STINGRAY

NEWS RELEASE

Stingray Reports Fourth Quarter 2018 Results

Q4 Adjusted EBITDA margin reaches 36% and organic growth at 9%

Fourth Quarter Highlights

- **Acquisition of Newfoundland Capital Corporation Limited (TSX: NCC.A; NCC.B), subsequent to the quarter**
- **Revenues increased 24.7% to $33.0 million**
- **Recurring revenues of $29.7 million or 89.8% of total revenues, an increase of 30.8%**
- **Adjusted EBITDA[(1)] up 29.9% to $11.8 million, or 35.6% of total revenues**
- **Net income of $4.7 million or $0.08 per share (diluted) compared to $4.6 million or $0.09 per share (diluted) last year**
- **Adjusted Net income[(2)] of $9.7 million or $0.17 per share (diluted) compared to $10.5 million or $0.20 per share (diluted) last year**
- **Cash flow from operating activities of $10.7 million compared to $10.8 million last year**
- **Adjusted free cash flow[(3)] of $11.1 million, an increase of 38.5%**
- **Quarterly dividend of $0.055 per share**
- **Subscription video on demand ("SVOD") subscribers reach 348,000 in fourth quarter**

Full Year Highlights

- **Revenues increased 25.1% to a record $127.0 million**
- **Recurring revenues of $108.8 million or 85.7% of total revenues, an increase of 24.2%**
- **Adjusted EBITDA[(1)] increased 22.6% to $41.5 million**
- **Cash flow from operating activities of $19.4 million compared to $22.8 million last year**
- **Adjusted free cash flow[(3)] of $33.2 million, an increase of 25.2%**
- **Net income of $2.3 million or $0.04 per share (diluted) compared to $10.7 million or $0.21 per share (diluted) last year**
- **Adjusted Net income[(2)] of $26.9 million or $0.50 per share (diluted) compared to $27.3 million or $0.53 per share (diluted) last year**
- **Annualized dividend[(4)] increased 22.2% to $0.22 per share**

Montreal, June 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 fourth quarter and fiscal year ended March 31, 2018.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended March 31**			**Twelve months ended March 31**		
	2018	2017	%	**2018**	2017	%
Revenues	**33,038**	26,502	24.7	**126,953**	101,501	25.1
Recurring revenues	**29,674**	22,683	30.8	**108,830**	87,612	24.2
Adjusted EBITDA(1)	**11,752**	9,046	29.9	**41,524**	33,864	22.6
Net income	**4,674**	4,608	1.4	**2,296**	10,717	(78.6)
Per share – diluted ($)	**0.08**	0.09	(11.1)	**0.04**	0.21	(81.0)
Adjusted Net income(2)	**9,732**	10,534	(7.6)	**26,858**	27,310	(1.7)
Per share – diluted ($)	**0.17**	0.20	(15.0)	**0.50**	0.53	(5.7)
Cash flow from operating activities	**10,675**	10,826	(1.4)	**19,385**	22,766	(14.9)
Adjusted free cash flow(3)	**11,066**	7,991	38.5	**33,181**	26,511	25.2

(1) Adjusted EBITDA is a non-IFRS measure and is defined as net income before net finance expense, change in fair value of investments, income taxes, depreciation, amortization and write-off, share-based compensation, restricted, performance and deferred share unit expenses, acquisition, legal, restructuring and other various costs.
(2) 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 expenses, acquisition, legal, restructuring and other various costs, net of related income taxes.
(3) 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 .
(4) Annualized dividend represents the amount of the last declared dividend times four quarters.

"Our third year as a public company further highlighted the strength and solid execution of our business model. All key financial metrics were in line or surpassed our expectations, with growth well above 20% on a year-over-year basis. In addition, organic growth for the year and the fourth quarter was a very solid 9%. Finally, our capacity to generate solid free cash flow has allowed us to increase the annualized dividend per share by 22% as compared to the previous year" said Eric Boyko, President, CEO, and Co-Founder of Stingray.

"Furthermore, we recently announced the acquisition of Newfoundland Capital Corporation Limited ("NCC"). This will be by far the largest transaction in our history, with a total value of over $500 million. We have conducted 35 acquisitions in 10 years, always following a disciplined approach and executing a well planned acquisition roadmap. We have a track record of identifying sales and operational synergies and being able to achieve them – and more. After only a decade in operation, we are extremely proud to become Canada's largest public independent media company. It should be noted that the transaction is subject to Canadian Radio-Television and Telecommunications Commission ("CRTC") approval.

"Considering the pending acquisition of NCC and the solid momentum in our existing business, we see plenty of runway to create significant value for our shareholders over the next few years," concluded Mr. Boyko.

Fourth Quarter Results

Revenues increased 24.7% to $33.0 million in the fourth quarter of 2018, compared to $26.5 million a year ago. The increase was primarily due to the acquisition of Yokee Music Limited ("Yokee Music"), Qello Concerts LLC ("Qello Concerts"), Satellite Music Australia PTY Ltd ("SMA") and SBA Music PTY Ltd ("SBA"), combined with organic growth of SVOD services in the U.S.

Recurring revenues were up 30.8% to $29.7 million in the fourth quarter over the same period last year and increased to 89.8% of total revenues for the quarter, compared to 85.6% of total revenues last year. For the quarter, Canadian revenues decreased 2.6% to $13.6 million (41.3% of total revenues) due to decrease in non-recurring revenues related to digital signage, United States revenues increased 102.2% to $7.8 million (23.5% of total revenues), whereas revenues in Other Countries increased by 34.4% to $11.6 million (35.2% of total revenues).

Music Broadcasting revenues increased 26.0% to $24.8 million, mainly due to the acquisition of Yokee Music and Qello concerts, as well as organic growth in the U.S. market, primarily related to SVOD

services. Commercial Music revenues rose 20.9% to $8.2 million, mainly due to the acquisition of SMA and SBA.

Adjusted EBITDA for the fourth quarter increased to $11.8 million or 35.6% of revenues, compared to $9.0 million or 34.1% of revenues a year earlier. The 29.9% increase in Adjusted EBITDA was primarily due to the acquisitions realized in Fiscal 2018 and to the organic growth, partially offset by higher operating expenses related to international expansion.

For the fourth quarter, the Corporation reported a net income of $4.7 million, or $0.08 per share (diluted), compared to $4.6 million, or $0.09 per share (diluted) for the same period last year. The increase was mainly attributable to higher operating results and net finance income, as well as lower legal fees, partially offset by lower income tax recovery and higher amortization expense.

Adjusted Net income was $9.7 million, or $0.17 per share (diluted), compared to $10.5 million, or $0.20 per share (diluted) a year ago, as lower income net tax recovery was partially offset by higher Adjusted EBITDA and net finance income.

Cash flow from operating activities decreased to $10.7 million in the fourth quarter of 2018, versus $10.8 million a year earlier. Adjusted free cash flow increased to $11.1 million, from $8.0 million for the same period a year ago.

As of March 31, 2018, the Corporation had cash and cash equivalents of $3.4 million and a revolving credit facility of $100 million, of which approximately $61.4 million was unused.

Year-End Results

Revenues in Fiscal 2018 increased 25.1% to $127.0 million compared to $101.5 million a year ago. The increase in revenues was primarily due to the acquisitions of Yokee Music, Classica and Qello Concerts, combined with organic growth of SVOD in the U.S., as well as additional music and equipment sales related to digital signage.

Adjusted EBITDA increased 22.6% to $41.5 million from $33.9 million in Fiscal 2017. The increase was primarily due to acquisitions realized in Fiscal 2018 and to organic growth, partially offset by higher operating expenses related to international expansion.

Adjusted Net income in Fiscal 2018 decreased 1.7% to $26.9 million, or $0.50 per share (diluted), compared to $27.3 million, or $0.53 per share (diluted) a year ago.

Declaration of Dividend

On March 29, 2018, the Corporation declared a dividend of $0.055 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around June 15, 2018 to shareholders on record as of May 31, 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 May 2, 2018, the Corporation announced that it had entered into a definitive agreement with NCC pursuant to which the Corporation will acquire all of NCC’s issued and outstanding shares for $14.75 per NCC share, representing a total consideration of approximately $506.0 million including net debt of approximately $112 million.

On January 24, 2018, the CRTC approved the applications by the Corporation for broadcasting licences to operate the national English-language discretionary music video services Stingray Juicebox, Stingray Loud, Stingray Retro and Stingray Vibe.

On January 3, 2018, the Corporation announced that it had acquired certain assets of New-York based Qello Concerts, the world's leading over-the-top streaming service for full-length, on-demand concerts and music documentaries for a total consideration of US$12.1 million ($15.2 million).

Conference Call

The Corporation will hold a conference call to discuss these results on Thursday, June 7, 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: 1387128. This tape recording will be available until July 7, 2018.

About Stingray

Stingray (TSX: RAY.A; RAY.B) is the world-leading provider of multiplatform music services and digital experiences for pay TV operators, commercial establishments, OTT providers, mobile operators, and more. Stingray's services include audio television channels, premium television channels, 4K UHD television channels, karaoke products, digital signage, in-store music, music apps, and more. Geared towards individuals and businesses alike, Stingray reaches 400 million subscribers (or households) in 156 countries and its mobile apps have been downloaded over 90 million times. Stingray is headquartered in Montreal and currently has close to 400 employees worldwide. 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

	Quarters ended March 31		Years ended March 31	
	2018	2017	2018	2017
(in thousands of Canadian dollars)	**Q4 2018**	**Q4 2017**	**Fiscal 2018**	**Fiscal 2017**
Net income	**4,674**	**4,608**	**2,296**	**10,717**
Net finance expense (income)	(378)	1,006	3,174	2,036
Change in fair value of investments	(421)	334	600	(408)
Income tax recovery	(385)	(5,201)	(13)	(3,596)
Depreciation and write-off of property and equipment	1,019	724	3,062	2,418
Amortization of intangible assets	4,594	3,895	18,225	14,750
Share-based compensation	473	372	1,325	1,332
Restricted, performance and deferred share unit expense	780	688	2,224	2,008
Acquisition, legal fees, restructuring and other various costs	1,396	2,620	10,631	4,607
Adjusted EBITDA	**11,752**	**9,046**	**41,524**	**33,864**
Net finance expense (income)	378	(1,006)	(3,174)	(2,036)
Income tax recovery	385	5,201	13	3,596
Depreciation of property and equipment and write-off	(1,019)	(724)	(3,062)	(2,418)
Income taxes related to change in fair value of investments, share-based compensation, restricted, performance and deferred share unit expenses, amortization of intangible assets and acquisition, legal fees, restructuring and other various costs	(1,764)	(1,983)	(8,443)	(5,696)
Adjusted Net income	**9,732**	**10,534**	**26, 858**	**27,310**

Adjusted free cash flow reconciliation to Cash flow from operating activities

	Quarters ended March 31		Years ended March 31	
	2018	2017	2018	2017
(in thousands of Canadian dollars)	**Q4 2018**	**Q4 2017**	**Q4 2018**	**Q4 2017**
Cash flow from operating activities	**10,675**	**10,826**	**19,385**	**22,766**
Add / Less :				
Capital expenditures, excluding equipment for leasing purpose	(2,418)	(522)	(8,962)	(3,233)
Net change in non-cash operating capital items	1,413	(4,933)	12,127	2,371
Acquisition, legal fees, restructuring and other various costs	1,396	2,620	10,631	4,607
Adjusted free cash flow	**11,066**	**7,991**	**33,181**	**26,511**

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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