STINGRAY

NEWS RELEASE

Stingray Reports Fourth Quarter 2019 Results

SVOD revenues up 21.1% over last quarter

Fourth Quarter Highlights

- **Revenues increased 112.5% to $72.7 million**
- **Recurring Broadcasting and Commercial Music revenues[1] of $34.5 million, an increase of 12.4%**
- **Radio accounted for 46.8% of total revenues at $34.0 million**
- **Overall organic growth of 4.6%, excluding non-recurring equipment and installation sales related to digital signage**
- **Subscription video on demand ("SVOD") reached 364,000 subscribers, with revenues at $10.2 million, up 21.1% over last quarter**
- **Adjusted EBITDA[2] up 90.7% to $22.4 million**
- **Net income of $3.9 million or $0.06 per share (diluted) compared to a net income of $4.7 million or $0.08 per share (diluted)**
- **Adjusted Net income[3] up 28.8% to $12.5 million or $0.18 per share (diluted)**
- **Cash flow from operating activities increased to $13.6 million compared to $10.7 million**
- **Adjusted Free cash flow[4] of $10.5 million, a decrease of 4.9% due, in large part, to income taxes payable included in the opening balance sheet of Newfoundland Capital Corporation Inc. ("NCC") paid after the acquisition date. Excluding this item, Adjusted Free cash flow[4] would have reached $14.1 million.**
- **Quarterly dividend of $0.065 per share**
- **Subsequent to the quarter, entered into an agreement to acquire the assets of two radio stations located in Welland, Ontario, subject to the Canadian Radio-television and Telecommunications Commission ("CRTC") approval.**

Full Year Highlights

- **Revenues increased 63.3% to $212.7 million**
- **Recurring Broadcasting and Commercial Music revenues[1] of $129.3 million, an increase of 15.7%**
- **Radio accounted for 30.7% of total revenues at $65.2 million**
- **Overall organic growth of 4.4%, excluding non-recurring equipment and installation sales related to digital signage**
- **Adjusted EBITDA[2] up 74.0% to $72.2 million**
- **Net loss of $12.0 million or $(0.19) per share (diluted) compared to a net income of $2.3 million or $0.04 per share (diluted) mainly attributable to the CRTC Tangible benefits expense and acquisition costs related to the NCC transaction totaling $37.7 million**
- **Adjusted Net income[3] up 39.8% to $37.5 million or $0.57 per share (diluted)**
- **Cash flow from operating activities increased to $34.8 million compared to $19.4 million**
- **Adjusted Free cash flow[4] of $38.2 million, an increase of 15.0%. Excluding the income taxes paid related to the NCC acquisition, Adjusted Free cash flow[4] would have reached $41.8 million.**
- **Annualized dividend[5] increased 18.2% to $0.26 per share**

Montreal, June 5, 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 fourth quarter and fiscal year ended March 31, 2019.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended March 31**			**Twelve months ended March 31**		
	2019	2018	%	**2019**	2018	%
Revenues	**72,730**	34,223	112.5	**212,650**	130,214	63.3
Recurring revenues[1]	**34,534**	30,734	12.4	**129,345**	111,790	15.7
Adjusted EBITDA[2]	**22,407**	11,752	90.7	**72,234**	41,524	74.0
Net income (loss)	**3,942**	4,674	(15.7)	**(11,988)**	2,296	-
Per share – diluted ($)	**0.06**	0.08	(25.0)	**(0.19)**	0.04	-
Adjusted Net income[3]	**12,534**	9,732	28.8	**37,536**	26,858	39.8
Per share – diluted ($)	**0.18**	0.17	5.9	**0.57**	0.50	14.0
Cash flow from operating activities	**13,631**	10,675	27.7	**34,753**	19,385	79.3
Adjusted Free cash flow[4]	**10,527**	11,066	(4.9)	**38,171**	33,181	15.0

(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, amortization of intangible assets, share-based compensation, restricted, 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, restricted, 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, plus acquisition, legal, restructuring and other expenses, and adjusted for the net change in non-cash working capital items.
(5) Annualized dividend represents the amount of the last declared dividend times four quarters.

"For the fourth quarter, revenues and Adjusted EBITDA increased 112.5% to $72.7 million and 90.7% to $22.4 million, respectively. We are pleased by our results as this solid execution is clearly leading us towards a new growth phase. These results reflect the solid contribution of NCC, acquisitions in the Broadcasting and Commercial Music segment and organic growth of close to 5%, driven by B2C apps and SVOD," said Eric Boyko, President, CEO, and Co-Founder of Stingray.

"The initial NCC operational synergies are now on a full run-rate basis and therefore will have a full impact on Q1 2020 results. Market conditions in the Canadian radio industry have remained somewhat soft but our strong portfolio of radio stations has been clearly outperforming the industry. More recently, we have observed some traction at the local advertising level considering our various marketing initiatives and customers' better understanding of our commitment to the industry.

"While we maintain an opportunistic approach for high return on investment tuck-in acquisitions, our short-term focus clearly remains on using our robust free cash flow to reduce our leverage below 3 times. Considering the seasonality of our combined businesses, free cash flow should be proportionally more important in the second half of the fiscal year.

"We enter Fiscal 2020 with great confidence and many opportunities to leverage our leading position as a music, media and technology company. In the next few quarters, we will make further progress on fully exploiting our cross-selling and cross-platform synergies," concluded Mr. Boyko.

Fourth Quarter Results

Revenues increased 112.5% to $72.7 million in the fourth quarter of 2019, compared with revenues of $34.2 million a year ago. The increase was primarily due to the acquisition of NCC, combined with the acquisition of DJ Matic and organic growth in B2C apps and SVOD. SVOD reached a new high of over 364,000 subscribers in the fourth quarter from 356,000 subscribers in the third quarter. SVOD monthly revenues increased 9.2% to $3.5 million in the fourth quarter from $3.2 million in the third quarter. The

Average revenue per user increased 16.2% to $9.47 in the fourth quarter from $8.15 in the same period last year.

Recurring Broadcasting and Commercial Music revenues were up 12.4% to $34.5 million in the fourth quarter over the same period last year. For the quarter, revenues in Canada increased 246.4% to $47.3 million (65.0% of total revenues) primarily due to the acquisition of NCC and Novramedia. Revenues in the United States increased 12.2% to $9.4 million (12.9% of total revenues) and in Other Countries, revenues increased by 31.3% to $16.1 million (22.1% of total revenues).

Broadcasting and Commercial Music revenues increased 13.1% to $38.7 million in the fourth quarter, compared to revenues of $34.2 million a year ago. The increase is mostly attributable to the contribution from the acquisitions of DJ Matic and Novramedia and to revenues from B2C apps and SVOD. During the quarter, existing operations excluding non-recurring equipment and installation sales related to digital signage experienced organic growth of 4.6%, which also contributed to the increase in the segment's revenues.

Radio revenues represented $34.0 million for the fourth quarter of 2019 reflecting the contribution from the acquisition of NCC, since the October 26, 2018 closing date.

Adjusted EBITDA for the fourth quarter increased to $22.4 million or 30.8% of revenues, compared to $11.8 million or 34.3% 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 and 2018. The decrease in Adjusted EBITDA margin was mainly related to the new Radio segment, which has a lower Adjusted EBITDA margin.

For the fourth quarter, the Corporation reported a net income of $3.9 million, or $0.06 per share (diluted), compared to $4.7 million, or $0.08 per share (diluted) for the same period last year. The decrease was mainly attributable to higher interest, mark-to-market losses on derivative financial instruments, amortization, income taxes, depreciation and acquisition expenses, partially offset by higher operating results, write-off of balance payable on acquisition and positive change in fair value of contingent considerations. Adjusted net income was $12.5 million, or $0.18 per share (diluted), compared to $9.7 million, or $0.17 per share (diluted) a year ago, due to higher operating results, write-off of balance payable on acquisition and positive change in fair value of contingent considerations, partially offset by higher interest expense, higher income taxes expense, mark-to-market losses on derivative financial instruments, and higher depreciation expense.

Cash flow generated from operating activities increased to $13.6 million in the fourth quarter of 2019 from $10.7 million a year earlier. Adjusted Free cash flow decreased to $10.5 million, from $11.1 million for the fourth quarter of 2018. The decrease was mainly related to higher interest paid, income taxes paid due to income taxes payable included in the opening balance sheet of NCC at the acquisition date and higher capital expenditures, partially offset by higher operating results. Excluding the income taxes paid related to the NCC acquisition, Adjusted Free cash flow would have reached $14.1 million.

As of March 31, 2019, the Corporation had cash and cash equivalents of $4.7 million, a subordinated debt of $49.5 million and credit facilities of $450 million, of which approximately $130.0 million was available.

Year-End Results

Revenues for Fiscal 2019 increased 63.3% to $212.7 million compared to $130.2 million a year ago. The increase in revenues was primarily due to the acquisition of NCC, combined with the acquisition of DJ Matic, Qello Concerts and Novramedia, as well as organic growth in B2C apps and SVOD, partially offset by a decrease in equipment and installation sales related to digital signage.

Adjusted EBITDA for Fiscal 2019 increased 74.0% to $72.2 million or 34.0% of revenues, compared to $41.5 million or 31.9% of revenues for Fiscal 2018. The increase in Adjusted EBITDA was primarily due to the acquisition of NCC and other acquisitions realized in Fiscal 2019 and 2018. The increase in

Adjusted EBITDA margin was mainly related to the reversal of certain accrued liabilities, which positively contributed to the Adjusted EBITDA of the Radio segment in the third quarter of 2019.

Adjusted Net income for Fiscal 2019 increased 39.8% to $37.5 million, or $0.57 per share (diluted), compared to $26.9 million, or $0.50 per share (diluted) a year ago.

Declaration of Dividend

On March 28, 2019, the Corporation declared a quarterly dividend of $0.065 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around June 14, 2019 to holders on record as of May 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 May 9, 2019, the Corporation announced that its wholly-owned subsidiary, Stingray Radio Inc., had entered into an agreement to acquire the assets of CIXL-FM and CKYY-FM in Welland, Ontario, from Wellport Broadcasting Limited/RB Communications Ltd, subject to approval from the CRTC.

On February 18, 2019, the Corporation announced the expansion of its distribution deal with TELUS. The agreement brings five new music television channels, Stingray Festival 4K, Stingray Now 4K, Stingray Hits!, PalmarèsADISQ par Stingray, and Stingray Classica to Optik TV subscribers in Alberta, British Columbia, and Quebec.

On January 8, 2019, the Corporation announced that the first two weeks (December 17 – 30, 2018) of Numeris measurement for the Stingray Music audio channels on television revealed impressive listenership results; Stingray Music reached over 15 million Canadians aged 2+ (41.4% of Canadians) and 41.6% of aged 25-54 (6.3 million); Stingray Music's English-language holiday programming channel alone reached over 7.2 million Canadians aged 2+; Stingray Music's French-language holiday programming channel alone reached over 1.9 million Canadians aged 2+ and Stingray Music represented 14.2% of audio market shares with the aged 2+ demographic and 12.8% of the audio market shares for the aged 25-54 demographic as measured by Numeris.

On January 7, 2019, the Corporation announced that its wholly-owned subsidiary, Stingray Radio Inc., had entered into an agreement to acquire the assets of CHOO-FM in Drumheller, Alberta, from Golden West Broadcasting Ltd. subject to approval from the CRTC. If approved, the closing is expected to take place mid-2019. On December 15, 2018, NCC's official name changed to Stingray Radio Inc.

On January 2, 2019, the Corporation announced that its previously-announced endeavors to acquire Music Choice have been terminated.

Conference Call

The Corporation will hold a conference call to discuss these results on Thursday, June 6, 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: 7488717. This tape recording will be available until July 5, 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 101 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 March 31, 2019 **Q4 2019**	3 months March 31, 2018 **Q4 2018**	12 months March 31, 2019 **Fiscal 2019**	12 months March 31, 2018 **Fiscal 2018**
Net income (loss)	**3,942**	**4,674**	**(11,988)**	**2,296**
Net finance expense (income)	2,259	(378)	12,298	3,174
Change in fair value of investments	336	(421)	(565)	600
Income taxes	1,833	(385)	(3,228)	(13)
Depreciation and write-off of property and equipment	2,791	1,019	7,703	3,062
Amortization of intangible assets	7,187	4,594	23,430	18,225
Share-based compensation	297	473	1,093	1,325
Restricted, performance and deferred share unit expense	630	780	1,368	2,224
CRTC Tangible benefits	-	-	25,306	-
Acquisition, legal, restructuring and other expenses	3,132	1,396	16,817	10,631
Adjusted EBITDA	**22,407**	**11,752**	**72,234**	**41,524**
Net finance expense (income)	(2,259)	378	(12,298)	(3,174)
Income taxes	(1,833)	385	3,228	13
Depreciation of property and equipment and write-off	(2,791)	(1,019)	(7,703)	(3,062)
Income taxes related to change in fair value of investments, share-based compensation, restricted, performance and deferred share unit expense, amortization of intangible assets, CRTC Tangible benefits and acquisition, legal, restructuring and other expenses	(2,990)	(1,764)	(17,925)	(8,443)
Adjusted Net income	**12,534**	**9,732**	**37,536**	**26,858**

Adjusted Free cash flow reconciliation to Cash flow from operating activities

(in thousands of Canadian dollars)	3 months March 31, 2019 **Q4 2019**	3 months March 31, 2018 **Q4 2018**	12 months March 31, 2019 **Fiscal 2019**	12 months March 31, 2018 **Fiscal 2018**
Cash flow from operating activities	**13,631**	**10,675**	**34,753**	**19,385**
Add / Less :				
Acquisition of property and equipment	(1,935)	(846)	(7,623)	(4,546)
Acquisition of intangible assets other than internally developed intangible assets	(669)	(406)	(3,671)	(2,403)
Addition to internally developed intangible assets	(1,742)	(1,166)	(6,164)	(2,013)
Net change in non-cash operating working capital items	(1,890)	1,413	4,059	12,127
Acquisition, legal, restructuring and other expenses	3,132	1,396	16,817	10,631
Adjusted Free cash flow	**10,527**	**11,066**	**38,171**	**33,181**

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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