NEWS RELEASE

Stingray Reports Second Quarter 2021 Results

Second Quarter Highlights

- **Revenues decreased 16.0% to $64.3 million from $76.6 million, primarily due to the impact of the COVID-19 pandemic on Radio revenues**
- **Broadcasting and Commercial Music revenues increased 1.1% and Radio revenues decreased 33.6%**
- **Organic growth of 5.0% in Broadcast and Recurring Commercial Music revenues(1), 3.7% excluding the impact of foreign exchange, and organic growth of 11.7% in the United States**
- **Operating expenses decreased by 30.6% to $34.7 million from $50.0 million**
- **Adjusted EBITDA(2) increased 12.6% to $31.2 million from $27.7 million**
- **Cash flow from operating activities increased 34.1% to $25.4 million compared to $19.0 million**
- **Adjusted free cash flow(3) increased 21.9% to $22.9 million, or $0.31 per share, compared to $18.8 million or $0.25 per share**
- **Net debt to Pro Forma Adjusted EBITDA(3) ratio of 2.77x**
- **480,000 streaming subscribers, up 31.5% over last year**

Montreal, November 4, 2020 – Stingray Group Inc. (TSX: RAY.A; RAY.B) (the “Corporation”; “Stingray”), a leading music, media and technology company, today announced its financial results for the second quarter of Fiscal 2021.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended September 30**			**Six months ended September 30**		
	2021	2020	%	**2021**	2020	%
Revenues	**64,294**	76,573	(16.0)	**116,587**	157,010	(25.7)
Adjusted EBITDA(2)	**31,156**	27,671	12.6	**56,637**	58,836	(3.7)
Net income	**11,888**	5,184	129.3	**18,909**	14,367	31.6
Per share – diluted ($)	**0.16**	0.07	128.6	**0.26**	0.19	36.8
Adjusted Net income(4)	**16,311**	12,416	31.4	**29,820**	29,103	2.5
Per share – diluted ($)(4)	**0.22**	0.16	37.5	**0.40**	0.38	5.3
Cash flow from operating activities	**25,406**	18,952	34.1	**63,399**	45,250	40.1
Adjusted free cash flow(3)	**22,861**	18,756	21.9	**40,906**	39,343	4.0

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

(3) 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 (income), and adjusted for unrealized gain or loss on foreign exchange and for the net change in non-cash working capital items.

(4) 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.

“In the current context, we are extremely pleased with our second quarter results as Adjusted EBITDA and Adjusted free cash flow increased by 12.6% and 21.9% respectively, over the same period last year. Our strong results allowed us to further reduce our Net debt to Pro Forma Adjusted EBITDA ratio to 2.77 times,” stated Eric Boyko, President, Co-founder, and CEO of Stingray.

“Broadcasting and Commercial Music revenues increased 1.1% to $39.2 million, primarily due the acquisition of Marketing Sensorial México (MSM) and Chatter Research Inc and the growth in advertising revenues, partially offset by the impact of the COVID-19 pandemic. Adjusted EBITDA increased 24.1% to $18.9 million mainly due to the Canadian Emergency Wage Subsidy (CEWS) and reduced operating costs.

Our future vectors of growth performed very well during the quarter and achieved new milestones. While starting from a small base last year, advertising revenues increased more than five-fold reflecting primarily the much-expanded distribution of our FAST channels. In a seasonally soft quarter, streaming subscribers reached a new high of 480,000, up 10% on a sequential basis and 32% over last year. At the end of the second quarter, Stingray Business signed its first in-store media solution in the U.S. market marking an important milestone for future expansion combined with the recent partnership with Space Factory Media.

“Our Radio Business has continued to improve in recent months. Our Adjusted EBITDA for the second quarter experienced only a modest decline of 4.3% to $13.1 million, compared to the same period last year, as the benefits of government programs and our extensive cost control measures bore fruit. Going forward, we remain convinced in the fundamentals and potential of Radio.

“In terms of capital allocation, debt reduction remains our top priority followed by our share repurchase program which was renewed in September. We continue to see opportunities for tuck-in acquisitions to complement and accelerate our significant organic growth prospects. Our transition to new IP content distributors accounted for most of our recent growth and will further accelerate as we leverage our extensive and diversified portfolio of premium music and media brands to address the ever-expanding need for content,” concluded Mr. Boyko.

Second Quarter Results

Revenues in the second quarter decreased $12.3 million or 16.0% to $64.3 million, from $76.6 million a year ago. The decrease was primarily due to the impact of the COVID-19 pandemic on Radio revenues and, to a lesser extent, on Broadcast and Commercial Music revenues, partially offset by the acquisition of MSM and Chatter Research Inc.

For the quarter, revenues in Canada decreased $13.0 million or 24.7% to $39.7 million, from $52.7 million a year ago. This decrease was primarily due to the impact of the COVID-19 pandemic on Radio revenues and, to a lesser extent, on the Broadcast and Commercial Music revenues, and to a decrease in equipment and installation sales related to digital signage. Revenues in the United States increased $1.1 million or 11.7% to $10.1 million, from $9.0 million a year ago. This increase was primarily due to organic growth in streaming subscriptions and in advertising revenues in the Broadcast and Commercial Music segment. Revenues in Other countries decreased $0.3 million or 2.2% to $14.5 million, from $14.8 million a year ago. The decrease was primarily due to the impact of the COVID-19 pandemic on revenues and to a decrease in subscriptions, partially offset by the acquisition of MSM.

Broadcasting and Commercial Music revenues increased 0.5 million or 1.1% to $39.2 million, from $38.7 million a year ago. The increase was primarily due the acquisition of MSM and Chatter Research Inc and the increase in advertising revenues, partially offset by the impact of the COVID-19 pandemic on revenues.

Radio revenues decreased $12.7 million or 33.6% to $25.1 million from $37.8 million a year ago. This decrease was primarily due to the impact of the COVID-19 pandemic on revenues.

Adjusted EBITDA for the second quarter increased $3.5 million or 12.6% to $31.2 million from $27.7 million a year earlier. Adjusted EBITDA margin was 48.5% compared to 36.1% a year ago. The increase in Adjusted EBITDA was primarily due to the CEWS and other subsidies and by reduced operating costs, partially offset by the COVID-19 pandemic on revenues.

For the second quarter, the Corporation reported a Net income of $11.9 million ($0.16 per share) compared to $5.2 million ($0.07 per share) a year ago. The increase was mainly related to higher operating results, foreign exchange gain, positive change in mark-to-market on derivative instruments and lower legal expenses, partially offset by higher income taxes. Adjusted Net income was $16.3 million ($0.22 per share), compared to $12.4 million ($0.16 per share) a year earlier. The increase was mainly related to higher operating results and a foreign exchange gain, partially offset by higher income taxes and negative change in fair value of contingent considerations.

Cash flow generated from operating activities amounted to $25.4 million for Q2 2021 compared to $19.0 million for Q2 2020. The increase was mainly due to higher operating results, higher unrealized gain on foreign exchange and lower legal expenses. Adjusted free cash flow generated in Q2 2021 amounted to $22.9 million compared to $18.8 million for Q2 2020. The increase was mainly related to higher operating results and lower interest paid, partially offset by higher income taxes paid.

As of September 30, 2020, the Corporation had cash and cash equivalents of $10.9 million, a subordinated debt of $39.7 million and credit facilities of $299.4 million, of which approximately $63.3 million was available.

Six months Results

Revenues for the first six months of Fiscal 2021 decreased $40.4 million or 25.7% to $116.6 million, from $157.0 million a year ago. The decrease was primarily due to the impact of the COVID-19 pandemic on Radio revenues and, to a lesser extent, on Broadcast and Commercial Music revenues, and to a decrease in equipment and installation sales related to digital signage, partially offset by the acquisition of MSM and Chatter Research Inc, the increase in advertising revenues in the Broadcast and Commercial Music segment.

Adjusted EBITDA for the first six months of Fiscal 2021 decreased $2.2 million or 3.7% to $56.6 million from $58.8 million for the same period last year. Adjusted EBITDA margin was 48.6% compared to 37.5% a year ago. The decrease in Adjusted EBITDA was primarily due to the impact of the COVID-19 pandemic on revenues, partially offset by the CEWS and other subsidies and by reduced operating costs.

Net income for the first six months of Fiscal 2021 was $18.9 million ($0.26 per share) compared to $14.4 million ($0.19 per share) a year ago. The increase was mainly explained by a foreign exchange gain, lower legal expenses and positive change in mark-to-market on derivative instruments, partially offset by higher income taxes and lower operating results. Adjusted Net income was $29.8 million ($0.40 per share), compared to $29.1 million ($0.38 per share) a year ago. The increase is mainly due to a foreign exchange gain and lower interest expense, partially offset by lower operating results and higher income taxes.

Declaration of Dividend

On November 4, 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 December 15, 2020, to shareholders on record as of November 30, 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 and subsequent events

During the first six months of Fiscal 2021, global economies and financial markets were impacted by the coronavirus ("COVID-19") outbreak as it quickly spread around the world and on March 11, 2020, the World Health Organization declared it a global pandemic. Government authorities around the world have taken actions to slowdown the spread of COVID-19, including measures such as the closure of non-essential businesses and social distancing. The tangible impact on the Corporation started in the Radio segment towards the end Q4 2020, as many non-essential local businesses were forced to temporarily close leading to a decrease in advertising and related revenues. In the early days of the crisis, the decision was made by the Corporation's management to implement significant cost saving measures, which, combined with the CEWS, helped to maintain a solid financial position. The Corporation's Radio segment, and Broadcast and Commercial Music segment, but to a lesser extent, have been impacted during the first quarter of 2021. In Q2 2021, although still impacted, the Corporation noticed progressive improvements in Radio advertising bookings as provinces begin lifting restrictions on social distancing. Management expects the situation to continue improving as local businesses resume their normal operations. The extent to which COVID-19 continues to impact the Corporation's business will depend on future developments, which are uncertain and cannot be predicted at this time. The Corporation's focus will be to continue to closely monitor its cash position and control its operating expenses while capitalizing on its growth opportunities.

On October 9, 2020, the Corporation announced that it had successfully completed the increase and extension of its existing credit facilities, providing additional liquidity for operations and M&A activities with improved terms and conditions. The $420 million credit facilities consist of a $325.0 million revolving credit facility and a $75.0 million term loan, both maturing in October 2023, and the pre-existing $20 million term loan, maturing in May 2021. The renewed terms add incremental commitments up to $100 million upon request, subject to predetermined conditions. The pre-existing sub debt of $40 million maturing in October 2023 combined with the new credit facilities described above accounts for total flexibility of up to $560 million.

On September 30, 2020, the Corporation announced that it had concluded a deal to provide in-store media solutions for America's favorite rotisserie chicken chain Boston Market. The agreement covers indoor and drive-thru digital signage, including cutting-edge digital menu boards for 344 restaurants across the United States. This new partnership seeks to provide exciting digital innovations to deliver an immersive in-store experience for both customers and employees.

On September 30, 2020, the Corporation announced that it had signed an agreement with California-based Space Factory Media to represent Stingray products and services for in-store music, digital experiences and AI-driven consumer insights for brands and businesses. Brands today expect more from media experiences, and this new partnership seeks to provide a deeper, cross-platform offering with meaningful connections to consumers. The deal also includes an exclusive option for Stingray to acquire Space Factory Media at a pre-determined purchase price.

On September 23, 2020, the Corporation announced that the Toronto Stock Exchange had approved its normal course issuer bid, authorizing Stingray to repurchase up to an aggregate 3,485,155 subordinate voting shares and variable subordinate voting shares (collectively, "Subordinate Shares"), representing approximately 10% of the public float of Subordinate Shares as at September 21, 2020. Shareholders may obtain a copy of the TSX Form 12, without charge, by contacting the Corporation.

On August 4, 2020, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend was paid on September 15, 2020 to shareholders on record as of August 31, 2020.

Conference Call

The Corporation will hold a conference call to discuss these results on Thursday, November 5, 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, December 15, 2020, by dialing (800) 585-8367 or (416) 621-4642 and entering passcode 7998250.

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 150 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, 2020, 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

	3 months		6 months	
(in thousands of Canadian dollars)	Sept. 30, 2020 **Q2 2021**	Sept. 30, 2019 **Q2 2020**	Sept. 30, 2020 **YTD 2021**	Sept. 30, 2019 **YTD 2020**
Net income	**11,888**	**5,184**	**18,909**	**14,367**
Net finance expense (income)	2,774	6,362	7,375	13,742
Change in fair value of investments	461	(188)	1,353	145
Income taxes	4,654	2,479	7,013	3,960
Depreciation and write-off of property and equipment	2,976	2,989	5,677	5,811
Depreciation of right-of-use assets	1,413	1,419	2,825	2,790
Amortization of intangible assets	5,188	5,935	10,598	12,054
Share-based compensation	219	257	385	505
Performance and deferred share unit expense	1,312	794	2,628	1,575
Acquisition, legal, restructuring and other expenses (income)	271	2,440	(126)	3,887
Adjusted EBITDA	**31,156**	**27,671**	**56,637**	**58,836**
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(4,340)	(5,767)	(7,678)	(11,962)
Income taxes	(4,654)	(2,479)	(7,013)	(3,960)
Depreciation of property and equipment and write-off	(2,976)	(2,989)	(5,677)	(5,811)
Depreciation of right-of-use assets	(1,413)	(1,419)	(2,825)	(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, mark-to-market losses (gains) on derivative financial instruments and acquisition, legal, restructuring and other expenses (income)	(1,462)	(2,601)	(3,624)	(5,210)
Adjusted Net income	**16,311**	**12,416**	**29,820**	**29,103**

Adjusted free cash flow reconciliation to Cash flow from operating activities

	3 months		6 months	
(in thousands of Canadian dollars)	Sept. 30, 2020 **Q2 2021**	Sept. 30, 2019 **Q2 2020**	Sept. 30, 2020 **YTD 2021**	Sept. 30, 2019 **YTD 2020**
Cash flow from operating activities	**25,406**	**18,952**	**63,399**	**45,250**
Add / Less :				
Acquisition of property and equipment	(1,209)	(1,459)	(1,912)	(3,072)
Acquisition of intangible assets other than internally developed intangible assets	(212)	(292)	(470)	(811)
Addition to internally developed intangible assets	(1,671)	(1,559)	(3,223)	(3,082)
Interest paid	(2,912)	(4,493)	(6,599)	(9,473)
Repayment of lease liabilities	(1,443)	(1,303)	(2,657)	(2,398)
Net change in non-cash operating working capital items	6,530	6,143	(4,882)	8,271
Unrealized loss on foreign exchange	(1,899)	327	(2,624)	771
Acquisition, legal, restructuring and other expenses (income)	271	2,440	(126)	3,887
Adjusted free cash flow	**22,861**	**18,756**	**40,906**	**39,343**

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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