NEWS RELEASE

Stingray Reports First Quarter 2021 Results

Debt reduction leading to leverage ratio of 2.91

First Quarter Highlights

- **Revenues decreased 35.0% to $52.3 million from $80.4 million, primarily due to the impact of the COVID-19 pandemic on Radio revenues and, to a lesser extent, on Broadcasting and Commercial Music revenues**
- **Organic growth of 3.6% in Broadcast revenues and 0.2% in Recurring Commercial Music revenues(1)**
- **Radio revenues decreased 62.1%**
- **Operating costs decreased 43.8% to $28.3 million from $50.3 million**
- **Adjusted EBITDA(2) decreased 18.2% to $25.5 million from $31.2 million**
- **Cash flow from operating activities increased 44.5% to $38.0 million compared to $26.3 million**
- **Adjusted free cash flow(4) decreased 12.3% to $18.0 million, or $0.25 per share, compared to $20.6 million or $0.27 per share**
- **Improving balance sheet with Net debt to Pro Forma Adjusted EBITDA(2) ratio of 2.91x, decreasing Net debt by $24.5 million from $361.3 million in Q4 2020 to $336.8 million in Q1 2021**
- **436,000 SVOD subscribers, up 18.6% over Q1 2020**

Montreal, August 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 first quarter of Fiscal 2021, ended June 30, 2020.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended June 30**		
	Q1-2021	Q1-2020	%
Revenues	**52,293**	80,437	(35.0)
Adjusted EBITDA(2)	**25,481**	31,165	(18.2)
Net income (loss)	**7,021**	9,183	(23.5)
Per share – diluted ($)	**0.10**	0.12	(16.7)
Adjusted Net income(3)	**13,509**	16,687	(19.0)
Per share – diluted ($)(3)	**0.18**	0.21	(14.3)
Cash flow from operating activities	**37,993**	26,298	44.5
Adjusted free cash flow(4)	**18,045**	20,587	(12.3)

(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 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 (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.

“In the context of challenging market conditions related to COVID-19, we are pleased with our results for the quarter. Solid cash flow from operating activities of $38 million allowed us to reduce our debt level and improve our balance sheet. As a result, Stingray’s Net debt to Pro Forma Adjusted EBITDA ratio dropped below 3.0x. Adjusted EBITDA was $25.5 million, down 18.2% reflecting the impact of

COVID-19, mostly on Radio revenues. The Canada Emergency Wage Subsidy ("CEWS") and our quick and decisive response to implementing significant cost savings initiatives partially offset the impact of lower revenues," stated Eric Boyko, President, Co-founder, and CEO of Stingray.

"The full impact of COVID-19 hit the Radio segment during the quarter. The timing and areas of deconfinement varied from one province to another, and from one region to another. For provinces and cities that opened their economies faster, we are seeing encouraging signs of recovery and we are confident that key markets for us, such as Toronto and Ottawa, could follow similar patterns. The Stingray Stimulus Plan is unique and reached $20 million in grants across Canada. The feedback from new and existing customers has been extremely positive and this should solidify our future relationships.

"Broadcast and Commercial Music revenues decreased by 3.7% to $35.9 million. Strong organic growth in subscriptions was offset by the impact of COVID-19 in our Commercial activities. The growth momentum of SVOD subscribers remains solid with 18.6% year-over-year and a sequential increase of 4% in a very soft seasonal period. The continued launch of new free, ad-supported TV (FAST) channels with major over-the-top providers is fueling exceptional month-over-month growth. Our potential viewer reach is now over 400 million. With regards to Stingray Business, COVID-19 has temporarily slowed down the installation of audio and digital equipment although the pace has picked up recently. We continue to expect double-digit growth for this business in Fiscal 2021.

"Considering our capacity to reduce our operating expenses combined with a significant improvement in our balance sheet, we are well positioned to benefit from the strong growth in our Broadcast and Commercial Music revenues for the foreseeable future. We have taken a lead position in OTT distribution and fully operated our pivot into new media distribution. This provides us with great confidence in the future and in our ability to reward our shareholders," concluded Mr. Boyko.

First Quarter Results

Revenues in Q1 2021 decreased $28.1 million or 35% to $52.3 million, from $80.4 million for Q1 2020. The 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.

For the quarter, revenues in Canada decreased $28.0 million or 50.0% to $28.1 million, from $56.1 million for Q1 2020. The 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. Revenues in the United States in Q1 2021 increased $1.2 million or 12.7% to $10.3 million, from $9.1 million for Q1 2020. The increase was primarily due to organic growth in subscriptions.

Revenues in Other countries in Q1 2021 decreased $1.3 million or 8.3% to $13.9 million, from $15.2 million for Q1 2020 with the decrease primarily due to the impact of COVID-19 pandemic on revenues.

Total Broadcasting and Commercial Music revenues decreased $1.4 million or 3.7% to $35.9 million, from $37.3 million for Q1 2020. The decrease was primarily due to the impact of the COVID-19 pandemic on revenues, partially offset by organic growth in subscriptions. Radio revenues decreased $26.8 million or 62.1% to $16.3 million from $43.1 million for Q1 2020. The decrease is due to the impact of the COVID-19 pandemic.

Adjusted EBITDA(1) in Q1 2021 decreased $5.7 million or 18.2% to $25.5 million from $31.2 million for Q1 2020. Adjusted EBITDA(1) margin was 48.7% compared to 38.7% for Q1 2020. The decrease in Adjusted EBITDA(1) was primarily due to the impact of the COVID-19 pandemic on revenues, partially offset by the CEWS and by reduced operating costs.

Net income in Q1 2021 was $7.0 million ($0.10 per share) compared to $9.2 million ($0.12 per share) for Q1 2020. The decrease was mainly related to lower operating results due to the COVID-19 pandemic, partially offset by lower legal expenses and by a foreign exchange gain.

Adjusted Net income[(2)] in Q1 2021 was $13.5 million ($0.18 per share), compared to $16.7 million ($0.21 per share) for Q1 2020. The decrease was mainly related to lower operating results due to the COVID-19 pandemic, partially offset by a foreign exchange gain and lower interest expense.

Cash flow generated from operating activities amounted to $38.0 million for Q1 2021 compared to $26.3 million for Q1 2020. Adjusted free cash flow[(3)] generated in Q1 2021 amounted to $18.0 million compared to $20.6 million for Q1 2020. The decrease was mainly related to lower operating results, partially offset by lower interest paid and acquisition of property and equipment.

As of June 30, 2020, the Corporation had cash and cash equivalents of $6.4 million, a subordinated debt of $39.7 million and credit facilities of $381.3 million, of which approximately $62.4 million was available. The Net Debt to Pro Forma Adjusted EBITDA[(1)] ratio decreased to 2.91x compared 3.01x for Q4 2020 ended March 31, 2020.

Declaration of Dividend

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 will be payable on or around September 15, 2020 to shareholders on record as of August 31, 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

On June 26, 2020, the Corporation announced that the establishment of the economic stimulus plan via its 104 radio stations helped 5,000 local businesses to obtain grants in the form of radio advertising during this unprecedented crisis. A total of $20 million is awarded in markets across Canada, where Stingray operates local radio stations. This amount represents $5 million more than initially planned. Stimulant grants will range from a minimum of $1,000 up to a maximum of $100,000 in radio advertising per business. The recipient business will have twelve months to utilize the radio advertising grant provided towards booking and airing a radio advertising campaign and will not be required to invest additional sums with Stingray radio stations to receive the grant.

On June 4, 2020, the Corporation announced that it had reached an agreement with Shaw Communications Inc. to renew a longstanding relationship. As part of the agreement, Shaw Cable and Shaw Direct customers will have access to Stingray Music Audio Channels and can enjoy the Stingray Music Mobile App and web player for free. Music video TV channels Stingray Retro, Stingray Loud, Stingray Vibe and Stingray Country will also be available to residential and commercial subscribers.

On May 29, 2020, the Corporation secured an additional term loan of $20.0 million, with a maturity date of May 29, 2021.

On May 6, 2020 (the "Effective Date"), the Corporation announced that it had acquired its trusted affiliate Marketing Sensorial México ("MSM"), the Mexican leader in point-of-sale marketing solutions. The agreement furthers Stingray Business' foothold in Mexico. As the current partner of Stingray Business for the 1,500 pharmacy locations and additional 1,500 medical clinics operated by Farmacias del Ahorro in Mexico, MSM specializes in digital signage content production, in-store music and the sale and/or lease of audio and visual equipment. The company serves customers in a range of industries (more than 5,800 locations) including banking, retail pharmacy and automotive dealership sectors with clients such as Grupo Financiero Santander México, Scotiabank México and BMW.

On April 14, 2020, the Corporation announced the launch of free, ad supported TV channels and premium SVOD services with eight major over-the-top providers: Huawei (world), izzi (Mexico), XUMO (U.S.), LG (U.S.), Vizio (U.S.), Samsung (U.S.), TiVo Plus (U.S.) and Cliq Digital (U.S.). These distribution agreements grow Stingray's potential reach by over 300 million viewers.

Annual Meeting of Shareholders

The Corporation will hold its 2020 annual meeting of shareholders on Wednesday, August 5, 2020, at 11:00 AM (ET) by videoconference. The meeting can be accessed by logging in online at https://web.lumiagm.com/190357097.

Conference Call

The Corporation will hold a conference call to discuss these results on Wednesday, August 5, 2020, 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 5, 2020, by dialing (800) 585-8367 or (416) 621-4642 and entering passcode 6178288.

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		
	June 30, 2020	June 30, 2019	March 31, 2020
(in thousands of Canadian dollars)	**Q1 2021**	**Q1 2020**	**Q4 2020**
Net income (loss)	**7,021**	**9,183**	**(8,486)**
Net finance expense (income)	4,601	7,380	33,463
Change in fair value of investments	892	333	(1,914)
Income taxes	2,359	1,481	(4,165)
Depreciation and write-off of property and equipment	2,701	2,822	2,790
Depreciation of right-of-use assets	1,412	1,371	1,426
Amortization of intangible assets	5,410	6,119	5,659
Share-based compensation	166	248	258
Performance and deferred share unit expense	1,316	781	(1,507)
Acquisition, legal, restructuring and other expenses (income)	(397)	1,447	693
Adjusted EBITDA	**25,481**	**31,165**	**28,217**
Net finance expense (income), excluding mark-to-market losses (gains) on derivative financial instruments	(3,338)	(6,195)	(10,976)
Income taxes	(2,359)	(1,481)	4,165
Depreciation of property and equipment and write-off	(2,701)	(2,822)	(2,790)
Depreciation of right-of-use assets	(1,412)	(1,371)	(1,426)
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)	(2,162)	(2,609)	(7,095)
Adjusted Net income	**13,509**	**16,687**	**10,095**

Adjusted free cash flow reconciliation to Cash flow from operating activities

	3 months		
	June 30, 2020	June 30, 2019	March 31, 2020
(in thousands of Canadian dollars)	**Q1 2021**	**Q1 2020**	**Q4 2020**
Cash flow from operating activities	**37,993**	**26,298**	**14,062**
Add / Less :			
Acquisition of property and equipment	(703)	(1,613)	(2,153)
Acquisition of intangible assets other than internally developed intangible assets	(258)	(519)	(463)
Addition to internally developed intangible assets	(1,552)	(1,523)	(1,534)
Interest paid	(3,687)	(4,980)	(3,819)
Repayment of lease liabilities	(1,214)	(1,095)	(1,180)
Net change in non-cash operating working capital items	(11,412)	2,127	7,262
Unrealized loss (gain) on foreign exchange	(725)	445	5,106
Acquisition, legal, restructuring and other expenses (income)	(397)	1,447	693
Adjusted free cash flow	**18,045**	**20,587**	**17,974**

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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