STINGRAY

NEWS RELEASE

Stingray Reports First Quarter 2020 Results

Adjusted EBITDA reached $31.2 million, up 179%

First Quarter Highlights

- **Revenues increased 133.4% to $80.4 million**
- **Recurring Broadcasting and Commercial Music revenues(1) of $34.0 million, an increase of 10.3%**
- **Radio accounted for 53.6% of total revenues at $43.1 million**
- **Subscription video on demand (“SVOD”) subscribers remained stable compared to last quarter**
- **Adjusted EBITDA(2) up 178.8% to $31.2 million, with a 38.7% margin compared to 32.4%. Excluding the impact of IFRS 16, Adjusted EBITDA would have been $29.7 million.**
- **Adjusted EBITDA(2) by segment of $14.6 million or 39.1% of revenues for Broadcasting and Commercial Music, $17.8 million or 41.4% of revenues for Radio and $(1.2) million for Corporate**
- **Net income of $9.2 million or $0.12 per share (diluted) compared to a net income of $1.3 million or $0.02 per share (diluted)**
- **Adjusted Net income(3) up 168.2% to $15.8 million or $0.21 per share (diluted)**
- **Cash flow from operating activities increased to $26.3 million compared to $7.2 million**
- **Adjusted Free cash flow(4) of $20.6 million or $0.27 per share (diluted), an increase of 229.1%**
- **Net debt to Pro Forma Adjusted EBITDA(2) ratio of 2.89x**
- **Normal course issuer bid (“NCIB”) of up to 2,924,220 shares, representing 5% of outstanding subordinate shares as at July 31, 2019**
- **Increased quarterly dividend by 7.7% to $0.07 per share compared with last quarter**

Montreal, August 6, 2019 – Stingray 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 first quarter ended June 30, 2019.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended June 30**		
	2019	2018	%
Revenues	**80,437**	34,456	133.4
Recurring revenues(1)	**33,982**	30,796	10.3
Adjusted EBITDA(2)	**31,165**	11,179	178.8
Net income	**9,183**	1,346	582.2
Per share – diluted ($)	**0.12**	0.02	500.0
Adjusted Net income(3)	**15,821**	5,898	168.2
Per share – diluted ($)	**0.21**	0.10	110.0
Cash flow from operating activities	**26,298**	7,212	264.6
Adjusted Free cash flow(4)	**20,587**	6,255	229.1

(1) Recurring Broadcasting and Commercial Music 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 advertising, support, installation, equipment and one-time fees.

(2) 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 taxes, depreciation and write-off of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, share-based compensation, performance and deferred share unit expense, CRTC Tangible benefit, and acquisition, legal, restructuring and other expenses.

(3) Adjusted Net income is a non-IFRS measure and is defined as net income before change in fair value of investments, amortization of intangible assets, share-based compensation, performance and deferred share unit expense, CRTC Tangible benefit, and acquisition, legal, restructuring and other expenses, 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, interests paid and repayment of lease liabilities, plus acquisition, legal, restructuring and other expenses, and adjusted for unrealized gain or loss on foreign exchange and for the net change in non-cash working capital items.

"We are thrilled by our first quarter results with several key financial metrics achieving record levels. Most noteworthy is our adjusted free cash flow of $20.6 million, up by a robust 229% over last year," said Eric Boyko, President, CEO, and Co-Founder of Stingray.

"Our acquisition thesis for NCC was largely supported by its capacity to generate solid free cash flow and this quarter's results underline that potential. Broadcast and Commercial Music also performed very well with a significant improvement in the adjusted EBITDA margin.

"In the Radio segment, we surpassed the initially expected operational synergies and we anticipate to capture additional ones in the quarters ahead. We are also gaining market share momentum in certain key markets. Finally, we have made a push into digital advertising, extending our reach beyond the traditional and mature radio market, providing profitable incremental sales.

"Broadcast and Commercial Music revenue growth was fuelled by acquisitions and SVOD, partially offset by certain delays to implement an advertising sales model as part of a recent contract renewal. The increase in Adjusted EBITDA was primarily due to SVOD, the acquisitions of DJ Matic and Novramedia, reduced operating expenses and the adoption of IFRS 16.

"Our debt level reduction combined with higher last twelve months Adjusted EBITDA decreased our leverage ratio to 2.89x this quarter. We remain extremely confident in Stingray's ability to generate cash flow and we will continue to balance our capital allocation priorities including a new NCIB program," concluded Eric Boyko.

First Quarter Results

Revenues increased 133.4% to $80.4 million in the first quarter of 2019, compared with revenues of $34.5 million a year ago. The increase was primarily due the acquisition of Newfoundland Capital Corporation ("NCC"), combined with the acquisition of DJ Matic and Novramedia and organic growth in subscription video-on-demand ("SVOD"), partially offset by a five to six months delay to implement an advertising sales model included in the renewal of a contract in Fiscal 2019 and by a decrease in equipment and installation sales related to digital signage. The increase was also offset by the termination of some low margin international contracts.

Recurring Broadcasting and Commercial Music revenues were up 10.3% to $34.0 million in the first quarter over the same period last year, representing a 0.6% organic growth, excluding non-recurring equipment and installation sales related to digital signage. The marginal organic growth is explained by a five to six months delay to implement an advertising sales model included in the renewal of a contract in Fiscal 2019 and by the termination of some low margin international contracts.

For the quarter, revenues in Canada increased 311.3% to $56.1 million (69.7% of total revenues) primarily due to the acquisition of NCC and Novramedia. Revenues in the United States increased 11.7% to $9.1 million (11.4% of total revenues) and in Other Countries, revenues increased by 20.3% to $15.2 million (18.9% of total revenues).

Broadcasting and Commercial Music revenues increased 8.4% to $37.3 million in the first quarter, compared to revenues of $34.5 million a year ago. The increase was primarily due to the acquisitions of DJ Matic and Novramedia and to organic growth in SVOD, partially offset by a five to six months delay to implement an advertising sales model included in the renewal of a contract in Fiscal 2019 and by a decrease in equipment and installation sales related to digital signage. The increase was also offset by the termination of some low margin international contracts.

Radio revenues represented $43.1 million for the first quarter of 2019 reflecting the contribution from the acquisition of NCC.

Adjusted EBITDA for the first quarter increased to $31.2 million or 38.7% of revenues, compared to $11.2 million or 32.4% of revenues a year earlier. The increase in Adjusted EBITDA was primarily due to the acquisition of NCC and other acquisitions realized in Fiscal 2019, to organic growth in SVOD and to the impact of the adoption of IFRS 16. The increase in Adjusted EBITDA margin was mainly related to the new Radio segment, which has a higher Adjusted EBITDA margin in the first quarter due to normal business seasonality, and to reduced operating expenses in the Broadcasting and Commercial Music segment. Excluding the impact of IFRS 16, the Adjusted EBITDA would have been $29.7 million and the Adjusted EBITDA margin 36.8%.

For the first quarter, the Corporation reported a net income of $9.2 million, or $0.12 per share (diluted), compared to $1.3 million, or $0.02 per share (diluted) for the same period last year. The increase was mainly attributable to higher operating results and to the lower negative change in fair value of contingent considerations, partially offset by higher interest, depreciation and amortization, mark-to-market losses on derivative financial instruments and income taxes. Adjusted net income was $15.8 million, or $0.21 per share (diluted), compared to $5.9 million, or $0.10 per share (diluted) a year ago, due to higher operating results and to the lower negative change in fair value of contingent considerations, partially offset by higher interest, depreciation, income taxes and mark-to-market losses on derivative financial instruments.

Cash flow generated from operating activities increased to $26.3 million in the first quarter of 2019 from $7.2 million a year earlier. Adjusted free cash flow increased to $20.6 million, from $6.3 million for the first quarter of 2018. The increase was mainly due to the acquisition of NCC, to higher operating results and the impact of the adoption of IFRS 16.

As of June 30, 2019, the Corporation had cash and cash equivalents of $6.6 million, a subordinated debt of $49.6 million and credit facilities of $450 million, of which approximately $135.3 million was available.

Normal Course Issuer Bid

On August 6, 2019, the Corporation's Board of Directors approved the implementation of a NCIB authorizing the Corporation to repurchase up to an aggregate of 2,924,220 subordinate voting shares and variable subordinate voting shares of Stingray (collectively, "Subordinate Shares"), representing 5% of the 58,484,449 issued and outstanding Subordinate Shares as at July 31, 2019. The NCIB remains subject to the approval of the Toronto Stock Exchange ("TSX"). The Corporation believes that the purchase of up to 2,924,220 Subordinate Shares under the NCIB is an appropriate use of its funds and a desirable investment and, therefore, would be in the best interests of the Corporation. By making such repurchases, the number of Subordinate Shares in circulation will be reduced and the proportionate interest of all remaining shareholders in the share capital of the Corporation will be increased on a pro rata basis. Commencement and specific details of the NCIB will be announced following the approval of the TSX.

Declaration of Dividend

On August 6, 2019, the Corporation declared a quarterly dividend of $0.07 per subordinate voting share, variable subordinate voting share and multiple voting share, an increase of 16.7% compared with the same quarter last year. The dividend will be payable on or around September 13, 2019 to shareholders on record as of August 31, 2019.

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 July 9, 2019, the Corporation extended the maturity of its revolving facility by one year, with a new maturity date of October 25, 2022. The Corporation reduced the authorized amount under the revolving facility by $70.0 million bringing it down to $230.0 million. The term facility remains unchanged with

$150.0 million of availability. The interest pricing grid was also reviewed for both the revolving facility and the term facility, which will reduce future interest expense.

On August 5, 2019, the Corporation announced that it has reached a long term agreement with Rogers Communications that renews their longstanding relationship.

Annual Meeting of Shareholders
The Corporation will hold its 2019 annual meeting of shareholders on Wednesday, August 7, 2019, at 11:00 AM (ET) at its Montreal headquarters located at 730 Wellington St. in Montreal, Quebec.

Conference Call
The Corporation will hold a conference call to discuss these results on Wednesday, August 7, 2019, at 9:00 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: 8347839. This tape recording will be available until September 6, 2019.

About Stingray
Montreal-based Stingray Group 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 (business to business) services, including audio television channels, more than 100 radio stations, SVOD content, 4K UHD television channels, karaoke products, digital signage, in-store music and music apps, which have been downloaded over 140 million times. Stingray reaches 400 million subscribers (or users) in 156 countries.

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, 2019, 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, Net debt to Adjusted EBITDA and Pro Forma 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

	3 months		
(in thousands of Canadian dollars)	June 30, 2019 **Q1 2020**	June 30, 2018 **Q1 2019**	March 31, 2019 **Q4 2019**
Net income	**9,183**	**1,346**	**3,942**
Net finance expense (income)	7,380	1,921	2,259
Change in fair value of investments	333	(497)	336
Income taxes	1,481	489	1,833
Depreciation and write-off of property and equipment	2,822	1,169	2,791
Depreciation of right-of-use assets	1,371	–	–
Amortization of intangible assets	6,119	4,587	7,187
Share-based compensation	248	175	297
Performance and deferred share unit expense	781	367	630
Acquisition, legal, restructuring and integration expenses	1,447	1,622	3,132
Adjusted EBITDA	**31,165**	**11,179**	**22,407**
Net finance expense (income)	(7,380)	(1,921)	(2,259)
Income taxes	(1,481)	(489)	(1,833)
Depreciation of property and equipment and write-off	(2,822)	(1,169)	(2,791)
Depreciation of right-of-use assets	(1,371)		
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, CRTC Tangible benefits and acquisition, legal, restructuring and integration expenses	(2,290)	(1,702)	(2,990)
Adjusted Net income	**15,821**	**5,898**	**12,534**

Adjusted Free cash flow reconciliation to Cash flow from operating activities

	3 months		
(in thousands of Canadian dollars)	June 30, 2019 **Q1 2020**	June 30, 2018 **Q1 2019**	March 31, 2019 **Q4 2019**
Cash flow from operating activities	**26,298**	**7,212**	**18,072**
Add / Less :			
Acquisition of property and equipment	(1,613)	(2,228)	(1,935)
Acquisition of intangible assets other than internally developed intangible assets	(519)	(347)	(669)
Addition to internally developed intangible assets	(1,523)	(1,205)	(1,742)
Interests paid	(4,980)	(436)	(4,441)
Repayment of lease liabilities	(1,095)	–	–
Net change in non-cash operating working capital items	2,127	1,580	(1,890)
Unrealized loss (gain) on foreign exchange	445	57	(682)
Acquisition, legal, restructuring and integration expenses	1,447	1,622	3,132
Adjusted free cash flow	**20,587**	**6,255**	**9,845**

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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