NEWS RELEASE

Stingray Reports First Quarter 2023 Results

- **Organic growth of 9.9% year-over-year in Broadcast and Recurring Commercial Music Revenues[(1)], including 29.0% in the United States and 58.5% for Stingray Advertising**
- **Revenues increased 21.6% year-over-year to $78.1 million**
- **Adjusted EBITDA[(2)] improved 8.0% year-over-year to $26.1 million. Adjusted EBITDA[(2)] by segment amounted to $16.8 million or 36.3% of revenues for Broadcasting and Commercial Music, $10.6 million or 33.2% of revenues for Radio, and ($1.3) million for Corporate**
- **Net income reached $9.4 million, $0.13 per share, compared to $4.2 million, $0.06 per share, in Q1 2022**
- **Adjusted Net income[(3)] totaled $13.2 million, $0.19 per share, compared to $11.2 million, $0.16 per share, in Q1 2022**
- **Cash flow from operating activities remained stable at $16.3 million**
- **Adjusted free cash flow[(4)] increased 4.3% to $15.7 million, $0.22 per share, from $15.0 million, $0.21 per share, in Q1 2022**
- **Net debt to Pro Forma Adjusted EBITDA[(5)] ratio of 3.25x compared to 2.88x in Q1 2022**
- **345,800 shares repurchased and cancelled for a total of $2.2 million**
- **730,000 streaming subscribers, up 27.6% over Q1 2022**

Montreal, August 2, 2022 – Stingray Group Inc. (TSX: RAY.A; RAY.B) (the “Corporation”; “Stingray”), a leading distributor of audio and video music brands in the world, announced today its financial results for the first quarter of fiscal 2023 ended June 30, 2022.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended June 30**		
	Q1-2023	**Q1-2022**	%
Revenues	**78,136**	**64,251**	21.6
Adjusted EBITDA[(2)]	**26,086**	**24,155**	8.0
Net income	**9,397**	**4,200**	123.7
Per share – diluted ($)	**0.13**	**0.06**	116.7
Adjusted Net income[(3)]	**13,245**	**11,238**	17.9
Per share – diluted ($)	**0.19**	**0.16**	18.8
Cash flow from operating activities	**16,346**	**16,337**	0.1
Adjusted free cash flow[(4)]	**15,659**	**15,007**	4.3

(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 and digital signage services and excludes credits to clients related to the COVID-19 pandemic. Non-recurring revenues mainly include support, installation, equipment, one-time fees and discontinued operations. Non-recurring revenues are excluded from the organic growth, as well as the impact of foreign exchange and revenues from subsidiary DJ Matic.

(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.

(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, 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.

(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 first quarter results, Stingray's President, co-founder and CEO Eric Boyko stated:

“Stingray’s overall business continued to gain momentum in the first quarter of 2023 with revenue increasing 21.6% to $78.1 million on the strength of the InStore Audio Network (ISAN) acquisition and improved Radio sales following a return to more normal commercial operations. This strategic acquisition, involving the largest retail network in the U.S. spanning 16,000 grocery stores and pharmacies, is proving to be a game-changer for Stingray with organic growth of 55% year-over-year. We anticipate robust traction for this business in the next 12-18 months, particularly in Canada, given it will be better positioned for retail media advertising budgets in calendar 2023. On the profitability side, we generated adjusted EBITDA growth of 8.0% to $26.1 million in the first quarter of 2023, which is remarkable considering that we received no government subsidies related to the COVID-19 pandemic compared to $2.9 million in the same period last year.

“Broadcasting and Commercial Music revenues surged 31.7% to $46.2 million in the first quarter of 2023 on the ISAN deal, higher subscription revenues, as well as increased equipment and installation sales related to digital signage. Stingray is also making a major push into FAST channels with streamed hours soaring 86% year-over-year to 12 million hours in the first quarter. Following the quarter-end, we signed a distribution agreement with LG for a suite of FAST channels designed for its smart TVs and WebOS operating system worldwide. The full offering includes Stingray Music audio channels, Stingray Naturescape and other specialty channels. Clearly, FAST channels represent a high-growth vehicle for the Corporation as audiences and viewing habits are rapidly evolving.

“On the SVOD (subscription video-on-demand) front, our subscriber count grew 27.6% year-over-year to 730,000 at the end of the first quarter. We are leveraging relationships with established B2B2C partners like Amazon, who have large installed customer bases across several countries, to move the needle.

“Radio revenues improved 9.5% to $32.0 million in the first quarter of 2023, reflecting a better market environment than last year but still below pre-pandemic levels. This revenue increase was locally driven as economic uncertainty and supply-chain issues continued to affect national advertisers and key advertising categories like the automotive sector. We expect our Radio segment to gradually recover from these short-term disruptions and continue to generate healthy cash flow.

“As we continue growing our high-margin digital business, we must remain prudent with our spending plans due to an uncertain macro-economic environment. As a result, our capital allocation strategy will prioritize debt reduction without sacrificing key growth initiatives in fiscal 2023,” Mr. Boyko concluded.

First Quarter Results

Revenues increased $13.8 million, or 21.6%, to $78.1 million in Q1 2023 from $64.3 million in Q1 2022. The increase was primarily due the acquisition of InStore Audio Network, growth in Radio revenues due to the gradual easing of COVID-19 restrictions and return to normal commercial operations, higher subscription revenues as well as enhanced equipment and installation sales related to digital signage.

For the quarter, revenues in Canada increased $5.2 million, or 12.9%, to $46.6 million from $41.4 million in Q1 2022. The growth reflects an increase in Radio revenues due to the gradual easing of COVID-19 restrictions and return to normal commercial operations, as well as enhanced equipment and installation sales related to digital signage.

Revenues in the United States improved $9.3 million, or 94.6%, to $19.1 million in Q1 2023 from $9.8 million in the same period in 2022. The increase was mainly due to the acquisition of InStore Audio Network and higher subscription revenues. Revenues in Other countries decreased $0.7 million, or 5.5%, to $12.4 million in Q1 2023 from $13.1 million in Q1 2022. The decrease can primarily be attributed to less B2C apps and in-store commercial revenues.

Total Broadcasting and Commercial Music revenues grew $11.1 million, or 31.7%, to $46.2 million in Q1 2023 from $35.1 million in Q1 2022. The growth was primarily due to the acquisition of InStore Audio Network, higher subscription revenues as well as enhanced equipment and installation sales related to digital signage. Radio revenues improved $2.8 million, or 9.5%, to $32.0 million in Q1 2023 from $29.2 million in the same period in 2022. The improvement can be attributed to the gradual easing of COVID-19 restrictions and return to normal commercial operations.

Adjusted EBITDA(2) increased $1.9 million, or 8.0%, to $26.1 million in Q1 2023 from $24.2 million in Q1 2022. Adjusted EBITDA margin(2) reached 33.4% in Q1 2023 compared to 33.1% (without CEWS) and 37.3% in the same period in 2022. The increase in Adjusted EBITDA(2) was mainly due to the acquisition of InStore Audio Network, partially offset by the Canadian Emergency Wage Subsidy (CEWS) program in Q1 2022. We expect continued margin improvement through cost control and selective strategic investment priorities.

Net income totaled $9.4 million ($0.13 per share) in Q1 2023 compared to $4.2 million ($0.06 per share) in Q1 2022. The increase was mainly due to a gain on performance and deferred share units expense related to a decrease in the share price, higher operating results, greater foreign exchange gain and to a gain on the fair value of derivative financial instruments, partially offset by a higher income tax expense.

Adjusted Net income(3) reached $13.2 million ($0.19 per share) in Q1 2023 compared to $11.2 million ($0.16 per share) in the same period in 2022. The improvement can mainly be attributed to higher operating results and a greater foreign exchange gain.

Cash flow generated from operating activities remained stable year-over-year at $16.3 million in Q1 2023 as higher income tax paid were largely offset by improved operating results. Adjusted free cash flow(4) amounted to $15.7 million in Q1 2023 compared to $15.0 million in the same period in 2022. The increase was mainly related to higher operating results and lower capital expenditures, partially offset by higher income tax paid.

As of June 30, 2022, the Corporation had cash and cash equivalents of $13.8 million, a subordinated debt of $25.5 million and credit facilities of $358.4 million, of which approximately $76.6 million was available. The Net Debt to Pro Forma Adjusted EBITDA ratio(5) stood at 3.25x as of June 30, 2022 compared to 2.88x as of June 30, 2021.

Declaration of Dividend

On August 2, 2022, 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, 2022 to shareholders on record as of August 31, 2022.

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 26, 2022, the Corporation announced that Stingray Advertising has partnered with Geopath to launch place-based audio out-of-home (AOOH) measurement in the United States.

On July 21, 2022, the Corporation announced that it has reached an agreement for the distribution of a suite of FAST channels to LG smart TVs and WebOS operating system worldwide. As part of the new deal, LG will also make associated Stingray AVOD packages for karaoke and concerts.

On July 11, 2022, the Corporation announced the launch of Chatter for Online Reviews. This new online review management solution enables digital marketing teams, store operations, and customer experience teams to understand their ratings beyond surface-level information and elevate their social reputation strategies.

On June 2, 2022, the Corporation announced that InStore Audio Network has been fully integrated into its offering following the acquisition in December, and the combined entity of the US and Canadian operations is now named

Stingray Advertising. This forms the largest in-store audio advertising network in North America, reaching 140 million shoppers each week in over 20,000 grocery retailers, superstores, discount stores and pharmacies.

On May 12, 2021, the Corporation announced that METRO Inc. had joined the Stingray Retail Media Network. Under the agreement, the Corporation is responsible for exclusive sales representation of all in-store digital audio advertising within approximately 1,100 METRO network of food stores under several banners in Quebec and Ontario including Metro, Metro Plus, Super C and Food Basics, as well as drugstores primarily under Jean Coutu and Brunet, Metro Pharmacy and Food Basics Pharmacy banners.

On April 20, 2022, the Corporation announced that it had reached an agreement for the distribution of a suite of free ad-supported channels (FAST channels) to TCL smart TVs in Australia, Brazil, India, Mexico and the United States. The new services within the TCL app include Qello Concerts by Stingray, Stingray Karaoke, Stingray Classica, Stingray DJAZZ, Stingray CMusic, Stingray Naturescape and Stingray Music channels for users to access at no extra cost.

On April 19, 2022, the Corporation announced that Walmart Canada had joined the Stingray Retail Media Network. Under the agreement, the Corporation is responsible for exclusive sales representation, in partnership with the Walmart Connect sales team, of all in-store digital audio advertising within the national Walmart Canada retail footprint.

On April 6, 2022, the Corporation launched Stingray All Good Vibes channels with Amazon's Prime Video Channels in Australia, a paid add-on subscription exclusive to Prime members. Prime members now have access to subscribe to Qello Concerts by Stingray, Stingray Karaoke, Stingray Classica, Stingray DJAZZ, and Stingray Naturescape. The launch showcased the quality and diversity of the Corporation's growing product portfolio and its strength in reaching new audiences.

Conference Call
The Corporation will hold a conference call today at 9:00 AM (ET) to review its financial results. Interested parties can join the call by dialing 416-764-8658 (Toronto) or 1-888-886-7786 (toll free). A rebroadcast of the conference call will be available until midnight, September 4, 2022, by dialing 416-764-8692 or 877-674-7070 and entering passcode 697688.

New Board Member
Mélanie Dunn, President of Plus Company Canada and Chief Executive Officer of Cossette, has been nominated as an independent member to Stingray's Board of Directors at the Corporation's Annual Meeting of Shareholders held today. Ms. Dunn has over 20 years of experience in business management and marketing communications. She currently sits on the Board of Directors of Cascades Inc., Nesto, the CHU Sainte-Justine Foundation and the Montreal Canadiens Children's Foundation.

Annual Meeting of Shareholders
Stingray will hold its 2022 Annual Meeting of Shareholders on Wednesday, August 3, 2022 at 11:00 AM (ET) by videoconference. The meeting can be accessed by logging in online at https://web.lumiagm.com/407875345.

About Stingray
Montreal-based Stingray (TSX: RAY.A; RAY.B) is a leading global 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, over 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, 2022, 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. This 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 June 30, 2022 **Q1 2023**	 June 30, 2021 **Q1 2022**	 March 31, 2022 **Q4 2022**
Net income	**9,397**	**4,200**	**4,466**
Net finance expense (income)	3,975	5,253	(769)
Change in fair value of investments	(121)	–	12
Income taxes	3,139	1,833	191
Depreciation and write-off of property and equipment	2,671	2,524	3,862
Depreciation of right-of-use assets	1,123	1,296	1,201
Amortization of intangible assets	4,772	5,627	4,176
Share-based compensation	137	164	222
Performance and deferred share unit expense	(400)	2,090	1,750
Acquisition, legal, restructuring and other expenses (income)	1,393	1,168	5,912
Adjusted EBITDA	**26,086**	**24,155**	**21,023**
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(4,520)	(4,735)	(1,381)
Income taxes	(3,139)	(1,833)	(191)
Depreciation of property and equipment and write-off	(2,671)	(2,524)	(3,862)
Depreciation of right-of-use assets	(1,123)	(1,296)	(1,201)
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)	(1,388)	(2,529)	(2,608)
Adjusted Net income	**13,245**	**11,238**	**11,780**

(in thousands of Canadian dollars)	**June 30, 2022**	**June 30, 2021**	**March 31, 2022**
LTM Adjusted EBITDA	**101,200**	**112,942**	**99,269**
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	11,900	842	16,000
COVID-19 credits allocated due to mandated store closures	699	1,369	1,535
Pro Forma Adjusted EBITDA	**113,799**	**115,153**	**116,804**

Adjusted Free Cash Flow Reconciliation to Cash Flow from Operating Activities

	3 months		
(in thousands of Canadian dollars)	June 30, 2022 **Q1 2023**	June 30, 2021 **Q1 2022**	March 31, 2022 **Q4 2022**
Cash flow from operating activities	**16,346**	**16,337**	**22,127**
Add / Less :			
Acquisition of property and equipment	(1,151)	(2,077)	(2,443)
Acquisition of intangible assets other than internally developed intangible assets	(277)	(198)	(355)
Addition to internally developed intangible assets	(1,564)	(2,153)	(593)
Interest paid	(4,252)	(3,891)	(3,391)
Repayment of lease liabilities	(1,057)	(1,085)	(1,074)
Net change in non-cash operating working capital items	7,456	6,805	(7,571)
Unrealized loss (gains) on foreign exchange	(1,235)	101	(779)
Acquisition, legal, restructuring and other expenses (income)	1,393	1,168	5,912
Adjusted free cash flow	**15,659**	**15,007**	**11,833**

Pro Forma Adjusted EBITDA Reconciliation

(in thousands of Canadian dollars)	**June 30, 2022**	**June 30, 2021**	**March 31, 2022**
Credit facilities	358,440	305,779	358,203
Subordinated debt	25,467	31,766	25,442
Cash and cash equivalents	(13,816)	(6,416)	(14,563)
Net debt	**370,091**	**331,129**	**369,082**
Net debt to Pro Forma Adjusted EBITDA	**3.25**	**2.88**	**3.16**

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.

Contact Information

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