MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations, dated May 10, 2017 of Mood Media Corporation ("Mood Media", "Mood" or the "Company") should be read together with the attached unaudited interim condensed consolidated financial statements and related notes for the three months March 31, 2017, the unaudited interim condensed consolidated financial statements and the related notes for the three months ended March 31, 2016, the Company's audited consolidated financial statements and accompanying notes for the fiscal year ended December 31, 2016, and the Company's annual information form dated March 27, 2017 (the "AIF"). Additional information related to the Company, including the Company's AIF, can be found on SEDAR at www.sedar.com. Please also refer to the risk factors identified in the Company's AIF. The fiscal year of the Company ends on December 31. The Company's reporting currency is the US dollar and, unless otherwise noted, all amounts (including in the narrative) are in thousands of US dollars except for shares and per-share amounts. Per-share amounts are calculated using the weighted average number of shares outstanding for the period ended March 31, 2017.

This discussion contains forward-looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements.

As used in this management's discussion and analysis of financial condition and results of operation, the terms the "Company", "we", "us", "our" or other similar terms refer to Mood Media and its consolidated subsidiaries.

The presentation of any information identified as a non-International Financial Reporting Standards ("IFRS") measure throughout this document is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS, and it is presented with the sole purpose of providing readers of this document with relevant information to better assess the company's operating performance.

Forward-Looking Statements

Certain statements in this management's discussion and analysis contains "forward-looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this management's discussion and analysis, such statements use such words as "may," "will," "intend," "should," "expect," "expect to," "believe," "plan," "anticipate," "estimate," "predict," "potential," "continue," or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this management's discussion and analysis. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the impact of general market, industry, credit and economic conditions and other risks as described within this document and in the Company's AIF, which can be found at *www.sedar.com*. These forward-looking statements are made as of the date of release of this management's discussion and analysis, and the Company does not assume any obligation to update or revise them to reflect new events or circumstances. In addition, the Company does not provide financial outlooks or future-oriented financial information in this management's discussion and analysis and, accordingly, no forward-looking information or statements should be construed as such.

Overview

Our common shares are listed on the Toronto Stock Exchange (''TSX'') under the trading symbol ''MM''. We are a leading global provider of in-store audio, visual and other forms of media and marketing solutions in North America, Europe and Australia to more than 500,000 commercial locations across a broad range of industries including retail, food retail, car dealerships, financial services and hospitality. We benefit from economies of scope and scale, generating revenue from multiple product and service offerings across more than 40 countries. Our strategy of combining audio, visual and other forms of media has helped our clients enhance their branding, drive impulse purchases of their products and improve the shopping experience for their customers. The breadth and depth of our customizable offerings and the quality of our customer service has helped make us the preferred media and marketing solutions provider to more than 850 North American and international brands. Mood Media's strategy is to combine our media services into a single comprehensive experience solution comprising audio, visual, scent, interactive and similar solutions, to increase penetration of newly developed services, such as visuals, Wi-Fi and mobile, by selling into our large existing client base, and to leverage our leading market positions and solutions portfolio to enhance financial returns.

Our audio solutions emphasize the use of music to create a distinct atmosphere within a commercial environment. By law, the public performance of music in a commercial environment requires specific-use permissions from the relevant copyright owners. Each country has its own legal system and may have specific copyright rules making global and pan-European compliance a complex undertaking. Furthermore, penalties for infringement vary from country to country and can be significant for commercial enterprises that do not comply with the relevant rules. We have worldwide experience and extensive knowledge of the various licensing systems throughout the world. As a music content provider we understand licensing requirements and provide support to our customers to obtain the relevant licenses. We are viewed as an established distribution network by music producers, performance rights organizations and third-party advertisers.

Our visual solutions deliver highly customized content management solutions with a scalable delivery platform to enable retailers to deliver "infotainment", product information and branding messages to their customers at the point-of-purchase. Our visual solutions range from relatively simple applications to large-scale, highly immersive consumer experiences.

Our mobile solutions provide an innovative means for our customers to connect interactively with their consumers via smartphone and other internet-connected devices. Our applications can detect the presence of consumers within the retail environment and deliver customized and specific content, promotions and coupons in order to incentivize purchasing behavior and provide product information. Mood Media's Wi-Fi solution enables retailers to provide broadband connectivity to their customers within the store on a cost-effective basis.

In-store audio, visual and marketing solutions create a communication channel between our clients' brand and their customers at the point-of-purchase. By enhancing the brand experience of our clients' consumers and establishing an emotional connection between our clients and their consumers, these products and services can have an impact on consumer purchasing decisions. We tailor both our media's content and delivery by scheduling specific content to be delivered at a specific time in order to target a specific audience. Our media is broadcast through customizable technology systems, supported by ongoing maintenance and technical support and integrated into our clients' existing IT infrastructure. The tailored content we deliver eliminates the need for our clients to select their own, often repetitive, background media.

In the fourth quarter of 2013, the Company began a comprehensive integration program focused on streamlining and simplifying the Company's infrastructure and processes on a global basis with associated benefits to its cost structure. Wave 1 initiatives generated approximately $9 million in annualized savings. Wave 2 and 3 delivered nearly $10 million in annualized savings in 2014, while Wave 4 and 5 initiatives delivered additional annualized savings of approximately $9 million in 2015 and 2016. The Company's Wave 6 initiatives are projected to deliver annualized savings of an additional $6M, raising the total annualized transformation savings delivered since the program began at the end of 2013 to approximately $34 million.

Sale of French Speaker business

On March 30, 2016, the Company completed the sale of assets related to its speaker business. The $3,708 loss recognized included goodwill and intangibles attributed to the assets sold totaling $210 and $1,659, respectively. The Company agreed to an inventory purchase commitment totaling €2,700 over a period of three years with a minimum purchase of €800 during each year, consistent with past purchase volumes and future expected inventory requirements.

Amendment to Credit Agreement

On November 23, 2016, the Company entered into a First Amendment to the Credit Agreement (the "Amendment"), which amended the 2014 First Lien Credit Facilities to enhance the Company's operating cushion with respect to the interest coverage covenant under the debt agreement. The Amendment resulted in deferred financing costs in the amount of $2,033 reducing the carrying value of the debt. These costs will be accreted over the remaining life of the debt, using the effective interest rate method.

Summary of Quarterly Results

The following table presents a summary of our unaudited operating results on a quarterly basis. The financial information is presented in accordance with IFRS.

Period	Revenue	Loss for the period attributable to owners of the parent	Basic and diluted EPS
Q1 – 2017[8]	$110,243	$(9,465)	$(0.05)
Q4 – 2016[7]	120,354	(28,931)	(0.16)
Q3 – 2016[6]	113,915	(7,506)	(0.04)
Q2 – 2016[5]	119,670	(11,921)	(0.06)
Q1 – 2016[4]	111,335	(9,428)	(0.05)
Q4 – 2015[3]	125,034	(41,011)	(0.22)
Q3 – 2015[2]	118,159	(9,858)	(0.05)
Q2 – 2015[1]	117,668	(2,185)	(0.01)

1. The reduction in loss compared to the previous quarter is due to a positive foreign currency exchange rate fluctuation, mainly on intercompany balances payable by foreign subsidiaries to parent company in US dollars as a result of the strengthening of the Euro against the US Dollar versus the prior quarter end exchange rate. Adding to the reduction in loss for the period is the recognition of income tax recoveries in the period.
2. The increase in loss compared to prior quarter is due to the impact of foreign currency exchange rate fluctuations, mainly on intercompany balances payable by foreign subsidiaries to parent company in US dollars, the impact of the loss in fair value of certain financial instruments and management's best estimate for a settlement of a dispute with various counterparties over the interpretation of certain contractual arrangements.
3. The significant loss for the period is due primarily to the goodwill impairment charge.
4. The reduced loss for the period compared to prior quarter is due to the $25,000 goodwill impairment charge included in the prior quarter and a Q1 2016 foreign exchange gain on USD-based debt and intercompany debt held by foreign subsidiaries caused by the strengthening of the Euro spot rate.
5. The increase in loss for the period compared to the prior quarter is due primarily to a Q2 2016 foreign exchange loss on USD-based debt and intercompany debt held by foreign subsidiaries caused by the weakening of the Euro spot rate offset by increased revenue and related gross margin dollar growth and a reduction in other expenses for the quarter.
6. The decrease in the loss for the period compared to the prior quarter is due to (i) a foreign exchange gain on USD-based debt and intercompany debt held by foreign subsidiaries due to foreign currency exchange fluctuations compared to a loss experienced in Q2 of 2016, and (ii) a tax credit for the quarter compared to a tax charge for the prior quarter, the impacts of which (iii) were partially offset by lower gross margin on lower revenues.
7. The increase in the loss for the period compared to the prior quarter is due to (i) a foreign exchange loss on USD-based debt and intercompany debt held by foreign subsidiaries caused by the weakening of the Euro spot rate during Q4 2016, as opposed to a gain in the previous quarter, (ii) a goodwill impairment charge of $3,575 during Q4 2016 and (iii) the recognition of $3,769 in deferred tax liabilities also during Q4 2016.
8. The reduction in loss compared to the previous quarter is primarily driven by the impact of foreign currency exchange rate fluctuations on USD-based debt and intercompany debt held by foreign subsidiaries, resulting in a gain in Q1 2017, as compared to a loss in the previous quarter and to a lesser extent a reduction in gross margin dollars on lower revenues.

Operating Results

Three months ended March 31, 2017 compared with the three months ended March 31, 2016

We report our operations in four reportable segments, ''In-Store Media North America'', "In-Store Media International", "BIS" and "Other" for the purposes of reconciliation to the Company's financial statements.

Revenue for the three months ended March 31, 2017 and March 31, 2016 were as follows:

	Three months ended			
	March 31, 2017	**March 31, 2016**	**Variance**	**%Change**
In-Store Media North America	$62,059	$62,612	$(553)	(0.9)%
In-Store Media International	23,359	27,909	(4,550)	(16.3)%
BIS	13,996	13,299	697	5.2%
Other	10,829	7,515	3,314	44.1%
Total Consolidated Group	**$110,243**	**$111,335**	**$(1,092)**	**(1.0)%**

Revenue on a constant dollar basis (a)

	Three months ended			
	March 31, 2017	**March 31, 2016**	**Variance**	**%Change**
In-Store Media North America	$62,059	$62,612	$(553)	(0.9)%
In-Store Media International	23,359	26,754	(3,395)	(12.7)%
BIS	13,996	12,849	1,147	8.9%
Other	10,829	7,515	3,314	44.1%
Total Consolidated Group	**$110,243**	**$109,730**	**$513**	**0.5%**

(a) Revenue on a constant dollar basis is a non-IFRS financial measure. It is calculated by translating the comparative prior period figures denominated in foreign currency at the exchange rate in place in the current period.

Revenue is primarily derived from recurring monthly subscription fees for providing customized and tailored music, visual displays, messaging and other ancillary services through contracts ranging from 2-5 years. Revenue is also derived from equipment, installation and service fees and royalties.

In-Store Media North America revenue decreased as compared to the three months ended March 31, 2016. The decrease is primarily attributable to a decrease of approximately $1,426 in recurring revenues, offset by higher equipment revenues of $611, installation and service revenues of $194, and other revenues of $68.

In-Store Media International revenue decreased compared to the prior year three months period. On a like for like currency basis and excluding a $956 revenue impact for the sale of the French speaker business, the In-Store Media International revenues for the three months ended March 31, 2017 decreased $2,439 compared to the three months ended March 31, 2016. This was primarily due to lower equipment revenues of $1,808, installation and service revenues of $548 and recurring revenues of $223, offset by an increase of $142 in other revenues.

BIS revenue increased compared to the three months ended March 31, 2016, despite the negative impact of foreign exchange rates as the Euro weakened versus the US Dollar. On a like for like basis, BIS revenues for the three months ended March 31, 2017 increased $1,147 primarily due to an increase in sales activity and completion of projects compared to the same period in the prior year.

The revenue from the Other segment increased as a result of higher Technomedia equipment revenues related to significantly higher project activity in their large jobs business compared to the prior year period.

	Three months ended				
	March 31, 2017		March 31, 2016		Change
Revenue	$110,243	*100.0%*	$111,335	*100.0%*	$(1,092)
Cost of sales	53,348	*48.4%*	51,963	*46.7%*	1,385
Operating expenses	36,324	*32.9%*	37,552	*33.7%*	(1,228)
Depreciation and amortization	15,102	*13.7%*	16,567	*14.9%*	(1,465)
Share-based compensation	169	*0.2%*	28	*0.0%*	141
Other expenses	1,903	*1.7%*	6,064	*5.4%*	(4,161)
Foreign exchange gain on financing transactions	(2,463)	*(2.2)%*	(6,611)	*(5.9)%*	4,148
Finance costs, net	14,757	*13.4%*	15,845	*14.2%*	(1,088)
Loss for the period before income taxes	**(8,897)**	***(8.1)%***	**(10,073)**	***(9.0)%***	**1,176**
Income tax charge (recovery)	585	*0.5%*	(642)	*(0.6)%*	1,227
Loss for the period	**(9,482)**	***(8.6)%***	**(9,431)**	***(8.5)%***	**(51)**
Loss attributable to:					
Owners of the parent	(9,465)	*(8.6)%*	(9,428)	*(8.5)%*	(37)
Non-controlling interests	(17)	*0.0%*	(3)	*0.0%*	(14)
	$(9,482)	***(8.6)%***	**$(9,431)**	***(8.5)%***	**$(51)**

Cost of sales as a percentage of revenue increased by 170 basis points compared to the three months ended March 31, 2016 due to changes in the revenue mix driven by increased revenues from equipment of $2,640, which have lower gross margins than our recurring revenue gross margins.

Operating expenses have decreased as compared to the three months ended March 31, 2016. On a constant dollar basis and excluding a $458 operating expense impact for the sale of the French speaker business, operating expenses remained relatively stable on a quarterly year over year basis.

Depreciation and amortization decreased as compared to the three months ended March 31, 2016 primarily due to a smaller average depreciable base for the three months ended March 31, 2017 compared to the same period last year.

Share-based compensation expense increased as compared to the three months ended March 31, 2016 due to a lower forfeiture rate used to calculate the quarterly expense as a result of lower historical forfeitures when compared to the same period in the prior year.

Other expenses decreased as compared to the three months ended March 31, 2016. The decrease is the result of the Company recording a $3,708 loss for the sale of assets related to its speaker business that did not repeat in 2017 and the reduction of $870 in expenses in the current period related to the ongoing integration costs of our wave initiatives.

Foreign exchange gain on financing transactions decreased due to the revaluation of USD-based debt and intercompany debt owed by foreign subsidiaries caused by a lower strengthening of the Euro spot rate in the first quarter of 2017 as compared to the stronger strengthening of the Euro spot rate at the same period in the prior year.

Financing costs, net decreased driven by changes in fair value of financial instruments. In the three months ended March 31, 2017, the Company recorded a loss of $118 related to the change in fair value of the 2014 Interest rate floor and USD forward contracts compared to a larger loss of $1,242 in the comparative period.

Income tax for the three months ended March 31, 2017 was a charge of $585 compared to a credit of $642 in the comparative period primarily as a result of recognition of deferred tax assets in the comparative period.

	March 31, 2017	December 31, 2016	Change
Total assets	$585,183	$593,673	$(8,490)
Total non-current liabilities	641,111	641,571	(460)

Total assets decreased as compared to the year ended December 31, 2016 primarily due to the scheduled amortization of intangible assets and depreciation on property plant and equipment, lower capital expenditures and the reduction in trade and other receivables, as a result of overall increased collections from year-end invoicing. This decrease is offset by the increase in cash from the aforementioned collections and the receipt of a large shipment in inventory for future scheduled installations.

Total non-current liabilities decreased mainly due to lower deferred revenue and payments on finance leases.

Liquidity and Capital Resources

	Three months ended		
	March 31, 2017	**March 31, 2016**	**Change**
Total cash provided by (used in):			
Operating activities	$15,322	$15,584	$(262)
Investing activities	(6,462)	(5,938)	(524)
Financing activities	(5,220)	(5,052)	(168)
Effect of exchange rates on cash	124	388	(264)
Increase (decrease) in cash equivalents	**$3,764**	**$4,982**	**$(1,218)**

The decrease in cash generated from operating activities was driven by the change in the following components:

	Three months ended		
	March 31, 2017	**March 31, 2016**	**Higher / (Lower)**
Operating cash flows before working capital adjustments (a)	$18,662	$19,468	$(806)
Working capital reductions (additions)	(3,227)	(3,830)	603
Cash taxes paid	(119)	(59)	(60)
Interest received	6	5	1
Increase (decrease) in cash from operating activities	**$15,322**	**$15,584**	**$(262)**

(a) Operating cash flows before working capital adjustments is a non-IFRS financial measure and is calculated by adding back to pre-tax loss: depreciation, amortization, impairment, finance costs and other non-cash charges, essentially all line item amounts on the statement of cash flows within the operating activities section prior to working capital adjustments.

The increase in cash used in investing activities is primarily due to an increase in proceeds of $741 from the disposal of fixed assets related to the Company's speaker business in the three months ended March 31, 2016 that did not repeat in the current three month period, offset by a $261 reduction in recorded capital expenditures in the three months ended March 31, 2017.

The increase in cash used in financing activities compared to the three months ended March 31, 2016 is primarily due to dividends received from associates of $294 in the three months ended March 31, 2016 that did not occur in the current three month period, offset by lower finance lease and interest payments.

Key Performance Indicators

In the three months ended March 31, 2017, the number of total Company-owned sites increased by 1,797 relative to the prior quarter. The Company's site base increased in its North America unit and declined in its International business unit. The Company grew its number of visual sites relative to the prior quarter in both its North America and International units while in North America its number of audio sites rose relative to the prior quarter and its number of audio sites declined in its International business unit.

Monthly churn was 1.2% in the three months ended March 31, 2017 compared with 0.8% in the prior quarter and 1.1% in the comparative quarter of 2016, with Audio churn of 1.2% and Visual churn of 1.2%. Churn in North America decreased to 1.0% in the three months ended March 31, 2017 compared with 1.1% in the three months ended March 31, 2016. In the International business unit churn at 1.6% increased compared with the 1.2% in the prior year's quarter.

For the three months ended March 31, 2017 blended ARPU declined by 4.0% year over year. Excluding the impact of foreign exchange translation on recurring revenues, underlying ARPU declined by 3.1% relative to prior year. In the current quarter, audio ARPU declined by 4.8% relative to prior year and visual ARPU declined by 0.7% relative to prior year.

	Q2 2015	**Q3 2015**	**Q4 2015**	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Q4 2016**	**Q1 2017**
Audio sites	401,428	398,745	398,773	395,596	393,869	394,881	397,220	398,440
Visual sites	13,050	13,437	13,759	14,095	14,363	15,047	15,983	16,560
Total sites	**414,478**	**412,182**	**412,532**	**409,691**	**408,232**	**409,928**	**413,203**	**415,000**
Audio ARPU	$ 41.70	$ 40.97	$ 41.10	$40.77	$41.30	$40.43	$39.47	$38.81
Visual ARPU	$ 81.93	$ 82.26	$ 75.12	$72.10	$79.52	$78.71	$74.11	$71.57
Blended ARPU	**$ 42.96**	**$ 42.29**	**$ 42.24**	**$41.83**	**$42.63**	**$41.81**	**$40.78**	**$40.15**
Audio gross	10,136	9,850	10,947	9,800	11,789	10,022	11,662	15,247
Visual gross	698	829	876	786	973	875	1,273	1,156
Total gross	**10,834**	**10,679**	**11,823**	**10,586**	**12,762**	**10,897**	**12,935**	**16,403**
Audio monthly	0.9%	1.1%	0.9%	1.1%	1.1%	0.8%	0.8%	1.2%
Visual monthly	1.3%	0.8%	1.6%	1.1%	1.7%	0.4%	0.7%	1.2%
Total monthly	**1.0%**	**1.0%**	**0.9%**	**1.1%**	**1.2%**	**0.8%**	**0.8%**	**1.2%**

These key performance indicators represent non-IFRS measures that management evaluates and monitors when assessing the performance of the Company. A site is an individual location where a Mood service is provided. ARPU represents the monthly average revenue per site and is calculated by taking total quarterly subscription revenue and dividing it by the average number of sites in the quarter and dividing by three, for each month in the quarter. Churn represents the rate of monthly site disconnects and is calculated by taking the total number of disconnected sites in the quarter divided by the opening balance of sites in the quarter and dividing by, three for each month in the quarter.

Contractual obligations

The following chart outlines the Company's contractual obligations as at March 31, 2017:

Description	Total	Less than one year	Years two and three	Years four and five	Beyond five years
2014 First Lien Credit Facilities	$233,950	$8,350	$225,600	$-	$-
2014 First Lien Credit Facilities interest	33,411	16,116	17,295	-	-
9.25% Senior Unsecured Notes	350,000	-	-	350,000	-
9.25% Senior Unsecured Notes interest	129,500	32,375	64,750	32,375	-
MMG Notes	50,000	-	-	-	50,000
MMG Notes Interest	34,167	5,000	10,000	10,000	9,167
Operating leases	47,630	14,549	21,931	8,201	2,949
Finance leases	2,383	1,106	1,277	-	-
Trade and other payables	94,697	94,697	-	-	-
Total	**$975,738**	**$172,193**	**$340,853**	**$ 400,576**	**$62,116**

Bank debt and Note Issuances

	MMG Notes	2014 First Lien Credit Facilities	9.25% Senior Unsecured Notes
Closing date	August 6, 2015	May 1, 2014	October 19, 2012
Maturity date	August 6, 2023	May 1, 2019	October 15, 2020
Interest rate	10%	7%	9.25%
Effective interest rate	12.99%	7.69%	9.46%

Trade and other payables

Trade and other payables arise in the normal course of business and are to be settled within one year of the end of the reporting period.

Lease commitments

Operating and finance leases are entered into primarily for the rental of premises and vehicles used for business activities.

Capitalization

Total managed capital was as follows:

	March 31, 2017	December 31, 2016
Equity	$(185,925)	$(175,425)
MMG Notes	50,000	50,000
2014 First Lien Credit Facilities	233,950	234,538
Finance leases	2,383	2,662
9.25% Senior Unsecured Notes	350,000	350,000
Total contractual principal of debt	636,333	637,200
Total capital	**$450,408**	**$461,775**

The following table provides additional share information (in thousands of shares) on a fully diluted basis:

	Three months ended	
	March 31, 2017	March 31, 2016
Basic and diluted net loss per share	$(0.05)	$(0.05)

The number of our outstanding common shares as at March 31, 2017 was 183,694,082.

	Outstanding as at May 10, 2017
Common shares	183,694
Share options	9,303
Deferred share units	3,279
MMG Warrants	21,700

Management of foreign currency, interest rate, liquidity and credit risk

We are exposed to a variety of financial risks including market risk (including foreign exchange and interest rate risks), liquidity risk and credit risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to evaluate potential adverse effects on the Company's financial performance.

Foreign currency exchange risk

We operate in the US, Canada and internationally. The functional currency of the parent Company is US dollars. Foreign currency exchange risk arises because the amount of the local currency income, expenses, cash flows, receivables and payables for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-US denominated financial statements of our subsidiaries may vary on consolidation into US dollars ("translation exposures").

The most significant translation exposure arises from the Euro currency. We are required to revalue the Euro denominated net assets of the European subsidiaries at the end of each period with the foreign currency translation gain or loss recorded in other comprehensive income. The company also has currency exposure to the extent to which its foreign currency denominated revenues and expenses are translated at fluctuating exchange rates. Foreign currency exchange risk exposure as at March 31, 2017 is discussed further below:

	Sensitivity Analysis / Comments
Segment profit[a] of Mood International and BIS	A $0.05 change in the USD/Euro exchange rate would impact the three months ended March 31, 2017 segment profit by approximately +/- $200, assuming all other variables remain the same.
USD denominated intercompany loan	A 1% movement in the USD/Euro exchange rate applied to balance outstanding as at March 31, 2017 would result in a change to the foreign exchange gain or loss on intercompany financing transactions of approximately +/- $1,500, assuming all other variables remain the same.

(a) Segment profit is a non-IFRS financial measure; a reconciliation of segment profit to loss before income taxes is presented in the Segment information footnote in the consolidated financial statements.

In 2016, a subsidiary of the Company with the functional currency of British Pounds entered into a series of Euro to USD forward contracts with a notional amount equal to the USD interest payments related to the MMG Notes. The 2016 contracts are not designated as hedges for accounting purposes; they are measured at fair value at each reporting date by reference to prices provided by counterparties. Factors used in the determination of fair value include the spot rate, forward rates, and estimates of volatility, present value factor, strike prices, credit risk of the Company and credit risk of counterparties. Fair value estimates are subjective in nature, often involve uncertainties and the exercise of significant judgment, they are made at a specific point in time using available information about the financial instrument and may not reflect fair value in the future. The estimated fair value amounts may be materially affected by the use of different assumptions or methodologies.

2016 currency contracts

The following is a table of the Euro to USD forward contracts of the Company. The changes in fair value and settled loss are included within finance costs, net. For the three months ended March 31, 2017, the amount reflected in finance costs was a charge of $22 (the three months ended March 31, 2016 was $176).

Forward date	**April 25, 2016**	**October 25, 2016**	**April 25, 2017**	**October 25, 2017**
Reference currency	USD	USD	USD	USD
Notional	$2,500	$2,500	$2,500	$2,500
Forward rate	1.098	1.1033	1.0604	1.0649

Interest rate risk

Our interest rate risk arises on amounts outstanding under the Credit Facilities which bear interest at a floating rate. The 9.25% Unsecured Notes and MMG Notes both carry fixed interest rates. The Credit Facilities carry an interest rate floor which currently exceeds one month LIBOR and is treated for accounting purposes as a non-cash liability which is disclosed within other financial liabilities in the consolidated statement of financial position. The fair value of the interest rate floor is determined by reference to mark to market valuations performed by financial institutions at each reporting date and any changes in fair value are recorded within finance costs within the interim consolidated statements of loss and comprehensive loss.

	Three months ended	
(Gain) loss *for the change in fair value*	**March 31, 2017**	**March 31, 2016**
2014 Interest rate floor	$96	$1,066

Liquidity risk

Liquidity risk arises when cash resources become insufficient to meet cash demands. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet Mood's liquidity requirements at any point in time.

As at March 31, 2017, the Company had cash of $20,742 and $8,050 available under the First Lien Revolving Credit Facility. While management believes that the Company has sufficient liquidity in the form of its current cash balances, the cash generating capacity of its businesses, its revolving credit facilities, access to debt markets and ongoing opportunities to divest non-core assets to meet its working capital, debt servicing, capital expenditure and other funding requirements for the forthcoming year, the Company's liquidity position can be negatively impacted by the Company's existing leverage or negative developments related to the Company's other risk factors. If the Company failed to generate or maintain sufficient liquidity, it could cause a material adverse effect to the Company's financial position.

On an ongoing basis management evaluates the sufficiency of its current liquidity, borrowing capacity, and capital structure, including compliance with its relevant debt covenants, to assure its capital structure is optimally poised to meet the needs of its operating plans. The Company monitors the debt and capital markets in an effort to be opportunistic in refinancings of upcoming maturities, to improve the terms of its debt agreements in order to assure sufficient operating cushion in relation to its debt covenants, and to better match terms and pricing to the Company's needs. The Company has implemented significant cash improvement initiatives that it believes will improve its ability to generate enhanced cash flow in the future, including the formation of a senior cash flow working group, implementation of enhanced controls and other key operational improvements. Further, Mood initiated an ongoing program to opportunistically divest non-core assets, commencing with the sale of its Latin American business and DMX Canada accounts in 2014, followed by the sale of its speaker business in France in March 2016.

Credit risk

Credit risk arises from cash held with banks and credit exposure to customers on outstanding accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. We assess the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Management also monitors payment performance and the utilization of credit limits of customers.

Critical Accounting Estimates

There have been no changes to the Company's significant accounting policies or critical accounting estimates from those described under "Critical Accounting Estimates" in the management's discussion and analysis of financial condition and results of operations of the Company for the fiscal year ended December 31, 2016.

Recently Issued Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

The Company intends to adopt these standards when they become effective.

IFRS 2, *Share-based Payment ("IFRS 2")*

In June 2016, the IASB issued final amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classifications of the transaction from cash-settled to equity-settled. The effective date for this standard is for reporting periods beginning on or after January 1, 2018, with earlier application permitted. The Company has completed the review process to assess the impact and application of the aforementioned amendments and has determined it will have no impact on the Company.

IFRS 9, *Financial Instruments: Classification and Measurement* ("IFRS 9")

IFRS 9 as issued, reflects the first phase of the IASB's work on the replacement of IAS 39, *Financial Instruments: Recognition and Measurement ("IAS 39")*, and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. The effective date for this standard is for reporting periods beginning on or after January 1, 2018 with earlier application permitted. The Company will continue to assess any impact on the classification and measurement of the Company's financial assets as well as any impact on the classification and measurement of its financial liabilities.

IFRS 15, *Revenue from Contracts with Customers ("IFRS 15")*

On May 28, 2014, the IASB issued IFRS 15, which outlines a single comprehensive model for entities to use in accounting for revenue from customers. The standard outlines the principles an entity must apply to measure and recognize revenue relating to contracts with customers. The core principle is that an entity will recognize revenue when it transfers promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services. IFRS 15 also significantly expands the current disclosure requirements concerning revenue recognition.

IFRS 15 will be effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company will not be early adopting IFRS 15. The Company has elected to adopt IFRS 15 using the modified retrospective approach. Under this approach, the Company will recognize transitional adjustments in retained earnings on the date of initial application. Although the Company has made progress in the implementation of IFRS 15, it is not yet possible to make a reliable estimate of the full impact of the new standard of our financial statements as the Company is required to implement changes to processes across the organization in order to collect the new data requirements. The Company is continuing to review and assess the impact on its current revenue recognition policies and reporting processes.

IFRS 16, *Leases*

On January 13, 2016, the IASB issued IFRS 16, which outlines requirements for lessees to recognize assets and liabilities for most leases. Lessees are required to recognize the lease liability for the obligations to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Lease liability is measured at the present value of lease payments to be made over the term of the lease. The right-of-use asset is initially measured at the amount of the lease liability and adjusted for prepayments, direct costs and incentives received. Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principles.

The new standard will be effective for annual reporting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same date as IFRS 16. The Company has not yet determined the impact on its current lease recognition policies.

Disclosure Controls and Internal Controls over Financial Reporting

During the three months ended March 31, 2017, no changes were made to the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Subsequent Events

On April 13, 2017, Mood Media announced that it entered into an arrangement agreement with affiliates of several key stakeholders, including an affiliate of certain funds managed by affiliates of Apollo Global Management, LLC ("Apollo") (NYSE:APO) and funds advised or sub-advised by GSO Capital Partners LP or its affiliates ("GSO") to effect a comprehensive transaction pursuant to which all of the issued and outstanding common shares of Mood Media will be acquired for C$0.17 in cash per share (the "Share Acquisition") and certain of the Company's significant debt obligations will be refinanced, restructured or redeemed. The C$0.17 cash price per common share represents a 162% premium over the closing price of the common shares of Mood Media on the Toronto Stock Exchange (the "TSX") on April 12, 2017, and a 149% premium over the 20-day volume weighted average trading price on the TSX for the period prior to and including such date.

In connection with the Transaction, the Company's US$350 million aggregate principal amount of 9.25% Senior Unsecured Notes, which are due 2020, will be exchanged for consideration, per US$1,000 principal amount, consisting of US$500 principal amount of newly issued second lien notes of the Company and up to 175 new common shares of the Company, as well as additional consideration, to the extent applicable, in connection with a new equity issuance. In addition, the Company will refinance its existing US$250 million 2014 First Lien Credit Facilities with a new US$315 million first lien credit facility to be provided by funds and accounts managed by HPS Investment Partners, LLC. The proceeds of the new credit facility will also be used to redeem the US$50 million aggregate principal amount MMG Notes due in 2023, in accordance with the indenture governing their terms. As part of the transaction, the Company will be redomiciled from Canada to Delaware. All such transactions, including the Share Acquisition, are collectively referred to as the "Transaction".

Following completion of the Transaction, the Board will be comprised of directors nominated by an affiliate of funds affiliated with Apollo and certain funds advised or sub-advised by GSO, as well as Steve Richards, President and Chief Executive Officer of the Company. It is also anticipated that, following the completion of the Transaction, the Company will cease to be a reporting issuer under applicable Canadian securities laws and its securities will be delisted from the TSX. The Transaction is expected to close in June 2017.

Given the fact that the transaction close date is still pending and that the conditions of this event arose after the reporting period, the Company has deemed this a "non-adjusting" event. The accounting entries for this Transaction have not yet been determined and the Company's provisional assessment of the changes in financial position will be completed in Q2 2017.

On May 2, 2017, the Company publicly announced the agreement to sell Audio Visual Solutions Holding B.V., Aplusk B.V., BIS Bedrijfs Informatie Systemen B.V., and BIS Business Information Systems N.V. (collectively, "BIS") to Econocom Financial Services International B.V. for €18,554,212 in cash less escrow and fees. The sale of BIS represents the entirety of the Company's BIS reportable segment as of March 31, 2017 referenced in note 15. Completion of the transaction is expected to occur at or around the beginning of June and is subject to regulatory approval and other customary conditions.

On April 2, 2015, SoundExchange filed suit against Muzak LLC ("Muzak") in the U.S. District Court for the District of Columbia (the "District Court") alleging that Muzak underpaid royalties for certain of its consumer residential music channels for satellite and cable television subscribers. SoundExchange argues that Muzak is not entitled to pay the royalty rate for "preexisting subscription services" ("PSS") for those transmissions. On March 8, 2016, the District Court granted Muzak's motion to dismiss the case, holding that Muzak was entitled to the PSS rate and therefore that it had not underpaid. SoundExchange appealed, and on April 25, 2017, the United States Court of Appeals for the District of Columbia Circuit (the "Appeals Court") reversed the District Court's ruling and held that certain transmissions by Muzak, which began in May 2014 and in respect of which a lower royalty rate was paid, may be ineligible for such lower royalty rate. SoundExchange had claimed damages against Muzak corresponding to the amount of the underpayment of royalties and late fees, which amount could exceed $10 million. No provision for any liability has been made in these financial statements as the Company does not believe the threshold for recording a liability in accordance with IAS 37, Provisions, contingent liabilities and contingent assets, has been met. The Company will continue to vigorously defend itself in this matter.