STINGRAY

NEWS RELEASE

Stingray Reports Third Quarter Results for Fiscal 2023
Adjusted EBITDA(2) for the Broadcasting and Commercial Music Division up by 54.8%

- Organic growth of 8.5% year-over-year in Broadcast and Recurring Commercial Music Revenues(1) including 18.1% in the United States;
- Revenues increased 18.9% to $89.2 million from $75.0 million;
- 805,000 streaming subscribers, up 16.4% over Q3 2022;
- Adjusted EBITDA(2) increased 20.9% to $34.5 million from $28.5 million. Adjusted EBITDA by segment was $22.6 million or 41.7% of revenues for Broadcasting and Commercial Music, $13.3 million or 37.9% of revenues for Radio and $(1.4) million for Corporate;
- Net income was $12.9 million ($0.19 per share(2)) compared with $12.5 million ($0.18 per share(2));
- Adjusted Net income(2) of $16.5 million ($0.24 per share(2)) compared with $17.0 million ($0.24 per share(2));
- Cash flow from operating activities decreased 0.6% to $24.6 million ($0.35 per share(2)) compared to $24.8 million ($0.35 per share(2));
- Adjusted free cash flow(2) increased 22.8% to $18.1 million ($0.26 per share(2)) compared to $14.7 million ($0.21 per share(2));
- Net debt to Pro Forma Adjusted EBITDA(2) ratio of 3.34x, compared to 3.44x in Q2 2023 and to 3.01x in Q3 2022;
- 340,900 shares repurchased and cancelled for a total of $1.6 million, compared with 927,800 shares repurchased and cancelled for a total of $6.4 million.

Montreal, February 7, 2023 – 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 2023 ended December 31, 2022.

Financial Highlights (in thousands of Canadian dollars, except per share data)	**Three months ended December 31**			**Nine months ended December 31**		
	2023	2022(3)	%	**2023**	2022(3)	%
Revenues	**89,242**	75,028	18.9	**245,013**	209,982	16.7
Adjusted EBITDA(2)	**34,450**	28,504	20.9	**87,567**	78,246	11.9
Net income	**12,944**	12,546	3.2	**25,672**	28,821	(10.9)
Per share – diluted ($)	**0.19**	0.18	5.6	**0.37**	0.40	(7.5)
Adjusted Net income(2)	**16,464**	17,048	(3.4)	**40,534**	44,609	(9.1)
Per share – diluted ($)(2)	**0.24**	0.24	0.0	**0.58**	0.62	(6.5)
Cash flow from operating activities	**24,605**	24,762	(0.6)	**59,397**	61,536	(3.5)
Adjusted free cash flow(2)	**18,085**	14,731	22.8	**48,753**	45,100	8.1

(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, advertising 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) This is a non-IFRS measure and is not a standardized financial measure. 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. Refer to “Supplemental Information on Non-IFRS Measures” on pages 6-7 of our Q3 2023 MD&A for more information on each non-IFRS measure. For reconciliations to the most directly comparable IFRS financial measure, refer to “Non-IFRS Measures” further into this news release.

(3) The 2022 comparative figures have been recast to adjust certain contracts that were recognized on a gross basis that should have been recognized on net basis. This had the effect of reducing revenues and operating expenses of the Broadcasting and Commercial Music segment from previously recorded $76.0 million and $48.4 million to recast $75.0 million and $47.4 million, respectively. Year-to-date 2022 revenues and operating expenses have been reduced from $212.3 million to $210.0 million and $138.7 million to $136.4 million, respectively.

Reporting on third quarter results for fiscal 2023, Stingray's President, co-founder and CEO Eric Boyko stated:

“Stingray raised its performance in the third quarter by delivering record Adjusted EBITDA of $34.5 million on unprecedented revenues of $89.2 million mainly due to the InStore Audio Network (ISAN) acquisition and our ability to streamline operations without impacting key growth vehicles.

“During the last six months, we have dedicated new sales resources to the fast-growing, U.S. retail media market, which remains mostly immune to an economic downturn based on its large customer base of grocery stores and pharmacy chains, while trimming other segments to improve profitability. The end-result is that workforce reductions, partially offset by strategic investments, have generated net cost savings of approximately $12.0 million on an annual basis.

“Broadcasting and Commercial Music revenues grew 35.1% year-over-year to $54.2 million in the third quarter of 2023 primarily driven by the ISAN acquisition and a positive foreign exchange impact of the U.S. dollar. In terms of SVOD, our subscriber count rose 16.4% to more than 805,000 at the end of the third quarter. Related revenues were relatively flat year-over-year as we opted to sacrifice higher consumer ARPU in favour of better margins and lower operating expenses for B2B partners with large installed customer bases. Radio revenues, meanwhile, improved 0.4% to $35.1 million in the quarter on higher revenues from Radio’s digital offering.

“Looking ahead to the fourth quarter, we are optimistic about our growth opportunities despite an uncertain economic environment. Accordingly, we will focus on debt reduction, while maintaining investments in key strategic areas. Strong customer traction at the recent Consumer Electronics Show (CES) in Las Vegas has reinforced our confidence that we have pivoted in the right direction with a market-driven focus on retail media, FAST channels, in-car entertainment and B2B-driven subscription video on demand,” Mr. Boyko concluded.

Third Quarter Results

Revenues increased 18.9% to $89.2 million in Q3 2023 from $75.0 million in Q3 2022 primarily due to the acquisition of InStore Audio Network and a positive foreign exchange impact.

For the quarter, revenues in Canada improved 0.4% to $49.4 million from $49.2 million in the same period in 2022. The increase can be attributed to greater equipment and installation sales related to digital signage and higher Radio revenues.

Revenues in the United States surged 111.0% year-over-year to $26.6 million in Q3 2023 mainly due to the acquisition of InStore Audio Network and a positive foreign exchange impact. Revenues in Other Countries remained stable year-over-year at $13.2 million.

Broadcasting and Commercial Music revenues grew 35.1% to $54.2 million in Q3 2023 from $40.1 million in Q3 2022. The growth was primarily driven by the acquisition of InStore Audio Network and a positive foreign exchange impact. Radio revenues improved 0.4% to $35.1 million in Q3 2023 from $34.9 million in the same period in 2022. The improvement can be attributed to higher digital revenues.

Consolidated Adjusted EBITDA(2) increased 20.9% to $34.5 million in Q3 2023 from $28.5 million in Q3 2022. Adjusted EBITDA margin(2) reached 38.6% in Q3 2023 compared to 38.0% 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 Q3 2022.

Net income totaled $12.9 million ($0.19 per share) in Q3 2023 compared to $12.5 million ($0.18 per share) in Q3 2022. The increase was mainly due to improved operating results, partially offset by a higher interest expense.

Adjusted Net income(2) reached $16.5 million ($0.24 per share) in Q3 2023 compared to $17.0 million ($0.24 per share) in the same period in 2022. The decrease was primarily due a higher interest expense in the third quarter of 2023 and a gain on the fair value of contingent consideration in the comparable period in 2022. These items were partially offset by improved operating results in Q3 2023.

Cash flow generated from operating activities amounted to $24.6 million in Q3 2023 compared to $24.8 million in Q3 2022. The decrease can be attributed to a negative change in non-cash operating items and higher restructuring and other costs, partially offset by improved operating results.

Adjusted free cash flow(2) totaled $18.1 million in Q3 2023 compared to $14.7 million in the same period in 2022. The increase was mainly due to improved operating results, partially offset by higher interest paid.

As at December 31, 2022, the Corporation had cash and cash equivalents of $12.3 million, subordinated debt of $25.5 million and credit facilities of $366.2 million, of which approximately $65.2 million was available. The Net Debt to Pro Forma Adjusted EBITDA ratio(2) stood at 3.34x as at December 31, 2022 compared to 3.01x as at December 31, 2021.

Declaration of Dividend

On February 7, 2023, 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, 2023, to shareholders on record as of February 28, 2023. The Corporation's dividend policy is at the discretion of the Board of Directors and may vary depending upon, among other things, 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

On January 23, 2023, the Corporation announced the launch of CalmLIFE, a brand-new digital wellness resource to help viewers live better every day. Comcast customers with Xfinity X1, Xfinity Flex or Xumo TV, and Cox customers with Contour devices have now access to a plethora of full-length 4K wellness assets, including meditation, sleep, and nature videos.

On January 3, 2023, the Corporation announced its latest partnership with The Singing Machine Company, Inc. ("Singing Machine") (NASDAQ: MICS) – the worldwide leader in consumer karaoke products, to launch the world's first fully-integrated hardware and software in-car karaoke solution for the global automotive market.

On December 22, 2022, the Corporation announced the launch of free ad-supported TV channels Stingray Music, Stingray Naturescape and Stingray CMusic with two major OTT providers: Freevee (US) and Samsung TV Plus (Austria, Germany, Italy, Netherlands, Sweden and Switzerland). These distribution agreements grow Stingray's audience over new platforms in new territories and add millions of potential viewers.

On December 15, 2022, the Corporation announced an expanded exclusive partnership between Stingray Advertising and Hivestack, the world's largest, independent, programmatic digital out-of-home ad tech company, to power their retail audio advertising network across several markets. The integration of Stingray's proprietary streaming media player into Hivestack's suite of supply side technology is already active in Canada and will now allow for retail audio advertising inventory to be available programmatically in the United States, Mexico, and Australia for the first time.

On December 14, 2022, the Corporation announced the launch of a brand new Karaoke app available on all Samsung Smart TVs worldwide. Samsung Smart TV users have now access to over 70,000 licensed songs to sing along to, from today's top charting artists to yesterday's legends, in all the most popular genres, including pop, rock, country, R&B, hip-hop, Disney, and more.

On November 8, 2022, 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 December 15, 2022, to shareholders on record as of November 30, 2022.

On November 3, 2022, the Corporation announced that Familiprix has joined Stingray Advertising's retail audio advertising network. Under the agreement, Stingray Advertising will be responsible for exclusive sales representation of all in-store digital audio advertising within their 427 pharmacies in Quebec and New Brunswick.

On October 25, 2022, the Corporation announced that Chatter by Stingray launched Save the Sale: a new solution that enables brands to convert non-purchasers into buyers by uncovering their pain points through one-to-one conversations in real time. The highly engaging platform captures up to 40% of non-purchaser feedback, giving brands unprecedented access to a neglected demographic.

Conference Call

The Corporation will hold a conference call tomorrow, February 8, 10:00 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, March 8, 2023, by dialing 416-764-8692 or 877-674-7070 and entering the passcode 967113.

About Stingray

Stingray (TSX: RAY.A; RAY.B), a global music, media, and technology company, is an industry leader in TV broadcasting, streaming, radio, business services, and advertising. Stingray provides an array of music, digital, and advertising services to enterprise brands worldwide, including audio and video channels, over 100 radio stations, subscription video-on-demand content, FAST channels, karaoke products and music apps, and in-car and on-board infotainment content. Stingray Business, a division of Stingray, provides commercial solutions in music, in-store advertising solutions, digital signage, and AI-driven consumer insights and feedback. Stingray Advertising is North America's largest retail audio advertising network, delivering digital audio messaging to more than 20,000 major retail locations. Stingray has over 1000 employees worldwide and reaches 540 million consumers in 160 countries. For more information, visit www.stingray.com

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 profitability without being influenced by financing decisions, non-cash items and income taxes strategies. The Corporation believes that Adjusted Net income and Adjusted Net income per share are important measures as it shows stable results 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 and other adjustments for non-recurring events. 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. For more information, refer to "Supplemental Information on Non-IFRS Measures" in our MD&A, available on SEDAR at www.sedar.com

The following tables show the reconciliation of Net income to Adjusted EBITDA, to Adjusted Net income, LTM Adjusted EBITDA and to Pro Forma Adjusted EBITDA:

	3 months		9 months	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
(in thousands of Canadian dollars)	**Q3 2023**	**Q3 2022**	**YTD 2023**	**YTD 2022**
Net income	**12,944**	**12,546**	**25,672**	**28,821**
Net finance expense (income)	7,205	1,999	23,086	6,888
Change in fair value of investments	68	3	(300)	(10)
Income taxes	5,037	4,115	8,787	8,822
Depreciation and write-off of property and equipment	1,784	2,237	7,331	7,207
Depreciation of right-of-use assets	1,092	1,281	3,281	3,875
Amortization of intangible assets	4,596	4,669	14,190	15,223
Share-based compensation	153	216	454	576
Performance and deferred share unit expense	(238)	659	(211)	4,049
Acquisition, legal, restructuring and other expenses	1,809	779	5,277	2,795
Adjusted EBITDA	**34,450**	**28,504**	**87,567**	**78,246**
Adjusted EBITDA margin	**38.6%**	**38.0%**	**35.6%**	**37.3%**
Net income	**12,944**	**12,546**	**25,672**	**28,821**
Adjusted for:				
Unrealized loss (gain) on derivative financial instruments	(1,642)	(248)	809	(1,247)
Amortization of intangible assets	4,596	4,669	14,190	15,223
Change in fair value of investments	68	3	(300)	(10)
Share-based compensation	153	216	454	576
Performance and deferred share unit expense	(238)	659	(211)	4,049
Acquisition, legal, restructuring and other expenses	1,809	779	5,277	2,795
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	(1,226)	(1,576)	(5,357)	(5,598)
Adjusted Net income	**16,464**	**17,048**	**40,534**	**44,609**
Average number of shares outstanding (diluted)	69,678	70,960	69,872	71,738
Adjusted Net income per share (diluted)	**0.24**	**0.24**	**0.58**	**0.62**

(in thousands of Canadian dollars)	**December 31, 2022**	**December 31, 2021**	**March 31, 2022**
LTM Adjusted EBITDA	**108,590**	**101,884**	**99,269**
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	-	19,500	16,000
COVID-19 credits allocated due to mandated store closures	-	3,051	1,535
Permanent cost-saving initiatives	5,074	-	-
Pro Forma Adjusted EBITDA	**113,664**	**124,435**	**116,804**

The following table shows the reconciliation of Cash flow from operating activities to Adjusted free cash flow:

	3 months		9 months	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
(in thousands of Canadian dollars)	**Q3 2023**	**Q3 2022**	**YTD 2023**	**YTD 2022**
Cash flow from operating activities	**24,605**	**24,762**	**59,397**	**61,536**
Add / Less :				
Acquisition of property and equipment	(1,997)	(2,181)	(5,247)	(6,618)
Acquisition of intangible assets other than internally developed intangible assets	(532)	(276)	(898)	(779)
Addition to internally developed intangible assets	(1,978)	(2,058)	(4,707)	(6,261)
Interest paid	(6,882)	(3,868)	(17,050)	(10,993)
Repayment of lease liabilities	(974)	(1,130)	(3,311)	(3,741)
Net change in non-cash operating working capital items	3,376	(1,533)	14,559	7,595
Unrealized loss on foreign exchange	658	236	733	1,566
Acquisition, legal, restructuring and other expenses	1,809	779	5,277	2,795
Adjusted free cash flow	**18,085**	**14,731**	**48,753**	**45,100**
Average number of shares outstanding (diluted)	69,678	70,960	69,872	71,738
Adjusted free cash flow per share (diluted)	**0.26**	**0.21**	**0.70**	**0.63**

The following table shows the calculation of Net debt and Net debt to Pro Forma Adjusted EBITDA ratio:

(in thousands of Canadian dollars)	**December 31, 2022**	**December 31, 2021**	**March 31, 2022**
Credit facilities	366,168	317,957	358,203
Subordinated debt	25,517	25,416	25,442
Cash and cash equivalents	(12,303)	(11,266)	(14,563)
Portion of the balance payable on acquisition of InStore Audio Network paid on January 5, 2022	-	42,471	-
Net debt	**379,382**	**374,578**	**369,082**
Net debt to Pro Forma Adjusted EBITDA	**3.34**	**3.01**	**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