STINGRAY

NEWS RELEASE
For immediate release

Stingray Reports Strong First Quarter 2016 Performance

Highlights

- **Revenues increased 27.3% to a record $19.9 million.**
- **Record recurring revenues of $17.2 million, an increase of 20.0%.**
- **Adjusted EBITDA increased 22.8% to $7.2 million.**
- **Adjusted Net income up 33.2% to $4.8 million or $0.12 per share (diluted) compared to last year.**
- **Record Adjusted free cash flow of $5.3 million, an increase of 60.4%.**
- **Strategic acquisition of Brava NL, Brava HD and Djazz TV.**

Montreal, August 12, 2015 – Stingray Digital Group Inc. (TSX: RAY.A; RAY.B) (the "Corporation"; "Stingray"), a leading business-to-business multi-platform music and in-store media solutions provider, today announced its financial results for the first quarter ended June 30, 2015.

Financial Highlights (in thousands of dollars, except per share data)	**Quarters ended June 30, 2015**	**2014**	**%**
Revenues	**19,895**	15,633	27.3
Recurring revenues	**17,243**	14,374	20.0
Adjusted EBITDA(1)	**7,151**	5,824	22.8
Net income (loss)	**(1,777)**	1,018	-
Adjusted Net income(2)	**4,783**	3,591	33.2
Per share – diluted ($)	**0.12**	0.10	20.0
Cash flow from operating activities	**4,109**	2,738	50.1
Adjusted free cash flow(3)	**5,260**	3,279	60.4

(1) Adjusted EBITDA is a non-IFRS measure and is defined as net income before net finance expenses, change in fair value of investment, income taxes, depreciation, amortization and write-off, share-based compensation, initial public offering ("IPO") expenses and CRTC tangible benefits and acquisition, restructuring and other various costs.
(2) Adjusted Net income is a non-IFRS measure and is defined as net income before amortization of intangible assets, share-based compensation, change in fair value of investment, IPO expenses and CRTC tangible benefits, acquisition, restructuring and other various costs, net of related income taxes.
(3) Adjusted free cash flow is a non-IFRS measure and is defined as cash flow from operating activities less capital expenditures for property and equipment and separately acquired intangible assets, net change in non-cash working capital items, IPO expenses and CRTC tangible benefits and acquisition, restructuring and other various costs, net of related income taxes.

"We are very pleased with our results for the first quarter, as revenues and Adjusted EBITDA increased by 27.3% and 22.8% respectively. These are the first results we are reporting since becoming a public company. Clearly we have started our new fiscal year on a solid note. Acquisitions, expansion in international markets and the launch of new products have enabled us to achieve record results in terms of revenues, Adjusted EBITDA and Adjusted free cash flow," said Eric Boyko, President, CEO and co-founder of Stingray.

“The proceeds of the IPO have allowed us to significantly reduce our debt level. This combined with a new revolving credit facility of $100 million provides a solid financial position to pursue our acquisition program. Recently, we completed the acquisitions of Brava NL BV, Brava HDTV BV and Djazz TV BV, distributors of thematic channels dedicated to high-end music and cultural content distributed to an estimated 35 million subscribers in 50 countries in Europe, Africa, the Middle-East and the Caribbean.

“Going forward, we will continue to focus on the three main growth drivers which have been the basis for Stingray’s success: strategic acquisitions, diversification of our offering, and upselling to our existing clients. We remain confident in our ability to solidify our position as the leading B2B provider of quality music products and services," concluded Mr. Boyko.

First Quarter Results

The Corporation generated record revenues of $19.9 million in the first quarter of 2016, an increase of 27.3% compared with revenues of $15.6 million a year ago. The increase was primarily due to acquisitions combined with significant growth in international markets and also the launch of new products.

Music Broadcasting saw an increase of 13.3% in revenues to $14.1 million mainly due to the signing of new customer contracts, such as AT&T, and the acquisitions of Telefonica On the Spot and Archibald Media Group. Commercial Music revenues increased 82.2% to $5.8 million, mainly as a result of the acquisitions of DMX Canada and *Les Réseaux Urbains Viva Inc.*

Adjusted EBITDA for the first quarter of 2016 was $7.2 million or 35.9% of revenues, compared to $5.8 million or 37.3% of revenues a year earlier. The increase was primarily due to the acquisitions in Fiscal 2015, growth in international markets and additional non-recurring revenues related to installation and equipment sales.

For the first quarter, the Corporation incurred a net loss of $1.8 million, or $0.05 per share (diluted), compared to a net income of $1.0 million, or $0.03 per share (diluted) for the same period in 2014. The loss was primarily due to costs related to the one-time IPO expenses and CRTC tangible benefits, and the related income tax impact.

Adjusted net income increased 33.2% to $4.8 million, or $0.12 per share (diluted), compared to $3.6 million, or $0.10 per share (diluted) a year ago. The increase was primarily due to the successful integration of Fiscal 2015 acquisitions combined with the signing of new international contracts, additional sales for installation and equipment and lower finance expenses.

Cash flow from operating activities was $4.1 million in the first quarter of 2016, versus $2.7 million a year earlier. Adjusted free cash flows for the three months ended June 30, 2015 increased 60.4% to $5.3 million, compared to $3.3 million for the same period a year ago.

As at June 30, 2015, the Corporation had cash and cash equivalents of $1.0 million and a revolving credit facility of $100.0 million, of which approximately $92.6 million was unused, allowing it to pursue strategic acquisitions and achieve its growth objectives.

Subsequent to Quarter-end

On July 23, 2015, the Corporation announced that it had agreed to acquire all of the issued and outstanding shares in the share capital of Brava NL BV, Brava HDTV BV and Djazz TV BV, distributors based in Amsterdam of three successful thematic channels dedicated to high-end music and cultural content available to an estimated 35 million subscribers in 50 countries in Europe, Africa, the Middle East and the Caribbean. The transaction was closed on July 31, 2015.

The all-cash transaction includes an initial payment of approximately $8-million (EUR6.1 million) plus potential earn-out and performance-based milestone payments totalling $3-million (EUR2.2 million).

Under the terms of the agreement, Stingray will fully own and operate Brava NL, Brava HD and Djazz TV.

These three strategic acquisitions are anticipated to be accretive to Stingray's earnings in the first year and will accelerate the Corporation's presence in the global market while further diversifying its already comprehensive portfolio of products.

Additional Business Highlights

During the three-month period ended June 30, 2015, Stingray renewed important long-term contracts including Telus, Sobey’s and Cogeco. The Corporation launched Stingray Concert in Latin America, its first linear concert channel, Stingray Mobile in international markets in over 9 different languages and Stingray Music streaming service on the Sonos Wireless HiFi System.

Conference Call

The Corporation will hold a conference call to discuss these results on Wednesday, August 12, 2015 at 10:00 AM (ET). Interested parties can join the call by dialing 647-788-4922 (Toronto) or 1-877-223-4471 (toll free). If you are unable to call at this time, you may access a tape recording of the conference call by dialing 416-621-4642 (Toronto) or 1-800-585-8367 (toll free) followed by access code: 99413117. This tape recording will be available until September 9, 2015.

About Stingray

Stingray (TSX: RAY.A; RAY.B) is a leading business-to-business multi-platform music and in-store media solutions provider operating on a global scale, reaching an estimated 135 million Pay-TV subscribers (or households) in 127 countries. Geared towards individuals and businesses alike, Stingray’s products include the following leading digital music and video services: Stingray Music, Stingray Concerts, Stingray Brava, Stingray Djazz, Stingray Music Videos, Stingray Lite TV, Stingray Ambiance and Stingray Karaoke. Stingray also offers various business solutions, including music and digital display-based solutions through its Stingray Business division. Stingray is headquartered in Montreal and currently has over 235 employees across the world, including in Toronto, Miami, London, Amsterdam and Tel Aviv. Stingray was recognized in 2013 and 2014 as a finalist in the Top 50 of Deloitte’s Technology Fast 50™ list, and figures amongst PROFIT magazine’s fastest-growing Canadian companies. For more information, please visit www.stingray.com.

Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information includes 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 prospectus dated May 26, 2015, 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, Adjusted EBITDA margin, Adjusted Net income, Adjusted Net income per share, Adjusted free cash flow are important measures in evaluating our performance. 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

(in thousands of Canadian dollars)	**Three-month period ended June 30, 2015 Q1 2016**	Three-month period ended June 30, 2014 Q1 2015
Net income (loss)	**(1,777)**	1,018
Net finance expenses	**866**	1,232
Change in fair value of investment	**(263)**	(450)
Income taxes	**(1,334)**	(134)
Depreciation of property and equipment and write-off	**455**	401
Amortization of intangibles	**3,223**	2,330
Stock-based compensation	**221**	232
Restricted share unit	**175**	-
IPO expenses and CRTC tangible benefits	**5,495**	-
Acquisition, restructuring and other various costs	**90**	1,195
Adjusted EBITDA	**7,151**	5,824
Net finance expenses	**(866)**	(1,232)
Income taxes	**1,334**	134
Depreciation of property and equipment and write-off	**(455)**	(401)
Income taxes related to change in fair value of investment, share-based compensation, amortization of intangible assets, IPO expenses and CRTC tangible benefits and acquisition, restructuring and other various costs	**(2,381)**	(734)
Adjusted Net income	**4,783**	3,591

Adjusted free cash flow Reconciliation to Cash flow from operating activities

(in thousands of Canadian dollars)	**Three-month period ended June 30, 2015 Q1 2016**	Three-month period ended June 30, 2014 Q1 2015
Cash flow from operating activities	**4,109**	2,738
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Capital expenditures	**(930)**	(498)
Net change in non-cash operating working capital items	**(3,479)**	266
Acquisition, restructuring and other various costs	**65**	773
IPO expenses and CRTC tangible benefits	**5,495**	-
Adjusted free cash flow	**5,260**	3,279

Note to readers: Condensed interim 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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