



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal 2022

For the six-month period ended September 30, 2021

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BASIS OF PREPARATION AND FORWARD-LOOKING STATEMENTS

The following is the quarterly financial report and Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of Stingray Group Inc., ("Stingray" or "the Corporation"), and should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and accompanying notes for three-month and six-month periods ended September 30, 2021 and 2020, and with the most recent audited consolidated financial statements and MD&A for the year ended March 31, 2021. This MD&A reflects information available to the Corporation as at November 9, 2021. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com. The auditors of the Corporation have not performed a review of the interim financial report for the three-month and six-month periods ended September 30, 2021 and 2020.

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

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include but are not limited to the risk factors disclosed in the Annual Information Form for the year ended March 31, 2021 available on SEDAR.

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

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

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

OVERVIEW

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

KEY PERFORMANCE INDICATORS⁽¹⁾

For the three-month period ended September 30, 2021 (“Q2 2022”):

\$71.4 M ▲ 11.1% from Q2 2021 Revenues	\$12.1 M Or \$0.17 per share Net income	\$20.4 M ▼ 19.6% from Q2 2021 Cash flow from operating activities Or \$0.28 per share
\$25.6 M ▼ 17.9% from Q2 2021 Adjusted EBITDA	\$16.3 M Or \$0.23 per share Adjusted Net income	\$15.4 M ▼ 32.8% from Q2 2021 Adjusted free cash flow Or \$0.21 per share

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the second quarter ended September 30, 2021:

Compared to the quarter ended September 30, 2020 (“Q2 2021”):

- Revenues increased 11.1% to \$71.4 million from \$64.3 million;
- Adjusted EBITDA⁽¹⁾ decreased 17.9% to \$25.6 million from \$31.2 million. Adjusted EBITDA⁽¹⁾ by segment was \$14.5 million or 37.2% of revenues for Broadcasting and Commercial Music, \$12.5 million or 38.8% of revenues for Radio and \$(1.5) million for Corporate;
- Net income was \$12.1 million (\$0.17 per share) compared with \$11.9 million (\$0.16 per share);
- Adjusted Net income⁽¹⁾ of \$16.3 million (\$0.23 per share) compared with \$16.3 million (\$0.22 per share);
- Cash flow from operating activities decreased 19.6% to \$20.4 million (\$0.28 per share) compared to \$25.4 million (\$0.34 per share);
- Adjusted free cash flow⁽¹⁾ decreased 32.8% to \$15.4 million (\$0.21 per share) compared to \$22.9 million (\$0.31 per share);
- Net debt to Pro Forma Adjusted EBITDA⁽¹⁾ ratio of 3.02x, and;
- 455,000 shares repurchased and cancelled for a total of \$3.4 million.

Note:

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

Business Highlights:

- On November 9, 2021, the Corporation declared a dividend of \$0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 15, 2021, to shareholders on record as of November 30, 2021.
- On October 19, 2021, the Corporation announced that it had successfully completed the increase and extension of its existing credit facilities, providing additional liquidity for operations and M&A activities. The \$442.5 million credit facilities consist of a \$375.0 million revolving credit facility and a \$67.5 million term loan, both maturing in October 2026. The renewed terms include incremental commitments up to \$100.0 million upon request, subject to predetermined conditions. The pre-existing sub debt of \$32.0 million maturing in October 2023 combined with the credit facilities described above accounts for total flexibility of up to \$574.5 million.
- On September 21, 2021, the Corporation announced that the Toronto Stock Exchange had approved the renewal of its normal course issuer bid, authorizing Stingray to repurchase up to an aggregate 3,222,901 subordinate voting shares and variable subordinate voting shares (collectively, “Subordinate Shares”), representing approximately 10% of the public float of Subordinate Shares as at September 13, 2021. During Q2 2022, the Corporation has repurchased and cancelled 455,000 shares for a total of \$3.4 million.
- On August 17, 2021, the Corporation announced its global expansion and launched its first bundle with Amazon’s Prime Video Channels Canada, Mexico and Brazil. Starting today, Prime members now have access to the Stingray All Good Vibes subscription which includes 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 August 11, 2021, the Corporation announced that it had acquired a minority interest in its long-standing business partner, The Singing Machine Company, Inc., widely recognized as the worldwide leader in consumer karaoke products. With the consummation of this transaction, Stingray emerges as the dominant provider of karaoke solutions.
- On August 3, 2021, the Corporation declared a dividend of \$0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend has been paid on September 15, 2021 to shareholders on record as of August 31, 2021.
- On July 5, 2021, the Corporation announced that it had acquired Calm Radio, the world’s largest online music streaming service focused on the wellness and relaxation markets. With this acquisition, Stingray grows its portfolio of curated music content, significantly increases its subscriber base and dives into the health and wellness industry.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of Canadian dollars, except per share amounts)	3 months				6 months			
	Sept. 30, 2021		Sept. 30, 2020		Sept. 30, 2021		Sept. 30, 2020	
	Q2 2022		Q2 2021		YTD 2022		YTD 2021	
	\$	% of revenues						
Revenues	71,429	100.0 %	64,294	100.0 %	136,237	100.0 %	116,587	100.0 %
Operating expenses	47,338	66.3 %	34,669	54.0 %	90,245	66.2 %	62,963	54.0 %
Depreciation, amortization and write-off	8,671	12.1 %	9,577	14.9 %	18,118	13.3 %	19,100	16.4 %
Net finance expense (income) ⁽¹⁾	(364)	(0.5) %	2,774	4.3 %	4,889	5.0 %	7,375	6.3 %
Change in fair value of investments	(13)	0.0 %	461	0.7 %	(13)	0.0 %	1,353	1.2 %
Acquisition, legal, restructuring and other expenses (income)	848	1.2 %	271	0.4 %	2,016	1.5 %	(126)	(0.1) %
Income before income taxes	14,949	20.9 %	16,542	25.7 %	20,982	15.4 %	25,922	22.2 %
Income taxes	2,874	4.0 %	4,654	7.2 %	4,707	3.4 %	7,013	6.0 %
Net income	12,075	16.9 %	11,888	18.5 %	16,275	11.9 %	18,909	16.2 %
Adjusted EBITDA⁽²⁾	25,587	35.8 %	31,156	48.5 %	49,742	36.5 %	56,637	48.6 %
Adjusted Net income⁽²⁾	16,323	22.9 %	16,311	25.4 %	27,561	20.2 %	29,820	25.6 %
Cash flow from operating activities	20,437	28.6 %	25,406	39.5 %	36,774	27.0 %	63,399	54.4 %
Adjusted free cash flow⁽²⁾	15,362	21.5 %	22,861	35.6 %	30,369	22.3 %	40,906	35.1 %
Net debt⁽²⁾	336,488	–	328,145	–	336,488	–	328,145	–
Net debt to Pro Forma Adjusted EBITDA⁽²⁾⁽³⁾	3.02x	–	2.77x	–	3.02x	–	2.77x	–
Net income per share basic and diluted	0.17	–	0.16	–	0.23	–	0.26	–
Adjusted Net income per share basic ⁽²⁾	0.23	–	0.22	–	0.38	–	0.41	–
Adjusted Net income per share diluted ⁽²⁾	0.23	–	0.22	–	0.38	–	0.40	–
Cash flow from operating activities per share basic	0.29	–	0.35	–	0.51	–	0.86	–
Cash flow from operating activities per share diluted	0.28	–	0.34	–	0.51	–	0.86	–
Adjusted free cashflow per share basic ⁽²⁾	0.22	–	0.31	–	0.42	–	0.56	–
Adjusted free cashflow per share diluted ⁽²⁾	0.21	–	0.31	–	0.42	–	0.55	–
Revenues by segment								
Broadcasting and Commercial Music	39,118	54.8 %	39,169	60.9 %	74,696	54.8 %	75,116	64.4 %
Radio	32,311	45.2 %	25,125	39.1 %	61,541	45.2 %	41,471	35.6 %
Revenues	71,429	100.0 %	64,294	100.0 %	136,237	100.0 %	116,587	100.0 %
Revenues by geography								
Canada	46,700	65.4 %	39,710	61.8 %	88,076	64.6 %	67,767	58.1 %
United States	11,485	16.1 %	10,091	15.7 %	21,763	16.0 %	20,393	17.5 %
Other Countries	13,244	18.5 %	14,493	22.5 %	26,398	19.4 %	28,427	24.4 %
Revenues	71,429	100.0 %	64,294	100.0 %	136,237	100.0 %	116,587	100.0 %

Notes:

- (1) Interest paid during the Q2 2022 was \$3.2 million (Q2 2021; \$2.9 million). Interest paid for YTD Q2 2022 was \$7.1 million (YTD Q2 2021; \$6.6 million).
- (2) Refer to "Forward-looking statements" and "Supplemental information on Non-IFRS measures" on page 2 and for reconciliations to the most directly comparable IFRS financial measure, refer to "Supplemental information on Non-IFRS measures" on page 6.
- (3) Refer to page 17 for a reconciliation of Pro Forma Adjusted EBITDA to the most directly comparable IFRS financial measure. Refer to "Forward-looking statements" and "Supplemental information on Non-IFRS measures" on page 2 and for reconciliations of Adjusted EBITDA to the most directly comparable IFRS financial measure, refer to "Supplemental information on Non-IFRS measures" on page 6.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Net income per share, Adjusted free cash flow, Adjusted free cash flow per share, Net debt and Net debt to Proforma Adjusted EBITDA are non-IFRS measures that the Corporation uses to assess its operating performance. See “Supplemental information on Non-IFRS Measures” on page 2.

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

	3 months		6 months	
	Sept. 30, 2021	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
(in thousands of Canadian dollars)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Net income	12,075	11,888	16,275	18,909
Net finance expense (income)	(364)	2,774	4,889	7,375
Change in fair value of investments	(13)	461	(13)	1,353
Income taxes	2,874	4,654	4,707	7,013
Depreciation and write-off of property and equipment	2,446	2,976	4,970	5,677
Depreciation of right-of-use assets	1,298	1,413	2,594	2,825
Amortization of intangible assets	4,927	5,188	10,554	10,598
Share-based compensation	196	219	360	385
Performance and deferred share unit expense	1,300	1,312	3,390	2,628
Acquisition, legal, restructuring and other expenses (income)	848	271	2,016	(126)
Adjusted EBITDA	25,587	31,156	49,742	56,637
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(1,153)	(4,340)	(5,888)	(7,678)
Income taxes	(2,874)	(4,654)	(4,707)	(7,013)
Depreciation of property and equipment and write-off	(2,446)	(2,976)	(4,970)	(5,677)
Depreciation of right-of-use assets	(1,298)	(1,413)	(2,594)	(2,825)
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses (income)	(1,493)	(1,462)	(4,022)	(3,624)
Adjusted Net income	16,323	16,311	27,561	29,820

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

	3 months		6 months	
	Sept. 30, 2021	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
(in thousands of Canadian dollars)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Cash flow from operating activities	20,437	25,406	36,774	63,399
<i>Add / Less :</i>				
Acquisition of property and equipment	(2,360)	(1,209)	(4,437)	(1,912)
Acquisition of intangible assets other than internally developed intangible assets	(305)	(212)	(503)	(470)
Addition to internally developed intangible assets	(2,050)	(1,671)	(4,203)	(3,223)
Interest paid	(3,234)	(2,912)	(7,125)	(6,599)
Repayment of lease liabilities	(1,526)	(1,443)	(2,611)	(2,657)
Net change in non-cash operating working capital items	2,323	6,530	9,128	(4,882)
Unrealized loss on foreign exchange	1,229	(1,899)	1,330	(2,624)
Acquisition, legal, restructuring and other expenses (income)	848	271	2,016	(126)
Adjusted free cash flow	15,362	22,861	30,369	40,906

The following table shows the calculation of Net debt:

	September 30, 2021	March 31, 2021	September 30, 2020
(in thousands of Canadian dollars)			
Credit facilities	313,172	303,704	299,361
Subordinated debt	31,791	31,741	39,690
Cash and cash equivalents	(8,475)	(9,040)	(10,906)
Net debt	336,488	326,405	328,145

FINANCIAL RESULTS FOR THE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2022	Q2 2021	% Change	YTD 2022	YTD 2021	% Change
Revenues by geography						
Canada	46,700	39,710	17.6	88,076	67,767	30.0
United States	11,485	10,091	13.8	21,763	20,393	6.7
Other Countries	13,244	14,493	(8.6)	26,398	28,427	(7.1)
Revenues	71,429	64,294	11.1	136,237	116,587	16.9

Global

Revenues in Q2 2022 increased \$7.1 million or 11.1% to \$71.4 million, from \$64.3 million for Q2 2021. Cumulative revenues for Fiscal 2022 increased \$19.6 million or 16.9% to \$136.2 million, from \$116.6 million for cumulative Fiscal 2021. Both increases were primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations and to an increase in advertising revenues in the Broadcast and Commercial Music segment, partially offset by a negative foreign exchange rate impact.

Canada

Revenues in Canada in Q2 2022 increased \$7.0 million or 17.6% to \$46.7 million, from \$39.7 million for Q2 2021. Cumulative revenues in Canada for Fiscal 2022 increased \$20.2 million or 30.0% to \$88.0 million, from \$67.8 million for cumulative Fiscal 2021. Both increases were primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

United States

Revenues in the United States in Q2 2022 increased \$1.4 million or 13.8% to \$11.5 million, from \$10.1 million for Q2 2021. Cumulative revenues in the United States for Fiscal 2022 increased \$1.4 million or 6.7% to \$21.8 million, from \$20.4 million for cumulative Fiscal 2021. Both increases were primarily due to organic growth in advertising revenues in the Broadcast and Commercial Music segment and to an increase in subscription revenues, partially offset by a negative foreign exchange rate impact.

Other Countries

Revenues in Other countries in Q2 2022 decreased \$1.3 million or 8.6% to \$13.2 million, from \$14.5 million for Q2 2021. The decrease was mainly due to a decrease in subscription revenues.

Cumulative revenues in Other countries for Fiscal 2022 decreased \$2.0 million or 7.1% to \$26.4 million, from \$28.4 million for cumulative Fiscal 2021. The decrease was primarily due to a decrease in subscription revenues and to a negative foreign exchange rate impact.

Operating expenses

Operating expenses in Q2 2022 increased \$12.6 million or 36.5% to \$47.3 million, from \$34.7 million for Q2 2021. Cumulative operating expenses for Fiscal 2022 increased \$27.2 million or 43.3% to \$90.2 million, from \$63.0 million for cumulative Fiscal 2021. Both increases are due to lower Canadian Emergency Wage Subsidy (CEWS), higher operating costs and increased variable expenses, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Adjusted EBITDA⁽¹⁾

Adjusted EBITDA in Q2 2022 decreased \$5.6 million or 17.9% to \$25.6 million from \$31.2 million for Q2 2021. Adjusted EBITDA margin was 35.8% compared to 48.5% for Q2 2021. Cumulative Adjusted EBITDA for Fiscal 2022 decreased \$6.9 million or 12.2% to \$49.7 million from \$56.6 million for cumulative Fiscal 2021. Adjusted EBITDA margin was 36.5% compared to 48.6% for cumulative Fiscal 2021. Both decreases are due to lower CEWS and higher operating costs, partially offset by higher revenues, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Depreciation, amortization and write off

Depreciation, amortization and write off in Q2 2022 decreased \$0.9 million or 9.5% to \$8.7 million, from \$9.6 million for Q2 2021. Cumulative depreciation, amortization and write off for Fiscal 2022 decreased \$1.0 million or 5.1% to \$18.1 million, from \$19.1 million for cumulative Fiscal 2021. Both decreases were primarily due to less intangible assets to amortize compared to the prior period.

Net finance expense (income)

Net finance expense (income) in Q2 2022 varied to a \$0.4 million income, from a \$2.8 million expense for Q2 2021. Cumulative Net finance expense for Fiscal 2022 decreased \$2.5 million or 33.7% to \$4.9 million, from \$7.4 million for cumulative Fiscal 2021. Both variances were mainly related to a decrease in the fair value of contingent consideration, partially offset by a foreign exchange loss.

Change in fair value of investments

In Q2 2022 and for cumulative Fiscal 2022, there was no gain or loss on fair value of investments as the securities held in AppDirect Inc. were sold in Q3 2021. A loss of \$0.5 million for Q2 2021 and \$1.4 million for cumulative Fiscal 2021 were recorded, both related to the translation of an investment denominated in U.S. dollars to Canadian dollars.

Acquisition, legal, restructuring and other expenses (income)

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2022	Q2 2021	% Change	YTD 2022	YTD 2021	% Change
Acquisition	199	248	(19.8)	213	530	(59.8)
Legal	85	244	(65.2)	1,076	(536)	(300.7)
Restructuring and other	564	(221)	(355.2)	727	(120)	(705.8)
Acquisition, legal, restructuring and other expenses (income)	848	271	212.9	2,016	(126)	(1700.0)

In Q2 2021 and in cumulative Fiscal 2021, a gain on restructuring and other expenses was recorded due to the reversal of a provision for severances due to a change in estimates in the quarter.

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

Note:

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

Income taxes

The income taxes expense recognized in comprehensive income was \$2.9 million for Q2 2022 compared to \$4.7 million for Q2 2021. The effective tax rate for Q2 2022 was 19.2% compared to 28.1% for Q2 2021. The income taxes expense recognized in comprehensive income was \$4.7 million for cumulative Fiscal 2022 compared to \$7.0 million for cumulative Fiscal 2021. The effective tax rate for cumulative Fiscal 2022 was 22.4% compared to 27.1% for cumulative Fiscal 2021. Both variances in the effective tax rate are mainly due to the variance in permanent differences, mainly related to the non-taxable gain on the reduction in the fair value of contingent consideration.

Net income and Net income per share

Net income in Q2 2022 was \$12.1 million (\$0.17 per share) compared to \$11.9 million (\$0.16 per share) for Q2 2021. The increase was mainly related to a decrease in the fair value of contingent consideration and lower income taxes expense, partially offset by lower operating results.

Cumulative Net income for Fiscal 2022 was \$16.3 million (\$0.23 per share) compared to \$18.9 million (\$0.26 per share) for cumulative Fiscal 2021. The decrease was mainly related to lower operating results and to a foreign exchange loss, partially offset by a decrease in the fair value of contingent consideration and lower income taxes expense.

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

Adjusted Net income in Q2 2022 was \$16.3 million (\$0.23 per share), compared to \$16.3 million (\$0.22 per share) for Q2 2021. The nil variance was primarily due to a decrease in the fair value of contingent consideration and lower income taxes expense, largely offset by lower operating results.

Cumulative Adjusted Net income for Fiscal 2022 was \$27.6 million (\$0.38 per share), compared to \$29.8 million (\$0.40 per share) for cumulative Fiscal 2021. The decrease was mainly related to lower operating results and a foreign exchange loss, partially offset by a decrease in the fair value of contingent consideration and lower income taxes expense.

Note:

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

BUSINESS SEGMENT PERFORMANCE

BROADCASTING AND COMMERCIAL MUSIC

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2022	Q2 2021	% Change	YTD 2022	YTD 2021	% Change
Revenues	39,118	39,169	(0.1)	74,696	75,116	(0.6)
Operating expenses	24,585	20,273	21.3	45,501	35,853	26.9
Adjusted EBITDA⁽¹⁾	14,533	18,896	(23.1)	29,195	39,263	(25.6)
Adjusted EBITDA margin⁽¹⁾	37.2%	48.2%	(23.0)	39.1%	52.3%	(25.2)

Revenues

In Q2 2022, Broadcasting and Commercial Music revenues decreased \$0.1 million or 0.1% to \$39.1 million, from \$39.2 million for Q2 2021. Cumulative Broadcasting and Commercial Music revenues for Fiscal 2022 decreased \$0.4 million or 0.6% to \$74.7 million from \$75.1 million for cumulative Fiscal 2021. Both decreases were primarily due to a negative foreign exchange rate impact, largely offset by an increase in advertising revenues.

Adjusted EBITDA⁽¹⁾

In Q2 2022, Broadcasting and Commercial Music Adjusted EBITDA decreased \$4.4 million or 23.1% to \$14.5 million from \$18.9 million for Q2 2021. Cumulative Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2022 decreased \$10.0 million or 25.6% to \$29.2 million from \$39.2 million for cumulative Fiscal 2021. Both decreases were primarily due to reduced CEWS and higher operating costs, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations and by a decrease in gross margin related to a change in product mix.

RADIO

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2022	Q2 2021	% Change	YTD 2022	YTD 2021	% Change
Revenues	32,311	25,125	28.6	61,541	41,471	48.4
Operating expenses	19,778	12,005	64.7	38,183	22,590	69.0
Adjusted EBITDA⁽¹⁾	12,533	13,120	(4.5)	23,358	18,881	23.7
Adjusted EBITDA margin⁽¹⁾	38.8%	52.2%	(25.7)	38.0%	45.5%	(16.6)

Revenues

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

In Q2 2022, Radio revenues increased \$7.2 million or 28.6% to \$32.3 million from \$25.1 million for Q2 2021. Cumulative Radio revenues for Fiscal 2022 increased \$20.0 million or 48.4% to \$61.5 million from \$41.5 million for cumulative Fiscal 2021. Both increases were largely due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Adjusted EBITDA⁽¹⁾

In Q2 2022, Radio Adjusted EBITDA decreased \$0.6 million or 4.5% to \$12.5 million from \$13.1 million for Q2 2021. The decrease in Adjusted EBITDA is due to lower CEWS and higher operating costs, largely offset by higher revenues, all caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Cumulative Radio Adjusted EBITDA for Fiscal 2022 increased \$4.4 million or 23.7% to \$23.3 million from \$18.9 million for cumulative Fiscal 2021. The increase in Adjusted EBITDA is due to higher revenues, partially offset by lower CEWS and higher operating costs, all caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Note:

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

CORPORATE

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2022	Q2 2021	% Change	YTD 2022	YTD 2021	% Change
Operating expenses	2,975	2,391	24.4	6,561	4,520	45.2
<i>Adjust:</i>						
Share-based compensation	(196)	(219)	(10.5)	(360)	(385)	(6.5)
Performance and deferred share unit expense	(1,300)	(1,312)	(0.9)	(3,390)	(2,628)	29.0
Adjusted EBITDA⁽¹⁾	(1,479)	(860)	72.0	(2,811)	(1,507)	86.5

Adjusted EBITDA⁽¹⁾

Corporate Adjusted EBITDA represents the head office operating expenses less the share-based compensation and performance and deferred share unit expense. The increase in operating expenses is related to increased operating costs caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Note:

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

Quarterly results

Revenues fluctuated over the last eight quarters from \$81.3 million in Q3 2020 to \$71.4 million in the Q2 2022. The decrease in Q4 2020 and Q1 2021 were due to the impact of the COVID-19 pandemic. The increases in Q2 2021 and Q3 2021 were due to progressive improvements in Radio advertising bookings as provinces began lifting restrictions on social and economic activity and to normal business seasonality. The decrease in Q4 2021 was due to normal business seasonality. The increase in Q1 2022 was due to the gradual easing of COVID-19 restrictions. The increase in Q2 2022 was due to the gradual easing of COVID-19 restrictions, to increased equipment and installation sales related to digital signage and to the acquisition of Calm Radio.

Adjusted EBITDA⁽¹⁾ fluctuated over the last eight quarters from \$31.0 million in Q3 2020 to \$25.6 million in Q2 2022. The decreases in Q4 2020 and Q1 2021 were mainly due to the impact of the COVID-19 pandemic on Radio revenues, which was partially offset by the CEWS and reduced operating costs in Q1 2021. The increase in Q2 2021 was due to progressive improvements in Radio advertising bookings as provinces begin lifting restrictions on social and economic activity, partially offset by higher operating costs and lower CEWS. The increase in Q3 2021 was due to continuing improvements in Radio advertising bookings and normal business seasonality and to a settlement with SOCAN (refer to page 18), partially offset by a special bonus to employees, lower CEWS and higher operating costs. The decrease in Q4 2021 was due to normal business seasonality and to a settlement with SOCAN in Q3 2021, partially offset by a special bonus to employees in Q3 2021. The increase in Q1 2022 was due to normal business seasonality and change in product mix, partially offset by higher operating costs. The increase in Q2 2022 is due to higher operating results, partially offset by reduced CEWS.

Net income (loss) fluctuated over the last eight quarters from \$8.1 million in Q3 2020 to \$12.1 million in Q2 2022. In Q4 2020, the decrease was due to mark-to-market losses on derivative financial instruments, foreign exchange loss, lower positive change in fair value of investments and lower operating results, partially offset by lower income taxes expense. In Q1 2021, the increase was due to lower mark-to-market losses on derivative financial instruments and a foreign exchange gain, partially offset by the impact of the COVID-19 pandemic on revenues, higher income taxes expense and negative change in fair value of investments. In Q2 2021, the increase was due to higher operating results and positive change in mark-to-market on derivative financial instruments, partially offset by higher income taxes and legal expenses. In Q3 2021, the increase was due to higher operating results, positive change in the fair value of contingent consideration, and higher gain in mark-to-market on derivative financial instruments, partially offset by a negative change in fair value of investments related to the sale of securities held in AppDirect Inc. In Q4 2021, the decrease was due to lower operating results, partially offset by higher gains in mark-to-market on derivative financial instruments. In Q1 2022, the decrease was due to a negative change in fair value of mark-to-market on derivative financial instruments and a lower foreign exchange gain, partially offset by lower income taxes expense, and lower acquisition and restructuring costs. In Q2 2022, the increase was due a positive change in the fair value of contingent consideration, a positive change in fair value of derivative financial instruments and higher operating results, partially offset by a foreign exchange loss.

Note:

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

Summary of Consolidated Quarterly Results

(in thousands of Canadian dollars, except per share amounts)	3 months							
	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
	FY2022	FY2022	FY2021	FY2021	FY2021	FY2021	FY2020	FY2020
Revenues by segment								
Broadcasting and Commercial								
Music	39,118	35,578	36,356	40,186	39,169	35,947	38,483	39,894
Radio	32,311	29,230	23,960	32,379	25,125	16,346	29,915	41,419
Total revenues	71,429	64,808	60,316	72,565	64,294	52,293	68,398	81,313
Revenues by geography								
Canada	46,700	41,376	35,594	47,368	39,710	28,057	43,498	57,515
United States	11,485	10,278	10,942	10,693	10,091	10,302	10,236	9,575
Other countries	13,244	13,154	13,780	14,504	14,493	13,934	14,664	14,223
Total revenues	71,429	64,808	60,316	72,565	64,294	52,293	68,398	81,313
Adjusted EBITDA⁽¹⁾	25,587	24,155	23,638	33,993	31,156	25,481	28,217	31,033
LTM Adjusted EBITDA⁽¹⁾	107,373	112,942	114,268	118,847	115,887	112,402	118,086	112,276
Net income (loss)	12,075	4,200	12,077	14,118	11,888	7,021	(8,486)	8,089
Net income (loss) per share basic and diluted	0.17	0.06	0.17	0.19	0.16	0.10	(0.11)	0.11
Adjusted Net income⁽¹⁾	16,323	11,238	11,981	21,054	16,311	13,509	10,095	16,710
Adjusted Net income per share basic ⁽¹⁾	0.23	0.16	0.17	0.29	0.22	0.18	0.13	0.22
Adjusted Net income per share diluted ⁽¹⁾	0.23	0.16	0.16	0.29	0.22	0.18	0.13	0.22
Cash flow from operations	20,437	16,337	24,514	16,333	25,406	37,993	14,062	28,833
Adjusted free Cash Flow⁽¹⁾	15,362	15,007	13,808	19,645	22,861	18,045	17,974	21,033
Quarterly dividend	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075

Note:

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

Reconciliation of Quarterly Non-IFRS Measures

(in thousands of Canadian dollars)	3 months							
	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
	Fiscal 2022	Fiscal 2022	Fiscal 2021	Fiscal 2021	Fiscal 2021	Fiscal 2021	Fiscal 2020	Fiscal 2020
Net income (loss)	12,075	4,200	12,077	14,118	11,888	7,021	(8,486)	8,089
Net finance expense (income)	(364)	5,253	(7,284)	(1,290)	2,774	4,601	33,463	(4,383)
Change in fair value of investments	(13)	–	–	2,434	461	892	(1,914)	(4,781)
Income taxes	2,874	1,833	4,047	4,900	4,654	2,359	(4,165)	1,897
Depreciation and write-off of property and equipment	2,446	2,524	3,082	2,894	2,976	2,701	2,790	2,876
Depreciation of right-of-use assets	1,298	1,296	1,436	1,399	1,413	1,412	1,426	1,402
Amortization of intangible assets	4,927	5,627	5,303	5,478	5,188	5,410	5,659	5,494
Share-based compensation	196	164	235	231	219	166	258	238
Performance and deferred share unit expense (income)	1,300	2,090	2,028	1,780	1,312	1,316	(1,507)	677
Acquisition, legal, restructuring and other expenses (income)	848	1,168	2,714	2,049	271	(397)	693	19,524
Adjusted EBITDA	25,587	24,155	23,638	33,993	31,156	25,481	28,217	31,033
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(1,153)	(4,735)	(3,214)	(1,727)	(4,340)	(3,338)	(10,976)	(4,184)
Income taxes	(2,874)	(1,833)	(4,047)	(4,900)	(4,654)	(2,359)	4,165	(1,897)
Depreciation and write-off of property and equipment	(2,446)	(2,524)	(3,082)	(2,894)	(2,976)	(2,701)	(2,790)	(2,876)
Depreciation of right-of-use assets	(1,298)	(1,296)	(1,436)	(1,399)	(1,413)	(1,412)	(1,426)	(1,402)
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses (income)	(1,493)	(2,529)	122	(2,019)	(1,462)	(2,162)	(7,095)	(3,964)
Adjusted Net income	16,323	11,238	11,981	21,054	16,311	13,509	10,095	16,710

(in thousands of Canadian dollars)	3 months							
	Sept. 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
	Fiscal 2022	Fiscal 2022	Fiscal 2021	Fiscal 2021	Fiscal 2021	Fiscal 2021	Fiscal 2020	Fiscal 2020
Cash flow from operating activities	20,437	16,337	24,514	16,333	25,406	37,993	14,062	28,833
Acquisition of property and equipment	(2,360)	(2,077)	(1,929)	(1,849)	(1,209)	(703)	(2,153)	(1,479)
Acquisition of intangible assets other than internally developed intangible assets	(305)	(198)	(194)	(649)	(212)	(258)	(463)	(495)
Addition to internally developed intangible assets	(2,050)	(2,153)	(1,367)	(1,838)	(1,671)	(1,552)	(1,534)	(1,286)
Interest paid	(3,234)	(3,891)	(5,142)	(6,312)	(2,912)	(3,687)	(3,819)	(4,150)
Repayment of lease liabilities	(1,526)	(1,085)	(1,099)	(1,255)	(1,443)	(1,214)	(1,180)	(1,295)
Net change in non-cash operating working capital items	2,323	6,805	(344)	15,858	6,530	(11,412)	7,262	(17,702)
Unrealized loss (gain) on foreign exchange	1,229	101	(3,345)	(2,692)	(1,899)	(725)	5,106	(917)
Acquisition, legal, restructuring and other expenses (income)	848	1,168	2,714	2,049	271	(397)	693	19,524
Adjusted free cash flow	15,362	15,007	13,808	19,645	22,861	18,045	17,974	21,033

LIQUIDITY AND CAPITAL RESOURCES FOR THE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

(in thousands of Canadian dollars)	3 months		6 months	
	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating activities	20,437	25,406	36,774	63,399
Financing activities	(10,905)	(17,801)	(25,442)	(49,400)
Investing activities	(7,473)	(3,092)	(11,897)	(5,605)
Net change in cash	2,059	4,513	(595)	8,394
Cash – beginning of period	6,416	6,393	9,040	2,512
Cash – end of period	8,475	10,906	8,475	10,906
Adjusted free cash flow⁽¹⁾	15,362	22,861	30,369	40,906

Operating activities

Cash flow generated from operating activities amounted to \$20.4 million for Q2 2022 compared to \$25.4 million for Q2 2021. The decrease was mainly due to lower operating results and to a foreign exchange loss, partially offset by a lower negative change in non-cash operating items.

Cash flow generated from operating activities amounted to \$36.8 million for cumulative Fiscal 2022 compared to \$63.4 million for cumulative Fiscal 2021. The decrease was mainly due to a negative change in non-cash operating items, to lower operating results and to a foreign exchange loss.

Financing Activities

Net cash flow used in financing activities amounted to \$10.9 million for Q2 2022 compared to \$17.8 million for Q2 2021. Net cash flow used in financing activities amounted to \$25.4 million for cumulative Fiscal 2022 compared to \$49.4 million for cumulative Fiscal 2021. Both decreases were mainly related to lower repayment of credit facilities, partially offset by more share repurchased and by the repayment of the balance payable on the business acquisition of Calm Radio.

Investing Activities

Net cash flow used in investing activities amounted to \$7.5 million for Q2 2022 compared to \$3.1 million for Q2 2021. Net cash flow used in investing activities amounted to \$11.9 million for cumulative Fiscal 2022 compared to \$5.6 million for cumulative Fiscal 2021. Both increases were primarily due to the acquisition of a minority interest in The Singing Machine and to higher acquisition of property and equipment.

Adjusted free cash flow⁽¹⁾

Adjusted free cash flow generated in Q2 2022 amounted to \$15.4 million compared to \$22.9 million for Q2 2021. Adjusted free cash flow generated in cumulative Fiscal 2022 amounted to \$30.4 million compared to \$40.9 million for cumulative Fiscal 2021. Both decreases were related to lower operating results and to higher capital expenditures.

Note:

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

CONSOLIDATED FINANCIAL POSITION AND CAPITAL RESOURCES

The following table shows the main variances that have occurred in the consolidated financial position of the Corporation for the six-month period ending September 30, 2021:

(in thousands of Canadian dollars)	Sept. 30, 2021	March 31, 2021	Variance		Significant contributions
Trade and other receivables	64,583	61,114	3,469	▲	Timing of payments by clients
Intangible assets	49,809	41,884	7,925	▲	Additions through business acquisition of Calm Radio, partially offset by amortization of intangible assets
Goodwill	337,948	337,897	51	▲	Acquisition of Calm Radio
Accounts payables and accrued liabilities	55,277	53,146	2,131	▲	Timing of payments to suppliers
Other liabilities	55,992	60,027	(4,035)	▼	Payment of performance share units, decrease in the fair value of contingent consideration and repayment of contingent consideration for the acquisition of Marketing Sensorial México, partially offset by a contingent consideration on business acquisition of Calm Radio
Credit facilities	313,172	303,704	9,468	▲	Refer to the graph on next page
Subordinated debt	31,791	31,741	50	▲	Amortization of deferred financing fees

Capital Resources

Our principal sources of liquidity are our net cash provided by operating activities and borrowings available under our revolving facility. Our principal uses of cash are to repay our debt, finance our acquisitions and capital expenditures, pay dividends, repurchase shares and provide for working capital. 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 \$325.0 million revolving credit facility and a \$67.5 million term loan, both maturing in October 2023. On May 28, 2021, the Corporation fully repaid, on maturity, its \$20.0 million term loan.

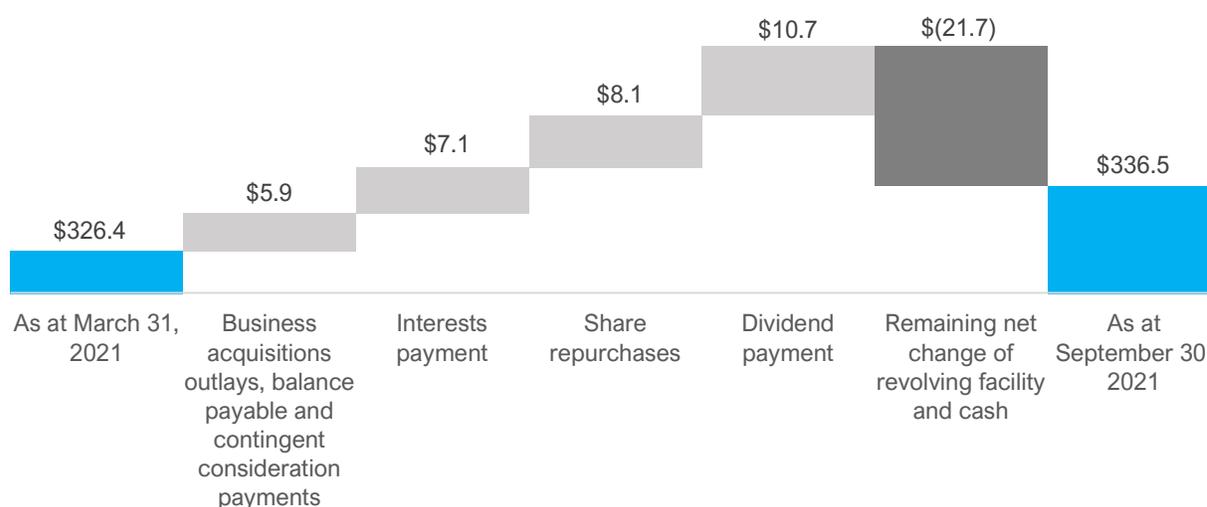
The Corporation is required to make consecutive quarterly capital repayments of 2.50% of the initial drawdown of the \$67.5 million term loan. The remaining capital balance will be payable on maturity date, on October 25, 2023.

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

As of September 30, 2021, the Corporation had cash and cash equivalents of \$8.5 million, a subordinated debt of \$31.8 million and credit facilities of \$313.2 million, of which approximately \$78.2 million was available.

The following table summarizes the impact on the Net debt that occurred in the six-month period ended September 30, 2021 including related ratios:

Movement in Net debt⁽¹⁾⁽²⁾



(in thousands of Canadian dollars)	September 30, 2021	March 31, 2021
LTM Adjusted EBITDA ⁽²⁾	107,373	114,268
Synergies and Adjusted EBITDA ⁽²⁾ for the months prior to the business acquisitions and to investments in associates which are not already reflected in the results	1,428	190
COVID-19 mandated store closures required anticipated rollouts and deployments to be deferred	2,492	1,825
Pro Forma Adjusted EBITDA⁽²⁾	111,293	116,283
Net debt to Pro Forma Adjusted EBITDA⁽²⁾	3.02	2.81

Notes:

- (1) In millions of Canadian dollars.
- (2) Refer to "Supplemental information on Non-IFRS measures" on page 2 and 6.

SOCAN and Re:Sound legal proceedings

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

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

Contractual Obligations

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily the rental of office space, financial obligations under its credit agreement, broadcast licence and commitments for copyright royalties. There have been no material changes to these obligations since March 31, 2021.

Transactions Between Related Parties

The key management personnel of the Corporation are the Chief Executive Officer, Chief Financial Officer and certain other key employees of the Corporation. There have been no material changes to the nature or importance of the transactions between related parties since March 31, 2021.

Off-Balance Sheet Arrangements

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

Disclosure of Outstanding Share Data

Issued and outstanding shares and outstanding stock options consisted of:

	November 5, 2021	September 30, 2021
<i>Issued and outstanding shares:</i>		
Subordinate voting shares	52,260,617	52,765,422
Subordinate voting shares held in trust through employee share purchase plan	(26,354)	(25,889)
Variable subordinate voting shares	384,685	373,780
Multiple voting shares	17,941,498	17,941,498
	<hr/> 70,560,446	<hr/> 71,054,811
<i>Outstanding stock options:</i>		
Stock options	3,471,085	3,471,085

The Corporation has a stock option plan to attract and retain employees, directors, officers and consultants. The plan provides for the granting of options to purchase subordinate voting shares. Under this plan, 10% of all multiple voting shares, subordinate voting shares and variable subordinate voting shares issued and outstanding on a non-diluted basis is reserved for issuance. During the first six months of Fiscal 2022, 60,000 options were exercised and 367,831 options were granted to eligible employees, subject to service vesting periods of 4 years.

Financial Risk Factors

The Corporation is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest risk). The interim consolidated financial statements and management discussion and analysis do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at March 31, 2021. The Corporation is not aware of any significant changes to the from those disclosed at that time.

Risk Factors

For a detailed description of risk factors associated with the Corporation, please refer to the “Risk Factors” section of the Corporation’s Annual Information Form dated June 2, 2021. The Corporation is not aware of any significant changes to the Corporation’s risk factors from those disclosed at that time.

Future Accounting Changes

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

Evaluation of Disclosure Controls and Procedures

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

The Corporation’s management, under the supervision of the CEO and CFO, designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and based on 2013 COSO Framework. The DC&P have been designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO by others, and that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by the Corporation under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

During the second quarter ended September 30, 2021, there have been no changes in the Corporation’s internal control over financial reporting that have materially affected, or are likely to materially affect, the Corporation’s ICFR.

Management’s assessment of and conclusion on the design and the effectiveness of the Corporation’s ICFR as at August 3, 2021, did not include the controls or procedures of the operations of Calm Radio. The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of these acquisitions in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition.

Subsequent Events

Dividend

On November 9, 2021, the Corporation declared a dividend of \$0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 15, 2021, to shareholders on record as of November 30, 2021.

Subordinated debt

On October 26, 2021, the Corporation made voluntary capital repayments under its prepayment option of \$6.4 million. The remaining capital balance of \$25.6 million will be payable on maturity date.

Credit Facilities

On October 15, 2021, the Corporation successfully completed the increase and extension of its existing credit facilities, providing additional liquidity for operations and M&A activities. The \$442.5 million credit facilities consist of a \$375.0 million revolving credit facility and a \$67.5 million term loan, both maturing in October 2026. The renewed terms include incremental commitments up to \$100.0 million upon request, subject to predetermined conditions. The pre-existing sub debt of \$32.0 million maturing in October 2023 combined with the credit facilities described above accounts for total flexibility of up to \$574.5 million.

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.



stingray.com

