STINGRAY

NEWS RELEASE

Stingray Reports Second Quarter 2020 Results

Free cash flow reached $18.8 million, up 226.1%

Second Quarter Highlights

- **Revenues increased 120.7% to $76.6 million**
- **Recurring Broadcasting and Commercial Music revenues(1) increased 9.4% to $33.5 million**
- **Radio accounted for 49.4% of total revenues at $37.8 million**
- **Overall organic growth of 3.0%**
- **Subscription video on demand ("SVOD") subscribers increased 15.5% to 365,000 compared to last year, stable compared to last quarter**
- **Adjusted EBITDA(2) increased 142.1% to $27.7 million, with a 36.1% margin compared to 32.9%. Excluding the impact of IFRS 16, Adjusted EBITDA(2) would have been $26.0 million**
- **Adjusted EBITDA(2) by segment of $15.2 million or 39.3% of revenues for Broadcasting and Commercial Music, $13.7 million or 36.3% of revenues for Radio and $(1.2) million for Corporate**
- **Net income of $5.2 million or $0.07 per share (basic and diluted) compared to a net income of $0.8 million or $0.01 per share (basic and diluted)**
- **Adjusted Net income(3) up 78.6% to $12.0 million or $0.16 per share (basic and diluted)**
- **Cash flow from operating activities increased to $19.0 million compared to $5.6 million**
- **Adjusted free cash flow(4) up 226.1% of $18.8 million or $0.25 per share (basic and diluted) compared to $5.8 million or $0.10 per share (basic and diluted)**
- **Net debt to Pro Forma Adjusted EBITDA(2) ratio of 2.95x**
- **As part of the Corporation's Normal Course Issuer Bid ("NCIB"), 254,864 subordinate voting shares and variable subordinated voting shares were repurchased for a total cash consideration of $1.9 million.**

Montreal, November 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 second quarter ended September 30, 2019.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended September 30**			**Six months ended September 30**		
	2019	2018	%	**2019**	2018	%
Revenues	**76,573**	34,692	120.7	**157,010**	69,148	127.1
Recurring revenues(1)	**33,528**	30,651	9.4	**67,510**	61,447	9.9
Adjusted EBITDA(2)	**27,671**	11,429	142.1	**58,836**	22,608	160.2
Net income	**5,184**	777	567.2	**14,367**	2,123	576.7
Per share – diluted ($)	**0.07**	0.01	600.0	**0.19**	0.04	375.0
Adjusted Net income(3)	**11,981**	6,708	78.6	**27,802**	12,606	120.5
Per share – diluted ($)(3)	**0.16**	0.12	33.3	**0.36**	0.22	63.6
Cash flow from operating activities	**18,952**	5,610	237.8	**45,250**	12,822	252.9
Adjusted free cash flow(4)	**18,756**	5,751	226.1	**39,343**	12,006	227.7

(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 pleased with our second quarter results which continued to build on the significant momentum created by the acquisition of NCC, coupled with the solid growth from the Broadcasting and Commercial Music segment. A key measure of our achievement continues to be our Adjusted free cash flow which more than tripled to $18.8 million. For the first six months of the year, we have generated $0.52 of Adjusted free cash flow per share compared to $0.21 a year ago" said Eric Boyko, President, CEO, and Co-Founder of Stingray.

"While the second quarter is a slow period in the radio business, this segment reported solid Adjusted EBITDA of $13.7 million with a 36.3% margin. At this stage, most of the operational synergies have been captured. With our increased emphasis on an ad-supported business model and our comprehensive approach to a customer journey, we have far more potential cross-selling opportunities to capitalize on with radio. The Adjusted EBITDA for Broadcast and Commercial Music increased by 21.6% to $15.2 million and the margin expanded by almost 300 basis points over the prior year due to acquisitions and organic growth in SVOD.

"The recent launch of Audio360™, an advanced, multi-platform audio sales solution in partnership with Bell Media brings together the largest multi-platform audio network in Canada with 22 million unique weekly listeners through digital audio and podcasts, TV and radio. Audio360™ helps brands connect with listeners on the right audio platform, across the right channel, at the right moment in time.

"Also during the quarter, we made the Stingray Music free mobile app accessible to everyone in Canada, the U.S, the U.K. and the Netherlands will bring new listeners and visibility to the Stingray brand. The basic service is free and ad-supported, while the premium service is very compelling and competitive at $3.99 per month.

"While the global music industry is in consistent evolution, Stingray has clearly demonstrated its ability to rapidly adapt and capitalize on changes. Our Vision remains to unleash the power of music by delivering the best curated video and audio experiences for people and businesses globally.," concluded Mr. Boyko.

Second Quarter Results

Revenues increased 120.7% to $76.6 million in the second quarter of 2020, compared with revenues of $34.7 million a year ago. The increase was primarily due to the acquisition of Newfoundland Capital Corporation ("NCC") and DJ Matic, as well as to organic growth in subscription video-on-demand ("SVOD").

Recurring Broadcasting and Commercial Music revenues were up 9.4% to $33.5 million in the second quarter over the same period last year, representing a 1.2% organic growth. The marginal organic growth is explained by a delay in estimated time to market to deploy advertising solutions.

For the quarter, revenues in Canada increased 270.7% to $52.8 million (68.9% of total revenues) primarily due to the acquisition of NCC and Novramedia. Revenues in the United States increased 12.0% to $9.0 million (11.8% of total revenues) and in Other Countries, revenues increased 19.5% to $14.8 million (19.3% of total revenues).

Broadcasting and Commercial Music revenues increased 11.7% to $38.8 million in the second quarter, compared to revenues of $34.7 million a year ago. The increase is primarily due to the acquisition of DJ Matic and Novramedia, as well as to organic growth in SVOD. This increase was partially offset by a delay in estimated time to market to deploy advertising solutions and by the termination of some low margin international contracts.

Radio revenues represented $37.8 million for the second quarter of 2020 reflecting the contribution from the acquisition of NCC.

Adjusted EBITDA for the second quarter increased to $27.7 million or 36.1% of revenues, compared to $11.4 million or 32.9% of revenues a year earlier. The increase in Adjusted EBITDA was primarily due to the above-mentioned acquisitions, to organic growth in SVOD and to the adoption of IFRS 16. The increase in Adjusted EBITDA margin was mainly related to the adoption of IFRS 16 and to reduced operating expenses in the Broadcasting and Commercial Music segment. Excluding the impact of IFRS 16, the Adjusted EBITDA would have been $26.0 million and the Adjusted EBITDA margin 34.0%.

For the second quarter, the Corporation reported a net income of $5.2 million, or $0.07 per share (basic and diluted), compared to $0.8 million, or $0.01 per share (basic and diluted) for the same period last year. The increase was mainly attributable to higher operating results, partially offset by higher interest, income taxes, depreciation and amortization, and legal expenses. Adjusted Net income was $12.0 million, or $0.16 per share (basic and diluted), compared to $6.7 million, or $0.12 per share (basic and diluted) a year ago. The increase was due to higher operating results, partially offset by higher interest, income taxes, depreciation and mark-to-market losses on derivative financial instruments.

Cash flow generated from operating activities increased to $19.0 million in the second quarter of 2020 from $5.6 million a year earlier. Adjusted free cash flow increased to $18.8 million, from $5.8 million for the second quarter of 2019. The increase was mainly due to the acquisition of NCC, higher operating results, lower capital expenditures and lower income taxes paid, partially offset by higher interest paid.

As of September 30, 2019, the Corporation had cash and cash equivalents of $8.4 million, a subordinated debt of $49.6 million and credit facilities of $380 million, of which approximately $53.5 million was available as the Corporation reduced the authorized amount under the revolving facility by $70.0 million on July 9, 2019.

Six Months Results

Revenues for the first six months of Fiscal 2020 increased 127.1% to $157.0 million compared to $69.1 million a year ago. The increase in revenues was primarily due to the acquisition of NCC, DJ Matic and Novramedia, as well as organic growth in SVOD, partially offset by a delay in estimated time to market to deploy advertising solutions and by the termination of some low margin contracts.

Adjusted EBITDA for the first six months of Fiscal 2020 increased 160.2% to $58.8 million or 37.5% of revenues, compared to $22.6 million or 32.7% of revenues for the same period last year. The increase in Adjusted EBITDA was primarily due to the above-mentioned acquisitions, to organic growth in SVOD, and to the adoption of IFRS 16, partially offset by a delay in estimated time to market to deploy advertising solutions. 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, to the adoption of IFRS 16, and to reduced operating expenses in the Broadcasting and Commercial Music segment. Excluding the impact of IFRS 16, the Adjusted EBITDA would have been $55.7 million and the Adjusted EBITDA margin 35.4%.

Adjusted Net income for the first six month of Fiscal 2020 increased 120.5% to $27.8 million, or $0.36 per share (basic and diluted), compared to $12.6 million, or $0.22 per share (basic and diluted) a year ago.

Declaration of Dividend

On November 6, 2019, the Corporation declared a quarterly dividend of $0.07 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around December 13, 2019 to shareholders on record as of November 29, 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
In early October 2019, the Corporation announced that its highly-rated music app is now available to all Canadians and Americans. Previously available exclusively to pay-TV subscribers, the Stingray Music app offers an unparalleled listening experience of local and international content. The app is available for free or with an upgrade to Premium for a monthly subscription fee.

On September 26, 2019, Stingray Karaoke was launched in Tesla cars worldwide as part of their major operating system release. Today, Tesla drivers and passengers can enjoy thousands of karaoke videos from the seat of their car wherever they travel to.

On September 26, 2019, the Corporation announced that it had partnered with Bell Media to introduce AUDIO360™, an advanced, multi-platform audio sales solution that brings together brands and consumers through the power of sound. AUDIO360 gives brands access to 22 million weekly Canadian listeners across an unrivaled multi-platform audio offering.

On August 26, 2019, the Corporation entered into an agreement to acquire the assets of CHOO-FM, a radio station in Drumheller, Alberta.

Conference Call
The Corporation will hold a conference call to discuss these results on Thursday, November 7, 2019, 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: 7459327. This tape recording will be available until December 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 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

(in thousands of Canadian dollars)	3 months Sept. 30, 2019 **Q2 2020**	3 months Sept. 30, 2018 **Q2 2019**	6 months Sept. 30, 2019 **YTD 2020**	6 months Sept. 30, 2018 **YTD 2019**
Net income	**5,184**	**777**	**14,367**	**2,123**
Net finance expense (income)	6,362	910	13,742	2,831
Change in fair value of investments	(188)	436	145	(61)
Income taxes	2,479	567	3,960	1,056
Depreciation and write-off of property and equipment	2,989	1,274	5,811	2,443
Depreciation of right-of-use assets	1,419	–	2,790	–
Amortization of intangible assets	5,935	5,255	12,054	9,842
Share-based compensation	257	358	505	533
Performance and deferred share unit expense	794	518	1,575	885
Acquisition, legal, restructuring and other expenses	2,440	1,334	3,887	2,956
Adjusted EBITDA	**27,671**	**11,429**	**58,836**	**22,608**
Net finance expense (income)	(6,362)	(910)	(13,742)	(2,831)
Income taxes	(2,479)	(567)	(3,960)	(1,056)
Depreciation of property and equipment and write-off	(2,989)	(1,274)	(5,811)	(2,443)
Depreciation of right-of-use assets	(1,419)	–	(2,790)	–
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 other expenses	(2,441)	(1,970)	(4,731)	(3,672)
Adjusted Net income	**11,981**	**6,708**	**27,802**	**12,606**

Adjusted free cash flow reconciliation to Cash flow from operating activities

(in thousands of Canadian dollars)	3 months Sept. 30, 2019 **Q2 2020**	3 months Sept. 30, 2018 **Q2 2019**	6 months Sept. 30, 2019 **YTD 2020**	6 months Sept. 30, 2018 **YTD 2019**
Cash flow from operating activities	**18,952**	**5,610**	**45,250**	**12,822**
Add / Less :				
Acquisition of property and equipment	(1,459)	(1,488)	(3,072)	(3,716)
Acquisition of intangible assets other than internally developed intangible assets	(292)	(1,383)	(811)	(1,730)
Addition to internally developed intangible assets	(1,559)	(1,390)	(3,082)	(2,595)
Interest paid	(4,493)	(424)	(9,473)	(860)
Repayment of lease liabilities	(1,303)	–	(2,398)	–
Net change in non-cash operating working capital items	6,143	3,189	8,271	4,769
Unrealized loss on foreign exchange	327	303	771	360
Acquisition, legal, restructuring and other expenses	2,440	1,334	3,887	2,956
Adjusted free cash flow	**18,756**	**5,751**	**39,343**	**12,006**

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.

Contact information:

Mathieu Péloquin
Senior Vice-President, Marketing and Communications
Stingray
(514) 664-1244, ext. 2362
mpeloquin@stingray.com