STINGRAY

NEWS RELEASE

Stingray Reports Third Quarter 2020 Results

Cash flow from operating activities reaches $28.8 million, up 108.8%

Third Quarter Highlights

- **Revenues increased to $81.3 million, an increase of 14.9% YoY**
- **Organic growth of 3.3% excluding the impact of foreign exchange, primarily due to increase in subscriptions to 392,000, up 10.1% YoY. Including the impact of foreign exchange, organic growth was 2.6%**
- **Adjusted EBITDA(2) of 31.0 million, an increase of 14.0%. Excluding the impact of IFRS 16, Adjusted EBITDA(2) would have been $29.3 million**
- **Adjusted EBITDA(2) by segment of $14.9 million (37.3% of total) for Broadcasting and Commercial Music, $17.4 million (42.0% of total) for Radio and $(1.3) million for Corporate**
- **Net income of $8.1 million or $0.11 per share (basic and diluted) compared to a prior year loss of ($18.1) million**
- **Adjusted net income(3) of $16.7 million or $0.22 per share (basic and diluted), up 34.8% YoY**
- **Cash flow from operating activities increased 108.8% to $28.8 million**
- **Adjusted free cash flow(4) rose 23.8% to $21.0 million or $0.28 per share (basic and diluted)**
- **Net debt to Pro Forma Adjusted EBITDA(2) ratio of 2.94. Total Net debt stood at $346.5 million, a decrease of $12.5 million YoY**
- **As part of the Corporation's Normal Course Issuer Bid ("NCIB"), 948,611 subordinate voting shares and variable subordinated voting shares (together the "shares") were repurchased in Q3 2020 for a total cash consideration of $6.1 million. A total of 1,203,475 shares were repurchased in Fiscal 2020 for a total cash consideration of $8.0 million.**

Montreal, February 6, 2020 – 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 third quarter ended December 31, 2019.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended December 31**			**Nine months ended December 31**		
	2019	2018	%	**2019**	2018	%
Revenues	**81,313**	70,772	14.9	**238,323**	139,920	70.3
Recurring revenues(1)	**33,728**	33,364	1.1	**101,238**	94,811	6.8
Adjusted EBITDA(2)	**31,033**	27,219	14.0	**89,869**	49,827	80.4
Net income	**8,089**	(18,053)		**22,456**	(15,930)	
Per share – diluted ($)	**0.11**	(0.26)		**0.29**	(0.26)	
Adjusted Net income(3)	**16,710**	12,396	34.8	**45,813**	25,002	83.2
Per share – diluted ($)(3)	**0.22**	0.18	22.2	**0.60**	0.40	50.0
Cash flow from operating activities	**28,833**	13,809	108.8	**74,083**	26,631	178.2
Adjusted free cash flow(4)	**21,033**	16,983	23.8	**60,377**	28,989	108.3

(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 (loss) 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, mark-to-market losses (gains) on derivative instruments, 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.

"Q3 results were in-line with our expectations, with revenues increasing by 14.9%, driven by the acquisition of Newfoundland Capital Corporation Inc. ("NCC") and increase in subscriptions, and with adjusted free cash flow increasing by over 23.8%. Our solid cash flow generation for the quarter and year to date coupled with a positive business outlook, provided support for an increase in the dividend to $0.075 per share, 15.4% above the same quarter last year. Furthermore, we took advantage of a lower share price to acquire $6.1 million in shares during the quarter," said Eric Boyko, President, CEO, and Co-Founder of Stingray.

"Despite lower radio sales related to challenging market conditions in Western Canada, our Radio segment continues to perform well in its other key markets such as Toronto and Ottawa."

"As the over the top ("OTT") streaming trend accentuates and viewers are overwhelmed by new TV streaming services, FAST or free ad-supported TV platforms are also gaining momentum among viewers and reaching an inflection point. Last December, we signed an agreement with Sinclair Broadcasting for STIRR representing our first ad-supported OTT platform in the US. Ambiance and Qello Concerts are currently available on Samsung TV Plus in the U.S., and other countries and platforms will be added. We have also deployed a number of channels on XUMO/LG and Pluto TV. As these new digital networks require content, Stingray is extremely well positioned to leverage its audio and TV linear channels, significantly expand its share of advertising dollars and reach millions of new listeners."

"As another indication of our rapidly evolving business model, the subscription model in B2C and B2B2C now generates annualized revenues north of $40.0 million. We will continue to expand distribution to new platforms and markets and deliver new innovative products."

"We look forward to this new year with great confidence as we continue to extend the reach of our rich content to new platforms and further diversify our revenue sources to ad- and subscription-based models," concluded Mr. Boyko.

Third Quarter Results

Revenues in Q3 2020 increased $10.5 million or 14.9% to $81.3 million, from $70.8 million for Q3 2019. The increase was primarily due to the acquisition of NCC, combined with organic growth in subscriptions.

For the quarter, revenues in Canada increased $10.7 million or 23.1% to $57.5 million, from $46.8 million for Q3 2019. Revenues in the United States in Q3 2020 increased $0.8 million or 8.4% to $9.6 million, from $8.8 million for Q3 2019. Revenues in Other countries in Q3 2020 decreased $(1.0) million or 6.4% to $14.2 million, from $15.2 million for Q3 2019 with the decrease primarily due to lower commercial music sales and to the termination of some low margin contracts.

Total Broadcasting and Commercial Music revenues increased $1.0 million or 2.6% to $39.9 million from $38.9 million for Q3 2019. The increase was primarily due to organic growth in subscriptions.

Radio revenues increased $10.2 million or 32.7% to $41.4 million from $31.2 million for Q3 2019.

Adjusted EBITDA in Q3 2020 increased $3.8 million or 14.0% to $31.0 million from $27.2 million for Q3 2019. Adjusted EBITDA margin was 38.2% compared to 38.5% for Q3 2019. The increase in Adjusted EBITDA was primarily due to the adoption of IFRS 16, to the acquisition of NCC, to organic growth in subscriptions and to reduced operating expenses in the Broadcasting and Commercial Music segment, partially offset by the reversal of certain accrued liabilities in the Radio segment in Q3 2019. Excluding the impact of IFRS 16, the Adjusted EBITDA would have been $29.3 million with a margin of 36.0%.

Net income in Q3 2020 was $8.1 million ($0.11 per share) compared to a net loss of $18.1 million ($(0.26) per share) for Q3 2019. The difference was mainly due to the non-recurring CRTC Tangible benefits expense of $25.3 million related to the NCC acquisition recorded in Q3 2019. The difference is also explained by lower acquisition expenses, positive change in mark-to-market on derivative instruments, positive change in fair value of investments and higher operating results, partially offset by higher legal expenses due to the settlement with Music Choice and higher income taxes expense. Adjusted Net income in Q3 2020 was $16.7 million ($0.22 per share), compared to $12.4 million ($0.18 per share) for Q3 2019. The increase is mainly due to the higher operating results and to the gain in foreign exchange, partially offset by higher income taxes.

Cash flow generated from operating activities amounted to $28.8 million for Q3 2020 compared to $13.8 million for Q3 2019. Adjusted free cash flow generated in Q3 2020 amounted to $21.0 million compared to $17.0 million for Q3 2019. The increase was mainly related to the acquisition of NCC, to higher operating results and to lower capital expenditures.

As of December 31, 2019, the Corporation had cash and cash equivalents of $7.3 million, a subordinated debt of $39.6 million and credit facilities of $380.0 million, of which approximately $48.3 million was available.

Nine Months Results

Revenues for the first nine months of Fiscal 2020 increased $98.4 million or 70.3% to $238.3 million, from $139.9 million a year ago. The increase was primarily due to the acquisition of NCC, DJ Matic and Novramedia, combined with organic growth in subscriptions, partially offset by the termination of some low margin international contracts.

Adjusted EBITDA for the first nine months of Fiscal 2020 increased $40.1 million or 80.4% to $89.9 million from $49.8 million for the same period last year. Adjusted EBITDA margin was 37.7% compared to 35.6% for the same period in Fiscal 2019. The increase in Adjusted EBITDA was primarily due to the acquisition of NCC, to the adoption of IFRS 16, to the organic growth in subscriptions and to reduced operating expenses in the Broadcasting and Commercial Music segment, partially offset by the reversal of certain accrued liabilities in the Radio segment in Q3 2019. Excluding the impact of IFRS 16, the Adjusted EBITDA would have been $84.9 million with a margin of 35.6%.

Adjusted net income for the first nine months of Fiscal 2020 was $45.8 million ($0.60 per share), compared to $25.0 million ($0.40 per share) for the same period in Fiscal 2019. The increase is mainly due to the higher operating results, partially offset by higher interest, income taxes and depreciation expenses.

Declaration of Dividend

On February 5, 2020, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend will be payable on or around March 16, 2020, to shareholders on record as of February 28, 2020.

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 February 3, 2020, the Corporation and Music Choice executed and exchanged a Settlement Agreement which puts definitive end to the parties' patent litigation in the United States and fully and finally settles all claims, counterclaims and defenses asserted in connection with that litigation. The settlement amount of US$13.3 million ($17.2 million), will be paid in two equal instalments; the first payment was made on the date of settlement and the second payment is to be made on or before February 15, 2021. Accordingly, an amount of $17.1 million was booked as part of the acquisition, legal, restructuring and other expenses in Q3 2020. The terms of the settlement do not impact the services currently offered by Stingray in the United States, which shall continue uninterrupted.

On January 27, 2020, the Corporation purchased all of the outstanding shares of Chatter Research Inc., a Toronto-based leader in the design, development, and implementation of artificial intelligence driven real-time customer feedback solutions for retail and hospitality businesses. Total consideration consists of an amount of $2.1 million paid upon closing and a contingent consideration.

On November 6, 2019, the Corporation announced that it had concluded a long-term deal to provide custom music programming and in-store messaging for over one thousand of METRO's leading grocery and pharmacy establishments. Retailers under the agreement include Metro and Metro Plus in Quebec, Metro in Ontario, Super C, Food Basics, Adonis, Les 5 Saisons, Brunet, and Jean Coutu.

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.

Conference Call
The Corporation will hold a conference call to discuss these results on Thursday, February 6, 2020, at 10:00 AM (ET). Interested parties can join the call by dialing 647-788-4922 (Toronto) or 1-877-223-4471 (toll free). A rebroadcast of the conference call will be available until midnight, March 5, 2020, by dialing (800) 585-8367 or (416) 621-4642 and entering passcode 3870897.

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, subscriptions 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 Dec. 31, 2019 Q3 2020	 Dec. 31, 2018 Q3 2019	9 months Dec. 31, 2019 YTD 2020	 Dec 31, 2018 YTD 2019
Net income (loss)	**8,089**	**(18,053)**	**22,456**	**(15,930)**
Net finance expense (income)	(4,383)	7,208	9,359	10,039
Change in fair value of investments	(4,781)	(840)	(4,636)	(901)
Income taxes	1,897	(6,117)	5,857	(5,061)
Depreciation and write-off of property and equipment	2,876	2,469	8,687	4,912
Depreciation of right-of-use assets	1,402	–	4,192	–
Amortization of intangible assets	5,494	6,401	17,548	16,243
Share-based compensation	238	263	743	796
Performance and deferred share unit expense	677	(147)	2,252	738
CRTC Tangible benefits	–	25,306	–	25,306
Acquisition, legal, restructuring and other expenses	19,524	10,729	23,411	13,685
Adjusted EBITDA	**31,033**	**27,219**	**89,869**	**49,827**
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(4,184)	(7,208)	(16,146)	(10,039)
Income taxes	(1,897)	6,117	(5,857)	5,061
Depreciation of property and equipment and write-off	(2,876)	(2,469)	(8,687)	(4,912)
Depreciation of right-of-use assets	(1,402)	–	(4,192)	–
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, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses	(3,964)	(11,263)	(9,174)	(14,935)
Adjusted Net income	**16,710**	**12,396**	**45,813**	**25,002**

Adjusted free cash flow reconciliation to Cash flow from operating activities

(in thousands of Canadian dollars)	3 months Dec. 31, 2019 Q3 2020	 Dec. 31, 2018 Q3 2019	9 months Dec. 31, 2019 YTD 2020	 Dec. 31, 2018 YTD 2019
Cash flow from operating activities	**28,833**	**13,809**	**74,083**	**26,631**
Add / Less :				
Acquisition of property and equipment	(1,479)	(1,972)	(4,551)	(5,688)
Acquisition of intangible assets other than internally developed intangible assets	(495)	(1,272)	(1,306)	(3,002)
Addition to internally developed intangible assets	(1,286)	(1,827)	(4,368)	(4,422)
Interest paid	(4,150)	(4,649)	(13,623)	(5,509)
Repayment of lease liabilities	(1,295)	–	(3,693)	–
Net change in non-cash operating working capital items	(17,702)	1,180	(9,431)	5,949
Unrealized loss on foreign exchange	(917)	985	(145)	1,345
Acquisition, legal, restructuring and other expenses	19,524	10,729	23,411	13,685
Adjusted free cash flow	**21,033**	**16,983**	**60,377**	**28,989**

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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