STINGRAY

NEWS RELEASE

Stingray Reports First Quarter 2022 Results

First Quarter Highlights

- **Revenues increased 23.9% to $64.8 million from $52.3 million, reflecting the gradual easing of COVID-19 restrictions and the return to normal commercial operations**
- **Organic growth of close to 2.0% in Broadcast and Recurring Commercial Music revenues[(1)], excluding the impact of foreign exchange, and strong organic growth of 11.6% in the United States**
- **Adjusted EBITDA[(2)] decreased slightly to $24.2 million from $25.5 million**
- **Cash flow from operating activities decreased 57.0% to $16.3 million compared to $38.0 million**
- **Adjusted free cash flow[(4)] decreased 16.8% to $15.0 million, or $0.21 per share, compared to $18.0 million or $0.25 per share**
- **Net debt to Pro Forma Adjusted EBITDA[(5)] ratio of 2.88x**
- **643,000 shares repurchased and cancelled during the quarter for a total of $4.7 million**
- **572,000 streaming subscribers, up 31.2% over Q1 2021**

Montreal, August 3, 2021 – Stingray Group Inc. (TSX: RAY.A; RAY.B) (the "Corporation"; "Stingray"), a leading distributor of audio and video music brands in the world, today announced its financial results for the first quarter of Fiscal 2022, ended June 30, 2021.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended June 30** **Q1-2022**	 **Q1-2021**	 %
Revenues	**64,808**	**52,293**	23.9
Adjusted EBITDA[(2)]	**24,155**	**25,481**	(5.2)
Net income	**4,200**	**7,021**	(40.2)
Per share – diluted ($)	**0.06**	**0.10**	(40.0)
Adjusted Net income[(3)]	**11,238**	**13,509**	(16.8)
Per share – diluted ($)[(3)]	**0.16**	**0.18**	(11.1)
Cash flow from operating activities	**16,337**	**37,993**	(57.0)
Adjusted free cash flow[(4)]	**15,007**	**18,045**	(16.8)

(1) Recurring 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 and excludes credits to clients related to the COVID-19 pandemic. Non-recurring revenues mainly include advertising, support, installation, equipment, one-time fees and discontinued operations.

(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, and acquisition, legal, restructuring and other expenses (income).

(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, and acquisition, legal, restructuring and other expenses (income), 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, interest paid and repayment of lease liabilities, plus acquisition, legal, restructuring and other expenses (income), and adjusted for unrealized gain or loss on foreign exchange and for the net change in non-cash working capital items.

(5) Pro Forma Adjusted EBITDA is calculated as the Corporation's last twelve months Adjusted EBITDA, plus synergies and pro forma Adjusted EBITDA for the months prior to the acquisitions which are not already reflected in the results

Reporting on Q1 results, Stingray's President, co-founder and CEO Eric Boyko was very pleased, stating: “This quarter was marked by a strong 24% increase in revenue correlated with a gradual return to normal commercial operations, particularly in Radio. Overall organic growth for the quarter was close to 2% while the U.S. segment reached an impressive 11.6%. The diminishing favourable impact of the Canada Emergency Wage Subsidy (“CEWS”) and a return to more sustainable operating expenses this quarter when compared to the successful implementation of significant cost saving measures last year translated into a slight decrease in Adjusted EBITDA to $24.2 million.

“Broadcasting and Commercial Music revenues were relatively stable at $35.6 million compared to the previous year. Revenues reflect the negative impact of foreign exchange, offset by an increase in advertising, the gradual easing of COVID-19 restrictions and the return to normal commercial operations. In the U.S., FAST channels were an important contributor to growth with overall advertising increasing 120% over last year. Adjusted EBITDA decreased to $14.7 million from $20.3 million for Q1 2021. The decrease is due to lower CEWS and higher operating costs, both caused by an improving business environment.

“Following the trough hit by Radio last year, a gradual easing of COVID-19 restrictions and the return to normal commercial operations resulted in a 78.8% increase in revenues to $29.2 million, despite Ontario still being under relatively heavy restrictions during the quarter. Higher revenues fueled Adjusted EBITDA growth of 87.9% to reach $10.8 million. Despite reduced benefits from CEWS and higher operating expenses, the Adjusted EBITDA margin increased from 35.2% last year to 37.0% this year.

“With the recent acquisition of Calm Radio, the number of subscribers has now reached 572,000. This new acquisition adds 1,500 channels focused on relaxation and wellness to our comprehensive portfolio. It also grows the streaming subscriber base by more than 30,000 and will increase our overall average revenue per subscriber (“ARPU”). Given our near-term goal of one million subscribers, which could stem from a combination of new distribution, organic growth, M&A, and an increasing ARPU, we are truly excited about the potential growth and size presented by this opportunity.

“As we move into Fiscal 2022, our capital allocation strategy will certainly prioritize M&A followed by debt reduction and our NCIB. However, when compared to the previous year, the amounts allocated to debt reduction (~$35 million in Fiscal 2021) and the NCIB (~$10 million in Fiscal 2021) should decrease and increase, respectively. On the M&A front, the good news is that we see many good opportunities to close deals at reasonable valuations,” concluded Mr. Boyko.

First Quarter Results

Revenues in Q1 2022 rose $12.5 million or 23.9% to $64.8 million, from $52.3 million for Q1 2021. The increase was primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations, partially offset by the negative impact of foreign exchange.

For the quarter, revenues in Canada increased $13.3 million or 47.5% to $41.4 million, from $28.1 million for Q1 2021. The growth mainly reflects the gradual easing of COVID-19 restrictions and the return to normal commercial operations. Revenues in the United States remained stable at $10.3 million as the negative impact of foreign exchange was offset by organic growth in advertising revenues in the Broadcast and Commercial Music segment. Revenues in Other countries decreased $0.8 million or 5.6% to $13.1 million, from $13.9 million for Q1 2021 with the variation essentially attributable to a decrease in subscription revenues.

Total Broadcasting and Commercial Music revenues decreased $0.3 million or 1.0% to $35.6 million, from $35.9 million for Q1 2021. The decrease primarily resulted from a negative foreign exchange rate impact, largely offset by an increase in advertising revenue, the gradual easing of COVID-19 restrictions and the return to normal commercial operations. Radio revenues grew 78.8%, or $12.9 million, to $29.2 million, up from $16.3 million in Q1 2021. This increase was mainly due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Adjusted EBITDA(2) in Q1 2022 amounted to $24.2 million, versus $25.5 million in Q1 2021. Adjusted EBITDA(2) margin for Q1 2022 was 37.3% compared to 48.7% for Q1 2021. The slight reduction in Adjusted EBITDA(2) was primarily due to lower CEWS and higher operating costs, partially offset by higher revenues, caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Net income in Q1 2022 was $4.2 million ($0.06 per share) compared to $7.0 million ($0.10 per share) for Q1 2021. The decline was mainly related to a gain on legal expenses in Q1 2021, lower operating results and a negative change in fair value of contingent consideration, partially offset by a loss on fair value of investments recorded in Q1 2021.

Adjusted Net income(3) in Q1 2022 was $11.2 million ($0.16 per share), compared to $13.5 million ($0.18 per share) for Q1 2021. The decrease was mainly related to lower operating results and a negative change in fair value of contingent consideration.

Cash flow generated from operating activities amounted to $16.3 million in Q1 2022 compared to $38.0 million for Q1 2021. The decrease was mainly due to the negative change in non-cash operating items, higher legal expenses and lower operating results. Adjusted free cash flow(4) generated in Q1 2022 reached $15.0 million compared to $18.0 million for Q1 2021. The variation was mainly related to higher capital expenditures and lower operating results.

As of June 30, 2021, the Corporation had cash and cash equivalents of $6.4 million, a subordinated debt of $31.8 million and credit facilities of $305.8 million, of which approximately $87.2 million was available. The Net Debt to Pro Forma Adjusted EBITDA(2) ratio stood at 2.88x as of June 30, 2021 compared to 2.81x as of March 31, 2021.

Declaration of Dividend

On August 3, 2021, 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 September 15, 2021 to shareholders on record as of August 31, 2021.

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 and subsequent events

On July 5, 2021, the Corporation announced that it has acquired Calm Radio, the world’s largest online music streaming service focused on the wellness and relaxation markets. With this acquisition, Stingray grows its portfolio of curated music content, significantly increases its subscriber base and dives into the health and wellness industry.

On June 4, 2021, the Corporation announced that it has partnered with Shaw Communications Inc. to make its Stingray Music TV app available to all Shaw TV IPTV customers across Western Canada. Shaw TV customers will have access to 2,000 professionally curated channels in over 100 genres including pop, rock, hip-hop, indie, country music and more at no extra cost.

On May 5, 2021, the Corporation announced the launch of free, ad-supported TV channels and premium SVOD services with thirteen major OTT providers: Alteox (Luxembourg), Amazon Prime Video Channels (Italy, Spain and Netherlands), ChannelBox (United Kingdom), Maskatel (Canada), Pluto TV (Latin America and United States), Pzaz (Global), Rakuten TV (Europe), Redbox (United States), Rostelecom (Russia), Ruutu (Finland), Samsung TV Plus (Brazil, Mexico, Netherlands and Sweden) Totalplay (Mexico) and Zeasn (Austria and Germany). These distribution agreements grow Stingray's audience over new platforms in new territories and add millions of potential viewers.

On April 28, 2021, the Corporation announced that free, ad-supported channels Qello Concerts by Stingray and Stingray Karaoke have become available on Samsung TV Plus Mobile in Germany and the UK. Mobile and tablet users will access both channels on Samsung's free ad-supported video service through the TV Plus App and the Samsung Free page. The distribution agreements grow Stingray's potential reach by millions of users. The service was launched in June 2021 in Austria and Switzerland.

Annual Meeting of Shareholders
The Corporation will hold its 2021 annual meeting of shareholders on Wednesday, August 4, 2021, at 11:00 AM (ET) by videoconference. The meeting can be accessed by logging in online at https://web.lumiagm.com/407640927.

Conference Call
The Corporation will hold a conference call to discuss these results on Wednesday, August 4, 2021, at 9:00 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, September 14, 2021, by dialing (800) 585-8367 or (416) 621-4642 and entering passcode 9658248.

About Stingray
Montreal-based Stingray Group Inc. (TSX: RAY.A; RAY.B) is a leading music, media, and technology company with over 1,000 employees worldwide. Stingray is a premium provider of curated direct-to-consumer and B2B services, including audio television channels, more than 100 radio stations, SVOD content, 4K UHD television channels, FAST channels, karaoke products, digital signage, in-store music, and music apps, which have been downloaded over 160 million times. Stingray reaches 400 million subscribers (or users) in 160 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, 2021, 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 shows stable results from its operation which allows users of the financial statements to better assess the trend in the profitability of the business. The Corporation believes that Adjusted free cash flow and Adjusted free cash flow per share are important measures 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 Pro Forma Adjusted EBITDA are important to analyse the company's debt repayment capacity on an annualized basis, taking into consideration the annualized adjusted EBITDA of acquisitions made during the last twelve months. Each of these non-IFRS financial measures is not an earnings or cash flow measure recognized by International Financial Reporting Standards (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		
	June 30, 2021	June 30, 2020	March 31, 2021
(in thousands of Canadian dollars)	**Q1 2022**	**Q1 2021**	**Q4 2021**
Net income	**4,200**	**7,021**	**12,077**
Net finance expense (income)	5,253	4,601	(7,284)
Change in fair value of investments	–	892	–
Income taxes	1,833	2,359	4,047
Depreciation and write-off of property and equipment	2,524	2,701	3,082
Depreciation of right-of-use assets	1,296	1,412	1,436
Amortization of intangible assets	5,627	5,410	5,303
Share-based compensation	164	166	235
Performance and deferred share unit expense	2,090	1,316	2,028
Acquisition, legal, restructuring and other expenses (income)	1,168	(397)	2,714
Adjusted EBITDA	**24,155**	**25,481**	**23,638**
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(4,735)	(3,338)	(3,214)
Income taxes	(1,833)	(2,359)	(4,047)
Depreciation of property and equipment and write-off	(2,524)	(2,701)	(3,082)
Depreciation of right-of-use assets	(1,296)	(1,412)	(1,436)
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses (income)	(2,529)	(2,162)	122
Adjusted Net income	**11,238**	**13,509**	**11,981**

Adjusted free cash flow reconciliation to Cash flow from operating activities

(in thousands of Canadian dollars)	3 months June 30, 2021 **Q1 2022**	 June 30, 2020 **Q1 2021**	 March 31, 2021 **Q4 2021**
Cash flow from operating activities	**16,337**	**37,993**	**24,514**
Add / Less :			
Acquisition of property and equipment	(2,077)	(703)	(1,929)
Acquisition of intangible assets other than internally developed intangible assets	(198)	(258)	(194)
Addition to internally developed intangible assets	(2,153)	(1,552)	(1,367)
Interest paid	(3,891)	(3,687)	(5,142)
Repayment of lease liabilities	(1,085)	(1,214)	(1,099)
Net change in non-cash operating working capital items	6,805	(11,412)	(344)
Unrealized loss (gains) on foreign exchange	101	(725)	(3,345)
Acquisition, legal, restructuring and other expenses (income)	1,168	(397)	2,714
Adjusted free cash flow	**15,007**	**18,045**	**13,808**

Pro Forma Adjusted EBITDA reconciliation

(in thousands of Canadian dollars)	**June 30, 2021**	**March 31, 2021**
Last Twelve Months (LTM) Adjusted EBITDA	112,942	114,268
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	842	190
COVID-19 mandated store closures required anticipated rollouts and deployments to be deferred	1,369	1,825
Pro Forma Adjusted EBITDA	**115,153**	**116,283**
Net debt to Pro Forma Adjusted EBITDA	**2.88**	**2.81**

Note to readers: Annual 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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