NEWS RELEASE

Stingray Reports Third Quarter 2022 Results

- **Organic growth of 5.0% year-over-year in Broadcast and Recurring Commercial Music Revenues(1), including 28.1% in the United States;**
- **Revenues increased 4.8% year-over-year to $76.0 million;**
- **Adjusted EBITDA(2) decreased 16.1% year-over-year to $28.5 million;**
- **Net income totaled $12.5 million ($0.18 per share);**
- **Adjusted net income(3) reached $17.0 million ($0.24 per share);**
- **Cash flow from operating activities increased 51.6% year-over-year to $24.8 million ($0.35 per share);**
- **Adjusted free cash flow(4) amounted to $14.7 million ($0.21 per share);**
- **Net debt to pro forma adjusted EBITDA(5) ratio of 3.01x;**
- **927,800 shares repurchased and cancelled for a total of $6.4 million; and**
- **691,921 streaming subscribers, up 34.3% year-over-year**

Montreal, February 8, 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 third quarter of fiscal 2022, ended December 31, 2021.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended December 31**		
	Q3-2022	**Q3-2021**	%
Revenues	**76,040**	**72,565**	4.8
Adjusted EBITDA(2)	**28,504**	**33,993**	(16.1)
Net income	**12,546**	**14,118**	(11.1)
Per share – diluted ($)	**0.18**	**0.19**	(5.3)
Adjusted Net income(3)	**17,048**	**21,054**	(19.0)
Per share – diluted ($)(3)	**0.24**	**0.29**	(17.2)
Cash flow from operating activities	**24,762**	**16,333**	51.6
Adjusted free cash flow(4)	**14,731**	**19,645**	(25.0)

(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, 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 third quarter performance, Stingray's President, co-founder and CEO Eric Boyko stated: "I am pleased with our solid organic growth of 5% in the third quarter of 2022, including more than 28% year-over-year in the United States. Adjusted EBITDA decreased year over year mainly due to a one-time gain from a settlement with SOCAN in the third quarter of last year, and significant incremental investments in this quarter to support strategic growth initiatives in the US and to accelerate the Corporation's pivot to digital streaming, with results expected to materialize in subsequent quarters."

“From a pure operational standpoint, adjusted EBITDA of $28.5 million would have been relatively stable compared to the same period last year with higher revenues of 4.8% mostly offsetting lower margins caused by increased investments in the U.S. and differences in product mix.”

“During the third quarter of 2022, Broadcasting and Commercial Music revenues grew by 2.3% to $41.1 million mostly due to higher advertising revenues. Adjusted EBITDA decreased to $14.6 million in the third quarter due to higher costs related to the gradual return to normal business operations, increased U.S. investments and a lower gross margin impacted by product mix.”

“For its part, Radio revenues improved 7.9% year-over-year to $34.9 million in the third quarter, while Adjusted EBITDA increased 9.0% to $15.0 million. These financial results, outperforming those of Radio peers in Canada, represent our strongest quarterly performance in the last two years. The outlook for our Radio business remains favourable with end-market recovery still not having reached pre-pandemic levels.”

“Following the quarter-end, we completed the transformative acquisition of InStore Audio Network, the largest retail audio network in the U.S. reaching 16,000 pharmacies and grocery stores. By combining this strategic asset with our existing platform, our Stingray Business is extremely well positioned to target 250,000 locations in the U.S. and Canada. For Stingray, the revenue potential per location can increase exponentially and generate significantly higher margins, since we are helping our customers generate additional revenue.”

“Finally, SVOD subscribers surged past 691,000 in Q3 2022, an increase of 34% over the same period last year and 13% sequentially. We expect to hit our one-million-sub goal within the next two years. As for advertising revenues, the run-rate for the third quarter was in excess of $10 million, supported by significant growth over last year. The acquisition of InStore Audio Network will further step-up advertising revenues going forward.”

“In short, the pivot in our business towards strategic digital revenues is in full motion and gaining traction with accelerated growth in new revenue streams outpacing the drop in our traditional sources of revenue,” concluded Mr. Boyko.

Third Quarter Results

Revenues increased $3.4 million, or 4.8%, to $76.0 million in Q3 2022 from $72.6 million for Q3 2021. The increase was primarily due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations as well as an increase in advertising revenues in the Broadcast and Commercial Music segment.

For the third quarter of 2022, revenues in Canada grew $2.0 million, or 4.2%, to $49.4 million from $47.4 million for Q3 2021. The growth mainly reflects the gradual easing of COVID-19 restrictions and the return to normal commercial operations. Revenues in the United States improved $2.7 million, or 25.7%, to $13.4 million in Q3 2022 from $10.7 million in the same period last year. The revenue growth is mainly due to an increase in subscription revenues and organic growth in advertising revenues. Revenues in Other countries decreased $1.3 million, or 8.8%, to $13.2 million in Q3 2022 from $14.5 million for Q3 2021 with the variation attributable to a decrease in audio channel revenues and a negative foreign exchange rate impact.

Broadcasting and Commercial Music revenues increased $0.9 million, or 2.3%, to $41.1 million in Q3 2022 from $40.2 million for Q3 2021. The improvement was mainly due to an increase in advertising revenues. Radio revenues grew $2.5 million, or 7.9%, to $34.9 million in Q3 2022 from $32.4 million in the same period last year. This increase was largely due to the gradual easing of COVID-19 restrictions and the return to normal commercial operations.

Adjusted EBITDA[2] amounted to $28.5 million, or 37.5% of sales, in Q3 2022 compared to $34.0 million, or 46.8% of sales, in Q3 2021. The decrease is mainly due to a gain related to a settlement with SOCAN in Q3 2021 and to higher operating costs caused by the gradual easing of COVID-19 restrictions and the return to normal commercial operations. These items were partially offset by a special bonus given to employees in Q3 2021.

Net income totaled $12.5 million, or $0.18 per share, in Q3 2022 compared to $14.1 million, or $0.19 per share, in Q3 2021. The decrease was mainly related to lower operating results, partially offset by a positive change in fair value of investments following the loss related to the sale of securities held in AppDirect Inc. in Q3 2021.

Adjusted Net income[3] reached $17.0 million, or $0.24 per share, in Q3 2022 compared to $21.1 million, or $0.29 per share, in the same period last year. The decrease was primarily due to lower operating results and a reduced foreign exchange gain, partially offset by less income tax and interest expenses.

Cash flow generated from operating activities amounted to $24.8 million for Q3 2022 compared to $16.3 million for Q3 2021. The increase was mainly due to a positive change in non-cash operating working capital items, partially offset by lower operating results and a smaller gain on foreign exchange. Adjusted free cash flow[4] generated in Q3 2022 reached $14.7 million in Q3 2022 compared to $19.6 million for Q3 2021. The variation was mainly due to lower operating results and higher income tax paid, partially offset by lower interest paid.

As of December 31, 2021, the Corporation had cash and cash equivalents of $11.3 million, subordinated debt of $25.4 million and credit facilities of $318.0 million, of which approximately $120.7 million was available. Net debt to pro forma adjusted EBITDA[5] ratio stood at 3.01 as of December 31, 2021 compared to 2.81 as of March 31, 2021.

Declaration of Dividend

On February 8, 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 March 15, 2022, to shareholders on record as of February 28, 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

Business Highlights and Subsequent Events

On January 5, 2022, the Corporation announced that it had acquired InStore Audio Network, the largest in-store audio advertising network in the United States, reaching 100 million shoppers each week in over 16,000 grocery retailers and pharmacies across the US for total consideration of up to approximately $59.0 million, subject to a specific earnout mechanism set forth in the purchase agreement.

On December 22, 2021, the Corporation announced that Canadian value retailer Dollarama has joined the Stingray Retail Media Network. Under the agreement, Stingray will produce and dynamically insert digital audio advertisements within Dollarama stores connected to the retail audio network powered by Stingray's proprietary streaming media technology.

On December 20, 2021, the Corporation announced the launch of Alexa Karaoke featured by Yokee on Echo Show and Fire TV devices in the United Kingdom and Spain.

On November 30, 2021, the Corporation signed a channel carriage deal for North America and the United Kingdom with View TV Group for broadcast on their Kapang CTV platform. The carriage deal makes Stingray's premium music themed channels available on the Kapang CTV platform.

On November 29, 2021, the Corporation announced that it had partnered with Hivestack to power Audio Out of Home (AOOH) in Canada. The integration of Stingray's proprietary streaming media player into Hivestack's suite of supply side technology, including the Ad Server and Supply-side Platform will allow for AOOH inventory to be available programmatically for the first time in Canada.

On November 9, 2021, the Corporation declared a dividend of $0.075 per subordinate voting share, variable subordinate voting share and multiple voting share. The dividend has been paid on December 15, 2021 to shareholders on record as of November 30, 2021.

On October 19, 2021, 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. The $442.5 million credit facilities consist of a $375.0 million revolving credit facility and a $67.5 million term loan, both maturing in October 2026. The renewed terms include incremental commitments up to $100.0 million upon request, subject to predetermined conditions. The pre-existing sub debt of $32.0 million maturing in October 2023 combined with the credit facilities described above accounts for total flexibility of up to $574.5 million.

Conference Call

The Corporation will hold a conference call to discuss these results on Wednesday, February 9, 2022, 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 23, 2022, by dialing (800) 585-8367 or (416) 621-4642 and entering passcode 4597153.

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.

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

	3 months		9 months	
(in thousands of Canadian dollars)	Dec. 31, 2021 **Q3 2022**	Dec. 31, 2020 **Q3 2021**	Dec. 31, 2021 **YTD 2022**	Dec. 31, 2020 **YTD 2021**
Net income	**12,546**	**14,118**	**28,821**	**33,027**
Net finance expense (income)	1,999	(1,290)	6,888	6,085
Change in fair value of investments	3	2,434	(10)	3,787
Income taxes	4,115	4,900	8,822	11,913
Depreciation and write-off of property and equipment	2,237	2,894	7,207	8,571
Depreciation of right-of-use assets	1,281	1,399	3,875	4,224
Amortization of intangible assets	4,669	5,478	15,223	16,076
Share-based compensation	216	231	576	616
Performance and deferred share unit expense	659	1,780	4,049	4,408
Acquisition, legal, restructuring and other expenses (income)	779	2,049	2,795	1,923
Adjusted EBITDA	**28,504**	**33,993**	**78,246**	**90,630**
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(2,247)	(1,727)	(8,135)	(9,405)
Income taxes	(4,115)	(4,900)	(8,822)	(11,913)
Depreciation of property and equipment and write-off	(2,237)	(2,894)	(7,207)	(8,571)
Depreciation of right-of-use assets	(1,281)	(1,399)	(3,875)	(4,224)
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)	(1,576)	(2,019)	(5,598)	(5,643)
Adjusted Net income	**17,048**	**21,054**	**44,609**	**50,874**

Adjusted Free Cash Flow Reconciliation to Cash Flow from Operating Activities

	3 months		9 months	
(in thousands of Canadian dollars)	Dec. 31, 2021 **Q3 2022**	Dec. 31, 2020 **Q3 2021**	Dec. 31, 2021 **YTD 2022**	Dec. 31, 2020 **YTD 2021**
Cash flow from operating activities	**24,762**	**16,333**	**61,536**	**79,732**
Add / Less :				
Acquisition of property and equipment	(2,181)	(1,849)	(6,618)	(3,761)
Acquisition of intangible assets other than internally developed intangible assets	(276)	(649)	(779)	(1,119)
Addition to internally developed intangible assets	(2,058)	(1,838)	(6,261)	(5,061)
Interest paid	(3,868)	(6,312)	(10,993)	(12,911)
Repayment of lease liabilities	(1,130)	(1,255)	(3,741)	(3,912)
Net change in non-cash operating working capital items	(1,533)	15,858	7,595	10,976
Unrealized loss on foreign exchange	236	(2,692)	1,566	(5,316)
Acquisition, legal, restructuring and other expenses (income)	779	2,049	2,795	1,923
Adjusted free cash flow	**14,731**	**19,645**	**45,100**	**60,551**

Pro Forma Adjusted EBITDA Reconciliation

(in thousands of Canadian dollars)	**December 31, 2021**	**March 31, 2021**
LTM Adjusted EBITDA(2)	101,884	114,268
Synergies and Adjusted EBITDA(2) for the months prior to the business acquisitions and to investments in associates which are not already reflected in the results	19,500	190
COVID-19 credits allocated due to mandated store closures	3,051	1,825
Pro Forma Adjusted EBITDA(2)	**124,435**	**116,283**
Net debt to Pro Forma Adjusted EBITDA(2)	**3.01**	**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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