STINGRAY

Second Quarter Report

Fiscal 2023

For the six-month period ended September 30, 2022

TABLE OF CONTENTS

BASIS OF PREPARATION AND FORWARD-LOOKING STATEMENTS

The following is the quarterly financial report and Management's Discussion and Analysis ("MD&A") of the results of operations and financial position of Stingray Group Inc., ("Stingray" or "the Corporation"), and should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and accompanying notes for three-month and six-month periods ended September 30, 2022 and 2021, and with the most recent audited consolidated financial statements and MD&A for the year ended March 31, 2022. This MD&A reflects information available to the Corporation as at November 8, 2022. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com. The auditors of the Corporation have not performed a review of the interim financial report for the three-month and six-month periods ended September 30, 2022 and 2021.

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

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include but are not limited to the risk factors disclosed in the Annual Information Form for the year ended March 31, 2022 available on SEDAR.

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

OVERVIEW

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

For the three-month period ended September 30, 2022 ("Q2 2023"):

\$77.6 M ▲ 9.8% from Q2 2022 Revenues	**\$3.3 M** Or \$0.05 per share Net income	**\$18.4 M** ▼ 9.7% from Q2 2022 Cash flow from operating activities
\$27.0 M ▲5.6% from Q2 2022 Adjusted EBITDA(1)	**\$10.8 M** ▼ 33.7% from Q2 2022 Adjusted Net income(1) Or \$0.15 per share(1)	**\$15.0 M** ▼ 2.3% from Q2 2022 Adjusted free cash flow(1) Or \$0.21 per share(1)

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the second quarter ended September 30, 2022:

Compared to the quarter ended September 30, 2021 ("Q2 2022"):

- Revenues increased 9.8% to \$77.6 million from \$70.7 million;
- Adjusted EBITDA(1) increased 5.6% to \$27.0 million from \$25.6 million. Adjusted EBITDA by segment was \$16.9 million or 37.7% of revenues for Broadcasting and Commercial Music, \$11.3 million or 34.6% of revenues for Radio and \$(1.2) million for Corporate;
- Net income was \$3.3 million (\$0.05 per share(1)) compared with \$12.1 million (\$0.17 per share(1));
- Adjusted Net income(1) of \$10.8 million (\$0.15 per share(1)) compared with \$16.3 million (\$0.23 per share(1));
- Cash flow from operating activities decreased 9.7% to \$18.4 million (\$0.26 per share(1)) compared to \$20.4 million (\$0.28 per share(1));
- Adjusted free cash flow(1) decreased 2.3% to \$15.0 million (\$0.21 per share(1)) compared to \$15.4 million (\$0.21 per share(1));
- Net debt to Pro Forma Adjusted EBITDA(1) ratio of 3.44x, compared with 3.02x and;
- 46,100 shares repurchased and cancelled for a total of \$0.3 million, compared with 455,000 shares repurchased and cancelled for a total of \$3.4 million.

Note:

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

Business Highlights:

- On November 8, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 15, 2022, to shareholders on record as of November 30, 2022.
- On November 3, 2022, the Corporation announced that Familiprix has joined Stingray Advertising's retail audio advertising network. Under the agreement, Stingray Advertising will be responsible for exclusive sales representation of all in-store digital audio advertising within their 427 pharmacies in Quebec and New Brunswick.
- On October 25, 2022, the Corporation announced that Chatter by Stingray launched Save the Sale: a new solution that enables brands to convert non-purchasers into buyers by uncovering their pain points through one-to-one conversations in real time. The highly engaging platform captures up to 40% of non-purchaser feedback, giving brands unprecedented access to a neglected demographic.
- On September 23, 2022, the Corporation announced that the Toronto Stock Exchange has approved the renewal of its normal course issuer bid, authorizing Stingray to repurchase up to an aggregate 2,868,124 subordinate voting shares and variable subordinate voting shares (collectively, "Subordinate Shares"), representing approximately 10% of the public float of Subordinate Shares as at September 13, 2022.
- On August 19, 2022, the Corporation announced that CDF Distributors selected its technology platform, Chatter by Stingray, the leader in actionable insights, to enhance their customer experience strategy, increase revenue growth, and drive operational efficiencies.
- On August 2, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend has been paid on September 15, 2022, to shareholders on record as of August 31, 2022.
- On July 26, 2022, the Corporation announced a partnership with Geopath, the not-for-profit organization that provides the industry-standard audience metrics for out-of-home (OOH) advertising, to measure retail-based digital audio out-of-home (AOOH) advertising impressions in the United States.
- On July 21, 2022, the Corporation announced that it had reached an agreement for the distribution of a suite of FAST channels to LG smart TVs and WebOS operating system worldwide. As part of the new deal, LG will also make associated Stingray AVOD packages for karaoke and concerts.
- On July 11, 2022, the Corporation announced the launch of Chatter for Online Reviews. This new online review management solution enables digital marketing teams, store operations, and customer experience teams to understand their ratings beyond surface-level information and elevate their social reputation strategies.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	3 months				6 months			
	Sept. 30, 2022 **Q2 2023**		Sept. 30, 2021 **Q2 2022** Recast(3)		Sept. 30, 2022 **YTD 2023**		Sept. 30, 2021 **YTD 2022** Recast(3)	
(in thousands of Canadian dollars, except per share amounts)	**$**	**% of revenues**	**$**	**% of revenues**	**$**	**% of revenues**	**$**	**% of revenues**
Revenues	77,635	100.0 %	70,703	100.0 %	155,771	100.0 %	134,954	100.0 %
Operating expenses	51,195	65.9 %	46,612	65.9 %	102,982	66.1 %	88,962	65.9 %
Depreciation, amortization and write-off	8,764	11.3 %	8,671	12.3 %	17,330	11.1 %	18,118	13.4 %
Net finance expense (income)(1)	11,906	15.3 %	(364)	(0.5) %	15,881	10.2 %	4,889	3.6 %
Change in fair value of investments	(247)	(0.3) %	(13)	0.0 %	(368)	(0.2) %	(13)	0.0 %
Acquisition, legal, restructuring and other expenses	2,075	2.7 %	848	1.2 %	3,468	2.2 %	2,016	1.5 %
Income before income taxes	3,942	5.1 %	14,949	21.1 %	16,478	10.6 %	20,982	15.6 %
Income taxes	611	0.8 %	2,874	4.1 %	3,750	2.4 %	4,707	3.5 %
Net income	3,331	4.3 %	12,075	17.0 %	12,728	8.2 %	16,275	12.1 %
Adjusted EBITDA(2)	27,031	34.8 %	25,587	36.2 %	53,117	34.1 %	49,742	36.9 %
Adjusted Net income(2)	10,825	13.9 %	16,323	23.1 %	24,070	15.5 %	27,561	20.4 %
Cash flow from operating activities	18,446	23.8 %	20,437	28.9 %	34,792	22.3 %	36,774	27.2 %
Adjusted free cash flow(2)	15,009	19.3 %	15,362	21.7 %	30,668	19.7 %	30,369	22.5 %
Net debt(2)	378,503	–	336,488	–	378,503	–	336,488	–
Net debt to Pro Forma Adjusted EBITDA(2)	3.44x	–	3.02x	–	3.44x	–	3.02x	–
Net income per share basic and diluted	0.05	–	0.17	–	0.18	–	0.23	–
Adjusted Net income per share basic(2)	0.16	–	0.23	–	0.34	–	0.38	–
Adjusted Net income per share diluted(2)	0.15	–	0.23	–	0.34		0.38	
Cash flow from operating activities per share basic	0.26	–	0.29	–	0.50	–	0.51	–
Cash flow from operating activities per share diluted	0.26	–	0.28	–	0.50	–	0.51	–
Adjusted free cashflow per share basic(2)	0.22	–	0.22	–	0.44	–	0.42	–
Adjusted free cashflow per share diluted(2)	0.21	–	0.21	–	0.44	–	0.42	–
Revenues by segment								
Broadcasting and Commercial Music	44,901	57.8 %	38,392	54.3 %	91,031	58.4 %	73,413	54.4 %
Radio	32,734	42.2 %	32,311	45.7 %	64,740	41.6 %	61,541	45.6 %
Revenues	77,635	100.0 %	70,703	100.0 %	155,771	100.0 %	134,954	100.0 %
Revenues by geography								
Canada	47,236	60.9 %	46,659	66.0 %	93,894	60.2 %	87,997	65.2 %
United States	18,360	23.6 %	10,853	15.3 %	37,463	24.1 %	20,670	15.3 %
Other Countries	12,039	15.5 %	13,191	18.7 %	24,414	15.7 %	26,287	19.5 %
Revenues	77,635	100.0 %	70,703	100.0 %	155,771	100.0 %	134,954	100.0 %

Notes:

(1) Interest paid during the Q2 2023 was $5.9 million (Q2 2022; $3.2 million). Interest paid for YTD Q2 2023 was $10.2 million (YTD Q2 2022; $7.1 million).

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

(3) The 2022 comparative figures have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and commercial music segment from previously recorded $71.4 million and $47.3 million to recast $70.7 million and $46.6 million, respectively. Year-to-date 2022 revenues and operating expenses have been reduced from $136.2 million to $135.0 million and $90.2 million to $89.0 million, respectively.

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

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

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

Adjusted EBITDA

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

Adjusted EBITDA margin

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

Adjusted free cash flow

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

Adjusted free cash flow per share

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

Adjusted Net income

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

Adjusted Net income per share

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

LTM Adjusted EBITDA

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

Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA is a non-IFRS measure representing LTM Adjusted EBITDA adjusted to include Adjusted EBITDA from acquisitions for the months prior to such acquisitions, as well as estimated revenue and cost saving synergies from such acquisitions and the value of credit notes granted to certain customers as a result of the COVID-19 pandemic. For cumulative Fiscal 2023, the synergies included derive from the acquisitions of InStore Audio Network. For Fiscal 2022, the synergies included derive from the acquisitions of InStore Audio Network and Calm Radio. For Fiscal 2022, Pro Forma Adjusted EBITDA includes an adjustment for credits that were given to various customers following the mandated store closures required by governments due to the pandemic. Management of the Corporation 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 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 us that are inherently uncertain, although considered reasonable by us, and subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond our control. Adjusted EBITDA from acquisitions for the months prior to such acquisitions are based on the internal books and records available to management and has been determined using the definition used by the Corporation. The amounts exclude certain non-recurring charges that have been or will be incurred in connection with such acquisitions, including professional fees to complete the acquisitions. Synergies and the adjustment for credits granted 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 and synergies of acquisitions made during the last twelve months.

NON-IFRS MEASURES RECONCILIATIONS

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

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

	3 months		6 months	
(in thousands of Canadian dollars)	Sept. 30, 2022 **Q2 2023**	Sept. 30, 2021 **Q2 2022**	Sept. 30, 2022 **YTD 2023**	Sept. 30, 2021 **YTD 2022**
Net income	**3,331**	**12,075**	**12,728**	**16,275**
Net finance expense (income)	11,906	(364)	15,881	4,889
Change in fair value of investments	(247)	(13)	(368)	(13)
Income taxes	611	2,874	3,750	4,707
Depreciation and write-off of property and equipment	2,876	2,446	5,547	4,970
Depreciation of right-of-use assets	1,066	1,298	2,189	2,594
Amortization of intangible assets	4,822	4,927	9,594	10,554
Share-based compensation	164	196	301	360
Performance and deferred share unit expense	427	1,300	27	3,390
Acquisition, legal, restructuring and other expenses	2,075	848	3,468	2,016
Adjusted EBITDA	**27,031**	**25,587**	**53,117**	**49,742**
Adjusted EBITDA margin	**34.8%**	**36.2%**	**34.1%**	**36.9%**
Net income	**3,331**	**12,075**	**12,728**	**16,275**
Adjusted for:				
Unrealized loss (gain) on derivative financial instruments	2,996	(1,517)	2,451	(999)
Amortization of intangible assets	4,822	4,927	9,594	10,554
Change in fair value of investments	(247)	(13)	(368)	(13)
Share-based compensation	164	196	301	360
Performance and deferred share unit expense	427	1,300	27	3,390
Acquisition, legal, restructuring and other expenses	2,075	848	3,468	2,016
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	(2,743)	(1,493)	(4,131)	(4,022)
Adjusted Net income	**10,825**	**16,323**	**24,070**	**27,561**
Average number of shares outstanding (diluted)	70,008	71,978	70,122	72,169
Adjusted Net income per share (diluted)	**0.15**	**0.23**	**0.34**	**0.38**

(in thousands of Canadian dollars)	**September 30, 2022**	**September 30, 2021**	**March 31, 2022**
LTM Adjusted EBITDA	**102,644**	**107,373**	**99,269**
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	7,450	1,428	16,000
COVID-19 credits allocated due to mandated store closures	-	2,492	1,535
Pro Forma Adjusted EBITDA	**110,094**	**111,293**	**116,804**

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

	3 months		6 months	
(in thousands of Canadian dollars)	Sept. 30, 2022 **Q2 2023**	Sept. 30, 2021 **Q2 2022**	Sept. 30, 2022 **YTD 2023**	Sept. 30, 2021 **YTD 2022**
Cash flow from operating activities	18,446	20,437	34,792	36,774
Add / Less :				
Acquisition of property and equipment	(2,099)	(2,360)	(3,250)	(4,437)
Acquisition of intangible assets other than internally developed intangible assets	(89)	(305)	(366)	(503)
Addition to internally developed intangible assets	(1,165)	(2,050)	(2,729)	(4,203)
Interest paid	(5,916)	(3,234)	(10,168)	(7,125)
Repayment of lease liabilities	(1,280)	(1,526)	(2,337)	(2,611)
Net change in non-cash operating working capital items	3,727	2,323	11,183	9,128
Unrealized loss on foreign exchange	1,310	1,229	75	1,330
Acquisition, legal, restructuring and other expenses	2,075	848	3,468	2,016
Adjusted free cash flow	**15,009**	**15,362**	**30,668**	**30,369**
Average number of shares outstanding (diluted)	70,008	71,978	70,122	72,169
Adjusted free cash flow per share (diluted)	**0.21**	**0.21**	**0.44**	**0.42**

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

(in thousands of Canadian dollars)	**September 30, 2022**	**September 30, 2021**	**March 31, 2022**
Credit facilities	368,422	313,172	358,203
Subordinated debt	25,492	31,791	25,442
Cash and cash equivalents	(15,411)	(8,475)	(14,563)
Net debt	**378,503**	**336,488**	**369,082**
Net debt to Pro Forma Adjusted EBITDA	**3.44**	**3.02**	**3.16**

FINANCIAL RESULTS FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

	3 months			6 months		
(in thousands of Canadian dollars)	Q2 2023	Q2 2022	% Change	YTD 2023	YTD 2022	% Change
Revenues by geography						
Canada	47,236	46,659	1.2	93,894	87,997	6.7
United States	18,360	10,853	69.2	37,463	20,670	81.2
Other Countries	12,039	13,191	(8.7)	24,414	26,287	(7.1)
Revenues	77,635	70,703	9.8	155,771	134,954	15.4

Global

Revenues in Q2 2023 increased $6.9 million or 9.8% to $77.6 million, from $70.7 million for Q2 2022. The increase was primarily due to the acquisition of InStore Audio Network.

Cumulative revenues for Fiscal 2023 increased $20.8 million or 15.4% to $155.8 million, from $135.0 million for cumulative Fiscal 2022. The increase was primarily due to the acquisition of InStore Audio Network, to an increase in subscription revenues and to an increase in Radio revenues due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Canada

Revenues in Canada in Q2 2023 increased $0.6 million or 1.2% to $47.2 million, from $46.6 million for Q2 2022. The increase was mainly due to an increase in Radio revenues due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Cumulative revenues in Canada for Fiscal 2023 increased $5.9 million or 6.7% to $93.9 million, from $88.0 million for cumulative Fiscal 2022. The increase was primarily due to an increase in Radio revenues due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations and to an increase in equipment and installation sales related to digital signage.

United States

Revenues in the United States in Q2 2023 increased $7.5 million or 69.2% to $18.4 million, from $10.9 million for Q2 2022. The increase was mostly due to the acquisition of InStore Audio Network.

Cumulative revenues in the United States for Fiscal 2023 increased $16.8 million or 81.2% to $37.5 million, from $20.7 million for cumulative Fiscal 2022. The increase was primarily due to the acquisition of InStore Audio Network and to an increase in subscription revenues.

Other Countries

Revenues in Other countries in Q2 2023 decreased $1.2 million or 8.7% to $12.0 million, from $13.2 million for Q2 2022. The decrease was mainly due to a decrease in audio channel revenues and to a negative foreign exchange impact.

Cumulative revenues in Other countries for Fiscal 2023 decreased $1.9 million or 7.1% to $24.4 million, from $26.3 million for cumulative Fiscal 2022. The decrease was primarily due to a decrease in audio channel revenues and to a decrease in In-store commercial revenues.

Operating expenses

Operating expenses in Q2 2023 increased $4.6 million or 9.8% to $51.2 million, from $46.6 million for Q2 2022. The increase was mainly due to increased variable expenses due to higher revenues.

Cumulative operating expenses for Fiscal 2023 increased $14.0 million or 15.8% to $103.0 million, from $89.0 million for cumulative Fiscal 2022. The increase was due to higher operating costs and to Canadian Emergency Wage Subsidy (CEWS) in the comparative period (YTD 2023; nil, YTD 2022; $4.0 million).

Adjusted EBITDA(1)

Adjusted EBITDA in Q2 2023 increased $1.4 million or 5.6% to $27.0 million from $25.6 million for Q2 2022. Adjusted EBITDA margin was 34.8% compared to 36.2% for Q2 2022. Cumulative Adjusted EBITDA for Fiscal 2023 increased $3.4 million or 6.8% to $53.1 million from $49.7 million for cumulative Fiscal 2022. Adjusted EBITDA margin was 34.1% compared to 36.9% for cumulative Fiscal 2022. Both increases in Adjusted EBITDA are due to the acquisition of InStore Audio Network, partially offset by CEWS in the comparative period. Both decreases in Adjusted EBITDA margin are due to CEWS in the comparative period.

Depreciation, amortization and write off

Depreciation, amortization and write off in Q2 2023 increased $0.1 million or 1.1% to $8.8 million, from $8.7 million for Q2 2022. The increase was mainly due to higher depreciation of property and equipment, largely offset by less intangible assets to amortize compared to the prior period as certain intangible assets are fully amortized.

Cumulative depreciation, amortization and write off for Fiscal 2023 decreased $0.8 million or 4.3% to $17.3 million, from $18.1 million for cumulative Fiscal 2022. The decrease was mainly due to less intangible assets to amortize compared to the prior period as certain intangible assets are fully amortized.

Net finance expense (income)

Net finance expense (income) in Q2 2023 shifted to an $11.9 million expense, from a $0.4 million income for Q2 2022. Cumulative Net finance expense for Fiscal 2023 increased $11.0 million or 224.8% to $15.9 million, from $4.9 million for cumulative Fiscal 2022. Both variances were mainly due to a gain on the change in fair value of contingent consideration in the comparative period, a loss on the fair value of derivative instruments and higher interest expenses.

Change in fair value of investments

In Q2 2023 and in cumulative Fiscal 2023, there was a gain of $0.2 million and $0.4 million, respectively, on the fair value of investments due to the translation of an investment denominated in U.S. dollars to Canadian dollars. In Q2 2022 and in cumulative Fiscal 2022, there was no gain or loss on the fair value of investments.

Acquisition, legal, restructuring and other expenses

	3 months			6 months		
(in thousands of Canadian dollars)	Q2 2023	Q2 2022	% Change	YTD 2023	YTD 2022	% Change
Acquisition	47	199	(1,085.7)	214	213	0.5
Legal	391	85	30.9	512	1,076	(52.4)
Restructuring and other	1,637	564	658.3	2,742	727	277.2
Acquisition, legal, restructuring and other expenses	2,075	848	105.1	3,468	2,016	72.0

In Q2 2023 and in cumulative Fiscal 2023, there was an increase in restructuring and other costs mainly due to higher severance costs related to a restructuring plan implemented in a few entities abroad.

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Note:

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

Income taxes

The income tax expense recognized in comprehensive income was $0.6 million for Q2 2023 compared to $2.9 million for Q2 2022. The effective tax rate for Q2 2023 was 22.8% compared to 19.2% for Q2 2022. The income tax expense recognized in comprehensive income was $3.8 million for cumulative Fiscal 2023 compared to $4.7 million for cumulative Fiscal 2022. The effective tax rate for cumulative Fiscal 2023 was 22.8% compared to 22.4% for cumulative Fiscal 2022. Both variances in the effective tax rates are mainly due to the variance in permanent differences.

Net income and Net income per share

Net income in Q2 2023 was $3.3 million ($0.05 per share) compared to $12.1 million ($0.17 per share) for Q2 2022. The decrease was mainly due to a gain on the fair value of contingent consideration in the comparative period and a loss on the fair value of derivative financial instruments, partially offset by a lower income tax expense.

Cumulative Net income for Fiscal 2023 was $12.7 million ($0.18 per share) compared to $16.3 million ($0.23 per share) for cumulative Fiscal 2022. The decrease was mainly due to a gain on the fair value of contingent consideration in the comparative period and a loss on the fair value of derivative financial instruments, partially offset by a gain on performance and deferred share units expense related to a decrease in the share price and by higher operating results.

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

Adjusted Net income in Q2 2023 was $10.8 million ($0.15 per share), compared to $16.3 million ($0.23 per share) for Q2 2022. The decrease was primarily due to a gain on the fair value of contingent consideration in the comparative period and to higher interest expenses, partially offset by higher operating results.

Cumulative Adjusted Net income for Fiscal 2023 was $24.1 million ($0.34 per share), compared to $27.6 million ($0.38 per share) for cumulative Fiscal 2022. The decrease was mainly related to a gain on the fair value of contingent consideration in the comparative period, partially offset by higher operating results.

Note:

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BUSINESS SEGMENT PERFORMANCE

BROADCASTING AND COMMERCIAL MUSIC

(in thousands of Canadian dollars)	3 months Q2 2023	Q2 2022	% Change	6 months YTD 2023	YTD 2022	% Change
Revenues	44,901	38,392	17.0	91,031	73,413	24.0
Operating expenses	27,956	23,859	17.2	57,320	44,218	29.6
Adjusted EBITDA(1)	**16,945**	**14,533**	**16.6**	**33,711**	**29,195**	**15.5**
Adjusted EBITDA margin(1)	**37.7%**	**37.9%**	**(0.3)**	**37.0%**	**39.8%**	**(6.9)**

Revenues

In Q2 2023, Broadcasting and Commercial Music revenues increased $6.5 million or 17.0% to $44.9 million, from $38.4 million for Q2 2022. The increase was mainly due to the acquisition of InStore Audio Network.

Cumulative Broadcasting and Commercial Music revenues for Fiscal 2023 increased $17.6 million or 24.0% to $91.0 million from $73.4 million for cumulative Fiscal 2022. The increase was primarily due to the acquisition of InStore Audio Network and an increase in subscription revenues.

Adjusted EBITDA(1)

In Q2 2023, Broadcasting and Commercial Music Adjusted EBITDA increased $2.4 million or 16.6% to $16.9 million from $14.5 million for Q2 2022. The increase was mainly due to the acquisition of InStore Audio Network.

Cumulative Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2023 increased $4.5 million or 15.5% to $33.7 million from $29.2 million for cumulative Fiscal 2022. The increase was mainly due to the acquisition of InStore Audio Network, partially offset by CEWS in cumulative Fiscal 2022.

RADIO

(in thousands of Canadian dollars)	3 months Q2 2023	Q2 2022	% Change	6 months YTD 2023	YTD 2022	% Change
Revenues	32,734	32,311	1.3	64,740	61,541	5.2
Operating expenses	21,405	19,778	8.2	42,799	38,183	12.1
Adjusted EBITDA(1)	**11,329**	**12,533**	**(2.0)**	**21,941**	**23,358**	**(6.1)**
Adjusted EBITDA margin(1)	**34.6%**	**38.8%**	**(10.8)**	**33.9%**	**38.0%**	**(10.7)**

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 Q2 2023, Radio revenues increased $0.4 million or 1.3% to $32.7 million from $32.3 million for Q2 2022. Cumulative Radio revenues for Fiscal 2023 increased $3.2 million or 5.2% to $64.7 million from $61.5 million for cumulative Fiscal 2022. 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 2023, Radio Adjusted EBITDA decreased $1.2 million or 2.0% to $11.3 million from $12.5 million in Q2 2022. The decrease in Adjusted EBITDA is primarily due to a decrease in gross margin related to a higher proportion of digital revenues and to CEWS in Q2 2022.

Cumulative Radio Adjusted EBITDA for Fiscal 2023 decreased $1.4 million or 6.1% to $21.9 million from $23.3 million for cumulative Fiscal 2022. The decrease in Adjusted EBITDA is due to CEWS in the comparative period, partially offset by higher revenues, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Note:

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CORPORATE

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2023	Q2 2022	% Change	YTD 2023	YTD 2022	% Change
Operating expenses	1,834	2,975	(38.4)	2,863	6,561	(56.4)
Adjust:						
Share-based compensation	(164)	(196)	(16.3)	(301)	(360)	(16.4)
Performance and deferred share unit expense	(427)	(1,300)	(67.2)	(27)	(3,390)	(99.2)
Adjusted EBITDA(1)	**(1,243)**	**(1,479)**	**(16.0)**	**(2,535)**	**(2,811)**	**(9.8)**

Adjusted EBITDA(1)

Corporate Adjusted EBITDA represents the head office operating expenses less the share-based compensation and performance and deferred share unit expense. The decrease in operating expenses in Q2 2023 and in cumulative Fiscal 2023 is related to a gain on performance and deferred share units expense due to a decrease in the share price.

Note:

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

Quarterly results

Revenues fluctuated over the last eight quarters from $72.0 million in Q3 2021 to $77.6 million in the Q2 2023. 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, increased equipment and installation sales related to digital signage and the acquisition of Calm Radio. In Q3 2022, the increase was mainly due to normal business seasonality and to an increase in subscription revenues. The decrease in Q4 2022 is mostly due to normal business seasonality, partially offset by the acquisition of InStore Audio Network. The increase in Q1 2023 and the decrease in Q2 2023 were mainly due to normal business seasonality.

Adjusted EBITDA(1) fluctuated over the last eight quarters from $34.0 million in Q3 2021 to $27.0 million in Q2 2023. The decrease in Q4 2021 was due to normal business seasonality and a settlement with SOCAN (refer to page 22) 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. In Q3 2022, the increase was mainly due to normal business seasonality. The decrease in Q4 2022 was mainly due to normal business seasonality and reduced CEWS, partially offset by the acquisition of InStore Audio Network. The increase in Q1 2023 was primarily due to normal business seasonality. The increase in Q2 2023 was mainly due to lower operating costs.

Net income (loss) fluctuated over the last eight quarters from $14.1 million in Q3 2021 to $3.3 million in Q2 2023. In Q4 2021, the decrease was due to lower operating results, partially offset by higher gains in mark-to-market on derivative financial instruments. In Q1 2022, the decrease was due to a negative change in fair value of mark-to-market on derivative financial instruments and a lower foreign exchange gain, partially offset by lower income tax expense, and lower acquisition and restructuring costs. In Q2 2022, the increase was due a positive change in the fair value of contingent consideration, a positive change in fair value of derivative financial instruments and higher operating results, partially offset by a foreign exchange loss. In Q3 2022, the increase was mainly due to higher operating results, partially offset by a lower gain related to the change in the fair value of contingent consideration. The decrease in Q4 2022 was primarily due to lower operating results due to normal business seasonality and to higher restructuring and other expenses, partially offset by lower income tax expense. The increase in Q1 2023 was mainly due to higher operating results and lower restructuring and other costs, partially offset by an increase in the fair value of contingent consideration. The decrease in Q2 2023 was primarily due to a loss on the fair value of derivative financial instruments, a foreign exchange loss and higher interest expenses, partially offset by lower income tax expense.

Note:

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

Summary of Consolidated Quarterly Results

(in thousands of Canadian dollars, except per share amounts)	3 months							
	Sept. 30, 2022	**June 30, 2022**	**March 31, 2022**	**Dec. 31, 2021** Recast(2)	**Sept. 30, 2021** Recast(2)	**June 30, 2021** Recast(2)	**March 31, 2021** Recast(2)	**Dec. 31, 2020** Recast(2)
	FY2023	**FY2023**	**FY2022**	**FY2022**	**FY2022**	**FY2022**	**FY2021**	**FY2021**
Revenues by segment								
Broadcasting and Commercial Music	44,901	46,130	45,584	40,085	38,392	35,021	35,780	39,623
Radio	32,734	32,006	27,060	34,943	32,311	29,230	23,960	32,379
Total revenues	**77,635**	**78,136**	**72,644**	**75,028**	**70,703**	**64,251**	**59,740**	**72,002**
Revenues by geography								
Canada	47,236	46,658	40,456	49,286	46,659	41,338	35,594	47,368
United States	18,360	19,103	19,145	12,588	10,853	9,817	10,366	10,130
Other countries	12,039	12,375	13,043	13,154	13,191	13,096	13,780	14,504
Total revenues	**77,635**	**78,136**	**72,644**	**75,028**	**70,703**	**64,251**	**59,740**	**72,002**
Adjusted EBITDA(1)	**27,031**	**26,086**	**21,023**	**28,504**	**25,587**	**24,155**	**23,638**	**33,993**
LTM Adjusted EBITDA(1)	**102,644**	**101,200**	**99,269**	**101,884**	**107,373**	**112,942**	**114,268**	**118,847**
Net income	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**	***12,*077**	**14,118**
Net income per share basic and diluted	0.05	0.13	0.06	0.18	0.17	0.06	0.17	0.19
Adjusted Net income(1)	**10,825**	**13,245**	**11,780**	**17,048**	**16,323**	**11,238**	**11,981**	**21,054**
Adjusted Net income per share basic(1)	0.16	0.19	0.17	0.24	0.23	0.16	0.17	0.29
Adjusted Net income per share diluted(1)	0.15	0.19	0.17	0.24	0.23	0.16	0.16	0.29
Cash flow from operations	**18,446**	**16,346**	**22,127**	**24,762**	**20,437**	**16,337**	**24,514**	**16,333**
Adjusted free Cash Flow(1)	**15,009**	**15,659**	**11,833**	**14,731**	**15,362**	**15,007**	**13,808**	**19,645**
Quarterly dividend	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**	**0.075**

Note:

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

(2) The comparative figures of the first three quarters of Fiscal 2022 and of Fiscal 2021 have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and commercial music segment from previously recorded. Revenues have been recast from $41.1 million to $40.1 million for Q3 2022, from $39.1 million to 38.4 million for Q2 2022, from $35.6 million to $35.0 million for Q1 2022, from $36.4 million to $35.8 million for Q4 2021 and from $40.2 million to $39.6 million for Q3 2021.

Reconciliation of Quarterly Non-IFRS Measures

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

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

	3 months							
(in thousands of Canadian dollars)	**Sept. 30, 2022**	**June 30, 2022**	**March 31, 2022**	**Dec. 31, 2021**	**Sept. 30, 2021**	**June 30, 2021**	**March 31, 2021**	**Dec. 31, 2020**
	Fiscal 2023	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2022**	**Fiscal 2022**	**Fiscal 2022**	**Fiscal 2021**	**Fiscal 2021**
Net income	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**	**12,077**	**14,118**
Net finance expense (income)	11,906	3,975	(769)	1,999	(364)	5,253	(7,284)	(1,290)
Change in fair value of investments	(247)	(121)	12	3	(13)	–	–	2,434
Income taxes	611	3,139	191	4,115	2,874	1,833	4,047	4,900
Depreciation and write-off of property and equipment	2,876	2,671	3,862	2,237	2,446	2,524	3,082	2,894
Depreciation of right-of-use assets	1,066	1,123	1,201	1,281	1,298	1,296	1,436	1,399
Amortization of intangible assets	4,822	4,772	4,176	4,669	4,927	5,627	5,303	5,478
Share-based compensation	164	137	222	216	196	164	235	231
Performance and deferred share unit expense (income)	427	(400)	1,750	659	1,300	2,090	2,028	1,780
Acquisition, legal, restructuring and other expenses	2,075	1,393	5,912	779	848	1,168	2,714	2,049
Adjusted EBITDA	**27,031**	**26,086**	**21,023**	**28,504**	**25,587**	**24,155**	**23,638**	**33,993**
Adjusted EBITDA margin	**34.8%**	**33.4%**	**28.9%**	**38.0%**	**36.2%**	**37.6%**	**39.6%**	**47.2%**
Net income	**3,331**	**9,397**	**4,466**	**12,546**	**12,075**	**4,200**	**12,077**	**14,118**
Adjusted for:								
Unrealized loss (gain) on derivative financial instruments	2,996	(545)	(2,150)	(248)	(1,517)	518	(10,498)	(3,017)
Amortization of intangible assets	4,822	4,772	4,176	4,669	4,927	5,627	5,303	5,478
Change in fair value of investments	(247)	(121)	12	3	(13)	–	–	2,434
Share-based compensation	164	137	222	216	196	164	235	231
Performance and deferred share unit expense	427	(400)	1,750	659	1,300	2,090	2,028	1,780
Acquisition, legal, restructuring and other expenses	2,075	1,393	5,912	779	848	1,168	2,714	2,049
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	(2,743)	(1,388)	(2,608)	(1,576)	(1,493)	(2,529)	122	(2,019)
Adjusted Net income	**10,825**	**13,245**	**11,780**	**17,048**	**16,323**	**11,238**	**11,981**	**21,054**
Average number of shares outstanding (diluted)	70,008	70,277	70,655	70,960	71,978	72,363	73,109	73,645
Adjusted Net income per share diluted	**0.15**	**0.19**	**0.17**	**0.24**	**0.23**	**0.16**	**0.16**	**0.29**

(in thousands of Canadian dollars)	3 months Sept. 30, 2022 Fiscal 2023	June 30, 2022 Fiscal 2023	March 31, 2022 Fiscal 2022	Dec. 31, 2021 Fiscal 2022	Sept. 30, 2021 Fiscal 2022	June 30, 2021 Fiscal 2022	March 31, 2021 Fiscal 2021	Dec. 31, 2020 Fiscal 2021
LTM Adjusted EBITDA	102,644	101,200	99,269	101,884	107,373	112,942	114,268	118,847
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	7,450	11,900	16,000	19,500	1,428	842	190	1,043
COVID-19 credits allocated due to mandated store closures	–	699	1,535	3,051	2,492	1,369	1,825	1,000
Pro Forma Adjusted EBITDA	**110,094**	**113,799**	**116,804**	**124,435**	**111,293**	**115,153**	**116,283**	**120,890**

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

(in thousands of Canadian dollars)	3 months Sept. 30, 2022 Fiscal 2023	June 30, 2022 Fiscal 2023	March 31, 2022 Fiscal 2022	Dec. 31, 2021 Fiscal 2022	Sept. 30, 2021 Fiscal 2022	June 30, 2021 Fiscal 2022	March 31, 2021 Fiscal 2021	Dec. 31, 2020 Fiscal 2021
Cash flow from operating activities	**18,446**	**16,346**	**22,127**	**24,762**	**20,437**	**16,337**	**24,514**	**16,333**
Acquisition of property and equipment	(2,099)	(1,151)	(2,443)	(2,181)	(2,360)	(2,077)	(1,929)	(1,849)
Acquisition of intangible assets other than internally developed intangible assets	(89)	(277)	(355)	(276)	(305)	(198)	(194)	(649)
Addition to internally developed intangible assets	(1,165)	(1,564)	(593)	(2,058)	(2,050)	(2,153)	(1,367)	(1,838)
Interest paid	(5,916)	(4,252)	(3,391)	(3,868)	(3,234)	(3,891)	(5,142)	(6,312)
Repayment of lease liabilities	(1,280)	(1,057)	(1,074)	(1,130)	(1,526)	(1,085)	(1,099)	(1,255)
Net change in non-cash operating working capital items	3,727	7,456	(7,571)	(1,533)	2,323	6,805	(344)	15,858
Unrealized loss (gain) on foreign exchange	1,310	(1,235)	(779)	236	1,229	101	(3,345)	(2,692)
Acquisition, legal, restructuring and other expenses	2,075	1,393	5,912	779	848	1,168	2,714	2,049
Adjusted free cash flow	**15,009**	**15,659**	**11,833**	**14,731**	**15,362**	**15,007**	**13,808**	**19,645**
Average number of shares outstanding (diluted)	70,008	70,277	70,655	70,960	71,978	72,363	73,109	73,645
Adjusted free cash flow per share (diluted)	**0.21**	**0.22**	**0.17**	**0.21**	**0.21**	**0.21**	**0.19**	**0.27**

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

(in thousands of Canadian dollars)	3 months Sept. 30, 2022 Fiscal 2023	June 30, 2022 Fiscal 2023	March 31, 2022 Fiscal 2022	Dec. 31, 2021 Fiscal 2022	Sept. 30, 2021 Fiscal 2022	June 30, 2021 Fiscal 2022	March 31, 2021 Fiscal 2021	Dec. 31, 2020 Fiscal 2021
Credit facilities	368,442	358,440	358,203	317,957	313,172	305,779	303,704	290,353
Subordinated debt	25,492	25,467	25,442	25,416	31,791	31,766	31,741	39,715
Cash and cash equivalents	(15,411)	(13,816)	(14,563)	(11,266)	(8,475)	(6,416)	(9,040)	(9,827)
Portion of the balance payable on acquisition of InStore Audio Network paid on January 5, 2022	–	–	–	42,471	–	–	–	–
Net debt	**378,503**	**370,091**	**369,082**	**374,578**	**336,488**	**331,129**	**326,405**	**320,241**
Net debt to Pro Forma Adjusted EBITDA	**3.44**	**3.25**	**3.16**	**3.01**	**3.02**	**2.88**	**2.81**	**2.65**

LIQUIDITY AND CAPITAL RESOURCES
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

	3 months		6 months	
(in thousands of Canadian dollars)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Operating activities	18,446	20,437	34,792	36,774
Financing activities	(9,593)	(10,905)	(23,159)	(25,442)
Investing activities	(7,258)	(7,473)	(10,785)	(11,897)
Net change in cash	1,595	2,059	848	(595)
Cash – beginning of period	13,816	6,416	14,563	9,040
Cash – end of period	15,411	8,475	15,411	8,475
Adjusted free cash flow(1)	**15,009**	**15,362**	**30,668**	**30,369**

Operating activities

Cash flow generated from operating activities amounted to $18.4 million for Q2 2023 compared to $20.4 million for Q2 2022. The decrease was mainly due to higher income tax paid, higher negative change in non-cash operating items and higher restructuring and other costs, partially offset by higher operating results.

Cash flow generated from operating activities amounted to $34.8 million for cumulative Fiscal 2023 compared to $36.8 million for cumulative Fiscal 2022. The decrease was mainly due to higher income tax paid and higher negative change in non-cash operating items, partially offset by higher operating results.

Financing Activities

Net cash flow used in financing activities amounted to $9.6 million for Q2 2023 compared to $10.9 million for Q2 2022. Net cash flow used in financing activities amounted to $23.2 million for cumulative Fiscal 2023 compared to $25.4 million for cumulative Fiscal 2022. Both decreases were mainly related to lower share repurchased, partially offset by higher interest paid.

Investing Activities

Net cash flow used in investing activities amounted to $7.3 million for Q2 2023 compared to $7.5 million for Q2 2022. The decrease was mainly due to the acquisition of a minority interest in The Singing Machine in Q2 2022 and lower capital expenditures, partially offset by the payment of net working capital related to the acquisition of InStore Audio Network.

Net cash flow used in investing activities amounted to $10.8 million for cumulative Fiscal 2023 compared to $11.9 million for cumulative Fiscal 2022. The decrease was primarily due to the acquisition of a minority interest in The Singing Machine in Q2 2022 and to lower capital expenditures, partially offset by the payment of net working capital related to the acquisition of InStore Audio Network.

Adjusted free cash flow(1)

Adjusted free cash flow generated in Q2 2023 amounted to $15.0 million compared to $15.4 million for Q2 2022. The decrease was mainly due to higher interest and income tax paid, partially offset by higher operating results and lower capital expenditures.

Adjusted free cash flow generated in cumulative Fiscal 2023 amounted to $30.7 million compared to $30.4 million for cumulative Fiscal 2022. The increase was related to higher operating results and lower capital expenditures, partially offset by higher income tax and interest paid.

Note:

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

CONSOLIDATED FINANCIAL POSITION AND CAPITAL RESOURCES

The following table shows the main variances that have occurred in the consolidated financial position of the Corporation for the six-month period ending September 30, 2022:

(in thousands of Canadian dollars)	Sept. 30, 2022	March 31, 2022	Variance		Significant contributions
Trade and other receivables	67,408	66,666	742	▲	Timing of payments by clients
Intangible assets	72,786	76,230	(3,444)	▼	Amortization of intangible assets, partially offset by additions through internally developed intangible assets
Goodwill	355,867	354,304	1,563	▲	Foreign exchange differences
Accounts payables and accrued liabilities	58,618	67,016	(8,398)	▼	Timing of payments to suppliers and payment of net working capital related to the acquisition of InStore Audio Network
Other liabilities	56,081	60,997	(4,916)	▼	Payments for CRTC tangible benefits, partially offset by an increase in the fair value of contingent consideration
Credit facilities	368,422	358,203	10,219	▲	Refer to the graph on next page
Subordinated debt	25,492	25,442	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. The Corporation expects that cash generated from operations and borrowings available under our current credit facilities will be sufficient to meet our liquidity needs in the foreseeable future.

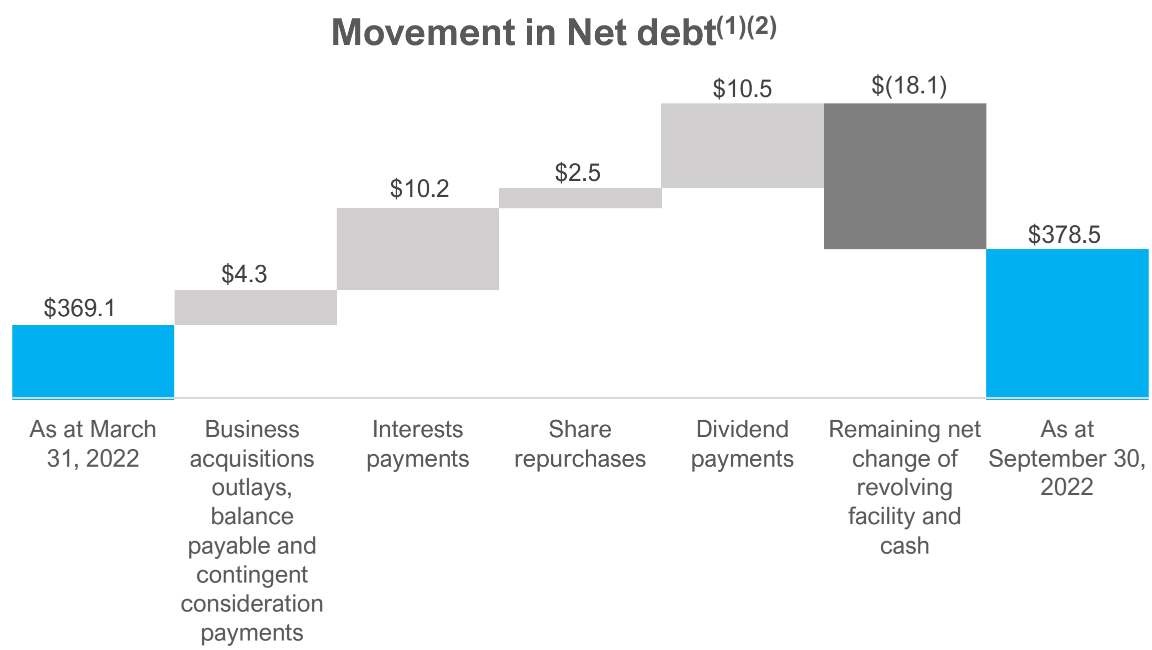
The credit facilities consist of a $375.0 million revolving credit facility and a $60.0 million term loan, both maturing in October 2026.

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

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

As of September 30, 2022, the Corporation had cash and cash equivalents of $15.4 million, a subordinated debt of $25.5 million and credit facilities of $368.4 million, of which approximately $64.8 million was available.

The following table summarizes the impact on the Net debt that occurred in the six-month period ended September 30, 2022:



Notes:

(1) In millions of Canadian dollars

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

SOCAN and Re:Sound legal proceedings

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

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

Contractual Obligations

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

Transactions Between Related Parties

The key management personnel of the Corporation are the Chief Executive Officer, Chief Financial Officer and certain other key employees of the Corporation. There have been no material changes to the nature or importance of the transactions between related parties since March 31, 2022.

Off-Balance Sheet Arrangements

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

Disclosure of Outstanding Share Data

Issued and outstanding shares and outstanding stock options consisted of:

	November 3, 2022	September 30, 2022
Issued and outstanding shares:		
Subordinate voting shares	51,322,104	51,389,799
Subordinate voting shares held in trust through employee share purchase plan	(45,005)	(38,908)
Variable subordinate voting shares	386,503	384,503
Multiple voting shares	17,941,498	17,941,498
	69,605,100	69,676,892
Outstanding stock options:		
Stock options	3,636,510	3,636,510

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 2023, no options were exercised and 166,703 options were granted to eligible employees, subject to service vesting periods of 4 years.

Financial Risk Factors

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

Risk Factors

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

Future Accounting Changes

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

Evaluation of Disclosure Controls and Procedures

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

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

During the second quarter ended September 30, 2022, there have been no changes in the Corporation's internal control over financial reporting that have materially affected, or are likely to materially affect, the Corporation's ICFR.

Management's assessment of and conclusion on the design and the effectiveness of the Corporation's ICFR as at November 8, 2022, did not include the controls or procedures of the operations of InStore Audio Network. The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of these acquisitions in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition.

Subsequent Events

Dividend

On November 8, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 15, 2022, to shareholders on record as of November 30, 2022.

Additional Information

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

Consolidated Statements of Comprehensive Income

Three-month and six-month periods ended September 30, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts) (Unaudited)	Note	3 months September 30, 2022	3 months September 30, 2021 Recast (note 4)	6 months September 30, 2022	6 months September 30, 2021 Recast (note 4)
Revenues	5	$ 77,635	$ 70,703	$ 155,771	$ 134,954
Operating expenses		51,195	46,612	102,982	88,962
Depreciation, amortization and write-off		8,764	8,671	17,330	18,118
Net finance expense (income)	6	11,906	(364)	15,881	4,889
Change in fair value of investments		(247)	(13)	(368)	(13)
Acquisition, legal, restructuring and other expenses	7	2,075	848	3,468	2,016
Income before income taxes		3,942	14,949	16,478	20,982
Income taxes		611	2,874	3,750	4,707
Net income		$ 3,331	$ 12,075	$ 12,728	$ 16,275
Net income per share — Basic and Diluted		$ 0.05	$ 0.17	$ 0.18	$ 0.23
Weighted average number of shares — Basic		69,723,828	71,381,098	69,840,087	71,597,266
Weighted average number of shares — Diluted		70,007,820	71,978,422	70,122,132	72,169,212
Comprehensive income					
Net income		$ 3,331	$ 12,075	$ 12,728	$ 16,275
Other comprehensive income					
Items that may be reclassified to profit and loss					
Exchange differences on translation of foreign operations		5,635	2,094	4,150	1,231
Total other comprehensive gain		5,635	2,094	4,150	1,231
Total comprehensive income		$ 8,966	$ 14,169	$ 16,878	$ 17,506

Net income is entirely attributable to Shareholders.

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

Consolidated Statements of Financial Position

September 30, 2022 and March 31, 2022

(In thousands of Canadian dollars) (Unaudited)	Note		September 30, 2022		March 31, 2022
Assets					
Current assets					
Cash and cash equivalents		$	15,411	$	14,563
Trade and other receivables			67,408		66,666
Income taxes receivable			904		96
Inventories			4,915		5,200
Other current assets			14,243		13,388
			102,881		99,913
Non-current assets					
Property and equipment	8		37,825		39,931
Right-of-use assets on leases	8		24,619		25,944
Intangible assets, excluding broadcast licences	8		72,786		76,230
Broadcast licences	8		272,996		272,996
Goodwill	8		355,867		354,304
Investments			8,211		6,431
Other non-current assets			4,721		5,136
Deferred tax assets			2,853		2,816
Total assets		$	882,759	$	883,701
Liabilities and Equity					
Current liabilities					
Credit facilities	9	$	7,500	$	7,500
Accounts payable and accrued liabilities			58,618		67,016
Dividend payable			—		5,259
Deferred revenues			5,766		4,942
Current portion of lease liabilities	10		4,215		4,171
Current portion of other liabilities	11		38,329		17,786
Income taxes payable			6,406		8,283
			120,834		114,957
Non-current liabilities					
Credit facilities	9		360,922		350,703
Subordinated debt			25,492		25,442
Deferred revenues			281		1,030
Lease liabilities	10		22,623		24,147
Other liabilities	11		17,752		43,211
Deferred tax liabilities			51,914		50,682
Total liabilities			599,818		610,172
Shareholders' equity					
Share capital	12		299,925		302,328
Contributed surplus			6,141		5,745
Deficit			(23,834)		(31,103)
Accumulated other comprehensive income (loss)			709		(3,441)
Total equity			282,941		273,529
Subsequent event (note 15)					
Total liabilities and equity		$	882,759	$	883,701

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

Approved by the Board of Directors,

(Signed) Eric Boyko, Director

(Signed) Karinne Bouchard, Director

Consolidated Statements of Changes in Equity

Six-month periods ended September 30, 2022 and 2021

(In thousands of Canadian dollars, except number of share capital) (Unaudited)	Share Capital			Accumulated other comprehensive income (loss)		
	Number	Amount	Contributed surplus	Deficit	Cumulative Translation Account	Defined Benefit Plans	Total shareholders' equity
Balance at March 31, 2021	72,111,588	$ 313,951	$ 5,180	$ (40,172)	$ (3,775)	$ (492)	$ 274,692
Issuance of shares upon exercise of options	60,000	321	(43)	—	—	—	278
Dividends	—	—	—	(5,316)	—	—	(5,316)
Repurchase and cancellation of shares	(1,098,000)	(6,241)	—	(1,840)	—	—	(8,081)
Share-based compensation	—	—	277	—	—	—	277
Employee share purchase plan	(18,777)	(175)	175	—	—	—	—
Net income	—	—	—	16,275	—	—	16,275
Other comprehensive income	—	—	—	—	1,231	—	1,231
Balance at September 30, 2021	71,054,811	$ 307,856	$ 5,589	$ (31,053)	$ (2,544)	$ (492)	$ 279,356
Balance at March 31, 2022	70,095,924	$ 302,328	$ 5,745	$ (31,103)	$ (5,729)	$ 2,288	$ 273,529
Dividends	—	—	—	(5,213)	—	—	(5,213)
Repurchase and cancellation of shares (note 12)	(391,900)	(2,227)	—	(246)	—	—	(2,473)
Share-based compensation	—	—	220	—	—	—	220
Employee share purchase plan (note 12)	(27,132)	(176)	176	—	—	—	—
Net income	—	—	—	12,728	—	—	12,728
Other comprehensive income	—	—	—	—	4,150	—	4,150
Balance at September 30, 2022	69,676,892	$ 299,925	$ 6,141	$ (23,834)	$ (1,579)	$ 2,288	$ 282,941

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

Consolidated Statements of Cash Flows

Three-month and six-month periods ended September 30, 2022 and 2021

(In thousands of Canadian dollars) (Unaudited)	Note	3 months September 30, 2022	3 months September 30, 2021	6 months September 30, 2022	6 months September 30, 2021
Operating activities:					
Net income		$ 3,331	$ 12,075	$ 12,728	$ 16,275
Adjustments for:					
Depreciation, amortization and write-off		8,764	8,671	17,330	18,118
Share-based compensation, PSU and DSU expenses		591	1,496	328	3,750
Interest expense and standby fees	6	4,973	3,236	8,518	6,698
Mark-to-market loss (gain) on derivative financial instruments	6	2,996	(1,517)	2,451	(999)
Change in fair value of investments		(247)	(13)	(368)	(13)
Share of results of joint venture		(17)	7	(17)	65
Equity loss on associates		455	30	455	30
Change in fair value of contingent consideration	6	1,954	(4,147)	3,376	(3,561)
Depreciation, amortization and accretion of other liabilities	6	485	115	963	625
Interest expense on lease liabilities	6,10	410	412	814	829
Income tax expense		611	2,874	3,750	4,707
Income taxes paid		(2,133)	(479)	(4,353)	(622)
		22,173	22,760	45,975	45,902
Net change in non-cash operating items	13	(3,727)	(2,323)	(11,183)	(9,128)
		18,446	20,437	34,792	36,774
Financing activities:					
Increase of credit facilities		9,886	7,113	10,034	8,870
Payment of dividends		(5,229)	(5,348)	(10,472)	(10,725)
Share repurchases	12	(274)	(3,396)	(2,473)	(8,081)
Proceeds from the exercise of stock options		—	—	—	278
Shares purchased under the employee share purchase plan		(81)	(102)	(176)	(175)
Interest paid		(5,916)	(3,234)	(10,168)	(7,125)
Repayment of lease liabilities		(1,280)	(1,526)	(2,337)	(2,611)
Repayment of other liabilities		(6,699)	(4,412)	(7,567)	(5,873)
		(9,593)	(10,905)	(23,159)	(25,442)
Investing activities:					
Business acquisition, net of cash acquired	3	(3,887)	—	(3,887)	314
Acquisition of investments		(18)	(250)	(40)	(560)
Acquisition of investments in associates		—	(2,508)	(513)	(2,508)
Acquisition of property and equipment		(2,099)	(2,360)	(3,250)	(4,437)
Acquisition of intangible assets other than internally developed intangible assets		(89)	(305)	(366)	(503)
Addition to internally developed intangible assets		(1,165)	(2,050)	(2,729)	(4,203)
		(7,258)	(7,473)	(10,785)	(11,897)
Net increase (decrease) in cash and cash equivalents		1,595	2,059	848	(565)
Cash and cash equivalents, beginning of period		13,816	6,416	14,563	9,040
Cash and cash equivalents, end of period		$ 15,411	$ 8,475	$ 15,411	$ 8,475

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

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

1. BUSINESS DESCRIPTION AND BASIS OF CONSOLIDATION

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

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

The auditors of the Corporation have not performed a review of the interim financial report for the three-month and six-month periods ended September 30, 2022.

2. SIGNIFICANT CHANGE AND HIGHLIGHT

The interim consolidated financial position and performance of the Corporation was particularly affected by the following event and transaction during the three-month and six-month periods ended September 30, 2022:

- On September 23, 2022, the Corporation announced that the Toronto Stock Exchange had approved its normal course issuer bid, authorizing the Corporation to repurchase up to an aggregate 2,868,124 subordinate voting shares and variable subordinate voting shares (collectively, "Subordinate Shares"), representing approximately 10% of the public float of Subordinate Shares as at September 13, 2022. Refer to note 12 for more information.

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

3. BUSINESS ACQUISITIONS

FISCAL 2022

InStore Audio Network

On December 31, 2021, the Corporation purchased all of the membership interest of Pop Radio LLC, a company operating InStore Audio Network, an in-store audio advertising network in the United States, for a total consideration of US$47,788 ($60,586). As a result of the acquisition, goodwill of $18,567 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will be deductible for tax purposes.

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

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

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

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

Calm Radio Corp.

On June 30, 2021, the Corporation purchased all of the outstanding shares of Calm Radio, an online music streaming service focused on the wellness and relaxation markets, for a total consideration of $8,171. As a result of the acquisition, goodwill of $198 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Corporation's existing business. The goodwill will not be deductible for tax purposes.

		Final
Assets acquired:		
Cash and cash equivalents	$	323
Trade and other receivables		159
Other current assets		121
Property and equipment		56
Intangible assets		12,081
Goodwill		198
Deferred tax assets		—
		12,938
Liabilities assumed:		
Accounts payable and accrued liabilities		221
Deferred revenues		1,640
Deferred tax liabilities		2,906
		4,767
Net assets acquired at fair value	$	8,171
Consideration given:		
Balance payable on business acquisition	$	4,000
Contingent consideration		3,912
Working capital payable		259
	$	8,171

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

4. SEGMENT INFORMATION

OPERATING SEGMENTS

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

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

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

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

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

The following tables present financial information by segment for the three-month and six-month periods ended September 30, 2022 and 2021.

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q2 2023	Q2 2022 Recast	Q2 2023	Q2 2022	Q2 2023	Q2 2022	**Q2 2023**	**Q2 2022 Recast**
Three-month periods								
Revenues	$ 44,901	$ 38,392	$ 32,734	$ 32,311	$ —	$ —	**$ 77,635**	**$ 70,703**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	27,956	23,859	21,405	19,778	1,243	1,479	**50,604**	**45,116**
Adjusted EBITDA	$ 16,945	$ 14,533	$ 11,329	$ 12,533	(1,243)	(1,479)	**27,031**	**25,587**
Share-based compensation					164	196	**164**	**196**
PSU and DSU expenses					427	1,300	**427**	**1,300**
Depreciation, amortization and write-off					8,764	8,671	**8,764**	**8,671**
Net finance expense (income)					11,906	(364)	**11,906**	**(364)**
Change in fair value of investments					(247)	(13)	**(247)**	**(13)**
Acquisition, legal, restructuring and other expenses					$ 2,075	$ 848	**2,075**	**848**
Income before income taxes							**3,942**	**14,949**
Income taxes							**611**	**2,874**
Net income							**$ 3,331**	**$ 12,075**

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

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q2 2023	Q2 2022 Recast	Q2 2023	Q2 2022	Q2 2023	Q2 2022	**Q2 2023**	**Q2 2022 Recast**
Six-month periods								
Revenues	$ 91,031	$ 73,413	$ 64,740	$ 61,541	$ —	$ —	**$ 155,771**	**$ 134,954**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	57,320	44,218	42,799	38,183	2,535	2,811	**102,654**	**85,212**
Adjusted EBITDA	$ 33,711	$ 29,195	$ 21,941	$ 23,358	(2,535)	(2,811)	**53,117**	**49,742**
Share-based compensation					301	360	**301**	**360**
PSU and DSU expenses					27	3,390	**27**	**3,390**
Depreciation, amortization and write-off					17,330	18,118	**17,330**	**18,118**
Net finance expense (income)					15,881	4,889	**15,881**	**4,889**
Change in fair value of investments					(368)	(13)	**(368)**	**(13)**
Acquisition, legal, restructuring and other expenses					$ 3,468	$ 2,016	**3,468**	**2,016**
Income before income taxes							**16,478**	**20,982**
Income taxes							**3,750**	**4,707**
Net income							**$ 12,728**	**$ 16,275**

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

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

	3 months		6 months	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Research and development and multimedia tax credits	$ 573	$ 723	$ 1,146	$ 1,271
CEWS	—	1,163	—	4,039
	$ 573	$ 1,886	$ 1,146	$ 5,310

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

	Broadcasting and commercial music		Radio		Corporate and eliminations[1]		**Consolidated**	
	September 30, 2022	March 31, 2022	September 30, 2022	March 31, 2022	September 30, 2022	March 31, 2022	September 30, 2022	March 31, 2022
Total assets	$ 271,364	$ 268,160	$ 611,395	$ 615,541	$ —	$ —	**$ 882,759**	**$ 883,701**
Total liabilities	$ 88,427	$ 97,569	$ 113,562	$ 122,235	$ 397,829	$ 390,368	**$ 559,818**	**$ 610,172**

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

	Broadcasting and commercial music		Radio		**Consolidated**	
Three-month periods	Q2 2023	Q2 2022	Q2 2023	Q2 2022	**Q2 2023**	**Q2 2022**
Acquisition of property and equipment	$ 977	$ 1,100	$ 1,335	$ 1,241	**$ 2,312**	**$ 2,341**
Addition to right-of-use assets on leases	$ —	$ 477	$ —	$ 226	**$ —**	**$ 703**
Acquisition of intangible assets	$ 1,491	$ 2,251	$ —	$ —	**$ 1,491**	**$ 2,251**

	Broadcasting and commercial music		Radio		**Consolidated**	
Six-month periods	Q2 2023	Q2 2022	Q2 2023	Q2 2022	**Q2 2023**	**Q2 2022**
Acquisition of property and equipment	$ 1,645	$ 2,437	$ 1,681	$ 1,575	**$ 3,326**	**$ 4,012**
Addition to right-of-use assets on leases	$ 947	$ 526	$ 135	$ 354	**$ 1,082**	**$ 880**
Acquisition of intangible assets	$ 3,303	$ 17,577	$ —	$ —	**$ 3,303**	**$ 17,577**
Goodwill recorded on business acquisitions	$ —	$ 39	$ —	$ —	**$ —**	**$ 39**

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

As at September 30, 2022, approximately 75% (80% as at September 30, 2021) of the Corporation's non-current assets are located in Canada.

The 2022 comparative figures have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on a net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and commercial music segment from previously recorded $39,118 and $27,560 to recast $38,392 and $26,834, respectively for the three-month period ended September 30, 2021 and from previously recorded $74,696 and $52,062 to recast $73,413 and $50,779, respectively for the six-month period ended September 30, 2021. Consolidated revenues and operating expenses have been reduced from $71,429 to $70,703 and $47,338 to $46,612, respectively for the three-month period ended September 30, 2021 and from $136,237 to $134,954 and $90,245 to $88,962, respectively for the six-month period ended September 30, 2021.

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

5. REVENUES

DISAGGREGATION OF REVENUES

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

Three-month periods	Reportable segments[3]					
	Q2 2023	Q2 2022 Recast (note 4)	Q2 2023	Q2 2022	Q2 2023	Q2 2022 Recast (note 4)
	Broadcasting and commercial music		Radio		Total revenues	
Geography						
Canada	$ 14,502	$ 14,348	$ 32,734	$ 32,311	**$ 47,236**	**$ 46,659**
United States	18,360	10,853	—	—	**18,360**	**10,853**
Other countries	12,039	13,191	—	—	**12,039**	**13,191**
	44,901	38,392	32,734	32,311	**77,635**	**70,703**
Products						
Subscriptions [1]	32,767	33,385	—	—	**32,767**	**33,385**
Equipment and labor [2]	3,888	3,727	—	—	**3,888**	**3,727**
Advertising [2]	8,246	1,280	32,734	32,311	**40,980**	**33,591**
	$ 44,901	$ 38,392	$ 32,734	$ 32,311	**$ 77,635**	**$ 70,703**

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

Six-month periods	Reportable segments[3]					
	Q2 2023	Q2 2022 Recast (note 4)	Q2 2023	Q2 2022	Q2 2023	Q2 2022 Recast (note 4)
	Broadcasting and commercial music		Radio		Total revenues	
Geography						
Canada	$ 29,154	$ 26,456	$ 64,740	$ 61,541	**$ 93,894**	**$ 87,997**
United States	37,463	20,670	—	—	**37,463**	**20,670**
Other countries	24,414	26,287	—	—	**24,414**	**26,287**
	91,031	73,413	64,740	61,541	**155,771**	**134,954**
Products						
Subscriptions [1]	66,377	64,990	—	—	**66,377**	**64,990**
Equipment and labor [2]	7,788	5,896	—	—	**7,788**	**5,896**
Advertising [2]	16,866	2,527	64,740	61,541	**81,606**	**64,068**
	$ 91,031	$ 73,413	$ 64,740	$ 61,541	**$ 155,771**	**$ 134,954**

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

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

6. NET FINANCE EXPENSE (INCOME)

	3 months		6 months	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Interest expense and standby fees	$ 4,973	$ 3,236	$ 8,518	$ 6,698
Mark-to-market loss (gain) on derivative financial instruments	2,996	(1,517)	2,451	(999)
Change in fair value of contingent consideration	1,954	(4,147)	3,376	(3,561)
Depreciation, amortization and accretion of other liabilities	485	115	963	625
Interest expense on lease liabilities (note 10)	410	412	814	829
Foreign exchange loss (gain)	1,088	1,537	(241)	1,297
	$ 11,906	$ (364)	$ 15,881	$ 4,889

7. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES

	3 months		6 months	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Acquisition	$ 47	$ 199	$ 214	$ 213
Legal	391	85	512	1,076
Restructuring and other	1,637	564	2,742	727
	$ 2,075	$ 848	$ 3,468	$ 2,016

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

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

	Property and equipment	Right-of-use assets on leases	Intangible assets	Broadcast licences	Goodwill
Year ended March 31, 2022					
Net book amount as at March 31, 2021	$ 42,228	$ 28,184	$ 41,884	$ 272,988	$ 337,897
Additions	8,627	3,119	8,153	8	—
Additions through business acquisitions	56	—	46,314	—	18,765
Reassessment of leases' term	—	(241)	—	—	—
Disposals and write-off	(547)	—	—	—	—
Depreciation of property and equipment	(10,522)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(5,076)	—	—	—
Amortization of intangible assets	—	—	(19,399)	—	—
Foreign exchange differences	89	(42)	(722)	—	(2,358)
Net book amount as at March 31, 2022	$ 39,931	$ 25,944	$ 76,230	$ 272,996	$ 354,304
Six-month period ended September 30, 2022					
Net book amount as at March 31, 2022	$ 39,931	$ 25,944	$ 76,230	$ 272,996	$ 354,304
Additions	3,326	1,082	3,303	—	—
Reassessment of leases' term	—	(195)	—	—	—
Disposals and write-off	(443)	—	—	—	—
Depreciation of property and equipment	(5,104)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(2,189)	—	—	—
Amortization of intangible assets	—	—	(9,594)	—	—
Foreign exchange differences	115	(23)	2,847	—	1,563
Net book amount as at September 30, 2022	$ 37,825	$ 24,619	$ 72,786	$ 272,996	$ 355,867

9. CREDIT FACILITIES

The total credit facilities consist of a $375,000 revolving credit facility and a remaining $60,000 term loan, both maturing in October 2026.

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

The table below is a summary of the credit facilities:

September 30, 2022	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	$ 375,000	$ 309,478	$ 750	$ 64,772
Term facility	60,000	60,000	—	—
Total committed credit facilities	$ 435,000	369,478	$ 750	$ 64,772
Less: unamortized deferred financing fees		(1,056)		
Balance, end of period		$ 368,422		
Current portion		$ 7,500		
Non-current portion		$ 360,922		

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

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

As at September 30, 2022 and March 31, 2022, a letter of credit amounting to $750 reduced the availability on the revolving facility.

The Corporation is required to make consecutive quarterly capital repayments of 2.50% of the initial drawdown amount of the term facility. The remaining capital balance will be payable on maturity date, on October 15, 2026.

	Capital repayments of the term facility
2023	$ 3,750
2024	7,500
2025	7,500
2026	7,500
2027	33,750
	$ 60,000

10. LEASE LIABILITIES

The following table presents a summary of the activity related to the lease liabilities of the Corporation for the three-month and six-month periods ended September 30, 2022:

	3 months		6 months	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Lease liabilities, beginning of period	**$ 28,287**	**$ 28,993**	**$ 28,318**	**$ 30,212**
Additions	—	703	1,082	880
Payment of lease liabilities, including related interest	(1,690)	(1,938)	(3,151)	(3,440)
Reassessment of the lease term	(175)	(294)	(195)	(594)
Interest expense on lease liabilities (note 6)	410	412	814	829
Foreign exchange differences	6	3	(30)	(8)
Lease liabilities, end of period	**$ 26,838**	**$ 27,879**	**$ 26,838**	**$ 27,879**

Lease liabilities included in the Consolidated statements of financial position	**September 30, 2022**	**March 31, 2022**
Current portion	$ 4,215	$ 4,171
Non-current portion	$ 22,623	$ 24,147
	$ 26,838	**$ 28,318**

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

The following table presents the maturity analysis of contractual undiscounted cashflows related to the lease liabilities of the Corporation as of September 30, 2022:

Less than one year	$	4,364
One to five years		17,957
More than five years		12,963
Total undiscounted lease liabilities as at September 30, 2022	**$**	**35,284**

11. OTHER LIABILITIES

	Note		September 30, 2022		March 31, 2022
CRTC tangible benefits		$	21,061	$	28,240
Contingent consideration			22,061		19,204
Balance payable on business acquisitions			2,903		2,559
Accrued pension benefit liability			2,784		2,837
Derivative financial instruments	14		3,915		1,464
Performance share unit payable			1,556		5,046
Other			1,801		1,647
			56,081		60,997
Current portion			(38,329)		(17,786)
		$	17,752	$	43,211

12. SHARE CAPITAL

Authorized:

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

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

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

Unlimited number of special shares, participating, without par value

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

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

Issued and outstanding:

The movements in share capital were as follows:

	Number of shares		Carrying amount
Year ended March 31, 2022			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2021	54,170,090	$	295,725
Exercise of stock options	95,000		378
Repurchased and cancelled	(2,106,000)		(11,970)
Purchased and held in trust through employee share purchase plan	(4,664)		(31)
As at March 31, 2022	52,154,426	$	284,102
Multiple voting shares			
As at March 31, 2021 and 2022	17,941,498	$	18,226
	70,095,924	$	302,328
Six-month period ended September 30, 2022			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2022	52,154,426	$	284,102
Repurchased and cancelled	(391,900)		(2,227)
Purchased and held in trust through employee share purchase plan	(27,132)		(176)
As at September 30, 2022	51,735,394	$	281,699
Multiple voting shares			
As at March 31, 2022 and September 30, 2022	17,941,498	$	18,226
	69,676,892	$	299,925

Transactions for the six-month period ended September 30, 2022

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

On March 23, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. A dividend payable of $5,259 was accrued in the consolidated statement of financial position as at March 31, 2022. The dividend paid on June 15, 2022 was $5,243, which resulted in an adjustment of $16 in the consolidated statements of changes in equity for the six-month period ended September 30, 2022.

Share repurchase program

On September 23, 2022, the Toronto Stock Exchange (the "TSX") approved the renewal of its share repurchase program, effective September 27, 2022 and allowed the Corporation to repurchase up to an aggregate 2,868,124 subordinate voting shares and variable subordinate voting shares (collectively, the “Subordinate Shares”), representing approximately 10% of the Subordinate Shares issued and outstanding as at September 13, 2022. In accordance with TSX requirements, the Corporation is entitled to purchase, on any trading day, up to a total of 9,404 Subordinate Shares, representing 25% of the net average daily trading volume of the Subordinate Shares. When making such repurchases, the number of Subordinate Shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation’s share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than September 26, 2023.

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

The following table summarizes the Corporation's share repurchase activities during the three-month and six-month periods ended September 30, 2022:

	3 months	6 months
Subordinate voting shares repurchased for cancellation *(unit)*	46,100	391,900
Average price per share	$ 5.9432	$ 6.3092
Total repurchase cost	$ 274	$ 2,473
Repurchase resulting in a reduction of:		
Share capital	$ 262	$ 2,227
Deficit [1]	$ 12	$ 246

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

13. SUPPLEMENTAL CASH FLOW INFORMATION

	3 months		6 months	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Trade and other receivables	$ 535	$ (2,421)	$ (832)	$ (3,044)
Inventories	741	(2,135)	271	(2,092)
Other current assets	(641)	1,927	(872)	(523)
Other non-current assets	(1,564)	7	(882)	21
Accounts payable and accrued liabilities	(3,378)	482	(4,042)	(1,073)
Deferred revenues	597	(11)	69	379
Income taxes payable	(25)	(885)	(991)	(1,305)
Other liabilities	8	713	(3,904)	(1,491)
	$ (3,727)	$ (2,323)	$ (11,183)	$ (9,128)

The following table summarizes the Corporation’s additions not affecting cash and cash equivalents for the three-month and six-month periods ended September 30, 2022 and 2021:

	3 months		6 months	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Additions to property and equipment	$ 213	$ (19)	$ 76	$ (425)
Additions to intangible assets, excluding broadcast licences and intangible assets acquired through business acquisitions	237	(104)	208	143
	$ 450	$ (123)	$ 284	$ (282)

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

14. FINANCIAL INSTRUMENTS

FINANCIAL RISK FACTORS

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

FAIR VALUES

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

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

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

As at September 30, 2022	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 15,411				
Trade and other receivables	63,767				
Financial assets measured at fair value					
Investments	$ 1,731	$ 1,731	$ —	$ —	$ 1,731
Financial liabilities measured at amortized cost					
Credit facilities	$ 368,422				
Subordinated debt	25,492				
Accounts payable and accrued liabilities	54,896				
CRTC tangible benefits	21,061				
Accrued pension benefit liability	2,784				
Performance share unit payable	1,556				
Balance payable on business acquisitions	2,903				
Financial liabilities measured at fair value					
Contingent consideration	$ 22,061	$ 22,061	$ —	$ —	$ 22,061
Derivative financial instruments	3,915	3,915	—	3,915	—

As at March 31, 2022	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 14,563				
Trade and other receivables	62,410				
Financial assets measured at fair value					
Investments	$ 1,615	$ 1,615	$ —	$ —	$ 1,615
Financial liabilities measured at amortized cost					
Credit facilities	$ 358,203				
Subordinated debt	25,442				
Accounts payable and accrued liabilities	62,768				
CRTC tangible benefits	28,240				
Accrued pension benefit liability	2,837				
Performance share unit payable	5,046				
Balance payable on business acquisitions	2,559				
Financial liabilities measured at fair value					
Contingent consideration	$ 19,204	$ 19,204	$ —	$ —	$ 19,204
Derivative financial instruments	1,464	1,464	—	1,464	—

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

Fair value measurement (Level 3):

		Investments		Contingent consideration
Six-month period ended September 30, 2021				
Opening amount as at March 31, 2021	$	900	$	14,456
Additions		560		—
Additions through business acquisition		—		3,912
Change in fair value		13		(3,561)
Settlements		—		(1,461)
Balance at September 30, 2021	$	1,473	$	13,346
Six-month period ended September 30, 2022				
Opening amount as at March 31, 2022	$	1,615	$	19,204
Additions		40		—
Change in fair value		76		3,285
Settlements		—		(428)
Balance at September 30, 2022	$	1,731	$	22,061

There were no changes in the valuation techniques for the contingent consideration, investments and investments in associates during the six-month periods ended September 30, 2022 and 2021.

INVESTMENTS

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

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

CONTINGENT CONSIDERATION

The contingent consideration related to business combinations is payable based on the achievement of targets for growth in revenues for a period from the date of the acquisition and upon renewal of client contracts. The fair value measurement of the contingent consideration is determined using unobservable (Level 3) inputs. These inputs include (i) the estimated amount and timing of projected cash flows; and (ii) the risk-adjusted discount rate used to present value the cash flows, which is based on the risk associated with the revenue targets being met. The contingent consideration is classified as a financial liability and is included in other liabilities (note 11). The change in fair value is recognized in net finance expense (income) (note 6).

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

The table below summarizes the interest rate contracts effective as at September 30, 2022 and March 31, 2022:

Maturity	Currency	Initial nominal value	Mark-to-market liabilities as at September 30, 2022	Mark-to-market liabilities as at March 31, 2022
Swaptions				
October 25, 2024	CAD	$ 100,000	$ 451	$ 604
October 25, 2024	CAD	100,000	629	860
		$ 200,000	$ 1,080	$ 1,464

The Corporation also entered into derivative financial instruments to manage its currency risk, during the six-month period ended September 30, 2022. The table below summarizes the foreign exchange forward contracts effective as at September 30, 2022 and March 31, 2022:

Maturity	Type	Contract exchange rate	Contractual amount	Mark-to-market liabilities as at September 30, 2022	Mark-to-market liabilities as at March 31, 2022
0 to 12 months	USD Sale	1.2831 – 1.3037	$ 24,000	$ 1,888	$ —
13 to 24 months	USD Sale	1.2831 – 1.3599	24,000	947	—
			$ 48,000	$ 2,835	$ —

15. SUBSEQUENT EVENT

Dividend

On November 8, 2022, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 15, 2022 to shareholders on record as of November 30, 2022.

16. BASIS OF PREPARATION

a) Statement of compliance:

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

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

b) Use of estimates and judgements:

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

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

c) Functional and presentation currency:

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

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