STINGRAY

NEWS RELEASE

Stingray Reports Second Quarter 2019 Results

Adjusted EBITDA(1) growth of over 20%

Second Quarter Highlights

- **Closing of the Newfoundland Capital Corporation ("NCC") acquisition significantly improves adjusted free cash flow to approximately $1.00 per share on a pro-forma basis.**
- **Stingray's net debt to Adjusted EBITDA(1) ratio on a pro forma basis is 3.16 times**
- **Stingray to maintain historical shareholder dividend payout ratio in the range of 30% and 40% of its Adjusted free cash flow. Dividends are expected to be adjusted twice a year in line with historical practice.**
- **Quarterly dividend of $0.06 per share.**
- **Acquisitions of Novramedia Inc., a Toronto-based leader in the design, development, and implementation of digital media solutions and DJ-Matic, a European provider of in-store media solutions (music, video, digital signage), subsequent to the quarter**
- **Revenues increased 11.1% to $34.7 million with organic growth of 5.4%, excluding non-recurring equipment and installation sales related to digital signage**
- **Recurring revenues(2) of $30.7 million or 88.4% of total revenues, an increase of 14.5%**
- **Adjusted EBITDA(1) up 20.9% to $11.4 million**
- **Net income increased to $0.8 million or $0.01 per share (diluted) compared to a net loss of $3.4 million or $0.07 per share (diluted) last year**
- **Subscription video on demand ("SVOD") revenue increased while subscribers slightly declined 1.8% over previous quarter**

Montreal, November 7, 2018 – Stingray Digital Group Inc. (TSX: RAY.A; RAY.B) (the "Corporation"; "Stingray"), a leading business-to-business multi-platform music and in-store media solutions provider, today announced its financial results for the second quarter ended September 30, 2018.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended September 30**			**Six months ended September 30**		
	2018	2017	%	**2018**	2017	%
Revenues	**34,692**	31,222	11.1	**69,148**	60,892	13.6
Recurring revenues(2)	**30,651**	26,766	14.5	**61,447**	52,268	17.6
Adjusted EBITDA(1)	**11,429**	9,452	20.9	**22,608**	18,621	21.4
Net income (loss)	**777**	(3,395)	-	**2,123**	(3,115)	-
Per share – diluted ($)	**0.01**	(0.07)	-	**0.04**	(0.06)	-
Adjusted Net income(3)	**6,708**	5,407	24.1	**12,606**	11,110	13.5
Per share – diluted ($)	**0.12**	0.10	20.0	**0.22**	0.21	4.8
Cash flow from operating activities	**5,506**	2,710	103.2	**12,426**	2,121	485.9
Adjusted free cash flow(4)	**5,448**	6,853	(20.5)	**11,646**	14,093	(17.4)

(1) Adjusted EBITDA is a non-IFRS measure and is defined as net income before net finance expense (income), change in fair value of investments, income tax expense (recovery), depreciation and write-off of property and equipment, amortization of intangible assets, share-based compensation, restricted, performance and deferred share unit expense, acquisition, legal, restructuring and other various costs.

(2) Recurring revenues include subscriptions and usage in addition to fixed fees charged to our customers on a monthly, quarterly and annual basis for continuous music services. Non-recurring revenues mainly include support, installation, equipment and one-time fees.

(3) Adjusted Net income is a non-IFRS measure and is defined as net income before amortization of intangible assets, share-based compensation, change in fair value of investments, restricted, performance and deferred share unit expense, acquisition, legal, restructuring and other various costs, net of related income taxes.

(4) Adjusted free cash flow is a non-IFRS measure and is defined as cash flow from operating activities less capital expenditures for property and equipment, and separately acquired intangible assets, net change in non-cash working capital items, acquisition, legal, restructuring and other various costs.

"Starting in the third quarter, the transformational acquisition of NCC will significantly alter Stingray's financial profile while representing an important stepping stone in the overall medium- to long-term growth strategy. Despite this large and transformational acquisition, the Corporation will maintain a healthy financial position. Considering the NCC acquisition, the future divestiture of non-core assets related to NCC and a private placement of $25 million, the net debt at closing is estimated at $356 million. On a pro-forma basis, the net debt to Adjusted EBITDA is estimated at 3.16 times," said Eric Boyko, President, CEO, and Co-Founder of Stingray.

"We are extremely pleased to have Irving West, Limited (Harry R. Steele) reinvest some of the proceeds received from the NCC transaction in the form of a $25 million private placement in Stingray shares at a price of $10.29 per share, being the issuance price of the Stingray shares issued as partial consideration to the NCC shareholders as well as the private placement price of the Stingray shares issued in October 2018 in connection with the transaction. This clearly reflects their confidence in the benefits of the combined companies and tremendous growth opportunities provided by Stingray's digital platform.

"We are also proud to report another solid quarter with Adjusted EBITDA growth of over 20% fueled by organic growth of 5.4% and margin expansion when compared with last year. Since the beginning of the fiscal year, the drivers of our business remain growth in SVOD and the Qello Concerts acquisition.

"In addition to the closing of the NCC acquisition, we recently announced the acquisitions of DJ-Matic and Novramedia, launched eight linear television channels on Bell, made some key management hires and pursued our discussions related to the potential acquisition of Music Choice. Going forward, we are confident in our ability to deliver on the cross-selling and operational synergies related to acquisitions as well as have the capacity to pursue our acquisition program," concluded Mr. Boyko.

Second Quarter Results

Revenues increased 11.1% to $34.7 million in the second quarter of 2019, compared with revenues of $31.2 million a year ago. The increase was primarily due to organic growth of SVOD, combined with the acquisition of Qello Concerts.

Recurring revenues were up 14.5% to $30.7 million in the second quarter over the same period last year and increased to 88.4% of total revenues for the quarter, compared to 85.7% of total revenues last year. For the quarter, Canadian revenues decreased 4.1% to $14.2 million (41.0% of total revenues) due to less equipment and installation sales related to digital signage, United States revenues increased 54.5% to $8.1 million (23.3% of total revenues), whereas revenues in Other Countries increased by 11.1% to $12.4 million (35.7% of total revenues).

Music Broadcasting revenues increased 13.9% to $25.5 million, mainly due to organic growth related to SVOD, as well as the acquisition of Qello concerts. Commercial Music revenues rose 3.9% to $9.2 million, mainly due to the acquisition of Novramedia, SMA and SBA, combined with organic growth resulting from international expansion, partially offset by a decrease in equipment and installation sales related to digital signage.

Adjusted EBITDA for the second quarter increased to $11.4 million or 32.9% of revenues, compared to $9.5 million or 30.3% of revenues a year earlier. The increase in Adjusted EBITDA was primarily due to the acquisitions realized in Fiscal 2018 and Fiscal 2019 and to the organic growth of SVOD, partially offset by higher operating expenses related to international expansion.

For the second quarter, the Corporation reported a net income of $0.8 million, or $0.01 per share (diluted), compared to a net loss of $3.4 million, or $(0.07) per share (diluted) for the same period last year. The increase was mainly attributable to lower legal fees and higher operating results, partially offset by higher income tax expense and depreciation.

Adjusted Net Income was $6.7 million, or $0.12 per share (diluted), compared to $5.4 million, or $0.10 per share (diluted) a year ago, as higher operating results were partially offset by higher depreciation and income net tax expense.

Cash flow generated from operating activities increased to $5.5 million in the second quarter of 2019 from $2.7 million a year earlier. Adjusted free cash flow decreased to $5.4 million, from $6.9 million for the same period a year ago. The decrease was mainly related to higher capital expenditures and income tax paid, partially offset by higher operating results.

As of September 30, 2018, the Corporation had cash and cash equivalents of $2.2 million and a revolving credit facility of $100 million, of which approximately $42.7 million was unused.

Six Months Results
Revenues for the first six months of Fiscal 2019 increased 13.6% to $69.1 million compared to $60.9 million a year ago. The increase in revenues was primarily due to organic growth of SVOD, combined with the acquisitions of Qello Concerts, SMA and SBA.

Adjusted EBITDA increased 21.4% to $22.6 million from $18.6 million for the same period last year. The increase in Adjusted EBITDA was primarily due to the acquisitions realized in Fiscal 2018 and Fiscal 2019 and to the organic growth of SVOD, partially offset by higher operating expenses related to international expansion.

Adjusted Net income for the first six months of Fiscal 2019 increased 13.5% to $12.6 million, or $0.22 per share (diluted), compared to $11.1 million, or $0.21 per share (diluted) a year ago.

Declaration of Dividend
On November 7, 2018, the Corporation declared a dividend of $0.06 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 14, 2018 to shareholders on record as of November 30, 2018.

The Corporation's dividend policy is at the discretion of the Board of Directors and may vary depending upon, among other things, our available cash flow, results of operations, financial condition, business growth opportunities and other factors that the Board of Directors may deem relevant.

The dividends paid are designated as "eligible" dividends for the purposes of the Income Tax Act (Canada) and any corresponding provisions of provincial and territorial tax legislation.

Additional Business Highlights
On October 26, 2018, the Corporation announced the closing of the previously announced acquisition of Newfoundland Capital Corporation Limited, one of Canada's leading radio broadcasters with 101 licences (82 FM and 19 AM) across Canada.

On October 10, 2018, the Corporation announced the acquisition of DJ-Matic, a provider of in-store media solutions (music, video, digital signage) for businesses with clients in Belgium, the Netherlands, Germany, and Denmark.

On September 19, 2018, the Corporation announced the appointment of Ryan Fuss as Senior Vice-President, Advertising Sales to spearhead the development of the Corporation's integrated advertising offering - both domestically and internationally – in support of the Corporation's growth objectives.

On August 28, 2018, the Corporation announced that it had launched eight linear television channels with Bell. This launch follows the May 29, 2018 announcement that Bell and the Corporation had extended and renewed their long-term partnership.

On August 22, 2018, the Corporation announced the appointment of David Purdy as Chief Revenue Officer. The creation of a position of chief revenue officer reflects the accelerated growth of the Corporation's operations and the diversification of its revenue streams.

On August 3, 2018, the Corporation announced that it had made an unsolicited offer to purchase all of the issued and outstanding units of Music Choice, a general partnership which produces music programming and music-related content for digital cable television, mobile phone and cable modem users. No assurance can be given that the offer, as presented, will be accepted by all or any of the unitholders.

Lastly, other changes were made to the executive team of the Corporation and to the Audit Committee of the Board of Directors of the Corporation, as Stephen Tapp and Valery Zamuner will no longer serve as executives of the Corporation. Also, David Purdy and Robert Steele have both stepped down from the Audit Committee and have been replaced by Mark Pathy and Jacques Parisien. Pascal Tremblay will continue to chair the Audit Committee.

Conference Call

The Corporation will hold a conference call to discuss these results on Thursday, November 8, 2018, at 10:00 AM (ET). Interested parties can join the call by dialing 647-788-4922 (Toronto) or 1-877-223-4471 (toll free). If you are unable to call at this time, you may access a tape recording of the conference call by dialing 416-621-4642 (Toronto) or 1-800-585-8367 (toll free) followed by access code: 2071249. This tape recording will be available until December 7, 2018.

About Stingray

Stingray (TSX:RAY.A) (TSX:RAY.B)) is a leading music, media, and technology company with over 1,200 employees worldwide. Stingray is a premium provider of curated direct-to-consumer and B2B services, including audio television channels, 101 radio stations, SVOD content, 4K UHD television channels, karaoke products, digital signage, in-store music, and music apps, which have been downloaded over 101 million times. Stingray reaches 400 million subscribers (or users) in 156 countries. For more information: www.stingray.com.

Forward-Looking Information

This news release contains forward-looking information within the meaning of applicable Canadian securities law. Such forward-looking information includes, but is not limited to, information with respect to Stingray's goals, beliefs, plans, expectations, anticipations, estimates and intentions. Forward-looking information is identified by the use of terms and phrases such as "may", "would", "should", "could", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", and "continue", or the negative of these terms and similar terminology, including references to assumptions. Please note, however, that not all forward-looking information contains these terms and phrases. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Stingray's control. These risks and uncertainties could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors identified in Stingray's Annual Information Form for the year ended March 31, 2018, which is available on SEDAR at www.sedar.com. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that Stingray anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on Stingray's business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and Stingray does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Non-IFRS Measures
The Corporation believes that Adjusted EBITDA and Adjusted EBITDA margin are important measures when analyzing its operating profitability without being influenced by financing decisions, non-cash items and income taxes strategies. Comparison with peers is also easier as companies rarely have the same capital and financing structure. The Corporation believes that Adjusted net income and Adjusted net income per share are important measures as it demonstrates its core bottom-line profitability. The Corporation believes that Adjusted free cash flow is an important measure when assessing the amount of cash generated after accounting for capital expenditures and non-core charges. It demonstrates cash available to make business acquisitions, pay dividend and reduce debt. The Corporation believes that Net debt and Net debt to Adjusted EBITDA are important measures when analyzing the significance of debt on the Corporation's statement of financial position. Each of these non-IFRS financial measures is not an earnings or cash flow measure recognized by 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 and Adjusted Net income reconciliation to Net income

	Three-month periods ended		Six-month periods ended	
	Sept. 30, 2018	Sept. 30, 2017	Sept. 30, 2018	Sept. 30, 2017
(in thousands of Canadian dollars)	**Q2 2019**	**Q2 2018**	**YTD 2019**	**YTD 2018**
Net income (loss)	**777**	**(3,395)**	**2,123**	**(3,115)**
Net finance expense (income)	910	1,269	2,831	1,806
Change in fair value of investments	436	697	(61)	1,131
Income tax expense (recovery)	567	(941)	1,056	(477)
Depreciation and write-off of property and equipment	1,274	718	2,443	1,339
Amortization of intangible assets	5,255	4,508	9,842	9,049
Share-based compensation	358	312	553	506
Restricted, performance and deferred share unit expense	518	709	885	1,022
Acquisition, legal fees, restructuring and other various costs	1,334	5,575	2,956	7,360
Adjusted EBITDA	**11,429**	**9,452**	**22,608**	**18,621**
Net finance expense (income)	(910)	(1,269)	(2,831)	(1,806)
Income tax expense (recovery)	(567)	941	(1,056)	477
Depreciation of property and equipment and write-off	(1,274)	(718)	(2,443)	(1,339)
Income taxes related to change in fair value of investments, share-based compensation, restricted, performance and deferred share unit expense, amortization of intangible assets and acquisition, legal, restructuring and other various costs	(1,970)	(2,999)	(3,672)	(4,843)
Adjusted Net income	**6,708**	**5,407**	**12,606**	**11,110**

Adjusted free cash flow reconciliation to Cash flow from operating activities

	Three-month periods ended		Six-month periods ended	
	Sept. 30, 2018	Sept. 30, 2017	Sept. 30, 2018	Sept. 30, 2017
(in thousands of Canadian dollars)	**Q2 2019**	**Q2 2018**	**YTD 2019**	**YTD 2018**
Cash flow from operating activities	**5,506**	**2,710**	**12,426**	**2,121**
Add / Less :				
Acquisition of property and equipment	(1,488)	(705)	(3,716)	(1,512)
Acquisition of intangible assets other than internally developed intangible assets	(1,383)	(1,000)	(1,730)	(1,404)
Addition to internally developed intangible assets	(1,390)	–	(2,595)	–
Net change in non-cash operating working capital items	2,869	273	4,305	7,528
Acquisition, legal fees, restructuring and other various costs	1,334	5,575	2,956	7,360
Adjusted free cash flow	**5,448**	**6,853**	**11,646**	**14,093**

Note to readers: Condensed interim consolidated financial statements and Management's Discussion & Analysis of Operating Results and Financial Position are available on the Corporation's website at www.stingray.com and on SEDAR at www.sedar.com.

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