STINGRAY

NEWS RELEASE

Stingray Reports First Quarter Results for Fiscal 2024

Extended retail media audio network to propel future growth in Stingray Advertising

- **Total revenues increased 1.1% to $79.0 million from $78.1 million;**
- **Organic growth of -2.0% year-over-year in Broadcast and Recurring Commercial Music Revenues due to timing in Stingray Advertising Q1 campaigns. Current advertising revenues in Q2 at +45% year-over-year;**
- **795,000 streaming subscribers, up 8.9% over Q1 2023;**
- **Adjusted EBITDA(3) improved 8.4% to $28.3 million from $26.1 million. Adjusted EBITDA(3) by segment was $20.0 million or 42.3% of revenues for Broadcasting and Commercial Music, $9.9 million or 31.1% of revenues for Radio, and $(1.6) million for Corporate;**
- **Net income reached $14.1 million ($0.20 per share) compared to $9.4 million ($0.13 per share);**
- **Adjusted Net income(3) was $11.9 million ($0.17 per share) compared to $13.2 million ($0.19 per share);**
- **Cash flow from operating activities grew 48.4% to $24.3 million ($0.35 per share) from $16.3 million ($0.23 per share);**
- **Adjusted free cash flow(3) increased 17.9% to $18.5 million ($0.27 per share) from $15.7 million ($0.22 per share);**
- **Net debt to Pro Forma Adjusted EBITDA(3) ratio of 3.28x compared to 3.25x.**

Montreal, August 8, 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 first quarter of fiscal 2024 ended June 30, 2023.

Financial Highlights (in thousands of dollars, except per share data)	**Three months ended June 30**		
	Q1-2024	**Q1-2023**	**%**
Revenues	**78,992**	**78,136**	1.1
Adjusted EBITDA(3)	**28,266**	**26,086**	8.4
Net income	**14,118**	**9,397**	50.2
Per share – diluted ($)	**0.20**	**0.13**	53.8
Adjusted Net income(3)	**11,893**	**13,245**	(10.2)
Per share – diluted ($)	**0.17**	**0.19**	(10.5)
Cash flow from operating activities	**24,260**	**16,346**	48.4
Adjusted free cash flow(3)	**18,457**	**15,659**	17.9

(1) Subscription Revenues includes Digital Streaming and Apps and other Digital Sales and Commercial Subscription Recurring Revenues.
(2) Advertising Revenues include FAST channels and Retail Media Advertising revenues.
(3) This is a non-IFRS measure and is not a standardized financial measure. The Corporation’s method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, the definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Refer to “Non-IFRS Measures” on page 4 of this news release for more information about each non-IFRS measure and refer to pages 5-6 for the reconciliations to the most directly comparable IFRS financial measures.

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

"In the first quarter of 2024, we delivered robust adjusted EBITDA of $28.3 million, representing 35.8% of sales, thanks to cost-saving initiatives implemented over the past year. Despite a temporary slowdown in revenue growth at Stingray due to the timing of retail media advertising campaigns, I am pleased to report that revenue growth within our Stingray Advertising business has picked up early in the second quarter. We remain on target to achieve our goal of 40% growth in Advertising revenues for 2024."

"Our recent sales agreement with Mood Media's Vibenomics advertising division, which creates the largest retail audio ad network in the U.S. with more than 25,000 locations, combined with our new deal with Loblaw Media that spans nearly 300 grocery stores across Canada, puts us on track to more than double revenues for Stingray Advertising to $100 million in the next 12 to 36 months. Our goal is to offer a single, large-scale network of retailers for advertisers seeking national reach to promote their brands."

"We also anticipate accelerated momentum for our in-car entertainment segment, driven by the recent partnership with BYD, the world's leading manufacturer of new energy vehicles, to bring our popular Stingray Karaoke product to its fleet around the world. In addition, Audi cars are beginning to roll out of manufacturing plants with our embedded Karaoke app, while we keep expanding our presence at Tesla."

"In terms of FAST channels, they generated solid organic growth in the first quarter as we began better monetizing our content for connected TVs by contracting third parties to resell unsold inventory by major television manufacturers. As planned, revenues from our SVOD business were slightly down given our sharpened focus on B2B-driven customers, but profitability improved year-over-year."

"Altogether, revenues for our Broadcasting and Commercial Music business increased 2.3% to $47.2 million in the first quarter of 2024, while Radio revenues declined 0.6% to $31.8 million as we still outperformed the industry," Mr. Boyko concluded.

First Quarter Results

Revenues increased $0.9 million, or 1.1%, to $79.0 million in Q1 2024 from $78.1 million in Q1 2023. The increase was primarily due to equipment and installation sales related to digital signage, in-car revenues increase and to a positive foreign exchange impact largely offset by a decrease in B2C and in retail media advertising revenues.

For the quarter, revenues in Canada rose $0.7 million, or 1.3%, to $47.3 million from $46.6 million in Q1 2023. The growth mainly reflects enhanced equipment and installation sales related to digital signage.

Revenues in the United States remained stable year-over-year at $19.1 million in Q1 2024 as in-car and FAST Channel revenues increased and to positive foreign exchange impact, largely offset by a decrease in B2C and in retail media advertising revenues. Revenues in Other countries improved $0.2 million, or 2.1%, to $12.6 million in Q1 2024 from $12.4 million in Q1 2023. The increase can primarily be attributed to a positive foreign exchange impact, offset in part by lower audio channel and subscription revenues.

Broadcasting and Commercial Music revenues grew $1.1 million, or 2.3%, to $47.2 million in Q1 2024 from $46.1 million in Q1 2023. The growth was primarily due to equipment and installation sales related to digital signage, to in-car and FAST Channel revenues increases and to a positive foreign exchange impact largely offset by a decrease in B2C and in retail media advertising revenues. Radio revenues declined $0.2 million, or 0.6%, to $31.8 million in Q1 2024 from $32.0 million in the same period in 2023. The slight decrease can be attributed to reductions in national advertising revenues.

Consolidated Adjusted EBITDA(3) improved $2.2 million, or 8.4%, to $28.3 million in Q1 2024 from $26.1 million in Q1 2023. Adjusted EBITDA margin(3) reached 35.8% in Q1 2024 compared to 33.4% in the same period in 2023. The growth in Adjusted EBITDA(3) was mainly due to higher revenues, while the increase in Adjusted EBITDA margin(3) can be attributed to lower operating costs in the Broadcasting and Commercial Music segment following cost-saving initiatives implemented in fiscal 2023.

Net income totaled $14.1 million ($0.20 per share) in Q1 2024 compared to $9.4 million ($0.13 per share) in Q1 2023. The increase was mainly due to a one-time settlement gain from a trademark dispute and higher gain on the fair value of derivative financial instruments. These factors were partially offset by a greater interest expense.

Adjusted net income(3) reached $11.9 million ($0.17 per share) in Q1 2024 compared to $13.2 million ($0.19 per share) in the same period in 2023. The decrease can mainly be attributed to a higher interest expense, partially offset by better operating results.

Cash flow generated from operating activities totaled $24.3 million in Q1 2024 compared to $16.3 million in Q1 2023 with a one-time settlement gain from a trademark dispute and better operating results mainly accounting for the year-over-year improvement. Adjusted free cash flow(3) amounted to $18.5 million in Q1 2024 compared to $15.7 million in the same period in 2023. The increase was mainly related to better operating results and lower taxes paid, partially offset by a higher interest expense.

As at June 30, 2023, the Corporation had cash and cash equivalents of $11.7 million, subordinated debt of $25.6 million and credit facilities of $374.1 million, of which approximately $53.7 million was available. The Net Debt to Pro Forma Adjusted EBITDA ratio(3) stood at 3.28x as at June 30, 2023 compared to 3.25x as at June 30, 2022.

Declaration of Dividend

On August 8, 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 September 15, 2023 to shareholders on record as of August 31, 2023.

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 August 7, 2023, the Corporation announced a global deal with BYD, the world's leading manufacturer of new energy vehicles, to bring its popular Stingray Karaoke product to their cars around the world. BYD will incorporate Stingray's interactive and engaging Karaoke product as an embedded app in their popular models sold across a dozen countries in 2023 with the rest to follow in subsequent years.

- On August 1, 2023, Stingray Advertising, North America's largest audio advertising network, and Loblaw Media™, the retail media division of Loblaw Companies Limited™ (Loblaw), announced a new relationship that expands Stingray's retail audio advertising network into Loblaw grocery stores this summer. The Loblaw store audio network will span nearly 300 stores, including Loblaws®, Zehrs®, Real Canadian Superstore®, and other retail banners, with campaigns expected to begin mid-August. The collaboration provides brands with a unique opportunity to connect with customers throughout their in-store journey via Stingray's proprietary streaming media technology and Hivestack, Canada's leading place-based ad server and SSP.

- On July 25, 2023, Mood Media's Vibenomics advertising division, a leading experiential technology and retail media solutions provider, and Stingray Advertising, a prominent provider of innovative retail audio advertising solutions, announced an agreement to combine their respective networks creating the largest U.S. retail media in-store network. This ground-breaking collaboration will provide advertisers with an unmatched national presence, reaching over 800 million monthly shoppers through in-store digital audio advertising across 25,000+ brick-and-mortar locations nationwide. The expansive network encompasses major players in key retail verticals such as grocery, drug, convenience and home improvement. Expansion to other verticals will continue in 2024.

- On June 28, 2023, the Corporation announced the launch of free ad-supported TV channels (FAST channels) Stingray Music, Stingray Naturescape, Qello Concerts, Stingray Karaoke, Stingray Classica, Stingray DJAZZ and Stingray CMusic on VIDAA, the leading smart TV OS powering Hisense, Toshiba, and other leading regional OEM brands. These distribution agreements not only grow Stingray's audience over new platforms in new territories, adding millions of potential viewers but also open up new opportunities for collaboration and business growth, fostering innovation and expanding Stingray's reach in the global music and entertainment landscape.

- On June 22, 2023, the Corporation announced the launch of the Stingray Karaoke TV app on Sky Live, initially debuting in the United Kingdom and The Republic of Ireland. Set to launch in the fall, this innovative app will offer users a new karaoke experience, taking the popular pastime to unparalleled heights by leveraging state-of-the-art technology.

- On June 8, 2023, the Corporation announced that Stingray Classica and Qello Concerts have launched on YouTube TV and YouTube Primetime Channels in the United States. For a monthly subscription, users can access the premium streaming services on all devices supported by YouTube.

Conference Call

The Corporation will hold a conference call tomorrow, August 9, 2023, 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 10, 2023, by dialing 416-764-8692 or 877-674-7070 and entering passcode 384520.

Annual Meeting of Shareholders

Stingray will hold its 2023 Annual Meeting of Shareholders on Wednesday, August 9, 2023 at 11:00 AM (ET) by videoconference. The meeting can be accessed by logging in online at **https://web.lumiagm.com/413410860**.

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 close to 1,000 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, 2023, 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.

Reconciliation of Net income to Adjusted EBITDA, Adjusted Net income, LTM Adjusted EBITDA and Pro Forma Adjusted EBITDA

	3 months		
	June 30, 2023	June 30, 2022	March 31, 2023
(in thousands of Canadian dollars)	**Q1 2024**	**Q1 2023**	**Q4 2023**
Net income	**14,118**	**9,397**	**4,447**
Net finance expense (income)	4,406	3,975	3,749
Change in fair value of investments	107	(121)	11
Income taxes	5,738	3,139	753
Depreciation and write-off of property and equipment	2,385	2,671	2,406
Depreciation of right-of-use assets	1,085	1,123	1,225
Amortization of intangible assets	4,433	4,772	4,547
Share-based compensation	101	137	157
Performance and deferred share unit expense	(1,207)	(400)	2,068
Acquisition, legal, restructuring and other expenses	(2,900)	1,393	7,210
Adjusted EBITDA	**28,266**	**26,086**	**26,573**
Adjusted EBITDA margin	**35.8%**	**33.4%**	**33.7%**
Net income	**14,118**	**9,397**	**4,447**
Adjusted for:			
Change in fair value of derivative financial instruments	(3,635)	(545)	(70)
Amortization of intangible assets	4,433	4,772	4,547
Change in fair value of investments	107	(121)	11
Share-based compensation	101	137	157
Performance and deferred share unit expense	(1,207)	(400)	2,068
Acquisition, legal, restructuring and other expenses	(2,900)	1,393	7,210
Income taxes related to change in fair value of investments, share-based compensation, performance and deferred share unit expense, amortization of intangible assets, change in fair value of derivative financial instruments and acquisition, legal, restructuring and other expenses	876	(1,388)	(3,702)
Adjusted Net income	**11,893**	**13,245**	**14,668**
Average number of shares outstanding (diluted)	**69,433**	**70,277**	**69,459**
Adjusted Net income per share (diluted)	**0.17**	**0.19**	**0.21**

(in thousands of Canadian dollars)	**June 30, 2023**	**June 30, 2022**	**March 31, 2022**
LTM Adjusted EBITDA	**116,320**	**101,200**	**114,140**
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	–	11,900	–
COVID-19 credits allocated due to mandated store closures	–	699	–
Permanent cost-saving initiatives	1,880	–	2,325
Pro Forma Adjusted EBITDA	**118,200**	**113,799**	**116,465**

Reconciliation of Cash Flow From Operating Activities to Adjusted Free Cash Flow

	3 months		
(in thousands of Canadian dollars)	June 30, 2023 **Q1 2024**	June 30, 2022 **Q1 2023**	March 31, 2023 **Q4 2023**
Cash flow from operating activities	**24,260**	**16,346**	**27,552**
Add / Less :			
Acquisition of property and equipment	(1,369)	(1,151)	(2,987)
Acquisition of intangible assets other than internally developed intangible assets	(302)	(277)	(383)
Addition to internally developed intangible assets	(1,300)	(1,564)	(1,236)
Interest paid	(5,573)	(4,252)	(6,842)
Repayment of lease liabilities	(1,057)	(1,057)	(1,122)
Net change in non-cash operating working capital items	6,090	7,456	(7,077)
Unrealized loss (gains) on foreign exchange	608	(1,235)	(206)
Acquisition, legal, restructuring and other expenses	(2,900)	1,393	7,210
Adjusted free cash flow	**18,457**	**15,659**	**14,909**

Calculation of Net Debt and Net Debt to Pro Forma Adjusted EBITDA Ratio

(in thousands of Canadian dollars)	**June 30, 2023**	**June 30, 2022**	**March 31, 2023**
Credit facilities	374,114	358,440	360,990
Subordinated debt	25,568	25,467	25,543
Cash and cash equivalents	(11,682)	(13,816)	(15,453)
Net debt	**388,000**	**370,091**	**371,080**
Net debt to Pro Forma Adjusted EBITDA	**3.28**	**3.25**	**3.19**

Note to readers: 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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