be part of this outstanding team, and I look forward to diving headfirst into the upcoming year with renewed energy and enthusiasm.

Management's **discussion and analysis**

The following is the annual report and Management’s Discussion and Analysis (“MD&A”) of the results of operations and financial position of Stingray Group Inc. (“Stingray” or “the Corporation”) and should be read in conjunction with the Corporation’s consolidated audited financial statements and accompanying notes for the years ended March 31, 2024 and 2023. This MD&A reflects information available to the Corporation as at June 4, 2024. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com.

Company **profile**

Stingray (TSX: RAY.A; RAY.B), a global music, media, and technology company, is an industry leader in TV broadcasting, streaming, radio, business services, and advertising. Stingray provides an array of music, digital, and advertising services to enterprise brands worldwide, including audio and video channels, over 100 radio stations, subscription video-on-demand content, FAST channels, karaoke products and music apps, and in-car and on-board infotainment content. Stingray Business, a division of Stingray, provides commercial solutions in music, in-store advertising solutions, digital signage, and AI-driven consumer insights and feedback. Stingray Advertising is North America's largest retail audio advertising network, delivering digital audio messaging to more than 30,000 major retail locations. Stingray has close to 1,000 employees worldwide and reaches 540 million consumers in 160 countries.

Products

Subscription services (APPS & SVOD)

Mobile or OTT Apps

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

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

Yokee Karaoke

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

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

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

Yokee Piano

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

A new lifestyle product designed to transform any room into a peaceful oasis in 4K.

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

Piano Academy

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

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

Subscription Video On Demand (SVOD)

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

The following Stingray services are available as SVOD:

- Qello Concerts by Stingray
- Stingray Classica
- Stingray DJAZZ
- Stingray Karaoke
- Stingray Naturescape
- ZenLIFE by Stingray

Free, Ad-supported TV (FAST)

Stingray's FAST channels allow customers to access a wide variety of expertly curated content without subscription fees. Our partners include Samsung TV Plus, LG Channels, TCLtv+, Vizio WatchFree+, Xiaomi TV+, Pluto TV and VIDAA.

The following Stingray services are available as FAST channels:

- Stingray Music
- Qello Concerts by Stingray
- Stingray Classica
- Stingray DJAZZ
- Stingray CMusic
- Stingray Karaoke
- Stingray Naturescape
- Stingray Holidayscapes
- ZenLIFE by Stingray
- Ultimate Trivia by Stingray

Radio's resiliency

The coverage of "traditional" media over the past few years has not been kind, with newspapers closing and network TV audiences dwindling. The news has been dark, but radio has shown impressive resiliency as it fights the tide of declining traditional media revenue.

Stingray's team from coast to coast has evolved to present listeners with engaging audio entertainment, regardless of device or platform. While millions of listeners tune into our stations every week on AM/FM radios, millions more tune into Stingray radio stations on mobile apps, computers, and smart speakers. Streaming numbers continue to increase for our radio stations with 7.7% growth in hours streamed year over year (2022 to 2023).

Last year Stingray made a bold decision to make our stations available everywhere, no matter where or how a listener chooses to tune in. Instead of restricting listening to a specific app as most broadcasters do, Stingray stations are now available on the Stingray Music app, the Radioplayer Canada, the iHeartRadio app, and TuneIn Radio. We have forged strong partnerships with each platform to ensure that no matter how a listener chooses to access our content, they aren't restricted by technology. This decision benefits both listeners and shareholders, with revenue sharing built into every streaming partnership.

We continue to have market-leading stations in some of Canada's biggest cities, including boom 97.3 in Toronto, XL103 and 90.3 AMP Radio in Calgary, HOT 89.9 and LiVE 88.5 in Ottawa, Z95.3 in Vancouver, and Q104 in Halifax. But our service extends far beyond the major cities. In smaller cities and towns, Stingray radio stations are the lifeblood of the community. During historic fires that struck Halifax, Stingray's radio stations kept listeners informed and safe. When forest fires ravaged the BC interior, our stations in Kelowna and Kamloops were instrumental in keeping the community up to date. When Hurricane Fiona struck western Newfoundland, VOCM Radio provided award-winning coverage.

Every day we proudly deliver essential information and world-class entertainment to the smallest towns and largest cities in Canada, on every imaginable platform and device.

With our radio stations, podcasts, and digital audio products combined, we continue to explore new and efficient processes, including the creation of regionally and nationally syndicated content, using artificial intelligence to streamline content creation and distribution, and investing in technology to amplify our reach. These technological innovations include rolling out HD radio to offer listeners better sound quality and selection. We recently extended our HD radio service to Halifax, becoming the first broadcaster east of Montreal to utilize this technology.

Stingray's marketing and sales teams have also embraced a vast array of digital products. From display to social, from retail audio to programmatic outdoor and connected TV, our advertising suite is equipped to reach customers wherever they shop, listen, watch, travel, and play. The combination of radio's broad reach and digital's ability to hyper-target specific customer demographics creates a very efficient and far-reaching model for advertisers to grow their business and it has made Stingray's media consultants full-service partners to their clients.

The challenge of declining revenue faced by traditional media is very real, and radio is not immune. Yet despite the significant headwinds, radio continues to be an essential part of the lives of nearly 90% of Canadians each week. Radio remains the dominant ad-supported audio choice for consumers. By integrating digital delivery and digital advertising into our DNA, we are well-positioned to deliver incredible content for listeners and tremendous results for advertisers.

The challenges are many, but to paraphrase Mark Twain, reports of radio's death were greatly exaggerated.

Current **company goals**

1

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

2

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

3

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

4

Execute on strategic capital allocation: Prioritizing debt reduction and disciplined M&A for business growth.

5

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

Proven **acquisition strategy**

$849 M

spent on acquisitions since inception

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

2007

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

2012

- Musicoola Ltd.
- Zoe Interactive Ltd.

2016

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

2020

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

2009

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

2010

- Marketing Senscity Inc.
- Concert TV Inc.

2011

- Music Choice International Ltd.

2013

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

2014

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

2015

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

2017

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

2018

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

2019

- Drumheller Radio

2021

- Marketing Sensorial México

2022

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

2023

- Ultimate Trivia Network

Competitive **strengths**

We believe that the following competitive strengths will contribute to our ongoing commercial success and future performance:

Unique, diversified, and world-leading music and video content distribution

With more than 540 million subscribers in 160 countries, our total reach is one of the largest relative to our peers. Our products and services are distributed through numerous platforms including digital TV, satellite TV, IPTV, the Internet, mobile devices, Wi-Fi systems, game consoles, and connected cars. With 101 radio licenses and more than 160 million App downloads, Stingray reaches millions of radio listeners and App users every month.

Strong and predictable cash flow from long-term contracts and client relationships

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

Proprietary innovative tech

We are a leader and innovator in the digital music space, having developed a unique set of proprietary technologies that provide us with a significant competitive advantage. Our extensive experience in creating technologies for distributing digital music across multiple platforms is complemented by our development of intuitive AI tools. These tools are readily accessible to all employees, significantly enhancing their daily productivity and work efficiency.

Business agility

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

Track record of successful acquisitions and integrations

Since Stingray's inception in 2007, we have completed 46 acquisitions representing outlays of approximately $849 million, which brought new clients, new products and new geographical markets to our business. Stingray's proven track record of successfully consummating and integrating these acquisitions is a result of our experienced management team's rigorous and disciplined acquisition strategy. The versatility, portability and flexibility of Stingray's products and technologies permit us to efficiently integrate and support the complementary products and technologies of the businesses we acquire.

Content curation expertise

Our business strategy is based on a lean-back, rather than lean forward, music consumption model. Stingray provides some of the world's most comprehensive music libraries and channels, all programmed by expert curators around the world. Our music products and services are adapted to local tastes and trends to create the ultimate user experience.

Key business **risks**

The key risks and uncertainties of our business drive our operating strategies. Additional risks and uncertainties not presently known to us, or that we currently consider immaterial, may also affect us. If any of the events identified in these risks and uncertainties were to occur, Stingray's business, financial condition and results of operations could be materially impacted.

For further discussion of the significant risks we face, refer to the Annual Information Form for the year ended March 31, 2024 available on SEDAR at sedar.com.

Our key risks, in terms of severity of consequence and likelihood, are displayed as follows:

Public performance and mechanical rights and royalties

We pay public performance and mechanical royalties to performers, songwriters and publishers through contracts negotiated with labels and music rights collection societies in various parts of the world. If public performance or mechanical royalty rates for digital music are increased, our results of operations and financial performance and condition may be adversely affected. We mitigate this risk by operating, whenever possible, under statutory licensing regimes and structures applicable to non-interactive music services. The royalty rates to be paid pursuant to statutory licenses can be established by either negotiation or through a rate proceeding conducted by the Copyright Board; such royalty rates are generally stable and are not likely to fluctuate from year to year.

Long-term plan to expand into international markets

A key element of our growth strategy is to continue to expand our operations into international markets. For fiscal 2024, approximately 44.3% of our revenue is derived from customers outside of Canada. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that are different from those in Canada. To mitigate this risk, the Corporation has committed to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel, all of which will enable the Corporation to continue to expand into international markets.

Reliance on Pay-TV providers

The majority of the Stingray Music pay-TV subscriber base is reached through a small number of significant pay-TV providers who are all under long-term contracts. Packaging decisions made by pay-TV providers in respect of service offerings can impact the subscriber base. Moreover, the contractual obligations of pay-TV providers in Canada to distribute Stingray Music are subject to changes in CRTC rules, including the CRTC's policy framework set forth in Broadcasting Regulatory Policy CRTC 2015- 96. We mitigate this risk by understanding the business needs of pay-TV providers and offering compelling services, distributed across multiple platforms and proprietary technologies, with a demonstrable value proposition. Based on our strong relationships and our interpretation of the long-term contracts with payTV providers, Stingray expects that all Canadian pay-TV providers will continue to carry Stingray's pay-audio service and Stingray's other offerings on their platforms.

Rapid growth in a constantly evolving market

The audio and video entertainment industry is rapidly evolving. The market for online digital music and videos has seen dramatic shifts in a short period, influenced by economic factors and changing consumer habits. Our reliance on advertising revenue, which fluctuates with the economy, presents both challenges and opportunities. Contractual commitments in certain markets restrict our ability to directly solicit customers, but we've adapted by enhancing our cross-selling strategies and expanding our product offerings. Our skilled sales team and innovative engineers are key to developing new products and proprietary technologies that help us attract and retain customers across diverse digital platforms, including beyond traditional TV. To support our rapid growth, we are continuously refining our operational and financial controls, as well as our reporting systems and procedures.

Facing competition from other content providers

The market for acquiring exclusive digital rights from content owners is competitive. Many of the more desirable music recordings are already subject to digital distribution agreements or have been directly placed with digital entertainment services. We face increasing competition for listeners and/or viewers from a growing variety of businesses that deliver audio and/or video media content through mobile phones and other wireless devices. The growth of social media could facilitate other forms of new entry that will compete with the Corporation. To mitigate this risk, the Corporation continues to rely upon human programming and content curation by award-winning music experts from around the world, each of whom adapt to the tastes and trends of listeners in order to create the ultimate user experience. In addition, the Corporation remains determined to create and acquire original long-form content in order to grow its proprietary catalogue. Furthermore, the positioning of our channels is crucial; being prominently placed is essential to being seen and distinguishing ourselves in a vast market.

Executive **officers**

Eric Boyko
President, CEO,
Co-founder and Director

Jean-Pierre Trahan
Chief Financial Officer

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

Mario Dubois
Senior Vice-President and
Chief Technology Officer

Mathieu Péloquin
Senior Vice-President,
Marketing and
Communications

David Purdy
Chief Revenue Officer

Steve Jones
President, Radio

Valérie Héroux
Vice-President,
Content Acquisition
and Programming

Ratha Khuong
General Manager,
Stingray Business

Marie-Hélène Fournier
Vice-President
Mergers & Acquisitions
and Human Resources

Non-executive **directors**

Mark Pathy
Chairman of the Board of Directors

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

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

Karinne Bouchard
Director and Chairwoman of the Audit Committee

Frédéric Lavoie
Director and Member of the Audit Committee

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

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

Robert G. Steele
Director

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

The faces that **define Stingray**

At Stingray, we recognize that our employees are the heartbeat of our success. Their dedication, creativity, and passion are the driving forces behind our achievements. These images capture the smiles and the essence of those who bring the values of Stingray to life and nurture our vibrant culture and supportive environment. We extend our heartfelt thanks to every member of the Stingray family. Your continuous efforts are not just a part of Stingray's story—they are Stingray's success.

BASIS OF PREPARATION AND FORWARD-LOOKING STATEMENTS

The following is the annual financial report and Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of Stingray Group Inc., ("Stingray" or "the Corporation"), and should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes for the years ended March 31, 2024 and 2023. This MD&A reflects information available to the Corporation as at June 4, 2024. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com.

This MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. This forward-looking information includes, but is not limited to, statements with respect to management's expectations regarding the future growth, results of operations, performance and business prospects of the Corporation. This forward-looking information relates to, among other things, our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimations and intentions, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions. Statements with the words "could", "expect", "may", "will", "anticipate", "assume", "intend", "plan", "believes", "estimates", "guidance", "foresee", "continue" and similar expressions are intended to identify statements containing forward-looking information, although not all forward-looking statements include such words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to the following risk factors : increases in royalties and tariffs or restricted access to music rights; our dependence on Pay-Tv providers; the rapidly evolving audio and video entertainment industry; competition from other content providers and other media companies; the expansion of our operations into international markets; our rapid growth and our growth strategy; our acquisitions, business combinations and joint ventures; our reliance on third party hardware, software and related services; our dependence on key personnel; exchange rate fluctuations; economic and political instability in emerging countries; royalty calculation methods; rapid technological and industry changes; development of new or alternative media technologies ; unavailability of additional funding; failure to generate cash revenues; reliance on our credit facilities; costly and protracted litigation in defence of copyrighted content; our inability to protect our proprietary technology; our inability to maintain our corporate culture; unfavourable economic conditions; our exposure to foreign privacy and data security laws; unauthorized and pirated music and video content; natural catastrophic events and interruption by man-made problems; pandemics, epidemics and other health risks; additional income tax liabilities; maintaining our reputation; litigation and other claims; credit risk; liquidity risk; failure to comply with the Canadian Radio-television and Telecommunications Commission ("CRTC") requirements; failure to maintain or renew our CRTC licences; the increase in broadcasting licence fees payable by us; unfavourable changes in government regulation affecting our industry.

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

OVERVIEW

Stingray (TSX: RAY.A; RAY.B), a global music, media, and technology company, is an industry leader in TV broadcasting, streaming, radio, business services, and advertising. Stingray provides an array of music, digital, and advertising services to enterprise brands worldwide, including audio and video channels, over 100 radio stations, subscription video-on-demand content, FAST channels, karaoke products and music apps, and in-car and on-board infotainment content. Stingray Business, a division of Stingray, provides commercial solutions in music, in-store advertising solutions, digital signage, and AI-driven consumer insights and feedback. Stingray Advertising is North America's largest retail audio advertising network, delivering digital audio messaging to more than 30,000 major retail locations. Stingray has close to 1000 employees worldwide and reaches 540 million consumers in 160 countries. For more information, visit www.stingray.com.

KEY PERFORMANCE INDICATORS

For the three-month period ended March 31, 2024 ("Q4 2024"):

$83.7 M ▲ 6.0% from Q4 2023 Revenues	**$46.3 M** ▼ 1,141.6% from Q4 2023 Net loss Or $0.67 per share	**$44.3 M** ▲ 60.7% from Q4 2023 Cash flow from operating activities Or $0.64 per share(2)
$29.4 M ▲ 10.7% from Q4 2023 Adjusted EBITDA(1)	**$15.4 M** ▲ 4.9% from Fiscal 2023 Adjusted Net income(1) Or $0.22 per share	**$15.3 M** ▲ 2.4% from Q4 2023 Adjusted free cash flow(1) Or $0.22 per share

For the year ended March 31, 2024 ("Fiscal 2024"):

$345.4 M ▲ 6.6% from Fiscal 2023 Revenues	**$13.7 M** ▼ 145.6% from Fiscal 2023 Net loss Or $0.20 per share	**$118.5 M** ▲ 36.3% from Fiscal 2023 Cash flow from operating activities Or $1.72 per share(2)
$125.9 M ▲ 10.3% from Fiscal 2023 Adjusted EBITDA(1)	**$60.3 M** ▲ 9.3% from Fiscal 2023 Adjusted Net income(1) Or $0.87 per share	**$82.0 M** ▲ 28.7% from Fiscal 2023 Adjusted free cash flow(1) Or $1.18 per share

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to "Supplemental Information on Non-IFRS Measures" on page 35 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 37 and "Reconciliation of Quarterly Non-IFRS Measures" on page 47.

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

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the fourth quarter ended March 31, 2024

Compared to the quarter ended March 31, 2023 (“Q4 2023”):

- Revenues increased 6.0% to $83.7 million from $78.9 million;
- Net loss totaled $46.3 million due to a one-time non-cash impairment of $56.1 million of the goodwill related to the Radio segment ($0.67 per share) compared to a Net income of $4.4 million ($0.06 per share);
- Adjusted EBITDA(1) increased 10.7% to $29.4 million from $26.6 million. Adjusted EBITDA(1) by segment was $22.7 million or 42.5% of revenues for Broadcasting and Commercial Music, $8.2 million or 27.1% of revenues for Radio and $(1.5) million for Corporate;
- Adjusted Net income(1) increased to $15.4 million ($0.22 per share) from $14.7 million ($0.21 per share);
- Cash flow from operating activities increased 60.7% to $44.3 million ($0.64 per share(2)) from $27.6 million ($0.40 per share(2));
- Adjusted free cash flow(1) increased 2.4% to $15.3 million ($0.22 per share) from $14.9 million ($0.21 per share);
- Net debt to Pro Forma Adjusted EBITDA(1) ratio of 2.76x, compared to 3.19x; and
- 57,600 shares were repurchased and cancelled for a total of $0.4 million compared to 53,300 shares for a total of $0.3 million.

Highlights of the year ended March 31, 2024

Compared to the year ended March 31, 2023 (“Fiscal 2023”):

- Revenues increased 6.6% to $345.4 million from $323.9 million;
- Net loss totaled $13.7 million due to a one-time non-cash impairment of $56.1 million of the goodwill related to the Radio segment ($0.20 per share) compared to a Net income of $30.1 million ($0.43 per share);
- Adjusted EBITDA(1) increased 10.3% to $125.9 million from $114.1 million. Adjusted EBITDA(1) by segment was $90.5 million or 41.9% of revenues for Broadcasting and Commercial Music, $41.5 million or 32.0% of revenues for Radio and $(6.1) million for Corporate;
- Adjusted Net income(1) increased to $60.3 million ($0.87 per share) compared with $55.2 million ($0.79 per share);
- Cash flow from operating activities increased 36.3% to $118.5 million ($1.72 per share(2)) from $86.9 million ($1.25 per share(2));
- Adjusted free cash flow(1) increased 28.7% to $82.0 million ($1.18 per share) from $63.7 million ($0.90 per share);
- Net debt to Pro Forma Adjusted EBITDA(1) ratio of 2.76x, compared to 3.19x; and
- 557,500 shares repurchased and cancelled for a total of $2.9 million compared to 786,100 shares for a total of $4.4 million.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to “Supplemental Information on Non-IFRS Measures” on page 35 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 37 and “Reconciliation of Quarterly Non-IFRS Measures” on page 47.

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

Additional business highlights for the fourth quarter and subsequent events:

- On May 2, 2024, the Corporation announced its partnership with Virgin Media O2, introducing two of its highly acclaimed free ad-supported streaming (FAST) TV channels, ZenLIFE and Qello Concerts, to Virgin TV's expansive customer base.

- On April 17, 2024, the Corporation announced the launch of new channels on Samsung TV Plus. This rollout introduces Qello Concerts by Stingray, ZenLIFE by Stingray and Stingray Classica to users in Mexico and Brazil, further expanding Stingray's reach in Latin America and providing audiences with a rich selection of video channels tailored to diverse tastes and preferences.

- On April 2, 2024, the Corporation announced the introduction of ZenLIFE, a rich digital wellness resource, now available as an add-on subscription on Prime Video via Prime Video Channels in the United States. Customers can explore an extensive selection of high-quality 4K wellness content, featuring relaxation and meditation guides, sleep-enhancing videos, and breathtaking nature scenes.

- On March 20, 2024, the Corporation announced the launch of Stingray All Good Vibes channels with Amazon's Prime Video Channels in Chile and Colombia, a paid add-on subscription exclusive to Prime members. Prime members will have access to subscribe to Qello Concerts by Stingray, Stingray Karaoke, Stingray Classica, Stingray DJAZZ, and Stingray Naturescape. The launch showcases the quality and diversity of Stingray's growing product portfolio and its strength in reaching new audiences.

- On March 19, 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 June 15, 2024, to shareholders on record as of May 31, 2024.

- On March 11, 2024, the Corporation announced the launch of new channels on Samsung TV Plus, Samsung's 100% free ad-supported streaming TV and video-on-demand service with over 2,500 ad-supported linear channels available globally in 24 countries and across 561M active devices. This rollout introduces a rich selection of music and video channels tailored to diverse tastes and preferences, now available to users across Canada, Australia and New Zealand on Samsung Smart TVs, Galaxy devices, and more.

- On February 29, 2024, the Corporation announced the inclusion of Harnois Énergies' Proxi and Proxi Extra convenience stores into its extensive retail audio advertising network. This alliance welcomes 152 stores across Quebec and 35 in the Atlantic provinces, marking Stingray Advertising's first venture into the Canadian convenience store market.

- On February 15, 2024, the Corporation announced that Leap Media Group, Giant Eagle's self-built, best-in-class retail media network, will join Stingray Advertising's retail audio advertising network. Launching in 194 Giant Eagle stores across western Pennsylvania, Ohio, northern West Virginia, Maryland, and Indiana, this partnership will allow the regional food retailer to engage with high-intent shoppers through innovative audio advertising solutions, personalizing their shopping experience in a privacy-conscious way.

- During the fourth quarter of Fiscal 2024, the Corporation conducted an impairment test on intangible assets, which resulted in an impairment charge of $56.1 million solely attributable to goodwill. This non-cash impairment charge was allocated to Radio segment's group of Cash-Generating Units.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of Canadian dollars, except per share amounts)	3 months March 31, 2024 Q4 2024 $	% of revenues	March 31, 2023 Q4 2023 $	% of revenues	12 months March 31, 2024 Fiscal 2024 $	% of revenues	March 31, 2023 Fiscal 2023 $	% of revenues	March 31, 2022 Fiscal 2022 $	% of revenues
Revenues	83,665	100.0 %	78,931	100.0 %	345,428	100.0 %	323,944	100.0 %	282,626	100.0 %
Operating expenses	59,046	70.6 %	54,583	69.2 %	226,849	65.7 %	212,272	65.4 %	189,954	67.1 %
Depreciation, amortization and write-off	6,499	7.8 %	8,178	10.4 %	30,133	8.7 %	32,980	10.2 %	35,544	12.6 %
Net finance expense(1)	3,736	4.5 %	3,749	4.7 %	28,883	8.4 %	26,835	8.3 %	6,119	2.2 %
Change in fair value of investments	(106)	(0.1) %	11	0.0 %	18	0.0 %	(289)	(0.1) %	2	0.0 %
Impairment of goodwill	56,119	67.1 %	–	– %	56,119	16.2 %	–	– %	–	– %
Acquisition, legal, restructuring and other expenses	1,050	1.3 %	7,210	9.1 %	1,137	0.3 %	12,487	3.9 %	8,707	3.1 %
Income (loss) before income taxes	(42,679)	(51.2) %	5,200	6.6 %	2,289	0.7 %	39,659	12.3 %	42,300	15.0 %
Income taxes	3,639	4.3 %	753	1.0 %	16,030	4.6 %	9,540	2.9 %	9,013	3.2 %
Net income (loss)	(46,318)	(55.5) %	4,447	5.6 %	(13,741)	(3.9) %	30,119	9.4 %	33,287	11.8 %
Adjusted EBITDA(2)	29,423	35.2 %	26,573	33.7 %	125,855	36.4 %	114,140	35.2 %	99,269	35.1 %
Adjusted Net income(2)	15,382	18.4 %	14,668	18.6 %	60,312	17.5 %	55,202	17.0 %	56,389	20.0 %
Cash flow from operating activities	44,263	52.9 %	27,552	34.9 %	118,526	34.3 %	86,949	26.8 %	83,663	29.6 %
Adjusted free cash flow(2)	15,270	18.3 %	14,909	18.9 %	81,960	23.7 %	63,662	19.7 %	56,933	20.1 %
Net debt(2)	354,685	–	371,080	–	354,685	–	371,080	–	369,082	–
Net debt to Pro Forma Adjusted EBITDA(2)	2.76x	–	3.19x	–	2.76x	–	3.19x	–	3.16x	–
Net income (loss) per share basic and diluted	(0.67)	–	0.06	–	(0.20)	–	0.43	–	0.47	–
Adjusted Net income per share basic and diluted(2)	0.22	–	0.21	–	0.87	–	0.79	–	0.79	–
Cash flow from operating activities per share basic(3)	0.64	–	0.40	–	1.72	–	1.25	–	1.18	–
Cash flow from operating activities per share diluted(3)	0.64	–	0.40	–	1.72	–	1.25	–	1.17	–
Adjusted free cash flow per share basic(2)	0.22	–	0.22	–	1.18	–	0.91	–	0.80	–
Adjusted free cash flow per share diluted(2)	0.22	–	0.21	–	1.18	–	0.90	–	0.80	–
Revenues by segment										
Broadcasting and Commercial Music	53,409	63.8 %	50,045	63.4 %	216,059	62.5 %	195,234	60.3 %	159,082	56.3 %
Radio	30,256	36.2 %	28,886	36.6 %	129,369	37.5 %	128,710	39.7 %	123,544	43.7 %
Revenues	83,665	100.0 %	78,931	100.0 %	345,428	100.0 %	323,944	100.0 %	282,626	100.0 %
Revenues by geography										
Canada	45,581	54.5 %	43,667	55.4 %	192,293	55.7 %	187,032	57.8 %	177,739	62.9 %
United States	26,224	31.3 %	21,968	27.8 %	103,973	30.1 %	85,992	26.5 %	52,403	18.5 %
Other Countries	11,860	14.2 %	13,296	16.8 %	49,162	14.2 %	50,920	15.7 %	52,484	18.6 %
Revenues	83,665	100.0 %	78,931	100.0 %	345,428	100.0 %	323,944	100.0 %	282,626	100.0 %

Notes:

(1) Interest paid during Q4 2024 was $6.6 million (Q4 2023; $6.8 million) and $25.9 million during Fiscal 2024 (Fiscal 2023; $23.9 million and Fiscal 2022; $14.4 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 35 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 37 and “Reconciliation of Quarterly Non-IFRS Measures” on page 47.

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

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

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

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

Adjusted EBITDA

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

Adjusted EBITDA margin

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

Adjusted free cash flow

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

Adjusted free cash flow per share

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

Adjusted Net income

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

Adjusted Net income per share

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

LTM Adjusted EBITDA

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

Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA is a non-IFRS measure representing LTM Adjusted EBITDA adjusted to include Adjusted EBITDA from acquisitions for the months prior to such acquisitions, as well as estimated revenue and cost saving synergies from such acquisitions and the value of credit notes granted to certain customers as a result of the COVID-19 pandemic. Furthermore, Pro Forma Adjusted EBITDA 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 that the Corporation uses to assess its operating performance. Refer to "Supplemental information on Non-IFRS Measures" on page 35.

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

	3 months		12 months	
(in thousands of Canadian dollars)	March 31, 2024 **Q4 2024**	March 31, 2023 **Q4 2023**	March 31, 2024 **Fiscal 2024**	March 31, 2023 **Fiscal 2023**
Net income (loss)	**(46,318)**	**4,447**	**(13,741)**	**30,119**
Impairment on goodwill	56,119	-	56,119	-
Net finance expense	3,736	3,749	28,883	26,835
Change in fair value of investments	(106)	11	18	(289)
Income taxes	3,639	753	16,030	9,540
Depreciation and write-off of property and equipment	1,183	2,406	8,342	9,737
Depreciation of right-of-use assets	1,192	1,225	4,420	4,506
Amortization of intangible assets	4,124	4,547	17,371	18,737
Share-based compensation	93	157	435	611
Performance and deferred share unit expense	4,711	2,068	6,841	1,857
Acquisition, legal, restructuring and other expenses	1,050	7,210	1,137	12,487
Adjusted EBITDA	**29,423**	**26,573**	**125,855**	**114,140**
Adjusted EBITDA margin	**35.2%**	**33.7%**	**36.4%**	**35.2%**
Net income (loss)	**(46,318)**	**4,447**	**(13,741)**	**30,119**
Adjusted for:				
Impairment on goodwill	56,119	-	56,119	-
Unrealized loss (gain) on derivative instruments	(2,252)	(70)	(1,431)	739
Amortization of intangible assets	4,124	4,547	17,371	18,737
Change in fair value of investments	(106)	11	18	(289)
Share-based compensation	93	157	435	611
Performance and deferred share unit expense	4,711	2,068	6,841	1,857
Acquisition, legal, restructuring and other expenses	1,050	7,210	1,137	12,487
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, unrealized loss (gain) on derivative instruments and acquisition, legal, restructuring and other expenses	(2,039)	(3,702)	(6,437)	(9,059)
Adjusted Net income	**15,382**	**14,668**	**60,312**	**55,202**
Average number of shares outstanding (diluted)	68,811	69,459	69,104	69,770
Adjusted Net income per share (diluted)	**0.22**	**0.21**	**0.87**	**0.79**

(in thousands of Canadian dollars)	March 31, 2024 **Fiscal 2024**	March 31, 2023 **Fiscal 2023**
LTM Adjusted EBITDA	**125,855**	**114,140**
Permanent cost-saving initiatives	2,758	2,325
Pro Forma Adjusted EBITDA	**128,613**	**116,465**

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

(in thousands of Canadian dollars)	3 months March 31, 2024 Q4 2024	3 months March 31, 2023 Q4 2023	12 months March 31, 2024 Fiscal 2024	12 months March 31, 2023 Fiscal 2023
Cash flow from operating activities	**44,263**	**27,552**	**118,526**	**86,949**
Add / Less :				
Acquisition of property and equipment	(2,351)	(2,987)	(7,812)	(8,234)
Acquisition of intangible assets other than internally developed intangible assets	(355)	(383)	(1,231)	(1,281)
Addition to internally developed intangible assets	(1,148)	(1,236)	(5,001)	(5,943)
Interest paid	(6,641)	(6,842)	(25,927)	(23,892)
Repayment of lease liabilities	(929)	(1,122)	(4,351)	(4,433)
Net change in non-cash operating working capital items	(17,661)	(7,077)	5,983	7,482
Unrealized loss (gain) on foreign exchange	(958)	(206)	636	527
Acquisition, legal, restructuring and other expenses	1,050	7,210	1,137	12,487
Adjusted free cash flow	**15,270**	**14,909**	**81,960**	**63,662**

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

(in thousands of Canadian dollars)	**March 31, 2024**	**March 31, 2023**
Credit facilities	338,712	360,990
Subordinated debt	25,579	25,543
Cash and cash equivalents	(9,606)	(15,453)
Net debt	**354,685**	**371,080**
Net debt to Pro Forma Adjusted EBITDA	**2.76**	**3.19**

FINANCIAL RESULTS FOR THE QUARTERS AND YEARS ENDED MARCH 31, 2024 AND 2023

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

	3 months			12 months		
(in thousands of Canadian dollars)	2024	2023	% Change	2024	2023	% Change
Revenues by geography						
Canada	45,581	43,667	4.4	192,293	187,032	2.8
United States	26,224	21,968	19.4	103,973	85,992	20.9
Other Countries	11,860	13,296	(10.8)	49,162	50,920	(3.5)
Revenues	83,665	78,931	6.0	345,428	323,944	6.6

Global

Revenues in Q4 2024 increased $4.8 million or 6.0% to $83.7 million, from $78.9 million for Q4 2023. The increase was mainly due to an increase in FAST channels revenues and to an increase in Radio revenues driven by growth in digital and national sales.

Revenues for Fiscal 2024 increased $21.5 million or 6.6% to $345.4 million, from $323.9 million for Fiscal 2023. The increase was largely due to an increase in retail media advertising revenues, to an increase in FAST channel revenues and to a positive foreign exchange impact.

Canada

Revenues in Canada in Q4 2024 increased $2.0 million or 4.4% to $45.6 million, from $43.6 million for Q4 2023. The increase was primarily due to an increase in Radio revenues driven by growth in digital and national sales.

Revenues in Canada for Fiscal 2024 increased $5.3 million or 2.8% to $192.3 million, from $187.0 million for Fiscal 2023. The increase was mainly due to an increase in retail media advertising revenues and to an increase in equipment and installation sales related to digital signage.

United States

Revenues in the United States in Q4 2024 increased $4.2 million or 19.4% to $26.2 million, from $22.0 million for Q4 2023. The increase was primarily due to an increase in FAST channel revenues.

Revenues in the United States for Fiscal 2024 increased $18.0 million or 20.9% to $104.0 million, from $86.0 million for Fiscal 2023. The increase was largely due to an increase in retail media advertising revenues and to an increase in FAST channel revenues.

Other Countries

Revenues in Other countries in Q4 2024 decreased $1.4 million or 10.8% to $11.9 million, from $13.3 million for Q4 2023. The decrease was mainly due to a decrease in In-store commercial revenues and to a decrease in subscription revenues.

Revenues in Other countries for Fiscal 2024 decreased $1.8 million or 3.5% to $49.1 million, from $50.9 million for Fiscal 2023. The decrease was mainly due to a decrease in In-store commercial revenues and to a decrease in subscription revenues, partially offset by a positive foreign exchange impact.

Operating expenses

Operating expenses in Q4 2024 increased $4.4 million or 8.2% to $59.0 million, from $54.6 million for Q4 2023. Cumulative operating expenses for Fiscal 2024 increased $14.5 million or 6.9% to $226.8 million, from $212.3 million for 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 Q4 2024 increased $2.8 million or 10.7% to $29.4 million from $26.6 million for Q4 2023. Adjusted EBITDA margin increased to 35.2% compared to 33.7% for Q4 2023. The increase of Adjusted EBITDA and EBITDA margin was mainly due to higher revenues.

Cumulative Adjusted EBITDA for Fiscal 2024 increased $11.8 million or 10.3% to $125.9 million from $114.1 million for cumulative Fiscal 2023. Adjusted EBITDA margin increase to 36.4% compared to 35.2% for cumulative Fiscal 2023. The increase of Adjusted EBITDA and EBITDA margin was mostly due to higher revenues and lower variable expenses 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 decreased $1.7 million or 20.5% to $6.5 million from $8.2 million for Q4 2023. Depreciation, amortization and write off for Fiscal 2024 decreased $2.9 million or 8.6% to $30.1 million, from $33.0 million for Fiscal 2023. Both decreases were primarily due to less intangible assets to amortize compared to the prior period as certain intangible assets are fully amortized.

Net finance expense (income)

Net finance expense for Q4 2024 remained stable at $3.7 million compared to Q4 2023. The nil variance was due to a decrease on the fair value of contingent consideration in the comparative period, offset by a higher unrealized gain on the fair value of derivative financial instruments and by a higher gain on foreign exchange.

Net finance expense for Fiscal 2024 was $28.9 million compared to $26.8 million for Fiscal 2023. The increase was mainly due to higher interest expense, partially offset by an unrealized gain on the fair value of derivative instruments.

Change in fair value of investments

In Q4 2024 there was a gain of $0.1 million on the fair value of investments, while for Fiscal 2024, there was no gain or loss on fair value of investments due to the translation of an investment denominated in U.S. dollars to Canadian dollars. In contrast, Q4 2023 there was no gain or loss on fair value of investments, while in cumulative Fiscal 2023 there was a gain of $0.3 million.

Impairment on goodwill

In Q4 2024 and Fiscal 2024 the Corporation's Radio segment recognized a non-cash pre-tax impairment charge on goodwill of $56.1 million. The Corporation's Radio segment continued to experience revenue challenges due to an industry-wide decrease in demand for radio advertising across the industry following COVID-19, which led to adjustments in the expected earnings and cash flow growth allocated to Radio segment's group of Cash-Generating Units (CGUs).

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 35 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 37 and "Reconciliation of Quarterly Non-IFRS Measures" on page 47.

Acquisition, legal, restructuring and other expenses

(in thousands of Canadian dollars)	3 months			12 months		
	2024	2023	Change $	2024	2023	Change $
Acquisition	(11)	(118)	107	(7)	184	(191)
Legal	347	2,606	(2,259)	(3,227)	3,673	(6,900)
Restructuring and other	714	4,722	(4,008)	4,371	8,630	(4,259)
Acquisition, legal, restructuring and other expenses	1,050	7,210	(6,160)	1,137	12,487	(11,350)

In Q4 2024, the decrease in restructuring and other expenses is due to a one-time settlement[2] in the comparative period and to lower severance costs, and to a decrease in legal expenses due to a trademark dispute in the comparative period.

Cumulative acquisition, legal, restructuring and other expenses in Fiscal 2024 decreased compared to Fiscal 2023 was mainly due to the decrease in legal expenses from a settlement gain related to a trademark dispute in Q1 2024, and a decrease in restructuring and other expenses due to a one-time settlement[2] in the comparative period.

Income taxes

The income tax expense recognized in comprehensive income was $3.6 million for Q4 2024 compared to $0.8 million for Q4 2023. The effective tax rate for Q4 2024 excluding the impact of the impairment recorded on goodwill in the Radio segment recorded in the fourth quarter of fiscal 2024 was 27.1% compared to 14.5% for Q4 2023. The increase in effective tax rate resulted primarily due to the variance in permanent differences.

The income taxes expense recognized in comprehensive income was $16.0 million for Fiscal 2024 compared to $9.5 million for Fiscal 2023. The effective tax rate for Fiscal 2024 excluding the impact of the impairment on goodwill in the Radio segment recorded in the fourth quarter of fiscal 2024 was 27.4% compared to 24.1% for Fiscal 2023. The increase in effective tax rate resulted primarily due to the variance in permanent differences.

Net income (loss) and Net income (loss) per share

Net loss in Q4 2024 was $46.3 million ($0.67 per share) compared to a Net income of $4.4 million ($0.06 per share) for Q4 2023. The difference was primarily due to the impairment of goodwill in the Radio segment.

Net loss for Fiscal 2024 was $13.7 million ($0.20 per share) compared to a Net income of $30.1 million ($0.43 per share) for Fiscal 2023. The difference was primarily due to the impairment of goodwill in the Radio segment, partially offset by higher operating results.

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

Adjusted Net income in Q4 2024 was $15.4 million ($0.22 per share), compared to $14.7 million ($0.21 per share) for Q4 2023. The increase was mainly due to higher operating results, to a gain on disposal of property and equipment in the Radio segment, and to a higher gain on foreign exchange, largely offset by a decrease in the fair value of contingent consideration in the comparative period and by higher income tax expense.

Adjusted Net income for Fiscal 2024 was $60.3 million ($0.87 per share), compared to $55.2 million ($0.79 per share) for Fiscal 2023. The increase was mainly due to higher operating results, partially offset by higher interest expense.

Note:

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

BUSINESS SEGMENT PERFORMANCE

BROADCASTING AND COMMERCIAL MUSIC

	3 months			12 months		
(in thousands of Canadian dollars)	2024	2023	% Change	2024	2023	% Change
Revenues	53,409	50,045	6.7	216,059	195,234	10.7
Operating expenses	30,724	29,631	3.7	125,567	118,514	6.0
Adjusted EBITDA(1)	**22,685**	**20,414**	**11.1**	**90,492**	**76,720**	**18.0**
Adjusted EBITDA margin(1)	**42.5%**	**40.8%**	**4.1**	**41.9%**	**39.3%**	**6.6**

Revenues

In Q4 2024, Broadcasting and Commercial Music revenues increased $3.4 million or 6.7% to $53.4 million, from $50.0 million for Q4 2023. The increase was primarily due to an increase in FAST channel revenues.

Broadcasting and Commercial Music revenues for Fiscal 2024 increased $20.9 million or 10.7% to $216.1 million from $195.2 million for Fiscal 2023. The increase was mainly due to higher retail media advertising revenues, to an increase in FAST channels revenues and to a positive foreign exchange impact.

Adjusted EBITDA(1)

In Q4 2024, Broadcasting and Commercial Music Adjusted EBITDA increased $2.3 million or 11.1% to $22.7 million from $20.4 million for Q4 2023. The increase was mainly due to an increase in gross margin due to higher revenues.

Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2024 increased $13.8 million or 18.0% to $90.5 million from $76.7 million for Fiscal 2023. The increase was mainly due to an increase in gross margin due to higher revenues and lower variable expenses from cost-saving initiatives implemented in Fiscal 2023.

Note:

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RADIO

(in thousands of Canadian dollars)	3 months			12 months		
	2024	2023	% Change	2024	2023	% Change
Revenues	30,256	28,886	4.7	129,369	128,710	0.5
Operating expenses	22,042	21,209	3.9	87,916	85,804	2.5
Adjusted EBITDA[(1)]	**8,214**	**7,677**	**7.0**	**41,453**	**42,906**	**(3.4)**
Adjusted EBITDA margin[(1)]	**27.1%**	**26.6%**	**2.2**	**32.0%**	**33.3%**	**(3.9)**

Revenues

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

In Q4 2024, Radio revenues increased $1.3 million or 4.7% to $30.2 million from $28.9 million for Q4 2023. The increase was driven by higher digital and national revenues.

Radio revenues for Fiscal 2024 increased $0.7 million or 0.5% to $129.4 million from $128.7 million for Fiscal 2023. The increase was due to digital and local airtime revenue increases, partially offset by lower national airtime sales.

Adjusted EBITDA[(1)]

In Q4 2024, Radio Adjusted EBITDA increased $0.5 million or 7.0% to $8.2 million from $7.7 million for Q4 2023. The increase was mainly due to an increase in gross margin due to higher revenues.

Radio Adjusted EBITDA for Fiscal 2024 decreased $1.4 million or 3.4% to $41.5 million from $42.9 million for Fiscal 2023. The decrease in Adjusted EBITDA was mainly due to higher digital cost of sale, and higher regulatory fees, partially offset by an increase in revenue.

Note:

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CORPORATE

(in thousands of Canadian dollars)	3 months 2024	3 months 2023	3 months % Change	12 months 2024	12 months 2023	12 months % Change
Operating expenses	6,280	3,743	67.8	13,366	7,954	68.0
Adjust:						
Share-based compensation	(93)	(157)	(40.8)	(435)	(611)	(28.8)
Performance and deferred share unit expense	(4,711)	(2,068)	127.8	(6,841)	(1,857)	268.4
Adjusted EBITDA(1)	**(1,476)**	**(1,518)**	**(2.8)**	**(6,090)**	**(5,486)**	**11.0**

Adjusted EBITDA(1)

Corporate Adjusted EBITDA represents the head office operating expenses less the share-based compensation and performance and deferred share unit expense. In Q4 2024, the decrease in negative Adjusted EBITDA is related to a decrease in corporate expenses offset by higher compensation compared to corresponding period. In Fiscal 2024 the increase in negative Adjusted EBITDA is related to higher compensation compared to corresponding period.

Note:

(1) This is a non-IFRS measure and is not a standardized financial measure. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to “Supplemental Information on Non-IFRS Measures” on page 35 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 37 and “Reconciliation of Quarterly Non-IFRS Measures” on page 47.

Quarterly results

Revenues fluctuated over the last eight quarters from $78.1 million in the first quarter of Fiscal 2023 to $83.7 million in the fourth 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 decrease in Q2 2023 was 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 and decrease in Q4 2024 were mostly due to normal business seasonality.

Adjusted EBITDA[1] fluctuated over the last eight quarters from $26.1 million in the first quarter of Fiscal 2023 to $29.4 million in the fourth quarter of Fiscal 2024. The increase in Q2 2023 was mainly due to lower operating costs. The increase in Q3 2023 and the decrease in Q4 2023 were mainly due to normal business seasonality. The increase in Q1 2024 was mostly due to a decrease in operating expenses due to cost-saving initiatives implemented. The increase in Q2 2024 was due to higher gross margin from higher revenues. The increase in Q3 2024 and the decrease in Q4 2024 were mainly due to normal business seasonality.

Net income (loss) fluctuated over the last eight quarters from a Net income of $9.4 million in the first quarter of Fiscal 2023 to a Net loss of $46.3 million in the fourth quarter of Fiscal 2024. 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 the decrease was mainly due to an unrealized loss on derivative financial instruments and to a foreign exchange loss, partially offset by higher operating results. In Q4 2024, the decrease was largely due to the impairment of goodwill in the Radio segment.

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 35 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 37 and “Reconciliation of Quarterly Non-IFRS Measures” on page 47.

Summary of Consolidated Quarterly Results

(in thousands of Canadian dollars, except per share amounts)	3 months							
	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022
	FY2024	FY2024	FY2024	FY2024	FY2023	FY2023	FY2023	FY2023
Revenues by segment								
Broadcasting and Commercial Music	53,409	65,647	49,815	47,188	50,045	54,158	44,901	46,130
Radio	30,256	34,631	32,678	31,804	28,886	35,084	32,734	32,006
Total revenues	**83,665**	**100,278**	**82,493**	**78,992**	**78,931**	**89,242**	**77,635**	**78,136**
Revenues by geography								
Canada	45,581	51,002	48,429	47,281	43,667	49,471	47,236	46,658
United States	26,224	37,099	21,571	19,079	21,968	26,561	18,360	19,103
Other countries	11,860	12,177	12,493	12,632	13,296	13,210	12,039	12,375
Total revenues	**83,665**	**100,278**	**82,493**	**78,992**	**78,931**	**89,242**	**77,635**	**78,136**
Adjusted EBITDA(1)	**29,423**	**38,648**	**29,518**	**28,266**	**26,573**	**34,450**	**27,031**	**26,086**
LTM Adjusted EBITDA(1)	**125,855**	**123,005**	**118,807**	**116,320**	**114,140**	**108,590**	**102,644**	**101,200**
Net income (loss)	**(46,318)**	**9,070**	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**
Net income (loss) per share basic and diluted	(0.67)	0.13	0.14	0.20	0.06	0.19	0.05	0.13
Adjusted Net income(1)	**15,382**	**18,483**	**14,554**	**11,893**	**14,668**	**16,464**	**10,825**	**13,245**
Adjusted Net income per share basic(1)	0.22	0.27	0.21	0.17	0.21	0.24	0.16	0.19
Adjusted Net income per share diluted(1)	0.22	0.27	0.21	0.17	0.21	0.24	0.15	0.19
Cash flow from operations	**44,263**	**30,902**	**19,101**	**24,260**	**27,552**	**24,605**	**18,446**	**16,346**
Adjusted free Cash Flow(1)	**15,270**	**32,655**	**15,578**	**18,457**	**14,909**	**18,085**	**15,009**	**15,659**
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 35 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 37 and "Reconciliation of Quarterly Non-IFRS Measures" on page 47.

Reconciliation of Quarterly Non-IFRS Measures

Adjusted EBITDA, Pro Forma Adjusted EBITDA, LTM Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Net income per share, Adjusted free cash flow, Adjusted free cash flow per share, Net debt and Net debt to Pro Forma Adjusted EBITDA ratio are non-IFRS measures that the Corporation uses to assess its operating performance. Refer to "Supplemental information on Non-IFRS Measures" on page 35.

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

	3 months							
(in thousands of Canadian dollars)	**March 31, 2024**	**Dec. 31, 2023**	**Sept. 30, 2023**	**June 30, 2023**	**March 31, 2023**	**Dec. 31, 2022**	**Sept. 30, 2022**	**June 30, 2022**
	FY2024	**FY 2024**	**FY 2024**	**FY2024**	**FY2023**	**FY2023**	**FY2023**	**FY2023**
Net income (loss)	**(46,318)**	**9,070**	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**
Impairment on Goodwill	56,119	-	-	-	-	-	-	-
Net finance expense	3,736	15,159	5,582	4,406	3,749	7,205	11,906	3,975
Change in fair value of investments	(106)	103	(86)	107	11	68	(247)	(121)
Income taxes	3,639	3,186	3,467	5,738	753	5,037	611	3,139
Depreciation and write-off of property and equipment	1,183	2,401	2,373	2,385	2,406	1,784	2,876	2,671
Depreciation of right-of-use assets	1,192	1,074	1,069	1,085	1,225	1,092	1,066	1,123
Amortization of intangible assets	4,124	4,003	4,811	4,433	4,547	4,596	4,822	4,772
Share-based compensation	93	121	120	101	157	153	164	137
Performance and deferred share unit expense	4,711	2,747	590	(1,207)	2,068	(238)	427	(400)
Acquisition, legal, restructuring and other expenses	1,050	784	2,203	(2,900)	7,210	1,809	2,075	1,393
Adjusted EBITDA	**29,423**	**38,648**	**29,518**	**28,266**	**26,573**	**34,450**	**27,031**	**26,086**
Adjusted EBITDA margin	**35.2%**	**38.5%**	**35.8%**	**35.8%**	**33.7%**	**38.6%**	**34.8%**	**33.4%**
Net Income (loss)	**(46,318)**	**9,070**	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**
Adjusted for:								
Impairment on goodwill	56,119	-	-	-	-	-	-	-
Unrealized loss (gain) on derivative financial instruments	(2,252)	5,056	(600)	(3,635)	(70)	(1,642)	2,996	(545)
Amortization of intangible assets	4,124	4,003	4,811	4,433	4,547	4,596	4,822	4,772
Change in fair value of investments	(106)	103	(86)	107	11	68	(247)	(121)
Share-based compensation	93	121	120	101	157	153	164	137
Performance and deferred share unit expense	4,711	2,747	590	(1,207)	2,068	(238)	427	(400)
Acquisition, legal, restructuring and other expenses	1,050	784	2,203	(2,900)	7,210	1,809	2,075	1,393
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, unrealized loss (gain) on derivative financial instruments and acquisition, legal, restructuring and other expenses	(2,039)	(3,401)	(1,873)	876	(3,702)	(1,226)	(2,743)	(1,388)
Adjusted Net income	**15,382**	**18,483**	**14,554**	**11,893**	**14,668**	**16,464**	**10,825**	**13,245**
Average number of shares outstanding (diluted)	68,811	69,068	69,349	69,433	69,459	69,678	70,008	70,277
Adjusted Net income per share diluted	**0.22**	**0.27**	**0.21**	**0.17**	**0.21**	**0.24**	**0.15**	**0.19**

(in thousands of Canadian dollars)	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022
	3 months							
	FY2024	FY2024	FY2024	FY2024	FY2023	FY2023	FY2023	FY2023
LTM Adjusted EBITDA	125,855	123,005	118,807	116,320	114,140	108,590	102,644	101,200
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	–	–	–	–	–	–	7,450	11,900
COVID-19 credits allocated due to mandated store closures	–	–	–	–	–	–	–	699
Permanent cost-saving initiatives	2,758	4,459	3,438	1,880	2,325	5,074	–	–
Pro Forma Adjusted EBITDA	**128,613**	**127,464**	**122,245**	**118,200**	**116,465**	**113,664**	**110,094**	**113,799**

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

(in thousands of Canadian dollars)	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022
	3 months							
	FY2024	FY 2024	FY 2024	FY2024	FY2023	FY2023	FY2023	FY2023
Cash flow from operating activities	**44,263**	**30,902**	**19,101**	**24,260**	**27,552**	**24,605**	**18,446**	**16,346**
Acquisition of property and equipment	(2,351)	(1,742)	(2,350)	(1,369)	(2,987)	(1,997)	(2,099)	(1,151)
Acquisition of intangible assets other than internally developed intangible assets	(355)	(256)	(318)	(302)	(383)	(532)	(89)	(277)
Addition to internally developed intangible assets	(1,148)	(1,279)	(1,274)	(1,300)	(1,236)	(1,978)	(1,165)	(1,564)
Interest paid	(6,641)	(6,620)	(7,093)	(5,573)	(6,842)	(6,882)	(5,916)	(4,252)
Repayment of lease liabilities	(929)	(997)	(1,368)	(1,057)	(1,122)	(974)	(1,280)	(1,057)
Net change in non-cash operating working capital items	(17,661)	9,500	8,054	6,090	(7,077)	3,376	3,727	7,456
Unrealized loss (gain) on foreign exchange	(958)	2,363	(1,377)	608	(206)	658	1,310	(1,235)
Acquisition, legal, restructuring and other expenses	1,050	784	2,203	(2,900)	7,210	1,809	2,075	1,393
Adjusted free cash flow	**15,270**	**32,655**	**15,578**	**18,457**	**14,909**	**18,085**	**15,009**	**15,659**
Average number of shares outstanding (diluted)	68,811	69,068	69,349	69,433	69,459	69,678	70,008	70,277
Adjusted free cash flow per share (diluted)	**0.22**	**0.47**	**0.22**	**0.27**	**0.21**	**0.26**	**0.21**	**0.22**

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

(in thousands of Canadian dollars)	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022
	3 months							
	FY2024	FY 2024	FY 2024	FY2024	FY2023	FY2023	FY2023	FY2023
Credit facilities	338,712	362,902	374,573	374,114	360,990	366,168	368,422	358,440
Subordinated debt	25,579	25,577	25,593	25,568	25,543	25,517	25,492	25,467
Cash and cash equivalents	(9,606)	(6,991)	(9,704)	(11,682)	(15,453)	(12,303)	(15,411)	(13,816)
Net debt	**354,685**	**381,488**	**390,462**	**388,000**	**371,080**	**379,382**	**378,503**	**370,091**
Net debt to Pro Forma Adjusted EBITDA	**2.76**	**2.99**	**3.19**	**3.28**	**3.19**	**3.34**	**3.44**	**3.25**

LIQUIDITY AND CAPITAL RESOURCES FOR THE QUARTERS AND YEARS ENDED MARCH 31, 2024 AND 2023

	3 months		12 months	
(in thousands of Canadian dollars)	2024	2023	2024	2023
Operating activities	44,263	27,552	118,526	86,949
Financing activities	(37,797)	(19,120)	(107,725)	(65,454)
Investing activities	(3,856)	(5,282)	(16,638)	(20,605)
Effect of foreign exchange difference on cash and cash equivalents	5	-	(10)	-
Net change in cash	2,615	3,150	(5,847)	890
Cash – beginning of period	6,991	12,303	15,453	14,563
Cash – end of period	9,606	15,453	9,606	15,453
Adjusted free cash flow(1)	**15,270**	**14,909**	**81,960**	**63,662**

Operating Activities

Cash flow generated from operating activities amounted to $44.3 million for Q4 2024 compared to $27.6 million for Q4 2023. The increase was mainly due to higher positive change in non-cash operating items and to lower legal, restructuring and other costs.

Cash flow generated from operating activities amounted to $118.5 million for Fiscal 2024 compared to $86.9 million for Fiscal 2023. The increase was mainly due to higher operating results and to lower legal, restructuring, and other costs, partially offset by lower income taxes paid.

Financing Activities

Net cash flow used in financing activities amounted to $37.8 million for Q4 2024 compared to $19.1 million for Q4 2023. The increase was mostly due to higher repayment of credit facilities.

Net cash flow used in financing activities amounted to $107.7 million for Fiscal 2024 compared to $65.5 million for Fiscal 2023. The increase was mostly due to higher repayment of credit facilities and to the repayment of contingent consideration for the acquisition of InStore Audio Network in Q1 2024.

Investing Activities

Net cash flow used in investing activities amounted to $3.9 million for Q4 2024 compared to $5.3 million for Q4 2023. The decrease was mainly due to the gain on disposal of property and equipment in the Radio segment in Q4 2024.

Net cash flow used in investing activities amounted to $16.6 million for Fiscal 2024 compared to $20.6 million for 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 Q4 2024 amounted to $15.3 million compared to $14.9 million for Q4 2023. The increase was mainly due to higher operating results, largely offset by higher income taxes paid.

Adjusted free cash flow generated in Fiscal 2024 amounted to $82.0 million compared to $63.7 million for Fiscal 2023. The increase was mainly due to higher operating results and to less income taxes paid due to the non-recurring recovery of income taxes attributed to the Radio Segment in Q3 2024.

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 35 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 37 and “Reconciliation of Quarterly Non-IFRS Measures” on page 47.

Contractual Obligations

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily the rental of properties and equipment, broadcast licences commitments and financial obligations under our credit agreement and subordinated debt. The following table summarizes the Corporation's undiscounted significant contractual obligations as at March 31, 2024, including its estimated payments and commitments related to leasing contracts:

(in thousands of Canadian dollars)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Lease liabilities	1,267	17,529	10,052	**28,848**
Operating obligations	784	1,986	1,605	**4,375**
Broadcast licences commitments	4,529	3,608	–	**8,137**
Credit facilities	7,500	332,116	–	**339,616**
Subordinated debt	–	25,600	–	**25,600**
Accounts payables and accrued liabilities	75,177	–	–	**75,177**
Other liabilities	852	7,390	1,739	**9,981**
Total obligations	**90,109**	**388,229**	**13,396**	**491,734**

Broadcast licences and royalties

A condition of the broadcast licences owned by the Corporation is to commit to fund Canadian Content Development ("CCD") over the initial term of the licences, which is usually seven years. The Corporation must also pay royalties for the use of music for the majority of its music services. Through copyright collective societies, the Corporation pays royalties to two sets of rights holders: rights holders in music works, which are the music and the lyrics; and, rights holders in artists' performances and sounds recordings, which are the actual performances and recordings of the musical works.

Capital resources

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

The credit facilities consist of a $375.0 million revolving credit facility and a $48.8 million term loan, both maturing in October 2027.

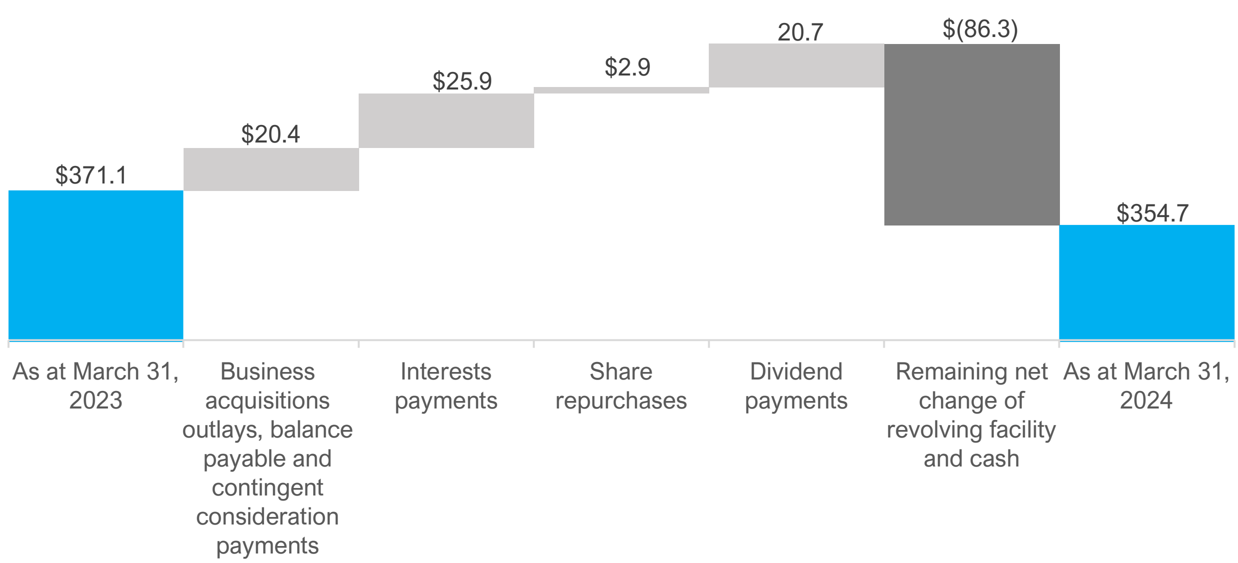
The Corporation is required to make consecutive quarterly capital repayments of 2.50% of the initial drawdown of the term loan. The remaining capital balance will be payable on maturity date, on October 15, 2027.

The credit facilities bear interest at (a) the bank's prime rate (7.20% and 6.70% as at March 31, 2024 and 2023, respectively) or US base rate if denominated in US dollars (9.00% and 8.25% as at March 31, 2024 and 2023, respectively) plus an applicable margin based on a financial covenant, or (b) CORRA (5.01% and 5.07% as at March 31, 2024 and 2023, respectively) plus an applicable margin based on a financial covenant, or (c) SOFR (5.33% and 4.84% as at March 31, 2024 and 2023, respectively) plus an applicable margin based on a financial covenant, or (d) EURIBOR (3.85% and 2.91% as at March 31, 2024 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 March 31, 2024 and March 31, 2023, respectively).

As of March 31, 2024, the Corporation had cash and cash equivalents of $9.6 million, a subordinated debt of $25.6 million and credit facilities of $338.7 million, of which approximately $83.4 million was available.

The following table summarizes the impact on the Net debt(2) that occurred in the fiscal year ended March 31, 2024:

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 35 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 37 and "Reconciliation of Quarterly Non-IFRS Measures" on page 47.

CONSOLIDATED FINANCIAL POSITION

The following table shows the main variances that have occurred in the consolidated financial position of the Corporation for the year ended March 31, 2024:

(in thousands of Canadian dollars)	March 31, 2024	March 31, 2023	Variance		Significant contributions
Trade and other receivables	72,002	71,251	751	▲	Timing of payments by clients and increase in revenues in retail media advertising
Intangible assets	58,052	68,814	(10,762)	▼	Amortization of intangible assets, partially offset by additions through internally developed intangible assets
Goodwill	304,604	360,900	(56,296)	▼	Impairment of goodwill in the Radio segment
Accounts payables and accrued liabilities	75,177	74,826	351	▲	Timing of payments to suppliers
Other liabilities	17,810	47,984	(30,174)	▼	Payment of contingent consideration on business acquisition of Instore Audio Network and payments for CRTC tangible benefits
Credit facilities	338,712	360,990	(22,278)	▼	Refer to the graph on next page
Subordinated debt	25,579	25,543	36	▲	Amortization of deferred financing fees

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. 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. By way of settlement, the Corporation has recovered the entirety of the anticipated refund from SOCAN. The Corporation continues to work with the other Objectors to collect from Re:Sound pursuant to the decision of the Copyright Board.

Transactions Between Related Parties

The key management personnel of the Corporation are the Chief Executive Officer, Chief Financial Officer and certain other key employees of the Corporation.

Key management personnel compensation and director's fees include the following:

	12 months	
(in thousands of Canadian dollars)	2024	2023
Short-term employee benefits	5,658	5,444
Share-based compensation	254	358
Performance share units	2,038	1,213
Deferred share units	4,887	(282)
	12,837	**6,733**

Off-Balance Sheet Arrangements

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

Disclosure of Outstanding Share Data

Issued and outstanding shares and outstanding stock options consisted of:

	May 31, 2024	March 31, 2024
Issued and outstanding shares:		
Subordinate voting shares	50,269,346	50,448,850
Subordinate voting shares held in trust through employee share purchase plan	(7,906)	(6,536)
Variable subordinate voting shares	344,256	373,752
Multiple voting shares	17,941,498	17,941,498
	68,547,194	**68,757,564**
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. In 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

Credit risk:

Credit risk is the risk of an unexpected financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet contractual obligations, and it arises primarily from the Corporation's trade and other receivables.

The Corporation’s credit risk is principally attributable to its trade receivables. The amounts presented in the consolidated statements of financial position are net of an allowance for expected credit risk, estimated by the Corporation’s management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. The Corporation's exposure to credit risk is mainly influenced by the characteristics of each customer. Generally, the Corporation does not require collateral or other security from customers for trade receivables; however, credit is extended following an evaluation of creditworthiness. In addition, the Corporation performs ongoing credit reviews of its customers.

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

Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk by continuously monitoring actual and budgeted cash flows under both normal and stressed conditions. The Board of Directors also reviews and approves the Corporation’s operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures.

Market risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Corporation's earnings or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on risk.

Currency risk:

The Corporation is exposed to currency risk on sales and expenses that are denominated in currencies other than the functional currency of the Corporation’s subsidiaries, primarily the US dollar (“USD”) and the euro (“EURO”). Also, additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the functional currency of the Corporation’s subsidiaries at the rate of exchange at each balance sheet date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statements of comprehensive income.

The Corporation's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows, by transacting with third parties in the above currencies to the maximum extent possible and practical, given that this will act as natural economic hedges for each of these currencies.

The table below summarizes the FX forward contracts effective as at March 31, 2024

Maturity	Type	Contract exchange rate		Contractual amount		Mark-to-market assets (liabilities) as at March 31, 2024	Mark-to-market assets (liabilities) as at March 31, 2023
0 to 12 months	USD Sale	1.2831 – 1.3000	$	24,000	$	(11)	(1,121)
13 to 24 months	USD Sale	1.3260 – 1.3565		24,000		(8)	106
			$	48,000	$	(19)	(1,015)

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation holds the majority of its cash and cash equivalents balance in accounts bearing interest at rates less than 1.25%. The Corporation is, therefore, not materially exposed to future cash flow fluctuations coming from changes in market interest rates for its cash and cash equivalents. Cash equivalents consist of term deposits with original maturities of less than three months and are, therefore, also exposed to interest rate risk on fair value. However, fair value risk is not significant, considering the relatively short term to maturity of these instruments.

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

(in thousands of Canadian dollars)

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market liabilities (assets) as at March 31, 2024	Mark-to-market liabilities (assets) as at March 31, 2023
Swaptions					
October 25, 2024	CAD	—	100,000	(44)	(490)
October 25, 2024	CAD	—	100,000	(24)	(699)
			200,000	(68)	(1,189)
Swap					
October 31, 2028	CAD	3.66%	140,000	(471)	1
September 29,2028	CAD	4.73%	25,000	(214)	—
			$ 365,000	$ (753)	$ (1,188)

Critical Accounting Estimates

The preparation of the Corporation’s consolidated financial statements in conformity with International Financial Reporting Standards (“IFRS”) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Below is an overview of the areas that involved more judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Estimates are based on management’s best knowledge of current events and actions that the Corporation may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected by these revisions.

The areas involving significant estimates or judgments are:

Estimation of current tax payable and current tax expense

In the calculation of current tax, the Corporation is required to make significant estimates due to the fact that it is subject to tax laws of the many jurisdictions in which it operates. Recorded income taxes and tax credits are subject to review and approval by tax authorities and therefore, could be different from the amounts recorded.

Recognition of deferred tax assets for tax losses available for carry-forward

In the calculation of deferred tax, estimates must be used to determine the appropriate rates and amounts and to take into account the probability of their occurrence. Deferred income tax assets also reflect the benefit of unutilized tax losses that can be carried forward to reduce income taxes in future years. The deferred tax assets include an amount which relates to carried forward tax losses of some European and Australian subsidiaries. The subsidiaries have incurred the losses over the last financial years before the acquisition by the Corporation. The subsidiaries now generate taxable income. The Corporation has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries.

Estimation of cost of defined benefit pension plans and present value of the net pension obligation

The cost of defined benefit pension plans and the present value of the net pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the net pension obligation is highly sensitive to changes in these assumptions.

Management engages the services of external actuaries to assist in the determination of the appropriate discount rate. Management, with the assistance of actuaries, considers the interest rates of high quality corporate bonds that have terms to maturity approximating the terms related to the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

Estimated fair value of certain investments

The fair value of investments that are not traded in an active market is determined using valuation techniques. The Corporation uses judgement to select a valuation method and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

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

Broadcast licences and goodwill are not amortized but are tested annually for impairment, or more frequently if events or circumstances indicate that it is more likely than not that the value of broadcast licences and/or goodwill may be impaired. Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's-length transaction of similar assets, observable market prices, or discounted cash flow projections less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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

The contingent consideration and balance payable on business acquisitions related to business combinations is payable based on the achievement of targets for growth in revenues for a period from the date of the acquisition and upon renewal of client contracts. The fair value of the contingent consideration and balance payable on business acquisitions were estimated by calculating the present value of the future expected cash flows.

Estimation of lease term of contracts with renewal options

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

Business Combinations

Under the acquisition method, on the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired business are measured at their fair values. Depending on the complexity of determining the valuation for certain assets, the Corporation uses appropriate valuation techniques in arriving at the estimated fair value at the acquisition date for these assets. These valuations are generally based on a forecast of the total expected future net discounted cash flows and relate closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant.

New standard adopted by the Corporation

There are no new standards adopted by the Corporation as of March 31, 2024.

Future Accounting Changes

There are no material future accounting changes as of March 31, 2024.

Evaluation of Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with Management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and ICFR, as defined in National Instrument 52-109. The Corporation's internal control framework is based on the criteria published in the updated version released in May 2013 of the report Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO Framework").

The DC&P have been designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO by others, and that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by the Corporation under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at March 31, 2024, an evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of the Corporation's DC&P. Based on this evaluation, the CEO and the CFO concluded that the Corporation's DC&P were appropriately designed and were operating effectively as at March 31, 2024.

As at March 31, 2024, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the ICFR based on the 2013 COSO Framework. Based on this evaluation, they have concluded that the Corporation's ICFR were effective as at March 31, 2024.

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

The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of this acquisition in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition.

Subsequent Events

There are no subsequent events.

Additional Information

Additional information about the Corporation is available on our website at www.stingray.com and on the SEDAR website at www.sedar.com

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stingray Group Inc.

Opinion

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

- the consolidated statements of financial position as at March 31, 2024 and March 31, 2023
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024 and March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our auditors' report.

Goodwill and broadcast licenses impairment assessment for the Radio cash generating units

Description of the matter

We draw attention to note 16 of the consolidated financial statements. The Entity's goodwill amounts to $304,604 of which $162,285 relates to the Radio reportable segment. The broadcast licenses amount to $272,996 which all relate to the Radio reportable segment. The Entity recognized an impairment charge of $56,119 within this segment.

Goodwill and broadcast licenses are tested for impairment each year, or more frequently if indications of impairment exist. In estimating the recoverable amount of the Radio cash generating units ("CGUs") or group of CGUs, the Entity's significant assumptions used in determining the risk adjusted forecasted cash flows include the revenues and operating expenses growth rates and discount rates.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

- We compared the Radio CGUs or group of CGUs' future cash flows to historical actual results. We evaluated the Entity's ability to accurately forecast future cash flows by comparing actual results to historical cash flow forecasts.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the Entity's discount rate assumptions used in the determination of the estimated recoverable amounts of the Radio CGUs or group of CGUs, by comparing them against discount rate ranges that were independently developed using publicly available market data for comparable entities.
- Evaluating the appropriateness of the Entity's revenue growth rate assumptions for the Radio CGUs or group of CGUs by comparing them against expected growth rates included in analyst reports of the Entity and comparable entities.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions;
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis, and the Annual Report filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Marie David.

KPMG LLP*

Montréal, Canada

June 4, 2024

*CPA auditor, public accountancy permit No. A131681

Consolidated Statements of Comprehensive Income (Loss)

Years ended March 31, 2024 and 2023

(In thousands of Canadian dollars, except per share amounts)	Note	2024	2023
Revenues	5	$ 345,428	$ 323,944
Operating expenses	6	226,849	212,272
Depreciation, amortization and write-off		30,133	32,980
Net finance expense (income)	8	28,883	26,835
Change in fair value of investments	17, 29	18	(289)
Impairment of goodwill	16	56,119	—
Acquisition, legal, restructuring and other expenses	9	1,137	12,487
Income before income taxes		2,289	39,659
Income taxes	10	16,030	9,540
Net income (loss)		$ (13,741)	$ 30,119
Net income (loss) per share — Basic	11	$ (0.20)	$ 0.43
Net income (loss) per share — Diluted	11	$ (0.20)	$ 0.43
Weighted average number of shares — Basic	11	69,103,690	69,640,151
Weighted average number of shares — Diluted	11	69,103,690	69,769,939
Comprehensive income (loss)			
Net income (loss)		$ (13,741)	$ 30,119
Other comprehensive income (loss), net of tax			
Items that will be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(836)	7,435
Items that will not be reclassified to profit and loss			
Remeasurement gain (loss) on pension benefit obligations, net of income tax payable of $81 (2023 — $0)		226	(52)
Total other comprehensive income (loss)		(610)	7,383
Total comprehensive income (loss)		$ (14,351)	$ 37,502

Net income (loss) is entirely attributable to Shareholders.

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

Consolidated Statements of Financial Position

March 31, 2024 and 2023

(In thousands of Canadian dollars)	Note		March 31, 2024		March 31, 2023
Assets					
Current assets					
Cash and cash equivalents		$	9,606	$	15,453
Trade and other receivables	12		72,002		71,251
Income taxes receivable			785		5,856
Inventories			4,324		5,704
Other current assets			17,374		17,719
			104,091		115,983
Non-current assets					
Property and equipment	13		37,408		38,792
Right-of-use assets on leases	14		19,934		23,271
Intangible assets, excluding broadcast licences	15		58,052		68,814
Broadcast licences	16		272,996		272,996
Goodwill	16		304,604		360,900
Investments	17		9,658		8,295
Other non-current assets			3,170		3,945
Deferred tax assets	10		1,653		2,206
Total assets		$	811,566	$	895,202
Liabilities and Equity					
Current liabilities					
Credit facilities	19	$	7,500	$	7,500
Accounts payable and accrued liabilities	18		75,177		74,826
Dividend payable	24		5,157		5,200
Deferred revenues			9,693		7,473
Current portion of lease liabilities	21		4,200		4,177
Current portion of other liabilities	22		5,250		31,428
Income taxes payable			8,040		4,575
			115,017		135,179
Non-current liabilities					
Credit facilities	19		331,212		353,490
Subordinated debt	20		25,579		25,543
Deferred revenues			184		267
Lease liabilities	21		18,206		21,533
Other liabilities	22		12,560		16,556
Deferred tax liabilities	10		60,225		56,365
Total liabilities			562,983		608,933
Shareholders' equity					
Share capital	24		294,782		297,903
Contributed surplus			6,393		6,158
Deficit			(55,924)		(21,734)
Accumulated other comprehensive income			3,332		3,942
Total equity			248,583		286,269
Commitments (note 27)					
Total liabilities and equity		$	811,566	$	895,202

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

Approved by the Board of Directors,

(Signed) Eric Boyko, Director

(Signed) Karinne Bouchard, Director

Consolidated Statements of Changes in Equity

Years ended March 31, 2024 and 2023

(In thousands of Canadian dollars, except number of share capital)	Share Capital				Accumulated other comprehensive income (loss)		
	Number	Amount	Contributed surplus	Deficit	Cumulative translation account	Defined benefit pension plans	Total shareholders' equity
Balance at March 31, 2022	70,095,924	$ 302,328	$ 5,745	$ (31,103)	$ (5,729)	$ 2,288	$ 273,529
Dividends	—	—	—	(20,821)	—	—	(20,821)
Repurchase and cancellation of shares (note 24)	(786,100)	(4,466)	—	71	—	—	(4,395)
Share-based compensation	—	—	454	—	—	—	454
Employee share purchase plan (notes 24 and 26)	9,974	41	(41)	—	—	—	—
Net income	—	—	—	30,119	—	—	30,119
Other comprehensive income (loss)	—	—	—	—	7,435	(52)	7,383
Balance at March 31, 2023	69,319,798	297,903	6,158	(21,734)	1,706	2,236	286,269
Dividends	—	—	—	(20,679)	—	—	(20,679)
Repurchase and cancellation of shares (note 24)	(557,500)	(3,167)	—	230	—	—	(2,937)
Share-based compensation	—	—	281	—	—	—	281
Employee share purchase plan (notes 24 and 26)	(4,734)	46	(46)	—	—	—	—
Net loss	—	—	—	(13,741)	—	—	(13,741)
Other comprehensive income (loss)	—	—	—	—	(836)	226	(610)
Balance at March 31, 2024	68,757,564	294,782	6,393	(55,924)	870	2,462	248,583

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

Consolidated Statements of Cash Flows

Years ended March 31, 2024 and 2023

(In thousands of Canadian dollars)	Note	2024	2023
Operating activities:			
Net income (loss)		$ (13,741)	$ 30,119
Adjustments for:			
Impairment of goodwill	16	56,119	—
Depreciation, amortization, and write-off		30,133	32,980
Gain on disposal of property and equipment		16	—
Share-based compensation, PSU and DSU expenses		7,276	2,468
Interest expense and standby fees	8	26,406	21,164
Change in fair value of derivative financial instruments	8	(1,136)	739
Change in fair value of investments	17	18	(289)
Share of results of joint ventures	17	464	726
Share of results of investments in associates	17	716	649
Change in fair value of contingent consideration	8	597	1,098
Accretion of other liabilities	8	1,157	1,728
Interest expense on lease liabilities	8, 21	1,453	1,631
Income tax expense		16,030	9,540
Income taxes paid		(999)	(8,122)
		124,509	94,431
Net change in non-cash operating items	25	(5,983)	(7,482)
		118,526	86,949
Financing activities:			
Increase (decrease) of credit facilities		(22,287)	2,410
Payment of dividends	24	(20,721)	(20,880)
Shares repurchased and cancelled	24	(2,937)	(4,396)
Shares purchased under the employee share purchase plan		(295)	(324)
Interest paid		(25,927)	(23,892)
Deferred financing fees		(350)	—
Repayment of lease liabilities	21	(4,351)	(4,433)
Repayment of other liabilities		(30,562)	(13,939)
Unwind of interest rate swaps	29	(295)	—
		(107,725)	(65,454)
Investing activities:			
Business acquisitions, net of cash acquired	3	—	(3,887)
Acquisition of investments	17	(169)	(158)
Acquisition of investments in joint ventures		(1,874)	(589)
Acquisition of investments in associates	17	(1,370)	(513)
Acquisition of property and equipment		(7,812)	(8,234)
Acquisition of intangible assets other than internally developed intangible assets		(1,231)	(1,281)
Addition to internally developed intangible assets		(5,001)	(5,943)
Proceeds from disposal of property and equipment		819	—
		(16,638)	(20,605)
Effect of foreign exchange on cash and cash equivalents		(10)	—
Net increase (decrease) in cash and cash equivalents		(5,847)	890
Cash and cash equivalents, beginning of year		15,453	14,563
Cash and cash equivalents, end of year		$ 9,606	$ 15,453

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

(In thousands of Canadian dollars, unless otherwise stated)

1. BUSINESS DESCRIPTION

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

2. SIGNIFICANT CHANGES AND HIGHLIGHTS

The consolidated financial position and performance of the Corporation was particularly affected by the following events and transactions during the year ended March 31, 2024:

- The Corporation recognized an impairment charge of $56,119, which was attributed to the Radio segment's group of Cash-Generating Units ("CGUs"). This impairment occurred because the recoverable amount fell below the carrying value. The entire impairment charge was applied to goodwill. The decline in the financial results of the group of CGUs was primarily attributed to persistent challenges arising from a declining demand for radio advertising industry wide. Refer to note 16 for more information.
- 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 in associates.
- 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 24 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 9 for more information.

(In thousands of Canadian dollars, unless otherwise stated)

3. BUSINESS ACQUISITIONS

FISCAL 2023

Ultimate Trivia Network

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

The contingent consideration arrangement requires the Corporation to pay, in cash, to the former owners, an amount not exceeding US$3,000 ($4,058) over the next three 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 acquisitions was subsequently paid on April 11, 2023.

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

(In thousands of Canadian dollars, unless otherwise stated)

4. SEGMENT INFORMATION

OPERATING SEGMENTS

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

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

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

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

The following tables present financial information by segment for the years ended March 31, 2024 and 2023.

Year ended	Broadcasting and commercial music 2024	Broadcasting and commercial music 2023	Radio 2024	Radio 2023	Corporate and eliminations 2024	Corporate and eliminations 2023	**Consolidated 2024**	**Consolidated 2023**
Revenues	$ 216,059	$ 195,234	$ 129,369	$ 128,710	$ —	$ —	**$ 345,428**	**$ 323,944**
Operating expenses (excluding share-based compensation and PSU and DSU expenses)	125,567	118,514	87,916	85,804	6,090	5,486	**219,573**	**209,804**
Adjusted EBITDA	$ 90,492	$ 76,720	$ 41,453	$ 42,906	(6,090)	(5,486)	**125,855**	**114,140**
Share-based compensation					435	611	**435**	**611**
PSU and DSU expenses					6,841	1,857	**6,841**	**1,857**
Depreciation, amortization, and write-off					30,133	32,980	**30,133**	**32,980**
Net finance expense (income)					28,883	26,835	**28,883**	**26,835**
Change in fair value of investments					18	(289)	**18**	**(289)**
Impairment of Goodwill					56,119	—	**56,119**	**—**
Acquisition, legal, restructuring, and other expenses					$ 1,137	$ 12,487	**1,137**	**12,487**
Income before income taxes							**2,289**	**39,659**
Income taxes					16,030	9,540	**16,030**	**9,540**
Net income (loss)							**$ (13,741)**	**$ 30,119**

(In thousands of Canadian dollars, unless otherwise stated)

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	**March 31, 2024**	**March 31, 2023**
Total assets	$ 262,154	$ 282,499	$ 549,412	$ 612,703	$ —	$ —	**$ 811,566**	**$ 895,202**
Total liabilities [1]	$ 82,841	$ 101,172	$ 107,267	$ 113,825	$ 372,875	$ 393,936	**$ 562,983**	**$ 608,933**

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

	Broadcasting and commercial music		Radio		**Consolidated**	
Year ended	2024	2023	2024	2023	**2024**	**2023**
Acquisition of property and equipment	$ 3,575	$ 4,143	$ 3,332	$ 4,181	**$ 6,907**	**$ 8,324**
Addition to right-of-use assets on leases	$ 480	$ 2,026	$ 710	$ 525	**$ 1,190**	**$ 2,551**
Acquisition of intangible assets	$ 6,429	$ 8,229	$ —	$ —	**$ 6,429**	**$ 8,229**
Goodwill recorded on business acquisitions	$ —	$ 1,145	$ —	$ —	**$ —**	**$ 1,145**

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

As at March 31, 2024, approximately 74% (76% as at March 31, 2023) of the Corporation's non-current assets are located in Canada.

(In thousands of Canadian dollars, unless otherwise stated)

5. REVENUES

DISAGGREGATION OF REVENUES

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

	Reportable segments (3)					
	Broadcasting and commercial music		Radio		**Total revenues**	
Year ended	2024	2023	2024	2023	**2024**	**2023**
Geography						
Canada	$ 62,924	$ 58,322	$ 129,369	$ 128,710	**$ 192,293**	**$ 187,032**
United States	103,973	85,992	—	—	**103,973**	**85,992**
Other countries	49,162	50,920	—	—	**49,162**	**50,920**
	216,059	195,234	129,369	128,710	**345,428**	**323,944**
Products						
Advertising (1)	58,784	40,427	129,369	128,710	**188,153**	**169,137**
Subscriptions (2)	137,549	136,615	—	—	**137,549**	**136,615**
Equipment and labor (1)	19,726	18,192	—	—	**19,726**	**18,192**
	$ 216,059	$ 195,234	$ 129,369	$ 128,710	**$ 345,428**	**$ 323,944**

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

UNSATISFIED PORTION OF PERFORMANCE OBLIGATIONS

The following table presents the revenues expected to be recognized over the next three years and thereafter related to unsatisfied or partially satisfied performance obligations as at March 31, 2024. The table below excludes i) contracts with a duration of one year or less and ii) variable consideration, such as revenues based on a number of subscribers or locations, but only for those that will likely vary significantly throughout the term of the contracts.

	2025	**2026**	**2027**	**Thereafter**	**Total**
Equipment and labor	$ 9,562	—	—	—	$ 9,562
Subscriptions	51,074	24,940	13,098	4,222	93,334
	$ 60,636	24,940	13,098	4,222	$ 102,896

6. OPERATING EXPENSES

During Fiscal 2024, the Corporation received tax credits related to its research and development and multimedia activities, which amounted $1,643 (2023 – $1,980) and was recorded as a reduction of operating expenses for an amount of $1,113 (2023 - $1,140) and as a reduction of intangible assets for an amount of $530 (2023 - $840).

(In thousands of Canadian dollars, unless otherwise stated)

7. OTHER INFORMATION

Expenses by nature are as follows:

		2024		2023
Salaries and other short-term employee benefits	$	88,694	$	89,370
Equipment costs	$	10,829	$	10,530
Share-based compensation	$	435	$	611
PSU and DSU expenses	$	6,841	$	1,857

8. NET FINANCE EXPENSE (INCOME)

		2024		2023
Interest expense and standby fees	$	26,406	$	21,164
Unrealized losses (gains) on derivative instruments		(1,431)		739
Realized losses on derivative instruments		295		—
Change in fair value of contingent consideration		597		1,098
Accretion of other liabilities		1,157		1,728
Interest expense on lease liabilities (note 21)		1,453		1,631
Foreign exchange loss		406		475
	$	28,883	$	26,835

9. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES

		2024		2023
Acquisition	$	(7)	$	184
Legal		(3,227)		3,673
Restructuring and other		4,371		8,630
	$	1,137	$	12,487

In Fiscal 2024, the Corporation resolved a trademark dispute, which resulted in a one-time settlement gain of US$3,125 ($4,156), which was cashed and recorded as a reduction of legal expenses.

10. INCOME TAXES

The income tax expense consists of the following:

		2024		2023
Current income tax:				
Current year	$	12,612	$	2,810
Adjustment for prior years		(984)		478
		11,628		3,288
Deferred income tax:				
Origination and reversal of temporary differences		3,965		6,835
Change in substantively enacted tax rate		94		22
Adjustment for prior years		343		(605)
		4,402		6,252
Total income tax expense	$	16,030	$	9,540

(In thousands of Canadian dollars, unless otherwise stated)

The following table reconciles income tax computed at the Canadian statutory rate of 26.5% (2023 — 26.5%) and the total income tax expense for the years ended March 31.

	2024	2023
Income before income taxes	$ 2,289	$ 39,659
Income tax at the combined Canadian statutory rate	607	10,510
(Decrease) increase resulting from:		
Impact of foreign tax rate differences	(367)	(853)
Income tax on non-deductible impairment on goodwill	14,871	—
Income taxes on non-deductible expenses and non-taxable revenues	999	(761)
Change in recognized tax losses and deductible temporary differences	683	159
Change in substantively enacted tax rate	94	22
Other	(857)	463
Total income tax expense	$ 16,030	$ 9,540

ESTIMATE

Recorded income taxes and tax credits are subject to review and approval by tax authorities and therefore, final amounts could be different from the amounts recorded.

As at March 31, 2024 and 2023, the Corporation had research and development tax credits receivable from the provincial and federal governments of $1,663 and $1,811 respectively, related to qualified expenditures under the applicable tax laws, which were booked as a reduction of income tax payable. The amounts are subject to a government tax audit and the final amounts received may differ from those recorded.

(In thousands of Canadian dollars, unless otherwise stated)

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

The tax effects of significant components of temporary differences that give rise to deferred tax assets and liabilities are as follows:

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	$ 1,792	$ 4,805	$ 1,950	$ 3,952
Intangible assets, goodwill and broadcast licences	1,209	65,381	1,986	66,007
Financing fees	48	—	46	—
Tax losses and Scientific Research and Experimental Development Expenditures (“SR&ED”) carried forward	2,416	—	3,431	—
Investments	—	889	—	444
CRTC tangible benefits	2,152	—	3,907	—
PSU and DSU expenses	4,602	—	3,425	—
Balance payable on business acquisition	—	—	—	25
Right-of-use assets on leases	—	5,298	—	6,217
Lease liabilities	5,626	—	6,837	—
Accrued pension benefit liability	662	—	982	—
Other	—	706	—	78
Deferred tax assets and liabilities	18,507	77,079	22,564	76,723
Offsetting of assets and liabilities	(16,854)	(16,854)	(20,358)	(20,358)
Net deferred tax assets and liabilities	$ 1,653	$ 60,225	$ 2,206	$ 56,365

Changes in deferred tax assets and liabilities for the year ended March 31, 2024 are as follow:

	Balance as at March 31, 2023	Recognized in net income (loss)	Recognized in other comprehensive income (loss)	Exchange rate change	**Balance as at March 31, 2024**
Property and equipment	$ (2,002)	(993)	—	(18)	(3,013)
Intangible assets, goodwill and broadcast licences	(64,021)	(118)	—	(33)	(64,172)
Financing fees	46	2	—	—	48
Tax losses and SR&ED carried forward	3,431	(1,109)	—	94	2,416
Investments	(444)	(445)	—	—	(889)
CRTC tangible benefits	3,907	(1,755)	—	—	2,152
Balance payable on business acquisition	(25)	1,178	—	(1)	1,152
PSU and DSU expenses	3,425	25	—	—	3,450
Right-of-use assets on leases	(6,217)	920	—	(1)	(5,298)
Lease liabilities	6,837	(1,211)	—	—	5,626
Accrued pension benefit liability	982	(274)	(81)	35	662
Other	(78)	(622)	—	(6)	(706)
	$ (54,159)	(4,402)	(81)	70	(58,572)

(In thousands of Canadian dollars, unless otherwise stated)

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

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

UNRECOGNIZED DEFERRED TAX ASSETS

The Corporation has operating tax losses carried forward of $15,023 (2023 – $16,579) that are available to reduce future taxable income. A tax benefit was not recognized for $7,679 (2023 – $5,003) of these tax losses carried forward. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefits therefrom.

As at March 31, 2024 and 2023, the amounts and expiry dates of the tax losses carried forward were as follows:

	2024					
	Canada (1)	Netherlands	Belgium	Switzerland	Mexico	United Kingdom
2028	$ —	$ —	$ —	$ 876	$ —	$ —
2032	—	—	—	345	—	—
2033	—	—	—	205	—	—
2034	—	—	—	16	—	—
2037	—	—	—	—	—	—
2038	2,455	—	—	—	—	—
2039	38	—	—	—	—	—
2040	856	—	—	—	—	—
2041	824	—	—	—	—	—
2042	17	—	—	—	—	—
2043	732	—	—	—	—	—
2044	629	—	—	—	—	—
Indefinite	—	819	4,012	—	1,793	1,406
	$ 5,551	$ 819	$ 4,012	$ 1,442	$ 1,793	$ 1,406

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

(In thousands of Canadian dollars, unless otherwise stated)

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

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

UNRECOGNIZED DEFERRED TAX LIABILITIES

The Corporation has not recognized a deferred tax liability for the undistributed earnings of its subsidiaries in the current and prior years for those that the Corporation does not currently expect those undistributed earnings to reverse and become taxable in the foreseeable future. A deferred income tax liability will be recognized when the Corporation expects that it will recover those undistributed earnings in a taxable manner, such as the sale of the investment or through the receipt of dividends.

11. EARNINGS PER SHARE

	2024	2023
Net income (loss)	$ (13,741)	$ 30,119
Basic weighted average number of subordinate voting shares, variable subordinate voting shares and multiple voting shares	69,103,690	69,640,151
Dilutive effect of stock options	—	129,788
Diluted weighted average number of subordinated voting shares, variable subordinated voting shares and multiple voting shares	69,103,690	69,769,939
Net income (loss) per share — Basic	$ (0.20)	$ 0.43
Net income (loss) per share — Diluted	$ (0.20)	$ 0.43

As at March 31, 2024, 211,193 stock options were excluded from the diluted weighted average number of subordinated voting shares, variable subordinated voting shares and multiple voting shares as their effect would have been anti-dilutive.

(In thousands of Canadian dollars, unless otherwise stated)

12. TRADE AND OTHER RECEIVABLES

		2024		2023
Trade	$	63,676	$	61,133
Other receivables		3,050		4,924
Sales taxes receivable		5,276		5,194
	$	72,002	$	71,251

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. 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. By way of settlement, the Corporation has recovered the entirety of the anticipated refund from SOCAN. The Corporation continues to work with the other Objectors to collect from Re:Sound pursuant to the decision of the Copyright Board.

(In thousands of Canadian dollars, unless otherwise stated)

13. PROPERTY AND EQUIPMENT

	Land, buildings and leasehold improvements	Broadcasting infrastructure	Furniture, fixtures and equipment	Computer hardware	Other	Total
Cost						
Balance at March 31, 2022	$ 16,018	$ 21,371	$ 27,090	$ 19,590	$ 2,555	$ 86,624
Additions	220	2,020	3,271	2,197	616	8,324
Disposals and write-off	(224)	(153)	(869)	(570)	(67)	(1,883)
Foreign exchange differences	21	—	1,144	403	—	1,568
Balance at March 31, 2023	16,035	23,238	30,636	21,620	3,104	94,633
Additions	377	3,031	3,095	1,309	—	7,812
Gain on disposals	(821)	—	—	—	(84)	(905)
Disposals and write-off	(255)	(106)	(2,997)	(9,511)	(99)	(12,968)
Foreign exchange differences	(1)	—	585	171	—	755
Balance at March 31, 2024	$ 15,335	$ 26,163	$ 31,319	$ 13,589	$ 2,921	$ 89,327
Accumulated depreciation						
Balance at March 31, 2022	$ 6,257	$ 7,772	$ 17,017	$ 14,861	$ 786	$ 46,693
Depreciation for the year	916	2,005	3,271	2,339	394	8,925
Disposals and write-off	(125)	(152)	(251)	(405)	(66)	(999)
Foreign exchange differences	26	—	965	231	—	1,222
Balance at March 31, 2023	7,074	9,625	21,002	17,026	1,114	55,841
Depreciation for the year	490	2,228	3,509	2,237	342	8,806
Disposals and write-off	(1,077)	(63)	(2,744)	(9,400)	(99)	(13,383)
Foreign exchange differences	—	—	549	106	—	655
Balance at March 31, 2024	$ 6,487	$ 11,790	$ 22,316	$ 9,969	$ 1,357	$ 51,919
Net carrying amounts						
March 31, 2023	$ 8,961	$ 13,613	$ 9,634	$ 4,594	$ 1,990	$ 38,792
March 31, 2024	$ 8,848	$ 14,373	$ 9,003	$ 3,620	$ 1,564	$ 37,408

During Fiscal 2024, the cost and accumulated depreciation of fully depreciated property and equipment no longer in use was written off.

(In thousands of Canadian dollars, unless otherwise stated)

14. RIGHT-OF-USE ASSETS ON LEASES

		Land and buildings		Vehicles		Total
Cost						
Balance at March 31, 2022	$	39,015	$	1,189	$	40,204
Additions		2,431		120		2,551
Reassessment of leases' term		(1,170)		(39)		(1,209)
Foreign exchange differences		91		15		106
Balance at March 31, 2023		40,367		1,285		41,652
Additions		1,098		92		1,190
Reassessment of leases' term		(2,268)		(39)		(2,307)
Foreign exchange differences		77		(2)		75
Balance at March 31, 2024	$	39,274	$	1,336	$	40,610
Accumulated depreciation						
Balance at March 31, 2022	$	13,328	$	932	$	14,260
Depreciation for the year		4,367		178		4,545
Reassessment of leases' term		(459)		(17)		(476)
Foreign exchange differences		37		15		52
Balance at March 31, 2023		17,273		1,108		18,381
Depreciation for the year		4,315		138		4,453
Reassessment of leases' term		(2,136)		(34)		(2,170)
Foreign exchange differences		14		(2)		12
Balance at March 31, 2024	$	19,466	$	1,210	$	20,676
Net carrying amounts						
March 31, 2023	$	23,094	$	177	$	23,271
March 31, 2024	$	19,808	$	126	$	19,934

(In thousands of Canadian dollars, unless otherwise stated)

15. INTANGIBLE ASSETS, EXCLUDING BROADCAST LICENCES

	Internally developed software and apps	Music catalog	Client list and relationships	Trademarks	Licences, website application and computer software	Non-compete agreements	Total
Cost							
Balance at March 31, 2022	$ 29,255	$ 10,663	$ 140,287	$ 14,072	$ 34,830	$ 18,253	$ 247,360
Additions, net of tax credit of $840	5,943	552	—	—	988	—	7,483
Additions through business acquisition	—	90	—	192	173	291	746
Foreign exchange differences	(335)	31	4,291	401	249	204	4,841
Balance at March 31, 2023	34,863	11,336	144,578	14,665	36,240	18,748	260,430
Additions, net of tax credit of $530	5,001	573	—	—	855	—	6,429
Disposals and write-off	—	(3,803)	(6,551)	(2,315)	(19,683)	(6,919)	(39,271)
Foreign exchange differences	(232)	2	5	(46)	(159)	12	(418)
Balance at March 31, 2024	$ 39,632	$ 8,108	$ 138,032	$ 12,304	$ 17,253	$ 11,841	$ 227,170
Accumulated depreciation							
Balance at March 31, 2022	$ 16,030	$ 7,370	$ 101,851	$ 7,197	$ 21,922	$ 16,760	$ 171,130
Amortization for the year	5,850	984	7,046	1,532	2,967	358	18,737
Foreign exchange differences	(355)	27	1,545	204	206	122	1,749
Balance at March 31, 2023	21,525	8,381	110,442	8,933	25,095	17,240	191,616
Amortization for the year	6,343	377	5,908	1,531	2,854	358	17,371
Disposals and write-off	—	(3,780)	(6,391)	(2,525)	(19,691)	(6,901)	(39,288)
Foreign exchange differences	(207)	1	(164)	(27)	(188)	4	(581)
Balance at March 31, 2024	$ 27,661	$ 4,979	$ 109,795	$ 7,912	$ 8,070	$ 10,701	$ 169,118
Net carrying amounts							
March 31, 2023	$ 13,338	$ 2,955	$ 34,136	$ 5,732	$ 11,145	$ 1,508	$ 68,814
March 31, 2024	$ 11,971	$ 3,129	$ 28,237	$ 4,392	$ 9,183	$ 1,140	$ 58,052

During Fiscal 2024, the cost and accumulated depreciation of fully depreciated intangible assets no longer in use was written off.

(In thousands of Canadian dollars, unless otherwise stated)

16. GOODWILL AND BROADCAST LICENCES

		Goodwill		Broadcast licences
Balance at March 31, 2022	$	354,679	$	272,996
Additions through business acquisitions (note 3)		1,145		—
Foreign exchange differences		5,076		—
Balance at March 31, 2023		360,900		272,996
Impairment charge		(56,119)		—
Foreign exchange differences		(177)		—
Balance at March 31, 2024	$	304,604	$	272,996

ANNUAL IMPAIRMENT ASSESSMENTS

Goodwill and broadcast licences are tested for impairment annually and when circumstances indicate the carrying value may be impaired. The Corporation's impairment test for goodwill and broadcast licences having indefinite useful lives was based on the greater of value-in-use ("VIU") and fair value less cost to sell ("FVLCS") calculations determined by using a discounted cash flow model. VIU and FVLCS of cash generating units ("CGUs") are determined with significant unobservable inputs and are considered level 3 within the fair value hierarchy.

CASH-GENERATING UNITS

For the purposes of assessing impairment, goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Corporation at which management monitors goodwill.

Broadcast licences are grouped at the CGU level, which is the lowest level for which there are largely independent cash inflows. For broadcast licences impairment testing purposes, the Corporation has identified 14 CGUs, based on geographical areas where interdependent cash inflows exist. Impairment charges and reversals, if any, are included as a separate line on the consolidated statements of comprehensive income.

The carrying amounts of goodwill and broadcast licences allocated to each CGU and/or group of CGUs are set out in the following tables.

		2024		2023
Goodwill				
Radio	$	162,285	$	218,404
Broadcast and commercial music		142,319		142,496
	$	304,604	$	360,900
Broadcast licences				
Toronto	$	90,270	$	90,270
Ottawa		48,568		48,568
Other[1]		134,158		134,158
	$	272,996	$	272,996

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

(In thousands of Canadian dollars, unless otherwise stated)

RADIO LICENCES IMPAIRMENT ASSESSMENTS

The recoverable amounts of the CGUs have been determined based on their VIU. The recoverable values have been determined to be higher than the carrying amounts. As a result, no impairment was recorded.

The VIUs were calculated using unobservable (Level 3) inputs such as cash flow projections from financial budgets approved by the Board of Directors. Growth rates used over the budget period are based on management's estimates of performance, which is established by considering historical growth rates achieved as well as anticipated fluctuations including those resulting from the current economic environment. The growth rates depend also on whether the CGU includes mature market stations versus start-up or evolving stations. Management assesses how the CGU's market position, relative to its competitors, might change over the budget period. The key assumptions used in the estimation of the recoverable amount for the CGUs are the risk adjusted forecasted cash flows. The most significant assumptions that form part of the risk adjusted forecasted cash flows relate to estimated growth in revenues and operating expenses. For valuation purposes, Management considers that there is no significant difference in assumptions between CGUs. Forecasts are based on the Corporation's estimate of future performance for this mature industry. Management expects the Corporation's share of the market to be stable over the long-term budget period, despite the fact that changes in rating results could affect local market shares and related growth rates.

	Five-year average growth rate in revenues	Five-year average growth rate in operating expenses	Terminal value growth rate	Pre-tax discount rate
Radio Licences	4.7%	2.1%	0.2%	9.8%

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

The pre-tax discount rates applied to cash flow projections were derived from the Corporation's weighted average cost of capital ("WACC"). The discount rate calculation is based on the specific circumstances of the Corporation and its CGUs and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Corporation's investors. The cost of debt is based on the interest-bearing borrowings the Corporation is obliged to service. CGU-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

The possibility of new market entrants can have an impact on growth rate assumptions, as can adverse ratings results, which would impact market share. In fact, by their nature, the above significant estimates and assumptions are subject to measurement uncertainty, and consequently, actual results could differ from estimates used.

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

The following changes in basis points of the significant assumptions would result in the following impairment charge for one of the CGUs for the year ended March 31, 2024, assuming that all other variables remained constant:

	Decrease of 100 bps of five-year average growth rate in revenues	Increase of 100 bps of five-year average growth rate in operating expenses	Decrease of 100 bps of terminal value growth	Increase of 100 bps of pre-tax discount rate
Radio Licences impairment charge	424.9	282.5	86.4	190.9

The same changes in basis points of the significant assumptions would not result in an impairment in the other CGUs .

(In thousands of Canadian dollars, unless otherwise stated)

GOODWILL IMPAIRMENT ASSESSMENTS

During Fiscal 2024, the Corporation's radio division continued to experience revenue challenges due to an industry-wide decrease in demand for radio advertising. This situation led to adjustments in the expected revenues and cash flow growth in the Radio segment. The recoverable amount of the Radio segment based on VIU fell below their carrying values. Consequently, the Corporation recognized an impairment charge of $56,119 within this segment. The entire impairment charge was applied to goodwill.

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

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

CGU	Five-year average growth rate in revenues	Five-year average growth rate in operating expenses	Terminal value growth rate	Pre-tax discount rate
Broadcast and Commercial Music	9.0%	2.0%	2.5%	9.7%
Radio	4.7%	2.1%	0.2%	9.8%

The pre-tax discount rate represents the Corporation's WACC as at the date of the assessment. Refer to the section above for more information on discount rates calculation.

By their nature, these estimates and assumptions are subject to measurement uncertainty, and consequently, actual results could differ from estimates used. However, for the Broadcast and Commercial Music CGU, it has been determined that there is no reasonable change in assumptions that would cause the carrying amount to exceed the estimated recoverable amount. For the Radio CGU, the following variation of the most significant assumptions in basis points would result in an additional impairment charge for the following amounts for the year ended March 31, 2024, assuming that all other variables remained constant:

	Decrease of 100 bps of five-year average growth rate in revenues	Increase of 100 bps of five-year average growth rate in operating expenses	Decrease of 100 bps of terminal value growth	Increase of 100 bps of pre-tax discount rate
Additional Radio Goodwill impairment charge	31,148	18,997	11,519	36,681

(In thousands of Canadian dollars, unless otherwise stated)

17. INVESTMENTS

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

	Investments	Investments in joint ventures	Investments in associates	Total
Balance at March 31, 2022	$ 1,615	$ 525	$ 4,291	$ **6,431**
Additions	190	2,244	516	**2,950**
Share of results of joint venture	—	(726)	—	**(726)**
Share of results of investments in associates	—	—	(649)	**(649)**
Change in fair value, including foreign exchange differences	40	—	249	**289**
Balance at March 31, 2023	1,845	2,043	4,407	**8,295**
Additions	169	1,022	1,370	**2,561**
Share of results of joint ventures	—	(464)	—	**(464)**
Share of results of investments in associates	—	—	(716)	**(716)**
Change in fair value, including foreign exchange differences	—	—	(18)	**(18)**
Balance at March 31, 2024	**$ 2,014**	**$ 2,601**	**$ 5,043**	**$ 9,658**

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.

The fair value of investments that are not traded in an active market is determined using valuation techniques. The Corporation uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting year. For details on the key assumptions used and the impact of changes to these assumptions see Note 29.

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade	$ 11,657	$ 16,039
Accrued liabilities	36,962	36,980
PSU and DSU payable	15,750	12,306
Salaries and other short-term employees benefit payable	4,082	3,423
Sales taxes payable	6,726	6,078
	$ 75,177	$ 74,826

(In thousands of Canadian dollars, unless otherwise stated)

19. CREDIT FACILITIES

The credit facilities consist of a $375,000 revolving credit facility (“Revolving facility”) and a remaining $48,750 term loan (“Term facility”). During Fiscal 2024, 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 bear interest at (a) the bank’s prime rate (7.20% and 6.70% as at March 31, 2024 and 2023, respectively) or US base rate if denominated in US dollars (9.00% and 8.25% as at March 31, 2024 and 2023, respectively) plus an applicable margin based on a financial covenant, or (b) CORRA (5.01% and 5.07% as at March 31, 2024 and 2023, respectively) plus an applicable margin based on a financial covenant, or (c) SOFR (5.33% and 4.84% as at March 31, 2024 and 2023, respectively) plus an applicable margin based on a financial covenant, or (d) EURIBOR (3.85% and 2.91% as at March 31, 2024 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 March 31, 2024 and 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.

The tables below are a summary of the credit facilities:

March 31, 2024	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	$ 375,000	$ 290,866	$ 775	$ 83,359
Term facility	48,750	48,750	—	—
Total committed credit facilities	$ 423,750	$ 339,616	$ 775	$ 83,359
Less: unamortized deferred financing fees		(904)		
Balance, end of year		338,712		
Current portion		$ 7,500		
Non-current portion		$ 331,212		

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

As at March 31, 2024, a letter of credit amounting to $775 (2023 - $750) reduced the availability on the Revolving facility.

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

(In thousands of Canadian dollars, unless otherwise stated)

	Capital repayments of the Term facility
2025	$ 7,500
2026	7,500
2027	7,500
2028	26,250
	$ 48,750

As at March 31, 2024 and 2023, the Corporation was in compliance with all the requirements of its credit agreement.

20. SUBORDINATED DEBT

The subordinated debt has a nominal value of $50,000 and matures on October 26, 2026. The loan is unsecured and bears interest based on a financial covenant (6.95% as at March 31, 2024 and 2023). The remaining capital balance of 25,600 will be payable on maturity date.

Unamortized deferred financing fees amounted to $21 as at March 31, 2024 (2023 – $57).

21. LEASE LIABILITIES

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

	2024	2023
Lease liabilities, beginning of year	$ 25,710	$ 28,318
Additions	1,232	2,537
Payment of lease liabilities, including related interest	(5,804)	(6,064)
Reassessment of leases' term	134	(716)
Disposal	(350)	(39)
Interest expense on lease liabilities (note 8)	1,453	1,631
Foreign exchange	31	43
Lease liabilities, end of year	$ 22,406	$ 25,710

Lease liabilities included in the consolidated statements of financial position	**March 31, 2024**	**March 31, 2023**
Current portion	$ 4,200	$ 4,177
Non-current portion	$ 18,206	$ 21,533
	$ 22,406	$ 25,710

The following table presents the maturity analysis of contractual undiscounted cashflows related to the lease liabilities of the Corporation as of March 31, 2024.

Less than one year	$ 1,267
One to five years	17,529
More than five years	10,052
Total undiscounted lease liabilities as at March 31, 2024	$ 28,848

(In thousands of Canadian dollars, unless otherwise stated)

22. OTHER LIABILITIES

		2024		2023
CRTC tangible benefits	$	8,137	$	14,765
Contingent consideration		1,708		21,117
Balance payable on business acquisitions		330		3,428
Accrued pension benefit liability (note 23)		2,628		2,707
Derivative financial instruments (note 29)		912		2,203
Performance share units payable		2,515		2,136
Other		1,580		1,628
		17,810		47,984
Current portion		(5,250)		(31,428)
	$	12,560	$	16,556

ESTIMATE – CONTINGENT CONSIDERATION

In the event that certain predetermined sales volumes, specific contract renewals and other conditions are achieved by the acquired companies, additional consideration may be payable in the future.

The fair value of the contingent consideration of $1,708 was estimated by calculating the present value of the future expected outflows. For details of the key assumptions used and the impact of changes to these assumptions, see Note 29. The estimate is based on a discount rate of 47%.

23. EMPLOYEE BENEFIT PLANS

The Corporation maintains a defined contribution pension plan and defined benefit pension plans.

DEFINED CONTRIBUTION PENSION PLAN

The defined contribution pension plan covers the majority of the Corporation's employees. The Corporation's contributions to the defined contribution pension plan are based on percentages of gross salaries and totaled $1,567 (2023 – $1,614).

DEFINED BENEFIT PENSION PLANS

The Corporation maintains a defined benefit pension plan (the "Basic Plan") for a small group of the Corporation's former employees, which is not accepting new entrants at this time. The Basic Plan provides pension benefits based on the length of service and the last five years of average earnings of each member.

The Basic Plan meets the definition of a designated plan under the Income Tax Act (Canada). The most recent funding actuarial valuation for the Basic Plan was as of March 31, 2024.

In addition, the Corporation has two individual Supplementary Retirement Pension Arrangements ("SRPAs"), which each provide pension benefits to a retired executive. These SRPAs provide benefits above the Income Tax Act (Canada) limit. These plans are funded by the Corporation.

The Corporation measures its accrued benefit obligations and fair value of plan assets for accounting purposes as of March 31 of each year. The obligations as at March 31, 2024 and the 2024 current service cost of the Plans are determined based on membership data as at March 31, 2024.

(In thousands of Canadian dollars, unless otherwise stated)

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

		2024		2023
Consolidated statements of financial position				
Accrued pension benefit liability, included in other liabilities (note 22)	$	(2,628)	$	(2,707)
Accrued pension benefit asset, included in other non-current assets		2,008		1,599
Net accrued pension liability	$	(620)	$	(1,108)
Consolidated statements of comprehensive income (loss)				
Pension benefit expense, included in net finance expense (income)	$	60	$	86
Other comprehensive gains and accumulated other comprehensive losses				
Actuarial (gains) losses recognized in other comprehensive income (loss)	$	(307)	$	52
Cumulative actuarial gains recognized in other comprehensive income (loss)	$	(3,455)	$	(3,148)

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

		2024			2023	
		Basic Plan	SRPAs		Basic Plan	SRPAs
Accrued benefit obligations						
Balance, beginning of year	$	3,609	2,707	$	4,012	2,837
Interest cost		167	126		151	109
Benefits paid		(266)	(241)		(272)	(234)
Actuarial gains (losses):						
Impact of changes in financial assumptions		—	—		(246)	(119)
Impact of changes in experience adjustments		35	36		(36)	114
Balance, end of year	$	3,545	2,628	$	3,609	2,707
Plan assets						
Fair value, beginning of year	$	5,208	—	$	5,645	—
Interest income		243	—		214	—
Actuarial gains:						
Return on plan assets, excluding interest income		378	—		(339)	—
Administrative expenses		(10)	—		(40)	—
Benefits paid		(266)	—		(272)	—
Fair value, end of year	$	5,553	—	$	5,208	—
Net accrued pension benefit asset (liability)	$	2,008	(2,628)	$	1,599	(2,707)

The Corporation determined that there was no limit on the defined benefit asset (asset ceiling) because the Corporation has unimpaired rights to the surplus in the Basic Plan and it has the right to take contribution holidays when available.

Employer contributions to the SRPAs are estimated to be $241 in 2025.

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

		2024				2023		
		Basic Plan		SRPAs		Basic Plan		SRPAs
Interest cost	$	167	$	126	$	151	$	109
Interest income on plan assets		(243)		—		(214)		—
Administrative expenses		10		—		40		—
Defined benefit plan expense	$	(66)	$	126	$	(23)	$	109

(In thousands of Canadian dollars, unless otherwise stated)

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

	2024			2023		
	Basic Plan	SRPAs	**Total**	Basic Plan	SRPAs	**Total**
Cumulative actuarial gains, beginning of year	$ (1,279)	(1,869)	**(3,148)**	$ (1,336)	(1,864)	**(3,200)**
Recognized actuarial losses (gains) during the year	(343)	36	**(307)**	57	(5)	**52**
Cumulative actuarial gains, end of year	$ (1,622)	(1,833)	**(3,455)**	$ (1,279)	(1,869)	**(3,148)**

The principal actuarial assumptions were as follows:

	2024		2023	
	Basic Plan	SRPAs	Basic Plan	SRPAs
Discount rate for the accrued net benefit obligation	4.8%	4.8%	3.9%	3.9%
Future pension increases	2.3%	0.7%	2.3%	0.7%

As at March 31, 2024 and based on an actuarial review, the net remeasurement loss (gain), before income tax expense, recorded in other comprehensive income (loss) of $(307) (2023 – $52) was primarily reflective of an increase in the estimated discount rate for both plans and an actuarial loss on plan assets.

Plan assets for the Basic Plan consist of:

	2024	**2023**
Equity funds	77%	73%
Fixed income funds	23%	27%
	100%	100%

The pension plan has no direct investments in the Corporation nor any of its affiliates. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in equities, although there is a good portion also invested in bonds and other highly liquid assets. All assets are invested in funds where the underlying securities have quoted market prices in an active market. The Corporation believes that equities offer the best returns over the long-term with an acceptable level of risk.

Since the benefit payments are adjusted to the Consumer Price Index, the pension plan is exposed to inflation. It is also exposed to interest rate risks and changes in life expectancy of pensioners. A large portion of the plan assets consist of equity securities, which are exposed to equity market risk.

Changes in assumptions of all plans would have resulted in an increase (decrease) in the net defined benefit obligation as presented below:

	Change in assumption	
	Increase	**Decrease**
Discount rate — change of 0.5%	$ (253)	$ 272
Future pension costs — change of 1.0%	$ 361	$ (264)
Life expectancy — change by 1 year	$ 251	$ (264)

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

The average duration of the defined benefit plan obligation at the end of the reporting period is 8.6 years.

(In thousands of Canadian dollars, unless otherwise stated)

24. SHARE CAPITAL

Authorized:

Unlimited number of subordinate voting shares, participating, without par value

Unlimited number of variable subordinate voting shares, participating, without par value

Unlimited number of multiple voting shares (10 votes per share), participating, without par value

Unlimited number of special shares, participating, without par value

Unlimited number of preferred shares issuable in one or more series, non-participating, without par value

Issued and outstanding:

The movements in share capital were as follows:

	Number of shares		Carrying amount
Year ended March 31, 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
Year ended March 31, 2024			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2023	51,378,300	$	279,677
Repurchased and cancelled	(557,500)		(3,167)
Purchased and held in trust through employee share purchase plan	(4,734)		46
As at March 31, 2024	50,816,066	$	276,556
Multiple voting shares			
As at March 31, 2023 and 2024	17,941,498	$	18,226
	68,757,564	$	294,782

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

TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2024

During the year ended March 31, 2024, the Corporation declared dividends of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share totalling $20,679. An amount of $20,721 was paid during the year. A dividend payable of $5,157 is accrued in the consolidated statement of financial position as at March 31, 2024 as it will be payable on or around June 14, 2024.

(In thousands of Canadian dollars, unless otherwise stated)

Share repurchase program

On September 22, 2023, the Toronto Stock Exchange (the "TSX") approved the implementation of a share repurchase program, which took effect on September 27, 2023. This program allows 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.

The following table summarizes the Corporation's share repurchase activities during the years ended March 31, 2024 and 2023.

		2024		2023
Subordinate voting shares repurchased for cancellation *(unit)*		557,500		786,100
Average price per share	$	5.2696	$	5.5911
Total repurchase cost	$	2,937	$	4,395
Repurchase resulting in a reduction of:				
Share capital	$	3,167	$	4,466
Deficit [(1)]	$	(230)	$	(71)

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

TRANSACTIONS FOR THE YEAR ENDED MARCH 31, 2023

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

25. SUPPLEMENTAL CASH FLOW INFORMATION

NET CHANGE IN NON CASH OPERATING ITEMS

		2024		2023
Trade and other receivables	$	(995)	$	(4,873)
Inventories		1,348		(542)
Other current assets		238		(4,417)
Other non-current assets		1,765		(499)
Accounts payable and accrued liabilities		(3,916)		9,235
Deferred revenues		2,099		1,729
Income taxes payable		(1,959)		(4,181)
Other payables		(4,563)		(3,934)
	$	(5,983)	$	(7,482)

(In thousands of Canadian dollars, unless otherwise stated)

NON CASH ADDITIONS

The following table summarizes the Corporation's additions not affecting cash and cash equivalents activities during the years ended March 31, 2024 and 2023.

		2024		2023
Additions to property and equipment	$	(905)	$	90
Additions to intangible assets, excluding broadcast licences and intangible assets acquired through business acquisitions		197		259
	$	(708)	$	349

26. SHARE-BASED COMPENSATION

STOCK OPTION PLAN

The Corporation has a stock option plan to attract and retain employees, directors, officers and consultants. The plan provides for the granting of options to purchase subordinate voting shares. Under this plan, 10% of all multiple voting shares, subordinate voting shares and variable subordinate voting shares issued and outstanding on a non-diluted basis are reserved for issuance. The terms and conditions for acquiring and exercising options are set by the Board of Directors. Unless otherwise determined by the Board of Directors, each option shall expire at the latest on the seventh anniversary of the grant date. The total number of shares issued to a single person cannot exceed 10% of the Corporation’s total issued and outstanding common shares on a fully diluted basis.

Under the stock option plan, 3,663,249 stock options were outstanding as at March 31, 2024 (3,489,331 as at March 31, 2023). Outstanding options are subject to employee service vesting criteria which range from nil to four years of service.

The following summarizes the changes in the plan’s position for the years ended March 31, 2024 and 2023:

	2024			2023		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of year	3,489,331	$	6.45	3,469,807	$	6.48
Granted	173,918		5.18	166,701		6.12
Forfeited	—		—	(147,177)		6.73
Options outstanding, end of year	3,663,249		6.39	3,489,331		6.45
Exercisable options, end of year	2,972,524	$	6.55	2,470,260	$	6.75

(In thousands of Canadian dollars, unless otherwise stated)

The following is a summary of the information on the outstanding stock options as at March 31, 2024 and 2023:

		Outstanding options	**Exercisable options**
Exercise price	Number of options outstanding	Weighted average outstanding contractual life outstanding (years)	Number
March 31, 2024			
$ 4.63	717,520	3.18	523,140
5.18	173,918	6.36	—
5.60	644,996	2.18	644,996
6.12	160,496	5.19	40,125
6.13	21,929	2.85	21,929
6.25	287,880	1.15	287,880
6.92	337,740	4.18	168,870
7.00	25,000	1.36	25,000
7.03	44,248	4.62	22,124
7.27	311,047	2.21	311,047
7.62	458,270	3.22	458,270
7.69	22,124	4.86	11,062
7.92	43,698	4.60	43,698
8.61	414,383	4.19	414,383
$ 6.39	3,663,249	3.24	2,972,524

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

(In thousands of Canadian dollars, unless otherwise stated)

The weighted average fair value of the stock options granted during the year ended March 31, 2024 was $1.06 per stock option (2023 — $1.27). This fair value was estimated at the date on which the options were granted by using the Black-Scholes option pricing model with the following assumptions:

	2024	**2023**
Weighted average volatility	35%	34%
Weighted average risk-free interest rate	3.93%	3.15%
Weighted average expected life of options	5 years	5 years
Weighted average value of the subordinate voting share at grant date	$5.18	$6.12
Weighted average expected dividend rate	5.79%	4.90%

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

Total share-based compensation costs recognized under this stock option plan amount to $281 for the year ended March 31, 2024 (2023 — $454).

No options were exercised during Fiscal 2024 and Fiscal 2023.

EMPLOYEE SHARE PURCHASE PLAN

The Corporation has an employee share purchase plan ("ESPP") to attract and retain employees. Under this plan, eligible employees, including certain key management personnel, are permitted to contribute up to a maximum of 6% of their eligible earnings to purchase the Corporation's subordinate voting shares and variable subordinate voting shares. Subject to certain conditions, the Corporation will match a percentage of the employee's contributions up to a maximum of 2% of the employee's eligible earnings and the shares purchased with the Corporation's contributions become vested on January 31 of the following year. All contributions are used by the plan's trustee to purchase subordinate voting shares and variable subordinate voting shares in the open market, on behalf of employees.

The following summarizes the changes in the plan's position for the years ended March 31, 2024 and 2023:

	2024		**2023**	
	Number of units	Amount	Number of units	Amount
Unvested contributions, beginning of year	1,802	$ 104	11,776	$ 145
Contributions	44,199	235	51,374	324
Dividends credited	10,193	60	9,172	50
Vested	(49,658)	(341)	(70,520)	(415)
Unvested contributions, end of year	6,536	$ 58	1,802	$ 104

The weighted average fair value of the shares contributed during the year ended March 31, 2024 was $5.75 (2023 — $7.25).

Total share-based compensation costs recognized under the ESPP amount to $154 for the year ended March 31, 2024 (2023 — $157).

PERFORMANCE SHARE UNIT PLAN

The Corporation has a performance unit plan ("PSU") that can be granted to directors, officers, executives and employees as part of their long-term compensation package, which is expected to be settled in cash after a three-year vesting period. The value of the payout is determined by multiplying the number of PSU vested at the payout date by the volume weighted average price of the Corporation's shares on the last five trading days immediately preceding the vesting date. The fair

(In thousands of Canadian dollars, unless otherwise stated)

value of the payout is determined at each reporting date based on the fair value of the Corporation's shares at the reporting date. The fair value is amortized over the vesting period, being three years.

During the year ended March 31, 2024, 661,566 PSU (2023 — 470,766) were granted at a range of $4.43 to $7.59 (2023 — $4.49 to $6.59) per unit to executives and employees and no outstanding PSU were vested. As at March 31, 2024, the fair value per unit was $7.59 (2023 — $5.89) for a total amount of $4,879 (2023 — $7,313) which was reported in the consolidated statements of financial position. This total includes $2,364 classified under accrued liabilities for the short-term portion and $2,515 classified under other liabilities for the long-term portion.

The following summarizes the changes in the plan's position for the years ended March 31, 2024 and 2023:

	2024		2023	
	Number of units	Amount	Number of units	Amount
Balance, beginning of year	1,570,410	$ 7,313	1,472,787	$ 7,209
Granted	661,566	—	470,766	—
Expense and revision of estimates	—	2,642	—	2,579
Liabilities settled	(896,220)	(5,015)	(268,671)	(2,035)
Forfeited	(28,281)	(60)	(104,472)	(440)
Balance, end of year	1,307,475	$ 4,880	1,570,410	$ 7,313
Balance, vested	—	—	—	—

Total share-based compensation costs recognized under the PSU plan amount to $1,954 for the year ended March 31, 2024 (2023 — $2,139).

DEFERRED SHARE UNIT PLAN

The Corporation has a deferred share unit plan ("DSU") that can be granted to directors, officers and employees as part of their compensation package, which is expected to be settled in cash. The value of the payout is determined by multiplying the number of DSU vested at the payout date by the fair value of the Corporation's shares on the volume weighted average price of the Corporation's shares on the last three trading days immediately preceding the payout date. The fair value of the payout is determined at each reporting date based on the fair value of the Corporation's shares at the reporting date. DSU are vested as soon as they are granted.

During the year ended March 31, 2024, 613,303 DSU (2023 — 210,062) were granted at a range of $5.00 to $7.57 per unit to directors (2023 — $4.39 to $6.20) and 1,663,598 DSU were vested (2023 — 1,134,322). The total expense related to DSU plans amounted to $1,895 in 2024 (2023 — $282). As at March 31, 2024, the fair value per unit ranged from $7.58 to $7.67 (2023 — $5.94 to $5.96) for a total amount, including fringes, of $13,386 (2023 — $7,129) presented in accrued liabilities on the consolidated statements of financial position.

The following summarizes the changes in the plan's position for the years ended March 31, 2024 and 2023:

	2024		2023	
	Number of units	Amount	Number of units	Amount
Balance, beginning of year	1,134,322	$ 7,129	924,260	$ 7,084
Granted	613,303	3,459	210,062	1,186
Settlement	(84,027)	(497)	—	—
Revision of estimates	—	3,295	—	(1,141)
Balance, end of year	1,663,598	$ 13,386	1,134,322	$ 7,129
Balance, vested	1,663,598	$ 13,386	1,134,322	$ 7,129

(In thousands of Canadian dollars, unless otherwise stated)

27. COMMITMENTS

The following table is a summary of the Corporation's operating obligations as at March 31, 2024 that are due in each of the next six years and thereafter.

		Operating obligations
2025	$	784
2026		496
2027		496
2028		497
2029		497
2030 and thereafter		1,605
	$	4,375

OPERATING OBLIGATIONS

The Corporation's significant operating obligations are for licensing and other long-term contracts that do not meet the definition of a lease under IFRS 16. The Corporation must also pay royalties for the use of music for the majority of its music services. Through copyright collective societies, the Corporation pays royalties to two sets of rights holders: rights holders in music works, which are the music and the lyrics; and, rights holders in artists' performances and sounds recordings, which are the actual performances and recordings of the musical works.

BROADCAST LICENCES

A condition of the broadcast licences owned by the Corporation is to commit to fund Canadian Content Development ("CCD") over the initial term of the licences, which is usually seven years.

28. USE OF ESTIMATES AND JUDGMENTS

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

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions differing from actual outcomes. Detailed information about each of these estimates and judgments is included in notes 3 to 27 together with information about the basis of calculation for each affected line item in the consolidated financial statements.

SIGNIFICANT ESTIMATES

The areas involving significant estimates are:

- Estimated value in use and/or fair value less costs to sell of CGUs used in goodwill and broadcasting licences impairment testing — Note 16

The other areas involving estimates are:

- Estimation of fair value of identified assets, liabilities and contingent consideration recorded in business acquisitions — Notes 3 and 22

- Estimation of current income tax payable, tax credits and current income tax expense — Note 10
- Recognition of deferred tax assets for tax losses available for carry forward — Note 10

Estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected by these revisions.

CRITICAL JUDGMENTS

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- *Impairment of non-current assets*

  For the purpose of impairment testing of property and equipment, intangible assets, broadcast licences and goodwill, management must use its judgment to identify the smallest group of assets that generates cash inflows that are largely independent of those from other assets ("cash generating unit" or "CGU").

- *Useful lives of broadcast licences*

  The Corporation has concluded that broadcast licences are indefinite life intangible assets because they are renewed every seven years without significant cost and there is a low likelihood of the renewal being denied.

- *Lease term of contracts with renewal options*

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

(In thousands of Canadian dollars, unless otherwise stated)

29. FINANCIAL INSTRUMENTS

FAIR VALUES

The Corporation has determined that the carrying amount of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and current portion of other liabilities excluding the contingent consideration is a reasonable approximation of their fair value due to the short-term maturity of those instruments. As such, information on their fair values is not presented below. The fair value of the credit facilities approximates their carrying value as it bears interest at prime or banker's acceptance rates plus a credit spread, which approximate current rates that could be obtained for debts with similar terms and credit risk. The fair value of derivative financial instruments is determined using an evaluation of the estimated market value, adjusted for the credit quality of the counterparty. The carrying amount of CRTC tangible benefits and balance payable on business acquisitions is a reasonable approximation of their fair value as they are discounted using the effective interest rate, which approximate current rates that could be obtained with similar terms and credit risk. Balance payable on business acquisitions is carried at amortized cost and its fair value is categorized under level 2 and measured based upon discounted future cash flows using a discount rate, adjusted for the Company's own credit risk, that reflects current market conditions for instruments with similar terms and risks.

The tables below summarize the carrying and fair value of financial assets and liabilities, including their level in the fair value hierarchy, as at March 31, 2024 and 2023. The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect in the recorded value are observable, either directly or indirectly; and

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at March 31, 2024	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 9,606				
Trade and other receivables	66,726				
Financial assets measured at fair value					
Investments	$ 2,014	$ 2,014	$ —	$ —	$ 2,014
Derivative financial instruments	140	140	—	140	—
Financial liabilities measured at amortized cost					
Credit facilities	$ 338,712				
Subordinated debt	25,579				
Accounts payable and accrued liabilities	68,451				
CRTC tangible benefits	8,137				
Accrued pension benefit liability	2,628				
Performance share unit payable	2,515				
Balance payable on business acquisitions	330	326	—	$ 326	—
Financial liabilities measured at fair value					
Contingent consideration	$ 1,708	$ 1,708	$ —	$ —	$ 1,708
Derivative financial instruments	912	912	—	912	—

(In thousands of Canadian dollars, unless otherwise stated)

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	—

Fair value measurement (Level 3):

	Investments	Contingent consideration
Balance as at March 31, 2022	$ 1,615	$ 19,204
Change in fair value, including foreign exchange differences	40	1,098
Additions	190	—
Addition through business acquisition	—	1,243
Settlements	—	(428)
Balance as at March 31, 2023	$ 1,845	$ 21,117
Change in fair value, including foreign exchange differences	—	597
Additions	169	—
Settlements	—	(20,006)
Balance as at March 31, 2024	$ 2,014	$ 1,708

INVESTMENTS

For the years ended March 31, 2024 and 2023, the equity instruments in a private entity were classified as financial assets at fair value through profit and loss. A change of 5% in the liquidity discount would have increased / decreased the fair value of the investments by approximately $101 and $92 during the years ended March 31, 2024 and 2023 respectively.

CONTINGENT CONSIDERATION

The contingent consideration related to business combinations is payable based on the achievement of targets for growth in revenues for a period from the date of the acquisition and upon renewal of client contracts. The fair value measurement of the contingent consideration is determined using unobservable (Level 3) inputs. These inputs include (i) the estimated amount and timing of projected cash flows; and (ii) the risk-adjusted discount rate used to discount the cash flows which is based on the risk associated with the revenue targets being met. If projected cash flows were 10% higher, the fair value would have increased by $176 and if projected cash flows were 10% lower, the fair value would have decreased by $176.

(In thousands of Canadian dollars, unless otherwise stated)

A discount rate of 47% has been applied to consider the time value of money. A change in the discount rate by 100 basis points would have increased/decreased the fair value by $23.

The contingent consideration is classified as a financial liability and is included in other liabilities (note 22). The change in fair value is recognized in net finance expense (income) (Note 8).

CREDIT RISK

Credit risk is the risk of an unexpected financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet contractual obligations, and it arises primarily from the Corporation's trade and other receivables.

The Corporation's credit risk is principally attributable to its trade receivables. The amounts presented in the consolidated statements of financial position are net of an allowance for expected credit risk, estimated by the Corporation's management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. The Corporation's exposure to credit risk is mainly influenced by the characteristics of each customer. Generally, the Corporation does not require collateral or other security from customers for trade receivables; however, credit is extended following an evaluation of creditworthiness. In addition, the Corporation performs ongoing credit reviews of its customers.

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

The aging of trade receivable balances and the allowance for doubtful accounts as at March 31, 2024, and March 31, 2023 were as follows:

		2024		2023
Current	$	30,053	$	30,271
Past due 0-30 days		18,494		13,880
Past due 31-60 days		8,307		8,312
Past due 61-90 days		6,172		4,786
Past due more than 90 days		9,357		11,717
Total Trade receivables		72,383		68,966
Less : allowance for expected credit losses		(8,707)		(7,833)
	$	63,676	$	61,133

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

		2024		2023
Balance, beginning of year	$	7,833	$	5,929
Bad debt expense		1,410		1,144
Write-off against reserve		(536)		760
Balance, end of year	$	8,707	$	7,833

The Corporation also has credit risk relating to cash and cash equivalents and other receivables. The Corporation manages its risk by transacting only with sound financial institutions.

The carrying amounts of financial assets in the consolidated statements of financial position represent the Corporation's maximum credit exposure.

(In thousands of Canadian dollars, unless otherwise stated)

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk by continuously monitoring actual and budgeted cash flows under both normal and stressed conditions. The Board of Directors also reviews and approves the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures.

The following are the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2024:

	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
Credit facilities	$ 338,712	$ 339,616	$ 7,500	$ 332,116	$ —
Subordinated debt	25,579	25,600	—	25,600	—
Accounts payables and accrued liabilities	75,177	75,177	75,177	—	—
Lease liabilities	22,406	28,848	1,267	17,529	10,052
Other liabilities	17,810	18,119	5,381	10,998	1,739

MARKET RISK

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Corporation's earnings or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on risk.

CURRENCY RISK

The Corporation is exposed to currency risk on sales and expenses that are denominated in currencies other than the functional currency of the Corporation's subsidiaries, primarily the US dollar ("USD") and the euro ("EURO"). Also, additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the functional currency of the Corporation's subsidiaries at the rate of exchange at each balance sheet date, the impact of which is reported as a foreign exchange gain or loss in the consolidated statements of comprehensive income.

The Corporation's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows, by transacting with third parties in the above currencies to the maximum extent possible and practical, given that this will act as natural economic hedges for each of these currencies.

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

	March 31, 2024		March 31, 2023	
	USD	EURO	USD	EURO
Cash and cash equivalents	3,261	297	6,183	677
Trade receivables	3,563	1,760	4,710	1,761
Investments	3,273	—	2,807	—
Credit facilities	(50,000)	(10,000)	(12,000)	(10,000)
Accounts payable and accrued liabilities	(156)	(307)	(461)	(280)
Contingent consideration and balance payable on business acquisitions	(3,083)	—	(3,304)	—
Net balance exposure	(43,142)	(8,250)	(2,065)	(7,842)
Equivalent in Canadian dollars	(58,457)	(12,071)	(2,795)	(11,572)

(In thousands of Canadian dollars, unless otherwise stated)

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

	2024		2023	
	Average	Reporting	Average	Reporting
USD per CAD	1.3485	1.3550	1.3228	1.3533
EURO per CAD	1.4628	1.4632	1.3773	1.4757

Based on the Corporation's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the US dollar and EURO would have the following impacts on net income, assuming that all other variables remained constant:

	March 31, 2024		March 31, 2023	
	USD	EURO	USD	EURO
Increase (decrease) in net income	(2,923)	(604)	(139)	(579)

An assumed 5% weakening of the foreign currency would have had an equal but opposite effect on the basis that all other variables remained constant.

To manage its currency risk, the Corporation uses foreign exchange forward contracts. The table below summarizes the contracts effective as at March 31, 2024 and 2023:

Maturity	Type	Contract exchange rate	Contractual amount	Mark-to-market assets (liabilities) as at March 31, 2024	Mark-to-market assets (liabilities) as at March 31, 2023
Foreign exchange forward contracts					
0 to 12 months	USD Sale	1.2831 – 1.3000	$ 24,000	$ (11)	(1,121)
13 to 24 months	USD Sale	1.3260 – 1.3565	24,000	(8)	106
			$ 48,000	$ (19)	(1,015)

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation holds the majority of its cash and cash equivalents balance in accounts bearing interest at rates less than 1.25%. The Corporation is, therefore, not materially exposed to future cash flow fluctuations coming from changes in market interest rates for its cash and cash equivalents. Cash equivalents consist of term deposits with original maturities of less than three months and are, therefore, also exposed to interest rate risk on fair value. However, fair value risk is not significant, considering the relatively short term to maturity of these instruments.

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

The table below summarizes the interest rate contracts effective as at March 31, 2024 and 2023:

(In thousands of Canadian dollars, unless otherwise stated)

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market assets (liabilities) as at March 31, 2024	Mark-to-market assets (liabilities) as at March 31, 2023
Swaptions					
October 25, 2024	CAD	—	$ 100,000	$ (44)	$ (490)
October 25, 2024	CAD	—	100,000	(24)	(699)
			200,000	(68)	(1,189)
Swap					
October 31, 2028	CAD	3.66%	140,000	(471)	1
September 29, 2028	CAD	4.73%	25,000	(214)	—
			$ 365,000	$ (753)	$ (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 Fiscal 2024, 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.

Given that the Corporation did not elect to apply hedge accounting during the years ended March 31, 2024 and 2023, mark-to-market gains (losses) of $1,431 and $(739) were recorded in net finance expense (income), respectively.

30. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are as follows:

Pursue its growth strategy through acquisitions and organic growth by maintaining financial flexibility; and

Provide the Corporation's shareholders with an appropriate return on their investment.

For capital management, the Corporation has defined its capital as the combination of net debt and total equity.

Total managed capital is as follows:

	2024	2023
Contingent consideration, including current portion	$ 1,708	$ 21,117
Balance payable on business acquisitions, including current portion	330	3,428
Credit facilities	338,712	360,990
Subordinated debt	25,579	25,543
Cash and cash equivalents	(9,606)	(15,453)
Net debt, including contingent consideration and balance payable on business acquisition	356,723	395,625
Total equity	248,583	286,269
	$ 605,306	$ 681,894

The Corporation's financing strategy is to maintain a flexible structure, to respond adequately to the changes in economic conditions and to allow growth through business acquisitions. The Corporation monitors its capital structure using the net debt to adjusted EBITDA ratio. Refer to note 4 for more information about EBITDA.

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders of the Corporation, issue or repay debt, issue shares or undertake any other activities as deemed appropriate under the specific circumstances, on a quarterly basis.

(In thousands of Canadian dollars, unless otherwise stated)

31. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

KEY MANAGEMENT PERSONNEL

The key management personnel of the Corporation are the Chief Executive Officer, Chief Financial Officer and other key employees of the Corporation.

Key management personnel compensation and director's fees are as follows:

	2024	2023
Short-term employee benefits	$ 5,658	$ 5,444
Share-based compensation	254	358
Performance share units	2,038	1,213
Deferred share units	4,887	(282)
	$ 12,837	$ 6,733

RELATED PARTIES

Related parties of the Corporation include Directors and key management personnel, their family members, and companies over which they have significant influence or control. The Corporation has transacted with related parties during the reporting period. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties having normal trade terms.

During the year ended March 31, 2024, the Corporation recognized revenues with related parties amounting to $8,262 (2023 — $7,798). The Corporation incurred expenses with related parties amounting to $1,138 (2023 — $895).

32. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

The consolidated financial statements of the Corporation have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on June 4, 2024.

B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis, except for the following:

- Contingent consideration payable which is measured at fair value at each reporting period in accordance with IFRS 3;
- Investments measured at fair value at year-end in accordance with IFRS 9;
- Cost of defined benefit pension plans and present value of the net pension obligation measured at fair value in accordance with IAS 19;
- Liabilities related to deferred share unit plan, performance share unit plan measured at fair value at year-end in accordance with IFRS 2;
- Equity stock options which are measured at fair value at date of grant pursuant to IFRS 2; and
- Assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

(In thousands of Canadian dollars, unless otherwise stated)

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

C) FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the 'functional currency'). The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in profit or loss. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are reported on a net basis.

SUBSIDIARIES

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income (loss).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

(In thousands of Canadian dollars, unless otherwise stated)

33. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Corporation's subsidiaries.

(A) BASIS OF CONSOLIDATION

BUSINESS COMBINATIONS

The Corporation measures goodwill as the excess of the fair value of the consideration transferred which includes the fair value of contingent consideration, over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

SUBSIDIARIES

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

INVESTMENT IN ASSOCIATES

An associate is an entity over which the Corporation has significant influence. The Corporation has significant influence when it has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control. The Corporation accounts for its investment in an associate using the equity method. Under the equity method, the investment is initially recognized at cost. Subsequent to initial recognition, the consolidated financial statements include the Corporation's share of the earnings and losses of the associate until the date significant influence ceases. Distributions received from an associate reduce the carrying amount of the investment. The consolidated statements of comprehensive income include the Corporations' share of any amounts recognized by its associate in other comprehensive income, if any. Intercompany balances between the Corporation and its associate are not eliminated.

INTEREST IN JOINT VENTURE

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

(In thousands of Canadian dollars, unless otherwise stated)

(B) FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Corporation initially recognizes financial assets on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

On initial recognition, the Corporation classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated as at fair value through profit and loss:

- The asset is held within a business model whose objective is to hold the asset in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Corporation currently classifies its cash and cash equivalents and trade and other receivables as financial assets measured at amortized cost.

Financial assets measured at fair value

All equity investments and other financial assets that do not meet the conditions to be classified as financial assets measured at amortized cost are measured at fair value through profit and loss.

Changes therein, including any interest or dividend income, are recognized in profit or loss.

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

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

Financial liabilities

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

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

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

(In thousands of Canadian dollars, unless otherwise stated)

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

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

Derivative financial instruments

The Corporation use derivative financial instruments to manage its interest rate risk on its credit facilities and its currency risk on its trade and does not use these instruments for speculative or trading purposes. The Corporation does not apply hedge accounting and therefore mark-to-market gains or losses are recognized in net finance expense (income).

IMPAIRMENT OF FINANCIAL ASSETS

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

ECLs on trade and other receivables is assessed by portfolio based on factors that may include the Corporation's past experience with debt recovery, an increased number of days exceeding payment terms in the portfolio, as well as a change - internationally or nationally - in economic conditions correlating with default payments.

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

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed. The reversal is recognized to the extent of the improvement without exceeding what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(C) REVENUE RECOGNITION

CONTRACTS WITH CUSTOMERS

The Corporation records revenues from contracts with customers in accordance with the five steps in *IFRS 15 Contracts with customers* as follows:

1) Identify the contract with a customer;
2) Identify the performance obligations in the contract;
3) Determine the transaction price, which is the total consideration provided by the customer;
4) Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5) Recognize revenues when the relevant criteria are met for each performance obligation.

Revenues are measured based on the value of the expected consideration in a contract with a customer and are recognized when control of a product or service is transferred to a customer.

(In thousands of Canadian dollars, unless otherwise stated)

A contract asset is recognized in the consolidated statement of financial position when revenues are earned without having been invoiced. Contract assets are presented in “Other current assets”. A contract liability is recognized when the Corporation has received consideration in advance of the transfer of products or services to a customer.

Broadcasting and commercial music segment

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

Subscriptions

The Corporation recognizes revenues related to continuous music and video distribution over time, as the customer receives and consumes the benefits of the music supply at the same time it is broadcast. On-demand products, primarily music and concerts services, are also recognized over time as the customer receives and consumes the benefits of the on-demand product at the same time it is broadcast. The Corporation records contract liabilities when customers pay their subscription fees in advance.

Equipment and labor

For equipment and labor projects, mainly bundled arrangements, the Corporation accounts for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own or with other readily available resources. The total arrangement consideration is allocated to each product or service on its own or with other readily available resources based on its stand-alone selling price.

The Corporation generally determines stand-alone selling prices based on the observable prices for products sold separately without a service contract, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, the Corporation uses the expected cost plus margin approach to determine stand-alone selling prices. The Corporation recognizes revenues for each individual product or service, when the related performance obligations are satisfied, which is usually at a point in time for sale of equipment and over time for music related services.

Advertising

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

Radio segment

The Radio segment operates radio stations across Canada and generates revenues from advertising. Advertising revenues are recognized at a point in time when the advertising airs on the Corporation’s radio stations. Revenues are recorded net of any agency commissions as these charges are paid directly to the agency by the advertiser.

(D) RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development costs, net of tax credits, are recognized in profit or loss as incurred, unless the costs can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the Corporation

(In thousands of Canadian dollars, unless otherwise stated)

intends to and has sufficient resources to complete the development and to use or sell the asset. In such a case, costs are recognized as internally developed intangible assets (see (m) intangible assets).

(E) LEASES AND PAYMENTS

Operating leases are not recognized in the Corporation's consolidated statements of financial position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are accounted for in the year in which they are incurred.

(F) FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested, change in fair value of contingent consideration. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on credit facilities, unwinding of the discount on provisions, change in fair value of derivatives and contingent consideration, amortization of deferred financing costs, foreign exchange (gain) loss and impairment losses recognized on financial assets.

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

(G) INCOME TAXES

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that the Corporation is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets are measured at the end of each reporting year and their carrying amount is reduced to the extent that it is no longer probable that a taxable profit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(In thousands of Canadian dollars, unless otherwise stated)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(H) INVENTORIES

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(I) PROPERTY AND EQUIPMENT

RECOGNITION AND MEASUREMENT

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in profit or loss.

SUBSEQUENT COSTS

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

DEPRECIATION

Depreciation is calculated over the cost of the asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

Property and equipment	Period
Building	20 to 60 years
Broadcasting infrastructure	8 to 25 years
Furniture, fixtures and equipment	3 to 10 years
Computer hardware	4 to 6 years
Leasehold improvements	Lease term

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

(In thousands of Canadian dollars, unless otherwise stated)

(J) INTANGIBLE ASSETS, EXCLUDING BROADCAST LICENCES

Intangible assets that are acquired by the Corporation and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

The fair value of non-compete agreements acquired in a business combination are based on the discounted estimated revenues losses that have been avoided as a result of the non-compete being signed. The fair value of clients list and relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of music catalogs acquired in a business combination is determined using the estimated costs for creating such music catalogs. The fair value of trademarks acquired in a business combination is based on the discounted estimated future royalty payments that have been avoided.

Amounts capitalized as internally developed intangible assets include the total cost of any external products or services and labor costs directly attributable to development.

AMORTIZATION

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of the definite life intangible assets.

Internally developed intangible assets, net of related tax credits, are amortized starting from the date the products and services are commercialized.

The estimated useful lives for the current and comparative years are as follows:

Intangible assets	Period
Internally developed software and apps	2 to 5 years
Music catalog	5 to 15 years
Client list and relationships	3 to 15 years
Trademarks	2 to 20 years
Licences, website applications and computer software	2 to 25 years
Non-compete agreements	2 to 11 years

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

(K) LEASES

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

RIGHT-OF-USE ASSETS ON LEASES

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

The cost of right-of-use assets is periodically reduced by amortization expenses and impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are amortized to reflect the expected pattern of consumption of the future economic benefits which is based on the lesser of the useful life of the asset or the lease term using the straight-line method. The lease term includes the renewal option only if it is reasonably certain to be exercised. The lease terms range from 1 to 50 years for buildings and towers, from 10 to 99 years for land and from 1 to 5 years for vehicles.

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

LEASE LIABILITIES

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

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

(L) BUSINESS COMBINATION, GOODWILL AND BROADCAST LICENCES

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed and included in acquisition, legal, restructuring and other expenses. The cost of a business combination is allocated to the fair value of the related net identifiable tangible and intangible assets. The excess of the cost of the acquired businesses over the fair value of the related net identifiable tangible and intangible assets acquired is allocated to goodwill. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in the consolidated statements of comprehensive income (loss).

To receive approval to launch a new broadcast licence pursuant to applications made by the Corporation to the CRTC, the CRTC may require the Corporation to commit to fund Canadian Content Development (“CCD”) during the initial term of the licence over and above the prescribed annual requirements. These obligations are considered to be part of the costs related to the award of new broadcast licences and are recognized as a liability upon the launch of the new broadcast licence. Any other direct costs related to the award and launch of new broadcast licences are also capitalized as broadcast licences. CCD that arises from a business acquisition is considered a transaction cost and is expensed in the consolidated statements of comprehensive income (loss).

After initial recognition, goodwill and broadcast licences are recorded at cost less any accumulated impairment losses. Both goodwill and broadcast licences have indefinite useful lives and are not amortized, but they are subject to an

(In thousands of Canadian dollars, unless otherwise stated)

impairment evaluation. Broadcast licences are deemed indefinite life assets since they are renewed every seven years without significant cost, with the unlikely chance that the renewal will be denied; therefore, there is no foreseeable limit to the period over which broadcast licences are expected to generate net cash flows for the Corporation.

(M) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Corporation reviews the carrying amount of its non-financial assets, which include intangible assets with a finite useful life and property and equipment on each reporting date in order to determine if specific events or changes in circumstances indicate that their carrying amounts may not be recoverable. The recoverable amount of goodwill and broadcast licences are tested for impairment each year at the same date, or more frequently if indications of impairment exist.

For impairment testing purposes, assets that cannot be tested individually are grouped in CGUs. Goodwill is allocated to the CGU or CGU group that is expected to benefit from the synergies resulting from the business combination. Each unit or group of units to which goodwill is allocated shall not be larger than an operating segment and represents the lowest level at which goodwill is monitored for internal management purposes.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment losses are recognized in profit or loss. Impairment losses are first allocated to reduce the carrying amount of goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU on a pro rata basis.

(N) PROVISIONS

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

CONTINGENT LIABILITY

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Corporation; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

(O) EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Stock option plan

The fair value at the grant-date of equity settled share-based payment awards granted to management and key employees of the Corporation is recognized as an employee benefit expense, with a corresponding increase in equity, over the vesting period of the awards. The amount expensed is adjusted to reflect the number of awards for which it is expected that the service conditions will be met, so that the amount ultimately expensed will depend on the number of awards that meet the service conditions at the vesting date.

Performance share units and deferred share units plans

Performance unit plan and deferred share units expected to be settled in cash are accounted for as cash settled awards, with the recognized compensation cost included in accounts payable and accrued liabilities. Compensation cost is initially measured at fair value at the grant date and is recognized in net income over the vesting year. The liability is remeasured based on the fair value price of the Corporation's shares, at each reporting date. Remeasurements during the vesting year are recognized immediately to net income to the extent that they relate to past services and amortized over the remaining vesting year to the extent that they relate to future services. The cumulative compensation cost that will ultimately be recognized is the fair value of the Corporation's shares at the settlement date.

Employee share purchase plan

The Corporation's contributions, used to purchase shares on the open market on behalf of employees, are recognized when incurred as an employee benefit expense, with a corresponding increase in contributed surplus. The amount expensed is adjusted to reflect the number of awards for which it is expected that the vesting conditions will be met, so that the amount ultimately expensed will depend on the number of awards that meet the vesting conditions at the vesting date.

Unvested shares held in trust on behalf of employees are treasury shares and therefore deducted from equity until they become vested.

PENSION BENEFITS

The Corporation maintains a defined contribution pension plan and defined benefit pension plans. The Corporation does not provide any non-pension post-retirement benefits to employees.

Defined contribution pension plan

The Corporation matches employee contributions under the defined contribution pension plan. Under this plan, contributions are funded to a separate entity and the Corporation has no legal or constructive obligation to pay further amounts. The Corporation's portion is recorded as compensation expense as contributions are made, which coincides with the periods during which services are rendered by employees.

Defined benefit pension plans

The cost of providing benefits under the defined benefit pension plans is determined on an annual basis by independent actuaries separately for each plan using the projected unit credit costing method. Actuarial gains and losses for both defined benefit plans are recognized immediately in full in the period in which they occur in OCI. Actuarial gains and losses are not reclassified to the consolidated statements of income in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of: (i) the date of the plan amendment or curtailment, and (ii) the date that the Corporation recognizes restructuring-related costs.

The discount rate is applied to the net defined benefit asset or liability to determine net interest expense or income. The Corporation recognizes the following changes in the net defined benefit obligation under operating expenses in the consolidated statements of income: (i) service costs comprising current service costs, past service costs, gains and losses on curtailments and settlements, and (ii) net interest expense or income.

(In thousands of Canadian dollars, unless otherwise stated)

The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

34. NEW STANDARDS NOT YET ADOPTED BY THE CORPORATION

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 - *Presentation and Disclosure in Financial Statements*. It will replace IAS 1 – *Presentation of Financial Statements*. These amendments will not require any significant change to current practice but should facilitate and improve financial statement disclosures. The Corporation intends to adopt these amendments in its consolidated financial statements for the annual period beginning on April 1, 2027. The Corporation does not expect the amendments to have a material impact on the consolidated financial statements.

Glossary of terms

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

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

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

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

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

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

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

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

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

Subscription Video On Demand (SVOD): Refers to a service that gives users unlimited access to a wide range of programs for a monthly flat rate. The users have full control over the subscription and can decide when to start the program.

Video On Demand (VOD): A system in which viewers choose their own filmed entertainment, by means of a PC or interactive TV system, from a wide selection.

4K UHD: Ultra-high-definition (UHD) television, also abbreviated UHDTV, is a digital television display format in which the horizontal screen resolution is on the order of 4000 pixels (4K UHD).

Annual General Meeting of Shareholders

The Annual General Meeting will be held virtually by videoconference on August 7, 2024.

Provisional calendar of results

First quarter of 2025
August 6, 2024

Second quarter of 2025
November 5, 2024

Third quarter of 2025
February 4, 2025

Fourth quarter of 2025
June 10, 2025

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