STINGRAY®

Second Quarter Report

Fiscal 2024

For the six-month period ended September 30, 2023

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BASIS OF PREPARATION AND FORWARD-LOOKING STATEMENTS

The following is the 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, 2023 and 2022, and with the most recent audited consolidated financial statements and MD&A for the year ended March 31, 2023. This MD&A reflects information available to the Corporation as at November 7, 2023. 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, 2023 and 2022.

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

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include but are not limited to the risk factors disclosed in the Annual Information Form for the year ended March 31, 2023 available on SEDAR.

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

OVERVIEW

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

KEY PERFORMANCE INDICATORS

For the three-month period ended September 30, 2023 ("Q2 2024"):

\$82.5 M ▲ 6.3% from Q2 2023 Revenues	**\$9.4 M** ▲ 181.9% from Q2 2023 Net income Or \$0.14 per share	**\$19.1 M** ▲ 3.6% from Q2 2023 Cash flow from operating activities Or \$0.28 per share
\$29.5 M ▲ 9.2% from Q2 2023 Adjusted EBITDA(1)	**\$14.6 M** ▲ 34.4% from Q2 2023 Adjusted Net income(1) Or \$0.21 per share	**\$15.6 M** ▲ 3.8% from Q2 2023 Adjusted free cash flow(1) Or \$0.22 per share

FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights of the second quarter ended September 30, 2023:

Compared to the quarter ended September 30, 2022 ("Q2 2023"):

- Revenues increased 6.3% to \$82.5 million from \$77.6 million;
- Adjusted EBITDA(1) increased 9.2% to \$29.5 million from \$27.0 million. Adjusted EBITDA by segment was \$19.9 million or 40.0% of revenues for Broadcasting and Commercial Music, \$11.0 million or 33.7% of revenues for Radio and \$(1.4) million for Corporate;
- Net income increased to \$9.4 million (\$0.14 per share) from \$3.3 million (\$0.05 per share);
- Adjusted Net income(1) increased to \$14.6 million (\$0.21 per share) from \$10.8 million (\$0.15 per share)
- Cash flow from operating activities increased 3.6% to \$19.1 million (\$0.28 per share) compared to \$18.4 million (\$0.26 per share);
- Adjusted free cash flow(1) increased to \$15.6 million (\$0.22 per share) compared to \$15.0 million (\$0.21 per share);
- Net debt to Pro Forma Adjusted EBITDA(1) ratio of 3.19x, compared with 3.44x and;
- 119,800 shares repurchased and cancelled for a total of \$0.6 million, compared with 46,100 shares repurchased and cancelled for a total of \$0.3 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 7, 2023, 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, 2023 to shareholders on record as of November 30, 2023.
- On November 3, 2023, the Corporation announced the debut of ZenLIFE by Stingray on VIZIO WatchFree+ (channel 583). This significant launch marks Stingray's innovative entry into the wellness space as a Free Ad-Supported Television (FAST) channel in the US.
- On November 1, 2023, the Corporation announced a new partnership with Air Transat, a leading travel brand and the recipient of the World's Best Leisure Airline award at the 2023 Skytrax World Airline Awards. This alliance will provide passengers with an enhanced inflight entertainment experience on Air Transat flights globally.
- On September 22, 2023, the Corporation announced that the Toronto Stock Exchange ("TSX") has approved the renewal of its normal course issuer bid ("NCIB"), authorizing Stingray to repurchase up to an aggregate 2,765,903 subordinate voting shares and variable subordinate voting shares (collectively, "Subordinate Shares"), representing approximately 10% of the "public float" (as defined in the TSX Company Manual) of Subordinate Shares as at September 15, 2023.
- On September 6, 2023, the Corporation announced a new distribution agreement with TCL®, one of the world's best-selling and leading consumer electronics companies. Their TCLtv+ app is a new online streaming service that allows its customers in North America access to a wide variety of complimentary entertainment programming. This groundbreaking deal brings Stingray's innovative channels, including the debut of Ultimate Trivia, to TCLtv+ users, enhancing their entertainment experience with a diverse range of music and specialty content.
- On August 31, 2023, the Corporation announced that Peavey Mart, a leading Canadian retail and agricultural supply chain, has joined Stingray Advertising's retail audio network. With this addition, Stingray is expanding its retail audio advertising network beyond pharmacies and groceries to include over 90 hardware store locations across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario & Nova Scotia.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	3 months				6 months			
	Sept. 30, 2023 Q2 2024		Sept. 30, 2022 Q2 2023		Sept. 30, 2023 YTD 2024		Sept. 30, 2022 YTD 2023	
(in thousands of Canadian dollars, except per share amounts)	$	% of revenues	$	% of revenues	$	% of revenues	$	% of revenues
Revenues	82,493	100.0 %	77,635	100.0 %	161,485	100.0 %	155,771	100.0 %
Operating expenses	53,685	65.1 %	51,195	65.9 %	103,305	63.9 %	102,982	66.1 %
Depreciation, amortization and write-off	8,253	10.0 %	8,764	11.3 %	16,156	10.0 %	17,330	11.1 %
Net finance expense (income)(1)	5,582	6.8 %	11,906	15.3 %	9,988	6.2 %	15,881	10.2 %
Change in fair value of investments	(86)	(0.1) %	(247)	(0.3) %	21	0.0 %	(368)	(0.2) %
Acquisition, legal, restructuring and other expenses	2,203	2.7 %	2,075	2.7 %	(697)	(0.4) %	3,468	2.2 %
Income before income taxes	12,856	15.5 %	3,942	5.1 %	32,712	20.3 %	16,478	10.6 %
Income taxes	3,467	4.2 %	611	0.8 %	9,205	5.7 %	3,750	2.4 %
Net income	9,389	11.3 %	3,331	4.3 %	23,507	14.6 %	12,728	8.2 %
Adjusted EBITDA(2)	29,518	35.8 %	27,031	34.8 %	57,784	35.8 %	53,117	34.1 %
Adjusted Net income(2)	14,554	17.6 %	10,825	13.9 %	26,447	16.4 %	24,070	15.5 %
Cash flow from operating activities	19,101	23.2 %	18,446	23.8 %	43,361	26.9 %	34,792	22.3 %
Adjusted free cash flow(2)	15,578	18.9 %	15,009	19.3 %	34,035	21.1 %	30,668	19.7 %
Net debt(2)	390,462	–	378,503	–	390,462	–	378,503	–
Net debt to Pro Forma Adjusted EBITDA(2)	3.19x	–	3.44x	–	3.19x	–	3.44x	–
Net income per share basic and diluted	0.14	–	0.05	–	0.34	–	0.18	–
Adjusted Net income per share basic(2)	0.21	–	0.16	–	0.38	–	0.34	–
Adjusted Net income per share diluted(2)	0.21	–	0.15	–	0.38		0.34	
Cash flow from operating activities per share basic	0.28	–	0.26	–	0.63	–	0.50	–
Cash flow from operating activities per share diluted	0.28	–	0.26	–	0.62	–	0.50	–
Adjusted free cashflow per share basic(2)	0.22	–	0.22	–	0.49	–	0.44	–
Adjusted free cashflow per share diluted(2)	0.22	–	0.21	–	0.49	–	0.44	–
Revenues by segment								
Broadcasting and Commercial Music	49,815	60.4 %	44,901	57.8 %	97,003	60.1 %	91,031	58.4 %
Radio	32,678	39.6 %	32,734	42.2 %	64,482	39.9 %	64,740	41.6 %
Revenues	82,493	100.0 %	77,635	100.0 %	161,485	100.0 %	155,771	100.0 %
Revenues by geography								
Canada	48,429	58.8 %	47,236	60.9 %	95,710	59.2 %	93,894	60.2 %
United States	21,571	26.1 %	18,360	23.6 %	40,650	25.2 %	37,463	24.1 %
Other Countries	12,493	15.1 %	12,039	15.5 %	25,125	15.6 %	24,414	15.7 %
Revenues	82,493	100.0 %	77,635	100.0 %	161,485	100.0 %	155,771	100.0 %

Notes:

(1) Interest paid during the Q2 2024 was $7.1 million (Q2 2023; $5.9 million). Interest paid for YTD Q2 2024 was $12.7 million (YTD Q2 2023; $10.2 million).

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

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

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

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

Adjusted EBITDA

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

Adjusted EBITDA margin

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

Adjusted free cash flow

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

Adjusted free cash flow per share

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

Adjusted Net income

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

Adjusted Net income per share

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

LTM Adjusted EBITDA

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

Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA is a non-IFRS measure representing LTM Adjusted EBITDA adjusted to include Adjusted EBITDA from acquisitions for the months prior to such acquisitions, as well as estimated revenue and cost saving synergies from such acquisitions and the value of credit notes granted to certain customers as a result of the COVID-19 pandemic. Furthermore, Pro Forma Adjusted EBITDA was adjusted in Fiscal 2024 to include the impact on a 12-month basis of the significant cost efficiency measures, following Management’s initiative to eliminate the projects that were not aligned with the latest strategic plan of the Corporation. The amount calculated represents the net impact of the cost efficiencies, mostly salaries, and the cost of the new hires that were completed in the fastest growing divisions. These efficiencies also impacted Fiscal 2023 as they were progressively deployed in Q2 and Q3 2023. Management believes that Pro Forma Adjusted EBITDA provides investors with useful financial metrics to assess and evaluate the Corporation’s financial performance from period-to-period by adjusting for the impact of acquisitions and cost saving initiatives assuming they occurred at the beginning of the fiscal year, as well as certain events that are otherwise non-recurring. The Corporation also presents such non-IFRS measure because it believes such non-IFRS measure is frequently used by securities analysts, investors and other interested parties as a measure of financial performance.

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

Net debt

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

Net debt to Pro Forma Adjusted EBITDA ratio

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

NON-IFRS MEASURES RECONCILIATIONS

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

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

	3 months		6 months	
(in thousands of Canadian dollars)	Sept. 30, 2023 **Q2 2024**	Sept. 30, 2022 **Q2 2023**	Sept. 30, 2023 **YTD 2024**	Sept. 30, 2022 **YTD 2023**
Net income	**9,389**	**3,331**	**23,507**	**12,728**
Net finance expense (income)	5,582	11,906	9,988	15,881
Change in fair value of investments	(86)	(247)	21	(368)
Income taxes	3,467	611	9,205	3,750
Depreciation and write-off of property and equipment	2,373	2,876	4,758	5,547
Depreciation of right-of-use assets	1,069	1,066	2,154	2,189
Amortization of intangible assets	4,811	4,822	9,244	9,594
Share-based compensation	120	164	221	301
Performance and deferred share unit expense	590	427	(617)	27
Acquisition, legal, restructuring and other expenses	2,203	2,075	(697)	3,468
Adjusted EBITDA	**29,518**	**27,031**	**57,784**	**53,117**
Adjusted EBITDA margin	**35.8%**	**34.8%**	**35.8%**	**34.1%**
Net income	**9,389**	**3,331**	**23,507**	**12,728**
Adjusted for:				
Change in fair value of derivative financial instruments	(600)	2,996	(4,235)	2,451
Amortization of intangible assets	4,811	4,822	9,244	9,594
Change in fair value of investments	(86)	(247)	21	(368)
Share-based compensation	120	164	221	301
Performance and deferred share unit expense	590	427	(617)	27
Acquisition, legal, restructuring and other expenses	2,203	2,075	(697)	3,468
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, change in fair value of derivative financial instruments and acquisition, legal, restructuring and other expenses	(1,873)	(2,743)	(997)	(4,131)
Adjusted Net income	**14,554**	**10,825**	**26,447**	**24,070**
Average number of shares outstanding (diluted)	69,349	70,008	69,392	71,122
Adjusted Net income per share (diluted)	**0.21**	**0.15**	**0.38**	**0.34**

(in thousands of Canadian dollars)	**September 30, 2023**	**September 30, 2022**	**March 31, 2023**
LTM Adjusted EBITDA	**118,807**	**102,644**	**114,140**
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	–	7,450	–
COVID-19 credits allocated due to mandated store closures	–	–	–
Permanent cost-saving initiatives	3,438	–	2,325
Pro Forma Adjusted EBITDA	**122,245**	**110,094**	**116,465**

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, 2023 **Q2 2024**	Sept. 30, 2022 **Q2 2023**	Sept. 30, 2023 **YTD 2024**	Sept. 30, 2022 **YTD 2023**
Cash flow from operating activities	**19,101**	**18,446**	**43,361**	**34,792**
Add / Less :				
Acquisition of property and equipment	(2,350)	(2,099)	(3,719)	(3,250)
Acquisition of intangible assets other than internally developed intangible assets	(318)	(89)	(620)	(366)
Addition to internally developed intangible assets	(1,274)	(1,165)	(2,574)	(2,729)
Interest paid	(7,093)	(5,916)	(12,666)	(10,168)
Repayment of lease liabilities	(1,368)	(1,280)	(2,425)	(2,337)
Net change in non-cash operating working capital items	8,054	3,727	14,144	11,183
Unrealized loss (gains) on foreign exchange	(1,377)	1,310	(769)	75
Acquisition, legal, restructuring and other expenses	2,203	2,075	(697)	3,468
Adjusted free cash flow	**15,578**	**15,009**	**34,035**	**30,668**

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, 2023**	**September 30, 2022**	**March 31, 2023**
Credit facilities	374,573	368,422	360,990
Subordinated debt	25,593	25,492	25,543
Cash and cash equivalents	(9,704)	(15,411)	(15,453)
Net debt	**390,462**	**378,503**	**371,080**
Net debt to Pro Forma Adjusted EBITDA	**3.19**	**3.44**	**3.19**

FINANCIAL RESULTS FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

CONSOLIDATED PERFORMANCE

Revenues

Revenues are detailed as follows:

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2024	Q2 2023	% Change	YTD 2024	YTD 2023	% Change
Revenues by geography						
Canada	48,429	47,236	2.5	95,710	93,894	1.9
United States	21,571	18,360	17.5	40,650	37,463	8.5
Other Countries	12,493	12,039	3.8	25,125	24,414	2.9
Revenues	82,493	77,635	6.3	161,485	155,771	3.7

Global

Revenues in Q2 2024 increased $4.9 million or 6.3% to $82.5 million, from $77.6 million for Q2 2023. The increase was largely due to an increase in retail media advertising revenues, to a positive foreign exchange impact and to an increase in equipment and installation sales related to digital signage.

Cumulative revenues for Fiscal 2024 increased $5.7 million or 3.7% to $161.5 million, from $155.8 million for cumulative Fiscal 2023. The increase was mainly due to a positive foreign exchange impact, to an increase in equipment and installation sales related to digital signage, to an increase in FAST channels and retail media advertising revenues, partially offset by a decrease in B2C subscription revenues.

Canada

Revenues in Canada in Q2 2024 increased $1.2 million or 2.5% to $48.4 million, from $47.2 million for Q2 2023. Cumulative revenues in Canada for Fiscal 2024 increased $1.8 million or 1.9% to $95.7 million, from $93.9 million for cumulative Fiscal 2023. Both increases were largely due to an increase in equipment and installation sales related to digital signage.

United States

Revenues in the United States in Q2 2024 increased $3.2 million or 17.5% to $21.6 million, from $18.4 million for Q2 2023. The increase was primarily due to an increase in retail media advertising revenues.

Cumulative revenues in the United States for Fiscal 2024 increased $3.2 million or 8.5% to $40.7 million, from $37.5 million for cumulative Fiscal 2023. The increase was mainly due to a positive foreign exchange impact and an increase in FAST channels.

Other Countries

Revenues in Other countries in Q2 2024 increased $0.5 million or 3.8% to $12.5 million, from $12.0 million for Q2 2023. Cumulative revenues in Other countries for Fiscal 2024 increased $0.7 million or 2.9% to $25.1 million, from $24.4 million for cumulative Fiscal 2023. Both increases were mainly due to a positive foreign exchange impact.

Operating expenses

Operating expenses in Q2 2024 increased $2.5 million or 4.9% to $53.7 million, from $51.2 million for Q2 2023. Cumulative operating expenses for Fiscal 2024 increased $0.3 million or 0.3% to $103.3 million, from $103.0 million for cumulative Fiscal 2023. The increase was mainly due to higher operating costs related to higher revenues.

Adjusted EBITDA(1)

Adjusted EBITDA in Q2 2024 increased $2.5 million or 9.2% to $29.5 million from $27.0 million for Q2 2023. Adjusted EBITDA margin was 35.8% compared to 34.8% for Q2 2023. Cumulative Adjusted EBITDA for Fiscal 2024 increased $4.7 million or 8.8% to $57.8 million from $53.1 million for cumulative Fiscal 2023. Adjusted EBITDA margin was 35.8% compared to 34.1% for cumulative Fiscal 2023. The increase of both Adjusted EBITDA and Adjusted EBITDA margin was mostly due to higher revenues.

Depreciation, amortization and write off

Depreciation, amortization and write off in Q2 2024 decreased $0.5 million or 5.8% to $8.3 million, from $8.8 million for Q2 2023. Cumulative depreciation, amortization and write off for Fiscal 2024 decreased $1.1 million or 6.8% to $16.2 million, from $17.3 million for cumulative Fiscal 2023. Both decreases were primarily due to less intangible assets to amortize compared to the prior period as certain intangible assets are fully amortized.

Net finance expense (income)

Net finance expense for Q2 2024 was $5.6 million, compared to $11.9 million for Q2 2023. The decrease was mainly due to a gain on the fair value of derivative financial instruments and to a gain on foreign exchange.

Cumulative Net finance expense for Fiscal 2024 decreased $5.9 million or 37.1% to $10.0 million, from $15.9 million for cumulative Fiscal 2023. The decrease was mainly due to a gain on fair value of derivative financial instruments and a lower increase on the fair value of contingent consideration compared to comparative periods, partially offset by higher interest expense.

Change in fair value of investments

In Q2 2024 and in cumulative Fiscal 2024, there was a gain of $0.1 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.

Acquisition, legal, restructuring and other expenses

	3 months			6 months		
(in thousands of Canadian dollars)	Q2 2024	Q2 2023	% Change	YTD 2024	YTD 2023	% Change
Acquisition	-	47	(100)	4	214	(98)
Legal	374	391	(4.3)	(3,341)	512	(752.6)
Restructuring and other	1,829	1,637	11.7	2,640	2,742	(3.7)
Acquisition, legal, restructuring and other expenses	2,203	2,075	6.2	(697)	3,468	(120.1)

In Q2 2024 there was an increase in restructuring and other expenses mainly due to higher losses in equity pick up of investments in associate compared to comparative periods.

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

Note:

(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 $3.5 million for Q2 2024 compared to $0.6 million for Q2 2023. The effective tax rate for Q2 2024 was 27.0% compared to 15.5% for Q2 2023. The variance in the effective tax rates is mainly due to the variance in permanent differences.

The income tax expense recognized in comprehensive income was $9.2 million for cumulative Fiscal 2024 compared to $3.8 million for cumulative Fiscal 2023. The effective tax rate for cumulative Fiscal 2024 was 28.1% compared to 22.8% for cumulative Fiscal 2023. The variance of the income tax rate stems from the impact of a different mix in our earnings across the various jurisdictions and due to the variance in permanent differences.

Net income and Net income per share

Net income in Q2 2024 was $9.4 million ($0.14 per share) compared to $3.3 million ($0.05 per share) for Q2 2023. The increase was mainly due to a gain on the fair value of derivative financial instruments, higher operating results and to a gain on foreign exchange, partially offset by a higher income tax expense.

Cumulative Net income for Fiscal 2024 was $23.5 million ($0.34 per share) compared to $12.7 million ($0.18 per share) for cumulative Fiscal 2023. The increase was mainly due to a gain on fair value of derivative financial instruments, to higher operating results, to a one-time settlement gain on a trademark dispute in Q1 2024 and to a lower increase on the fair value of contingent consideration compared to comparative periods, partially offset by higher income tax expense and higher interest expense.

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

Adjusted Net income in Q2 2024 was $14.6 million ($0.21 per share), compared to $10.8 million ($0.15 per share) for Q2 2023. The increase was primarily due to higher operating results and to a higher gain on foreign exchange, partially offset by higher income tax expense.

Cumulative Adjusted Net income for Fiscal 2024 was $26.4 million ($0.38 per share), compared to $24.1 million ($0.34 per share) for cumulative Fiscal 2023. The increase was primarily due to higher operating results and to a lower increase on the fair value of contingent consideration compared to comparative periods, partially offset by higher interest 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.

BUSINESS SEGMENT PERFORMANCE

BROADCASTING AND COMMERCIAL MUSIC

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2024	Q2 2023	% Change	YTD 2024	YTD 2023	% Change
Revenues	49,815	44,901	10.9	97,003	91,031	6.6
Operating expenses	29,898	27,956	6.9	57,128	57,320	(0.3)
Adjusted EBITDA[(1)]	**19,917**	**16,945**	**17.5**	**39,875**	**33,711**	**18.3**
Adjusted EBITDA margin[(1)]	**40.0%**	**37.7%**	**5.9**	**41.1%**	**37.0%**	**11.0**

Revenues

In Q2 2024, Broadcasting and Commercial Music revenues increased $4.9 million or 10.9% to $49.8 million, from $44.9 million for Q2 2023. The increase was largely due to higher retail media advertising revenues, to an increase in equipment and installation sales related to digital signage and to a positive foreign exchange impact.

Cumulative Broadcasting and Commercial Music revenues for Fiscal 2024 increased $6.0 million or 6.6% to $97.0 million from $91.0 million for cumulative Fiscal 2023. The increase was primarily due to an increase in equipment and installation sales related to digital signage, to an increase in FAST channels and retail media advertising revenues and to a positive foreign exchange impact, partially offset by a decrease in B2B subscription revenues.

Adjusted EBITDA[(1)]

In Q2 2024, Broadcasting and Commercial Music Adjusted EBITDA increased $3.0 million or 17.5% to $19.9 million from $16.9 million for Q2 2023. Cumulative Broadcasting and Commercial Music Adjusted EBITDA for Fiscal 2024 increased $6.2 million or 18.3% to $39.9 million from $33.7 million for cumulative Fiscal 2023. Both increases were mainly due to an increase in gross margin due to higher revenues, and lower operating expenses.

RADIO

(in thousands of Canadian dollars)	3 months			6 months		
	Q2 2024	Q2 2023	% Change	YTD 2024	YTD 2023	% Change
Revenues	32,678	32,734	(0.2)	64,482	64,740	(0.4)
Operating expenses	21,665	21,405	1.2	43,582	42,799	1.8
Adjusted EBITDA[(1)]	**11,013**	**11,329**	**(2.8)**	**20,900**	**21,941**	**(4.7)**
Adjusted EBITDA margin[(1)]	**33.7%**	**34.6%**	**(2.6)**	**32.4%**	**33.9%**	**(4.4)**

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 2024, Radio revenues remained stable at $32.7 million compared to Q2 2023. Increases in local and digital advertising were offset by lower national airtime sales. Cumulative Radio revenues for Fiscal 2024 decreased $0.2 million or 0.4% to $64.5 million from $64.7 million for cumulative Fiscal 2023. The decrease was due to lower national airtime revenues, partially offset by an increase in local and digital revenues.

Adjusted EBITDA[(1)]

In Q2 2024, Radio Adjusted EBITDA decreased $0.3 million or 2.8% to $11.0 million from $11.3 million in Q2 2023. Cumulative Radio Adjusted EBITDA for Fiscal 2024 decreased $1.0 million or 4.7% to $20.9 million from $21.9 million for cumulative Fiscal 2023. Both decreases in Adjusted EBITDA were due to slight revenue declines, combined with higher regulatory fees.

Note:

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CORPORATE

(in thousands of Canadian dollars)	3 months Q2 2024	Q2 2023	% Change	6 months YTD 2024	YTD 2023	% Change
Operating expenses	2,122	1,834	15.7	2,595	2,863	(9.4)
Adjust:						
Share-based compensation	(120)	(164)	(26.8)	(221)	(301)	(26.6)
Performance and deferred share unit expense	(590)	(427)	38.2	617	(27)	(2,385.2)
Adjusted EBITDA(1)	**(1,412)**	**(1,243)**	**13.6**	**(2,991)**	**(2,535)**	**18**

Adjusted EBITDA(1)

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

Note:

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

Quarterly results

Revenues fluctuated over the last eight quarters from $75.0 million in the third quarter of Fiscal 2022 to $82.5 million in the second quarter of Fiscal 2024. These fluctuations, largely driven by the cyclical nature of the Corporation's business, were also influenced by several other factors. The decrease in Q4 2022 was 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. The increase in Q3 2023 was mostly due to normal business seasonality, to a positive foreign exchange impact and to an increase in equipment and installation sales related to digital signage. The decrease in Q4 2023 was mainly due to normal business seasonality. The increase in Q1 2024 was mostly due to higher Radio revenues, mainly offset by the decrease in retail media advertising and In-store commercial revenues. The increase in Q2 2024 was largely due to an increase in retail media advertising revenues.

Adjusted EBITDA[(1)] fluctuated over the last eight quarters from $28.5 million in the third quarter of Fiscal 2022 to $29.5 million in the second quarter of Fiscal 2024. 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. The increase in Q3 2023, the decrease in Q4 2023 is mainly due to normal business seasonality. The increase in Q1 2024 is due to a decrease in operating expenses due to cost-saving initiatives implemented. The increase in Q2 2024 is due to higher gross margin from higher revenues.

Net income fluctuated over the last eight quarters from $12.5 million in the third quarter of Fiscal 2022 to $9.4 million in the second quarter of Fiscal 2024. 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. The increase in Q3 2023 was mainly due to higher operating results and to a gain on the fair value of derivative financial instruments, partially offset by higher income tax expense. The decrease in Q4 2023 was mainly due to lower operating results, to higher restructuring and other costs and to higher performance and deferred share units expense, partially offset by lower income tax expense. In Q1 2024, the increase was mainly due to a one-time settlement gain on a trademark dispute, to lower restructuring and other costs, to a higher gain on derivative instruments and to a lower performance and deferred share unit expense, partially offset by higher income tax expense and gain related to the change in fair value of contingent consideration. In Q2 2024, the decrease was mainly due to a one-time settlement gain on a trademark dispute in comparative periods, partially offset by a gain on the fair value of derivative financial instruments and 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, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021 Recast[2]
	FY2024	**FY2024**	**FY2023**	**FY2023**	**FY2023**	**FY2023**	**FY2022**	**FY2022**
Revenues by segment								
Broadcasting and Commercial Music	49,815	47,188	50,045	54,158	44,901	46,130	45,584	40,085
Radio	32,678	31,804	28,886	35,084	32,734	32,006	27,060	34,943
Total revenues	**82,493**	**78,992**	**78,931**	**89,242**	**77,635**	**78,136**	**72,644**	**75,028**
Revenues by geography								
Canada	48,429	47,281	43,667	49,471	47,236	46,658	40,456	49,286
United States	21,571	19,079	21,968	26,561	18,360	19,103	19,145	12,588
Other countries	12,493	12,632	13,296	13,210	12,039	12,375	13,043	13,154
Total revenues	**82,493**	**78,992**	**78,931**	**89,242**	**77,635**	**78,136**	**72,644**	**75,028**
Adjusted EBITDA[1]	**29,518**	**28,266**	**26,573**	**34,450**	**27,031**	**26,086**	**21,023**	**28,504**
LTM Adjusted EBITDA[1]	**118,807**	**116,320**	**114,140**	**108,590**	**102,644**	**101,200**	**99,269**	**101,884**
Net income	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**
Net income per share basic and diluted	0.14	0.20	0.06	0.19	0.05	0.13	0.06	0.18
Adjusted Net income[1]	**14,554**	**11,893**	**14,668**	**16,464**	**10,825**	**13,245**	**11,780**	**17,048**
Adjusted Net income per share basic[1]	0.21	0.17	0.21	0.24	0.16	0.19	0.17	0.24
Adjusted Net income per share diluted[1]	0.21	0.17	0.21	0.24	0.15	0.19	0.17	0.24
Cash flow from operations	**19,101**	**24,260**	**27,552**	**24,605**	**18,446**	**16,346**	**22,127**	**24,762**
Adjusted free Cash Flow[1]	**15,578**	**18,457**	**14,909**	**18,085**	**15,009**	**15,659**	**11,833**	**14,731**
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 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.

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, 2023**	**June 30, 2023**	**March 31, 2023**	**Dec. 31, 2022**	**Sept. 30, 2022**	**June 30, 2022**	**March 31, 2022**	**Dec. 31, 2021**
	FY 2024	**FY2024**	**FY2023**	**FY2023**	**FY2023**	**FY2023**	**FY2022**	**FY2022**
Net income	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**
Net finance expense (income)	5,582	4,406	3,749	7,205	11,906	3,975	(769)	1,999
Change in fair value of investments	(86)	107	11	68	(247)	(121)	12	3
Income taxes	3,467	5,738	753	5,037	611	3,139	191	4,115
Depreciation and write-off of property and equipment	2,373	2,385	2,406	1,784	2,876	2,671	3,862	2,237
Depreciation of right-of-use assets	1,069	1,085	1,225	1,092	1,066	1,123	1,201	1,281
Amortization of intangible assets	4,811	4,433	4,547	4,596	4,822	4,772	4,176	4,669
Share-based compensation	120	101	157	153	164	137	222	216
Performance and deferred share unit expense (income)	590	(1,207)	2,068	(238)	427	(400)	1,750	659
Acquisition, legal, restructuring and other expenses	2,203	(2,900)	7,210	1,809	2,075	1,393	5,912	779
Adjusted EBITDA	**29,518**	**28,266**	**26,573**	**34,450**	**27,031**	**26,086**	**21,023**	**28,504**
Adjusted EBITDA margin	**35.8%**	**35.8%**	**33.7%**	**38.6%**	**34.8%**	**33.4%**	**28.9%**	**38.0%**
Net income	**9,389**	**14,118**	**4,447**	**12,944**	**3,331**	**9,397**	**4,466**	**12,546**
Adjusted for:								
Unrealized loss (gain) on derivative financial instruments	(600)	(3,635)	(70)	(1,642)	2,996	(545)	(2,150)	(248)
Amortization of intangible assets	4,811	4,433	4,547	4,596	4,822	4,772	4,176	4,669
Change in fair value of investments	(86)	107	11	68	(247)	(121)	12	3
Share-based compensation	120	101	157	153	164	137	222	216
Performance and deferred share unit expense	590	(1,207)	2,068	(238)	427	(400)	1,750	659
Acquisition, legal, restructuring and other expenses	2,203	(2,900)	7,210	1,809	2,075	1,393	5,912	779
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	(1,873)	876	(3,702)	(1,226)	(2,743)	(1,388)	(2,608)	(1,576)
Adjusted Net income	**14,554**	**11,893**	**14,668**	**16,464**	**10,825**	**13,245**	**11,780**	**17,048**
Average number of shares outstanding (diluted)	69,349	69,433	69,459	69,678	70,008	70,277	70,655	70,960
Adjusted Net income per share diluted	**0.21**	**0.17**	**0.21**	**0.24**	**0.15**	**0.19**	**0.17**	**0.24**

(in thousands of Canadian dollars)	3 months Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021
	FY2024	FY2024	FY2023	FY2023	FY2023	FY2023	FY2022	FY2022
LTM Adjusted EBITDA	118,807	116,320	114,140	108,590	102,644	101,200	99,269	101,884
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
COVID-19 credits allocated due to mandated store closures	–	–	–	–	–	699	1,535	3,051
Permanent cost-saving initiatives	3,438	1,880	2,325	5,074	–	–	–	–
Pro Forma Adjusted EBITDA	**122,245**	**118,200**	**116,465**	**113,664**	**110,094**	**113,799**	**116,804**	**124,435**

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, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021
	FY 2024	FY2024	FY2023	FY2023	FY2023	FY2023	FY2022	FY2022
Cash flow from operating activities	**19,101**	**24,260**	**27,552**	**24,605**	**18,446**	**16,346**	**22,127**	**24,762**
Acquisition of property and equipment	(2,350)	(1,369)	(2,987)	(1,997)	(2,099)	(1,151)	(2,443)	(2,181)
Acquisition of intangible assets other than internally developed intangible assets	(318)	(302)	(383)	(532)	(89)	(277)	(355)	(276)
Addition to internally developed intangible assets	(1,274)	(1,300)	(1,236)	(1,978)	(1,165)	(1,564)	(593)	(2,058)
Interest paid	(7,093)	(5,573)	(6,842)	(6,882)	(5,916)	(4,252)	(3,391)	(3,868)
Repayment of lease liabilities	(1,368)	(1,057)	(1,122)	(974)	(1,280)	(1,057)	(1,074)	(1,130)
Net change in non-cash operating working capital items	8,054	6,090	(7,077)	3,376	3,727	7,456	(7,571)	(1,533)
Unrealized loss (gain) on foreign exchange	(1,377)	608	(206)	658	1,310	(1,235)	(779)	236
Acquisition, legal, restructuring and other expenses	2,203	(2,900)	7,210	1,809	2,075	1,393	5,912	779
Adjusted free cash flow	**15,578**	**18,457**	**14,909**	**18,085**	**15,009**	**15,659**	**11,833**	**14,731**

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, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	March 31, 2022	Dec. 31, 2021
	FY 2024	FY2024	FY2023	FY2023	FY2023	FY2023	FY2022	FY2022
Credit facilities	374,573	374,114	360,990	366,168	368,442	358,440	358,203	317,957
Subordinated debt	25,593	25,568	25,543	25,517	25,492	25,467	25,442	25,416
Cash and cash equivalents	(9,704)	(11,682)	(15,453)	(12,303)	(15,411)	(13,816)	(14,563)	(11,266)
Portion of the balance payable on acquisition of InStore Audio Network paid on January 5, 2022	–	–	–	–	–	–	–	42,471
Net debt	**390,462**	**388,000**	**371,080**	**379,382**	**378,503**	**370,091**	**369,082**	**374,578**
Net debt to Pro Forma Adjusted EBITDA	**3.19**	**3.28**	**3.19**	**3.34**	**3.44**	**3.25**	**3.16**	**3.01**

LIQUIDITY AND CAPITAL RESOURCES
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

	3 months		6 months	
(in thousands of Canadian dollars)	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Operating activities	19,101	18,446	43,361	34,792
Financing activities	(16,654)	(9,593)	(41,127)	(23,159)
Investing activities	(4,376)	(7,258)	(7,882)	(10,785)
Net change in cash	(1,978)	1,595	(5,749)	848
Cash – beginning of period	11,682	13,816	15,453	14,563
Cash – end of period	9,704	15,411	9,704	15,411
Adjusted free cash flow(1)	**15,578**	**15,009**	**34,035**	**30,668**

Operating activities

Cash flow generated from operating activities amounted to $19.1 million for Q2 2024 compared to $18.4 million for Q2 2023. The increase was mainly due to higher operating results and a positive foreign exchange impact, partially offset by a higher negative net change in non-cash operating items.

Cash flow generated from operating activities amounted to $43.4 million for cumulative Fiscal 2024 compared to $34.8 million for cumulative Fiscal 2023. The increase was mainly due to higher operating results and to a one-time settlement gain on a trademark dispute in prior periods.

Financing Activities

Net cash flow used in financing activities amounted to $16.7 million for Q2 2024 compared to $9.6 million for Q2 2023. The increase is mainly due to a lower increase in credit facilities and higher interest paid, partially offset by timing of payments of other payables in the Radio segment.

Net cash flow used in financing activities amounted to $41.1 million for cumulative Fiscal 2024 compared to $23.2 million for cumulative Fiscal 2023. The increase was mostly due to the repayment of contingent consideration for the acquisition of InStore Audio Network.

Investing Activities

Net cash flow used in investing activities amounted to $4.4 million for Q2 2024 compared to $7.3 million for Q2 2023. Net cash flow used in investing activities amounted to $7.9 million for cumulative Fiscal 2024 compared to $10.8 million for cumulative Fiscal 2023. Both decreases were mainly due to a payment of net working capital related to the acquisition of InStore Audio Network in comparative periods.

Adjusted free cash flow(1)

Adjusted free cash flow generated in Q2 2024 amounted to $15.6 million compared to $15.0 million for Q2 2023. The increase was related to higher operating results, partially offset by higher interest paid.

Adjusted free cash flow generated in cumulative Fiscal 2024 amounted to $34.0 million compared to $30.7 million for cumulative Fiscal 2023. The increase was mainly due to higher operating results and to lower income tax paid, partially offset by higher interest paid.

Note:

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

CONSOLIDATED FINANCIAL POSITION AND CAPITAL RESOURCES

The following table shows the main variances that have occurred in the consolidated financial position of the Corporation for the six-month period ending September 30, 2023:

(in thousands of Canadian dollars)	Sept. 30, 2023	March 31, 2023	Variance		Significant contributions
Trade and other receivables	70,460	71,251	(791)	▼	Timing of payments by clients
Intangible assets	62,624	68,814	(6,190)	▼	Amortization of intangible assets
Goodwill	358,879	360,900	(2,021)	▼	Foreign exchange differences
Accounts payables and accrued liabilities	60,111	74,826	(14,715)	▼	Timing of payments to suppliers and lower revenue share payable for retail media advertising
Other liabilities	18,347	47,984	(29,637)	▼	Payment of contingent consideration on business acquisition of Instore Audio Network
Credit facilities	374,573	360,990	13,583	▲	Refer to the graph on next page
Subordinated debt	25,593	25,543	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.

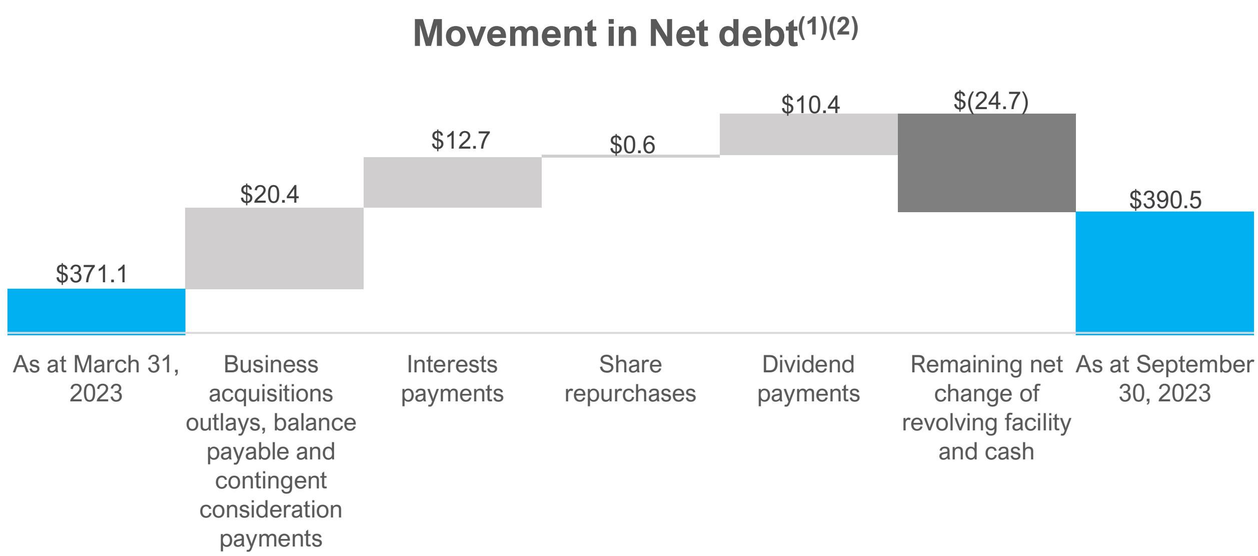
The credit facilities consist of a $375.0 million revolving credit facility and a $52.5 million term loan, both maturing in October 2026.

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 (7.20% and 5.45% as at September 30, 2023 and 2022, respectively) or US base rate if denominated in US dollars plus an applicable margin based on a financial covenant, or (b) the banker's acceptance rate (5.73% and 3.50% as at September 30, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, or (c) SOFR (5.43% and 2.52% as at September 30, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, at the Corporation's option. In addition, the Corporation incurs standby fees based on a financial covenant, on the unused portion of the credit facilities (0.40% for the years ended September 30, 2023 and 2022).

As of September 30, 2023, the Corporation had cash and cash equivalents of $9.7 million, a subordinated debt of $25.6 million and credit facilities of $374.6 million, of which approximately $51.5 million was available.

The following table summarizes the impact on the Net debt that occurred in the six-month period ended September 30, 2023:



Notes:

(1) In millions of Canadian dollars

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

SOCAN and Re:Sound legal proceedings

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

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

Contractual Obligations

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

Transactions Between Related Parties

The key management personnel of the Corporation are the Chief Executive Officer, Chief Financial Officer and certain other key employees of the Corporation. There have been no material changes to the nature or importance of the transactions between related parties since March 31, 2023.

Off-Balance Sheet Arrangements

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

Disclosure of Outstanding Share Data

Issued and outstanding shares and outstanding stock options consisted of:

	November 3, 2023	September 30, 2023
Issued and outstanding shares:		
Subordinate voting shares	50,747,050	50,866,350
Subordinate voting shares held in trust through employee share purchase plan	(37,429)	(30,365)
Variable subordinate voting shares	387,952	386,252
Multiple voting shares	17,941,498	17,941,498
	69,039,071	**69,163,735**
Outstanding stock options:		
Stock options	3,663,251	3,663,251

The Corporation has a stock option plan to attract and retain employees, directors, officers and consultants. The plan provides for the granting of options to purchase subordinate voting shares. Under this plan,10% of all multiple voting shares, subordinate voting shares and variable subordinate voting shares issued and outstanding on a non-diluted basis is reserved for issuance. During the first six months of Fiscal 2024, no options were exercised, and 173,918 options were granted to eligible employees, subject to service vesting periods of 4 years.

Financial Risk Factors

The Corporation is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest risk). The interim consolidated financial statements and management discussion and analysis do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at March 31, 2023. The Corporation is not aware of any significant changes to the financial risk factors from those disclosed at that time.

Risk Factors

For a detailed description of risk factors associated with the Corporation, please refer to the "Risk Factors" section of the Corporation's Annual Information Form dated June 6, 2023. The Corporation is not aware of any significant changes to the Corporation's risk factors from those disclosed at that time.

Future Accounting Changes

There are no material future accounting changes as of September 30, 2023.

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, 2023, there have been no changes in the Corporation's internal control over financial reporting that have materially affected, or are likely to materially affect, the Corporation's ICFR.

Management's assessment of and conclusion on the design and the effectiveness of the Corporation's ICFR as at November 7th, 2023, did not include the controls or procedures of the operations of Ultimate Trivia acquired by Stingray on March 29th, 2023. The Corporation has accordingly availed itself of provision 3.3(1)(b) of Regulation 52-109 which permits exclusion of this acquisition in the design and operating effectiveness assessment of its ICFR for a maximum period of 365 days from the date of acquisition.

Subsequent Events

Dividend

On November 7, 2023, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 15, 2023, to shareholders on record as of November 30, 2023.

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, 2023 and 2022

(In thousands of Canadian dollars, except per share amounts)		3 months		6 months	
(Unaudited)	Note	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenues	5	$ 82,493	$ 77,635	$ 161,485	$ 155,771
Operating expenses		53,685	51,195	103,305	102,982
Depreciation, amortization and write-off		8,253	8,764	16,156	17,330
Net finance expense (income)	6	5,582	11,906	9,988	15,881
Change in fair value of investments		(86)	(247)	21	(368)
Acquisition, legal, restructuring and other expenses	7	2,203	2,075	(697)	3,468
Income before income taxes		12,856	3,942	32,712	16,478
Income taxes		3,467	611	9,205	3,750
Net income		$ 9,389	$ 3,331	$ 23,507	$ 12,728
Net income per share — Basic and Diluted		$ 0.14	$ 0.05	$ 0.34	$ 0.18
Weighted average number of shares — Basic		69,276,233	69,723,828	69,298,775	69,840,087
Weighted average number of shares — Diluted		69,348,732	70,007,820	69,391,740	70,122,132
Comprehensive income					
Net income		$ 9,389	$ 3,331	$ 23,507	$ 12,728
Other comprehensive income (loss)					
Items that may be reclassified to profit and loss					
Exchange differences on translation of foreign operations		(539)	5,635	(3,510)	4,150
Total other comprehensive gain (loss)		(539)	5,635	(3,510)	4,150
Total comprehensive income		$ 8,850	$ 8,966	$ 19,997	$ 16,878

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, 2023 and March 31, 2023

(In thousands of Canadian dollars) (Unaudited)	Note	September 30, 2023	March 31, 2023
Assets			
Current assets			
Cash and cash equivalents		$ 9,704	$ 15,453
Trade and other receivables		70,460	71,251
Income taxes receivable		7,734	5,856
Inventories		4,234	5,704
Other current assets		14,373	17,719
		106,505	115,983
Non-current assets			
Property and equipment	8	37,541	38,792
Right-of-use assets on leases	8	21,275	23,271
Intangible assets, excluding broadcast licences	8	62,624	68,814
Broadcast licences	8	272,996	272,996
Goodwill	8	358,879	360,900
Investments		8,124	8,295
Other non-current assets		6,296	3,945
Deferred tax assets		2,149	2,206
Total assets		$ 876,389	$ 895,202
Liabilities and Equity			
Current liabilities			
Credit facilities	9	$ 7,500	$ 7,500
Accounts payable and accrued liabilities		60,111	74,826
Dividend payable		—	5,200
Deferred revenues		5,960	7,473
Current portion of lease liabilities	10	4,176	4,177
Current portion of other liabilities	11	7,222	31,428
Income taxes payable		9,726	4,575
		94,695	135,179
Non-current liabilities			
Credit facilities	9	367,073	353,490
Subordinated debt		25,593	25,543
Deferred revenues		181	267
Lease liabilities	10	19,317	21,533
Other liabilities	11	11,125	16,556
Deferred tax liabilities		57,850	56,365
Total liabilities		575,834	608,933
Shareholders' equity			
Share capital	12	297,036	297,903
Contributed surplus		6,429	6,158
Deficit		(3,342)	(21,734)
Accumulated other comprehensive income (loss)		432	3,942
Total equity		300,555	286,269
Subsequent event (note 15)			
Total liabilities and equity		$ 876,389	$ 895,202

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

Approved by the Board of Directors,

(Signed) Eric Boyko, Director

(Signed) Karinne Bouchard, Director

Consolidated Statements of Changes in Equity

Six-month periods ended September 30, 2023 and 2022

(In thousands of Canadian dollars, except number of share capital) (Unaudited)	Share Capital			Accumulated other comprehensive income (loss)		
	Number	Amount	Contributed surplus	Deficit	Cumulative Translation Account	Defined Benefit Plans	Total shareholders' equity
Balance at March 31, 2022	70,095,924	$ 302,328	$ 5,745	$ (31,103)	$ (5,729)	$ 2,288	$ 273,529
Dividends	—	—	—	(5,213)	—	—	(5,213)
Repurchase and cancellation of shares	(391,900)	(2,227)	—	(246)	—	—	(2,473)
Share-based compensation	—	—	220	—	—	—	220
Employee share purchase plan	(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
Balance at March 31, 2023	69,319,798	$ 297,903	$ 6,158	$ (21,734)	$ 1,706	$ 2,236	$ 286,269
Dividends	—	—	—	(5,194)	—	—	(5,194)
Repurchase and cancellation of shares (note 12)	(127,500)	(724)	—	79	—	—	(645)
Share-based compensation	—	—	128	—	—	—	128
Employee share purchase plan (note 12)	(28,563)	(143)	143	—	—	—	—
Net income	—	—	—	23,507	—	—	23,507
Other comprehensive loss	—	—	—	—	(3,510)	—	(3,510)
Balance at September 30, 2023	69,163,735	$ 297,036	$ 6,429	$ (3,342)	$ (1,804)	$ 2,236	$ 300,555

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, 2023 and 2022

(In thousands of Canadian dollars)		3 months		6 months	
(Unaudited)	Note	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Operating activities:					
Net income		$ 9,389	$ 3,331	$ 23,507	$ 12,728
Adjustments for:					
Depreciation, amortization and write-off		8,253	8,764	16,156	17,330
Gain on disposal of leases		33	—	33	—
Share-based compensation, PSU and DSU expenses		710	591	(396)	328
Interest expense and standby fees	6	6,814	4,973	13,440	8,518
Change in fair value of derivative financial instruments	6	(600)	2,996	(4,235)	2,451
Change in fair value of investments		(86)	(247)	21	(368)
Share of results of joint ventures		311	(17)	300	(17)
Equity loss on associates		745	455	745	455
Change in fair value of contingent consideration	6	171	1,954	264	3,376
Accretion expense	6	325	485	695	963
Interest expense on lease liabilities	6,10	360	410	735	814
Income tax expense		3,467	611	9,205	3,750
Income taxes paid		(2,737)	(2,133)	(2,965)	(4,353)
		27,155	22,173	57,505	45,975
Net change in non-cash operating items	13	(8,054)	(3,727)	(14,144)	(11,183)
		19,101	18,446	43,361	34,792
Financing activities:					
Increase of credit facilities		362	9,886	13,390	10,034
Payment of dividends		(5,194)	(5,229)	(10,394)	(10,472)
Share repurchases	12	(606)	(274)	(645)	(2,473)
Shares purchased under the employee share purchase plan		(78)	(81)	(143)	(176)
Interest paid		(7,093)	(5,916)	(12,666)	(10,168)
Repayment of lease liabilities		(1,368)	(1,280)	(2,425)	(2,337)
Repayment of other liabilities		(2,677)	(6,699)	(28,244)	(7,567)
		(16,654)	(9,593)	(41,127)	(23,159)
Investing activities:					
Business acquisition, net of cash acquired	3	—	(3,887)	—	(3,887)
Acquisition of investments		(7)	(18)	(49)	(40)
Acquisition of investments in associates		—	—	—	(513)
Acquisition of investments in joint ventures		(427)	—	(920)	—
Acquisition of property and equipment		(2,350)	(2,099)	(3,719)	(3,250)
Acquisition of intangible assets other than internally developed intangible assets		(318)	(89)	(620)	(366)
Addition to internally developed intangible assets		(1,274)	(1,165)	(2,574)	(2,729)
		(4,376)	(7,258)	(7,882)	(10,785)
Effect of foreign exchange difference on cash and cash equivalents		(49)	—	(101)	—
Net increase (decrease) in cash and cash equivalents		(1,978)	1,595	(5,749)	848
Cash and cash equivalents, beginning of period		11,682	13,816	15,453	14,563
Cash and cash equivalents, end of period		$ 9,704	$ 15,411	$ 9,704	$ 15,411

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

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, 2023.

2. SIGNIFICANT CHANGE AND HIGHLIGHT

The interim consolidated financial position and performance of the Corporation was particularly affected by the following events and transactions during the three-month and six-month periods ended September 30, 2023:

- On September 22, 2023, the Corporation announced that the Toronto Stock Exchange had approved its normal course issuer bid, authorizing the Corporation to repurchase up to an aggregate 2,765,903 subordinate voting shares and variable subordinate voting shares (collectively, "Subordinate Shares"), representing approximately 10% of the public float of Subordinate Shares as at September 15, 2023. Refer to note 12 for more information.
- On June 30, 2023 the Corporation resolved a trademark dispute, which resulted in a one-time settlement gain, recorded in Acquisition, legal, restructuring, and other expenses. Refer to note 7 for more information.

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

3. BUSINESS ACQUISITIONS

FISCAL 2023

Ultimate Trivia Network

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

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

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

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

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

4. SEGMENT INFORMATION

OPERATING SEGMENTS

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

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

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

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

The following tables present financial information by segment for the three-month and six-month periods ended September 30, 2023 and 2022.

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023	**Q2 2024**	**Q2 2023**
Three-month periods								
Revenues	$ 49,815	$ 44,901	$ 32,678	$ 32,734	$ —	$ —	**$ 82,493**	**$ 77,635**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	29,898	27,956	21,665	21,405	1,412	1,243	**52,975**	**50,604**
Adjusted EBITDA	$ 19,917	$ 16,945	$ 11,013	$ 11,329	(1,412)	(1,243)	**29,518**	**27,031**
Share-based compensation					120	164	**120**	**164**
PSU and DSU expenses					590	427	**590**	**427**
Depreciation, amortization and write-off					8,253	8,764	**8,253**	**8,764**
Net finance expense (income)					5,582	11,906	**5,582**	**11,906**
Change in fair value of investments					(86)	(247)	**(86)**	**(247)**
Acquisition, legal, restructuring and other expenses					$ 2,203	$ 2,075	**2,203**	**2,075**
Income before income taxes							**12,856**	**3,942**
Income taxes							**3,467**	**611**
Net income							**$ 9,389**	**$ 3,331**

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

	Broadcasting and commercial music		Radio		Corporate and eliminations		**Consolidated**	
	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023	**Q2 2024**	**Q2 2023**
Six-month periods								
Revenues	$ 97,003	$ 91,031	$ 64,482	$ 64,740	$ —	$ —	**$ 161,485**	**$ 155,771**
Operating expenses (excluding Share-based compensation and PSU and DSU expenses)	57,128	57,320	43,582	42,799	2,991	2,535	**103,701**	**102,654**
Adjusted EBITDA	$ 39,875	$ 33,711	$ 20,900	$ 21,941	(2,991)	(2,535)	**57,784**	**53,117**
Share-based compensation					221	301	**221**	**301**
PSU and DSU expenses					(617)	27	**(617)**	**27**
Depreciation, amortization and write-off					16,156	17,330	**16,156**	**17,330**
Net finance expense (income)					9,988	15,881	**9,988**	**15,881**
Change in fair value of investments					21	(368)	**21**	**(368)**
Acquisition, legal, restructuring and other expenses					$ (697)	$ 3,468	**(697)**	**3,468**
Income before income taxes							**32,712**	**16,478**
Income taxes							**9,205**	**3,750**
Net income							**$ 23,507**	**$ 12,728**

During the six-month period ended September 30, 2023 the Corporation received tax credits related to its research and development and multimedia activities of $911 (2022 - $1,146) which were recorded as a reduction of operating expenses.

	Broadcasting and commercial music		Radio		Corporate and eliminations[1]		**Consolidated**	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	**September 30, 2023**	**March 31, 2023**
Total assets	$ 278,298	$ 282,499	$ 598,091	$ 612,703	$ —	$ —	**$ 876,389**	**$ 895,202**
Total liabilities	$ 71,888	$ 101,172	$ 102,588	$ 113,825	$ 401,358	$ 393,936	**$ 575,834**	**$ 608,933**

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

	Broadcasting and commercial music		Radio		**Consolidated**	
Three-month periods	Q2 2024	Q2 2023	Q2 2024	Q2 2023	**Q2 2024**	**Q2 2023**
Acquisition of property and equipment	$ 975	$ 977	$ 1,375	$ 1,335	**$ 2,350**	**$ 2,312**
Addition to right-of-use assets on leases	$ —	$ —	$ 633	$ —	**$ 633**	**$ —**
Acquisition of intangible assets	$ 1,615	$ 1,491	$ —	$ —	**$ 1,615**	**$ 1,491**

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

Six-month periods	Broadcasting and commercial music Q2 2024	Broadcasting and commercial music Q2 2023	Radio Q2 2024	Radio Q2 2023	**Consolidated Q2 2024**	**Consolidated Q2 2023**
Acquisition of property and equipment	$ 1,552	$ 1,645	$ 1,926	$ 1,681	**$ 3,478**	**$ 3,326**
Addition to right-of-use assets on leases	$ 480	$ 947	$ 767	$ 135	**$ 1,247**	**$ 1,082**
Acquisition of intangible assets	$ 3,272	$ 3,303	$ —	$ —	**$ 3,272**	**$ 3,303**

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, 2023, approximately 76% (75% as at September 30, 2022) of the Corporation's non-current assets are located in Canada.

5. REVENUES

DISAGGREGATION OF REVENUES

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

	Reportable segments[3]					
	Broadcasting and commercial music		Radio		**Total revenues**	
Three-month periods	Q2 2024	Q2 2023	Q2 2024	Q2 2023	**Q2 2024**	**Q2 2023**
Geography						
Canada	$ 15,751	$ 14,502	$ 32,678	$ 32,734	**$ 48,429**	**$ 47,236**
United States	21,571	18,360	—	—	**21,571**	**18,360**
Other countries	12,493	12,039	—	—	**12,493**	**12,039**
	49,815	44,901	32,678	32,734	**82,493**	**77,635**
Products						
Subscriptions [1]	33,751	32,767	—	—	**33,751**	**32,767**
Equipment and labor [2]	4,944	3,888	—	—	**4,944**	**3,888**
Advertising [2]	11,120	8,246	32,678	32,734	**43,798**	**40,980**
	$ 49,815	$ 44,901	$ 32,678	$ 32,734	**$ 82,493**	**$ 77,635**

[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)

	Reportable segments[3]					
	Broadcasting and commercial music		Radio		**Total revenues**	
Six-month periods	Q2 2024	Q2 2023	Q2 2024	Q2 2023	**Q2 2024**	**Q2 2023**
Geography						
Canada	$ 31,228	$ 29,154	$ 64,482	$ 64,740	**$ 95,710**	**$ 93,894**
United States	40,650	37,463	—	—	**40,650**	**37,463**
Other countries	25,125	24,414	—	—	**25,125**	**24,414**
	97,003	91,031	64,482	64,740	**161,485**	**155,771**
Products						
Subscriptions [1]	68,065	66,377	—	—	**68,065**	**66,377**
Equipment and labor [2]	9,607	7,788	—	—	**9,607**	**7,788**
Advertising [2]	19,331	16,866	64,482	64,740	**83,813**	**81,606**
	$ 97,003	$ 91,031	$ 64,482	$ 64,740	**$ 161,485**	**$ 155,771**

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

6. NET FINANCE EXPENSE (INCOME)

	3 months		6 months	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest expense and standby fees	$ 6,814	$ 4,973	$ 13,440	$ 8,518
Change in fair value of derivative financial instruments	(600)	2,996	(4,235)	2,451
Change in fair value of contingent consideration	171	1,954	264	3,376
Accretion expense	325	485	695	963
Interest expense on lease liabilities (note 10)	360	410	735	814
Foreign exchange loss (gain)	(1,488)	1,088	(911)	(241)
	$ 5,582	$ 11,906	$ 9,988	$ 15,881

7. ACQUISITION, LEGAL, RESTRUCTURING AND OTHER EXPENSES

	3 months		6 months	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Acquisition	$ —	$ 47	$ 4	$ 214
Legal	374	391	(3,341)	512
Restructuring and other	1,829	1,637	2,640	2,742
	$ 2,203	$ 2,075	$ (697)	$ 3,468

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

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

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

	Property and equipment	Right-of-use assets on leases	Intangible assets	Broadcast licences	Goodwill
Year ended March 31, 2023					
Net book amount as at March 31, 2022	$ 39,931	$ 25,944	$ 76,230	$ 272,996	$ 354,679
Additions	8,324	2,551	7,483	—	—
Additions through business acquisitions	—	—	746	—	1,145
Reassessment of leases' term	—	(733)	—	—	—
Disposals and write-off	(884)	—	—	—	—
Depreciation of property and equipment	(8,925)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(4,545)	—	—	—
Amortization of intangible assets	—	—	(18,737)	—	—
Foreign exchange differences	346	54	3,092	—	5,076
Net book amount as at March 31, 2023	$ 38,792	$ 23,271	$ 68,814	$ 272,996	$ 360,900
Six-month period ended September 30, 2023					
Net book amount as at March 31, 2023	$ 38,792	$ 23,271	$ 68,814	$ 272,996	$ 360,900
Additions	3,478	1,247	3,272	—	—
Reassessment of leases' term	—	(1,083)	—	—	—
Disposals and write-off	(140)	—	—	—	—
Depreciation of property and equipment	(4,618)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(2,187)	—	—	—
Amortization of intangible assets	—	—	(9,244)	—	—
Foreign exchange differences	29	27	(218)	—	(2,021)
Net book amount as at September 30, 2023	$ 37,541	$ 21,275	$ 62,624	$ 272,996	$ 358,879

9. CREDIT FACILITIES

The total credit facilities consist of a $375,000 revolving credit facility and a remaining $52,500 term loan, both maturing in October 2026.

The credit facilities may be drawn in Canadian dollars in the form of prime rate loan or banker's acceptances, in US dollars in the form of US base rate loans or SOFR loans, in Euro in the form of LIBOR loans, in British Pound in the form of SONIA loans and in Australian dollars in the form of BBSY loans.

The credit facilities bear interest at (a) the bank's prime rate (7.20% and 5.45% as at September 30, 2023 and 2022, respectively) or US base rate if denominated in US dollars (9.25% and 7.00% as at September 30, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, or (b) the banker's acceptance rate (5.73% and 3.50% as at September 30, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, or (c) SOFR (5.43% and 2.52% as at September 30, 2023 and 2022, respectively) plus an applicable margin based on a financial covenant, at the Corporation's option.

In addition, the Corporation incurs standby fees based on a financial covenant, on the unused portion of the credit facilities (0.40% as at September 30, 2023 and 2022). The credit facilities are secured by guarantees from subsidiaries and first ranking lien on universality of all assets, tangible and intangible, present and future.

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

The table below is a summary of the credit facilities:

September 30, 2023	Total available	Drawn	Letter of credit	Net available
Committed credit facilities				
Revolving facility	$ 375,000	$ 322,794	$ 750	$ 51,456
Term facility	52,500	52,500	—	—
Total committed credit facilities	$ 427,500	375,294	$ 750	$ 51,456
Less: unamortized deferred financing fees		(721)		
Balance, end of period		$ 374,573		
Current portion		$ 7,500		
Non-current portion		$ 367,073		

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

As at September 30, 2023 and March 31, 2023, 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
2024	$ 3,750
2025	7,500
2026	7,500
2027	33,750
	$ 52,500

(In thousands of Canadian dollars, unless otherwise stated)
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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, 2023:

	3 months		6 months	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Lease liabilities, beginning of period	**$ 24,915**	**$ 28,287**	**$ 25,710**	**$ 28,318**
Additions	651	—	1,232	1,082
Payment of lease liabilities, including related interest	(1,728)	(1,690)	(3,160)	(3,151)
Reassessment of the lease term	(644)	(175)	(666)	(195)
Disposal	(41)	—	(350)	—
Interest expense on lease liabilities (note 6)	360	410	735	814
Foreign exchange differences	(20)	6	(8)	(30)
Lease liabilities, end of period	**$ 23,493**	**$ 26,838**	**$ 23,493**	**$ 26,838**

Lease liabilities included in the Consolidated statements of financial position	**September 30, 2023**	**March 31, 2023**
Current portion	$ 4,176	$ 4,177
Non-current portion	$ 19,317	$ 21,533
	$ 23,493	**$** 25,710

The following table presents the maturity analysis of contractual undiscounted cashflows related to the lease liabilities of the Corporation as of September 30, 2023:

Less than one year	$ 4,196
One to five years	16,415
More than five years	9,593
Total undiscounted lease liabilities as at September 30, 2023	**$ 30,177**

11. OTHER LIABILITIES

	Note	September 30, 2023	March 31, 2023
CRTC tangible benefits		$ 8,315	$ 14,765
Contingent consideration		1,440	21,117
Balance payable on business acquisitions		2,132	3,428
Accrued pension benefit liability		2,595	2,707
Derivative financial instruments	14	1,192	2,203
Performance share unit payable		1,068	2,136
Other		1,605	1,628
		18,347	47,984
Current portion		(7,222)	(31,428)
		$ 11,125	$ 16,556

On April 11, 2023 the Corporation paid contingent consideration of US$14,000 ($18,876) and balance payable of US$1,000 ($1,315), reducing other liabilities in the consolidated statements of financial position.

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

12. SHARE CAPITAL

Authorized:

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

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

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

Unlimited number of special shares, participating, without par value

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

Issued and outstanding:

The movements in share capital were as follows:

	Number of shares		Carrying amount
Year ended March 31, 2023			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2022	52,154,426	$	284,102
Repurchased and cancelled	(786,100)		(4,466)
Purchased and held in trust through employee share purchase plan	9,974		41
As at March 31, 2023	51,378,300	$	279,677
Multiple voting shares			
As at March 31, 2022 and 2023	17,941,498	$	18,226
	69,319,798	$	297,903
Six-month period ended September 30, 2023			
Subordinate voting shares and variable subordinate voting shares			
As at March 31, 2023	51,378,300	$	279,677
Repurchased and cancelled	(127,500)		(724)
Purchased and held in trust through employee share purchase plan	(28,563)		(143)
As at September 30, 2023	51,222,237	$	278,810
Multiple voting shares			
As at March 31, 2023 and September 30, 2023	17,941,498	$	18,226
	69,163,735	$	297,036

Transactions for the six-month period ended September 30, 2023

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

On March 22, 2023, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share, multiple voting share and subscription receipts. A dividend payable of $5,200 was accrued in the consolidated statement of financial position as at March 31, 2023 and was paid on June 15, 2023.

Share repurchase program

On September 22, 2023, the Toronto Stock Exchange (the "TSX") approved the renewal of its share repurchase program, effective September 27, 2023 and allowed the Corporation to repurchase up to an aggregate 2,765,903 subordinate voting shares and variable subordinate voting shares (collectively, the “Subordinate Shares”), representing approximately 10% of the Subordinate Shares issued and outstanding as at September 15, 2023. In accordance with TSX requirements, the

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Corporation is entitled to purchase, on any trading day, up to a total of 4,973 Subordinate Shares, representing 25% of the net average daily trading volume of the Subordinate Shares. When making such repurchases, the number of Subordinate Shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program will be cancelled upon repurchase. The share repurchase period will end no later than September 26, 2024.

The following table summarizes the Corporation's share repurchase activities during the six-month periods ended September 30, 2023 and September 30, 2022:

		2023		2022
Subordinate voting shares repurchased for cancellation *(unit)*		127,500		391,900
Average price per share	$	5.0624	$	6.3092
Total repurchase cost	$	645	$	2,473
Repurchase resulting in a reduction of:				
Share capital	$	724	$	2,227
Deficit [1]	$	(79)	$	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, 2023		September 30, 2022		September 30, 2023		September 30, 2022
Trade and other receivables	$	(7)	$	535	$	405	$	(832)
Inventories		1,217		741		1,435		271
Other current assets		207		(641)		3,235		(872)
Other non-current assets		528		(1,564)		947		(882)
Accounts payable and accrued liabilities		(1,671)		(3,378)		(12,359)		(4,042)
Deferred revenues		(711)		597		(1,652)		69
Income taxes payable		(813)		(25)		(1,395)		(991)
Other liabilities		(6,804)		8		(4,760)		(3,904)
	$	(8,054)	$	(3,727)	$	(14,144)	$	(11,183)

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, 2023 and 2022:

	3 months				6 months			
		September 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022
Additions to property and equipment	$	—	$	213	$	(241)	$	76
Additions to intangible assets, excluding broadcast licences and intangible assets acquired through business acquisitions		23		237		78		208
	$	23	$	450	$	(163)	$	284

14. FINANCIAL INSTRUMENTS

FINANCIAL RISK FACTORS

The Corporation is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest risk). The interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at March 31, 2023. The Corporation is not aware of any significant changes to the Corporation's risk factors from those disclosed at that time.

FAIR VALUES

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

(In thousands of Canadian dollars, unless otherwise stated)
(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, 2023	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 9,704				
Trade and other receivables	65,717				
Financial assets measured at fair value					
Investments	$ 1,878	$ 1,878	$ —	$ —	$ 1,878
Derivative financial instruments	3,224	3,224	—	3,224	—
Financial liabilities measured at amortized cost					
Credit facilities	$ 374,573				
Subordinated debt	25,593				
Accounts payable and accrued liabilities	55,835				
CRTC tangible benefits	8,315				
Accrued pension benefit liability	2,595				
Performance share unit payable	1,068				
Balance payable on business acquisitions	2,132	2,104	—	2,104	—
Financial liabilities measured at fair value					
Contingent consideration	$ 1,440	$ 1,440	$ —	$ —	$ 1,440
Derivative financial instruments	1,192	1,915	—	1,192	—

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

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

Fair value measurement (Level 3):

		Investments		Contingent consideration
Six-month period ended September 30, 2022				
Opening amount as at March 31, 2022	$	1,615	$	19,204
Additions		40		—
Change in fair value, including foreign exchange differences		76		3,285
Settlements		—		(428)
Balance at September 30, 2022	$	1,731	$	22,061
Six-month period ended September 30, 2023				
Opening amount as at March 31, 2023	$	1,845	$	21,117
Additions		34		—
Change in fair value, including foreign exchange differences		(1)		264
Settlements		—		(19,941)
Balance at September 30, 2023	$	1,878	$	1,440

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, 2023 and 2022.

INVESTMENTS

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

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

CONTINGENT CONSIDERATION

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

The 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, 2023 and March 31, 2023:

Maturity	Currency	Fixed interest rate (when applicable)	Initial nominal value	Mark-to-market assets (liabilities) as at September 30, 2023	Mark-to-market assets (liabilities) as at March 31, 2023
Swaptions					
October 25, 2024	CAD	—	$ 100,000	$ (72)	$ (490)
October 25, 2024	CAD	—	100,000	(106)	(699)
			200,000	(178)	(1,189)
Swaps					
September 29, 2026	CAD	3.5975%	70,000	2,652	1
September 29, 2026	CAD	4.5900%	20,000	222	N/A
September 29, 2026	CAD	4.7500%	25,000	170	N/A
September 29, 2026	CAD	4.7300%	25,000	181	N/A
			$ 340,000	$ 3,047	$ (1,188)

To manage its currency risk, the Corporation entered into foreign exchange forward contracts during the year ended March 31, 2023. The table below summarizes the contracts effective as at September 30, 2023 and March 31, 2023:

Maturity	Type	Contract exchange rate	Contractual amount	Mark-to-market assets (liabilities) as at September 30, 2023	Mark-to-market assets (liabilities) as at March 31, 2023
Foreign exchange forward contracts					
0 to 12 months	USD Sale	1.2831 – 1.3599	$ 24,000	$ (693)	$ (1,121)
13 to 24 months	USD Sale	1.3182 – 1.3666	24,000	(321)	106
			$ 48,000	$ (1,014)	$ (1,015)

15. SUBSEQUENT EVENT

Dividend

On November 7, 2023, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 15, 2023 to shareholders on record as of November 30, 2023.

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

16. BASIS OF PREPARATION

a) Statement of compliance:

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a basis consistent with those accounting policies followed by the Corporation in the most recent audited consolidated annual financial statements. These interim consolidated financial statements have been prepared on a form in accordance with IAS 34 "Interim Financial Reporting". Accordingly, certain information, in particular the accompanying notes, normally included in the consolidated annual financial statements prepared in accordance with IFRS, has been omitted or condensed. Income taxes in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. These interim consolidated financial statements should be read in conjunction with the consolidated annual financial statements and the note thereto for the year ended March 31, 2023.

The interim consolidated financial statements were authorized for issue by the Board of Directors on November 7, 2023.

b) Use of estimates and judgements:

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

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of information were the same as the ones applied to the audited consolidated financial statements for the year ended March 31, 2023.

c) Functional and presentation currency:

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

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