STINGRAY

NEWS RELEASE

Stingray Reports Second Quarter Results for Fiscal 2024

- **Organic growth of 7.1% year-over-year in Broadcast and Recurring Commercial Music Revenues mainly due to strength in retail media advertising;**
- **Revenues increased 6.3% to $82.5 million from $77.6 million in Q2 2023;**
- **Adjusted EBITDA(1) improved 9.2% to $29.5 million from $27.0 million. Adjusted EBITDA(1) by segment was $19.9 million or 40.0% of revenues for Broadcasting and Commercial Music, $11.0 million or 33.7% of revenues for Radio, and $(1.4) million for Corporate;**
- **Net income reached $9.4 million ($0.14 per share) compared to $3.3 million ($0.05 per share);**
- **Adjusted Net income(1) attained $14.6 million ($0.21 per share) compared to $10.8 million ($0.15 per share);**
- **Cash flow from operating activities grew 3.6% to $19.1 million ($0.28 per share) from $18.4 million ($0.26 per share);**
- **Adjusted free cash flow(1) reached $15.6 million ($0.22 per share) compared to $15.0 million ($0.21 per share);**
- **Net debt to Pro Forma Adjusted EBITDA(1) ratio of 3.19x compared to 3.28x last quarter;**
- **795,700 streaming subscribers, up 4.7% over Q2 2023; and**
- **Repurchased and cancelled 119,800 shares for a total of $0.6 million this quarter, and 127,500 shares for a total of $0.7 million year-to-date.**

Montreal, November 7, 2023 – Stingray Group Inc. (TSX: RAY.A; RAY.B) (the “Corporation”; “Stingray”), an industry leader in music and video content distribution, business services, and advertising solutions, announced today its financial results for the second quarter of fiscal 2024 ended September 30, 2023.

Financial Highlights (in thousands of Canadian dollars, except per share data)	**Three months ended September 30**			**Six months ended September 30**		
	2024	2023	%	**2024**	2023	%
Revenues	**82,493**	**77,635**	6.3	**161,485**	**155,771**	3.7
Adjusted EBITDA(1)	**29,518**	**27,031**	9.2	**57,784**	**53,117**	8.8
Net income	**9,389**	**3,331**	181.9	**23,507**	**12,728**	84.7
Per share – diluted ($)	**0.14**	**0.05**	180.0	**0.34**	**0.18**	88.9
Adjusted Net income(1)	**14,554**	**10,825**	34.4	**26,447**	**24,070**	9.9
Per share – diluted ($)	**0.21**	**0.15**	40.0	**0.38**	**0.34**	11.8
Cash flow from operating activities	**19,101**	**18,446**	3.6	**43,361**	**34,792**	24.6
Adjusted free cash flow(1)	**15,578**	**15,009**	3.8	**34,035**	**30,668**	11.0

(1) 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 second quarter results for fiscal 2024, Stingray's President, co-founder and CEO Eric Boyko stated:

“Stingray delivered solid second quarter results with organic growth of 7.1% year-over-year in Broadcast and Recurring Commercial Music revenues, resulting in Adjusted EBITDA of $29.5 million or an increase of 9.2% compared to last year. Our Retail Media and FAST Channels performed exceptionally well, delivering 34.9% year-over-year revenue growth, along with healthy contributions from our in-car entertainment segment.”

“Given multiple opportunities, we believe we will hit double-digit revenue growth for the foreseeable future. Our retail audio ad networks in the U.S. and in Canada continue to grow with strong contribution from pharmaceutical and packaged goods advertisers. We expect to further grow our retailer footprint providing further scale to the network. During the quarter, we added Peavey Mart, the first hardware store chain in our Canadian retail ad network, connecting this brand with highly qualified consumers during their in-store shopping journey. In terms of free ad-supported streaming TV (FAST), 18 new Stingray channels appeared on Samsung TV Plus in the U.S. last month. This extended partnership is expected to quadruple listening hours of our audio and video products on the Samsung platform, highlighting our commitment to deliver top-tier music content to a broader audience and drive asset monetization to new heights.”

“Turning to in-car entertainment, the beta launch of the Stingray Karaoke application in 300,000 BYD cars is scheduled for mid-December with an over-the-air system update due late January. We’re addressing a mere fraction of BYD’s car fleet in Europe and Latin America with this initial launch, but we’re highly optimistic about expanding our footprint with the world’s leading manufacturer of new energy vehicles. Already, our team is working on version 2.0 of the app.”

“Finally, after completing a rigorous RFP process, we are proud to announce that we have renewed and extended our commercial background music and digital signage services with Bank of Montreal (BMO) for commercial locations in Canada for an additional period of up to five years. In addition, Stingray will now proudly service BMO commercial locations in the United States, including Harris Bank and Bank of the West branches, for the same period of up to five years. Across North America, this represents almost 2,000 locations that will receive both our commercial background music and digital signage services.”

“Altogether, revenues for our Broadcasting and Commercial Music business increased 10.9% to $49.9 million in the second quarter of 2024, while Radio revenues remained stable year-over-year at $32.7 million as we continued outperforming the industry,” Mr. Boyko concluded.

Second Quarter Results

Revenues increased $4.9 million, or 6.3%, to $82.5 million in Q2 2024 from $77.6 million in Q2 2023. The increase was largely due to an increase in retail media advertising revenues, to a positive foreign exchange impact and to an increase in equipment and installation sales related to digital signage.

For the quarter, revenues in Canada rose $1.2 million, or 2.5%, to $48.4 million from $47.2 million in Q2 2023. The growth reflects enhanced equipment and installation sales related to digital signage.

Revenues in the United States grew $3.2 million, or 17.5% year-over-year, to $21.6 million in Q2 2024 from $18.4 million in Q2 2023. The increase was due to the strength of retail media advertising revenues.

Revenues in Other countries improved $0.5 million, or 3.8%, to $12.5 million in Q2 2024 from $12.0 million in Q2 2023. The increase can primarily be attributed to a positive foreign exchange impact.

Broadcasting and Commercial Music revenues increased $4.9 million, or 10.9%, to $49.8 million in Q2 2024 from $44.9 million in Q2 2023. The growth was primarily driven by higher retail media advertising revenues, enhanced equipment and installation sales related to digital signage, and a positive foreign exchange impact. Radio revenues remained stable year-over-year at $32.7 million in Q2 2024 as higher local and digital advertising sales were offset by lower national airtime revenues.

Consolidated Adjusted EBITDA(1) improved $2.5 million, or 9.2%, to $29.5 million in Q2 2024 from $27.0 million in Q2 2023. Adjusted EBITDA margin(1) reached 35.8% in Q2 2024 compared to 34.8% in the same period in 2023. The growth in Adjusted EBITDA(1) and Adjusted EBITDA margin(1) was mainly due to higher revenues.

Net income totaled $9.4 million ($0.14 per share) in Q2 2024 compared to $3.3 million ($0.05 per share) in Q2 2023. The increase was mainly driven by a gain on the fair value of derivative financial instruments, better operating results, and to a foreign exchange gain. These factors were partially offset by a higher income tax expense.

Adjusted net income[1] reached $14.6 million ($0.21 per share) in Q2 2024 compared to $10.8 million ($0.15 per share) in the same period in 2023. The increase can mainly be attributed to better operating results and a greater foreign exchange gain, partially offset by a higher income tax expense.

Cash flow generated from operating activities totaled $19.1 million in Q2 2024 compared to $18.4 million in Q2 2023. The year-over-year improvement was mainly due to better operating results and to a positive foreign exchange impact, partially offset by a greater negative net change in non-cash operating items. Adjusted free cash flow[1] amounted to $15.6 million in Q2 2024 compared to $15.0 million in the same period in 2023. The increase was mainly related to better operating results, partially offset by a higher interest expense.

As at September 30, 2023, the Corporation had cash and cash equivalents of $9.7 million, subordinated debt of $25.6 million and credit facilities of $374.6 million, of which approximately $51.5 million was available. The Net Debt to Pro Forma Adjusted EBITDA ratio[1] stood at 3.19x as at September 30, 2023 compared to 3.44x as at September 30, 2022.

Declaration of Dividend

On November 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 December 15, 2023 to shareholders on record as of November 30, 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 November 3, 2023, the Corporation announced the debut of ZenLIFE by Stingray on VIZIO WatchFree+. This significant launch marks Stingray's innovative entry into the wellness space as a Free Ad-Supported Television (FAST) channel in the US.

- On November 1, 2023, the Corporation announced a new partnership with Air Transat, a leading travel brand and the recipient of the World's Best Leisure Airline award at the 2023 Skytrax World Airline Awards. This alliance will provide passengers with an enhanced inflight entertainment experience on Air Transat flights globally.

- On September 22, 2023, the Corporation announced that the Toronto Stock Exchange ("TSX") has approved the renewal of its normal course issuer bid ("NCIB"), authorizing Stingray to repurchase up to an aggregate 2,765,903 subordinate voting shares and variable subordinate voting shares (collectively, "Subordinate Shares"), representing approximately 10% of the "public float" (as defined in the TSX Company Manual) of Subordinate Shares as at September 15, 2023.

- On September 6, 2023, the Corporation announced a new distribution agreement with TCL®, one of the world's best-selling and leading consumer electronics companies. Their TCLtv+ app is a new online streaming service that allows its customers in North America access to a wide variety of complimentary entertainment programming. This groundbreaking deal brings Stingray's innovative channels, including the debut of Ultimate Trivia, to TCLtv+ users, enhancing their entertainment experience with a diverse range of music and specialty content.

- On August 31, 2023, the Corporation announced that Peavey Mart, a leading Canadian retail and agricultural supply chain, has joined Stingray Advertising's retail audio network. With this addition, Stingray is expanding its retail audio advertising network beyond pharmacies and groceries to include over 90 hardware store locations across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario & Nova Scotia.

Conference Call
The Corporation will hold a conference call tomorrow, November 8, 10:00 AM (ET), to review its financial results. Interested parties can join the call by dialing 416-764-8687 (Toronto) or 1-888-575-5167 (toll free). A rebroadcast of the conference call will be available until midnight, December 8, 2023, by dialing 416-764-8692 or 877-674-7070 and entering passcode 742836.

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

(in thousands of Canadian dollars)	3 months Sept. 30, 2023 Q2 2024	3 months Sept. 30, 2022 Q2 2023	6 months Sept. 30, 2023 YTD 2024	6 months Sept. 30, 2022 YTD 2023
Net income	**9,389**	**3,331**	**23,507**	**12,728**
Net finance expense (income)	5,582	11,906	9,988	15,881
Change in fair value of investments	(86)	(247)	21	(368)
Income taxes	3,467	611	9,205	3,750
Depreciation and write-off of property and equipment	2,373	2,876	4,758	5,547
Depreciation of right-of-use assets	1,069	1,066	2,154	2,189
Amortization of intangible assets	4,811	4,822	9,244	9,594
Share-based compensation	120	164	221	301
Performance and deferred share unit expense	590	427	(617)	27
Acquisition, legal, restructuring and other expenses	2,203	2,075	(697)	3,468
Adjusted EBITDA	**29,518**	**27,031**	**57,784**	**53,117**
Adjusted EBITDA margin	**35.8%**	**34.8%**	**35.8%**	**34.1%**
Net income	**9,389**	**3,331**	**23,507**	**12,728**
Adjusted for:				
Change in fair value of derivative financial instruments	(600)	2,996	(4,235)	2,451
Amortization of intangible assets	4,811	4,822	9,244	9,594
Change in fair value of investments	(86)	(247)	21	(368)
Share-based compensation	120	164	221	301
Performance and deferred share unit expense	590	427	(617)	27
Acquisition, legal, restructuring and other expenses	2,203	2,075	(697)	3,468
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	(1,873)	(2,743)	(997)	(4,131)
Adjusted Net income	**14,554**	**10,825**	**26,447**	**24,070**
Average number of shares outstanding (diluted)	69,349	70,008	69,392	70,122
Adjusted Net income per share (diluted)	**0.21**	**0.15**	**0.38**	**0.34**

(in thousands of Canadian dollars)	**September 30, 2023**	**September 30, 2022**	**March 31, 2023**
LTM Adjusted EBITDA	**118,807**	**102,644**	**114,140**
Synergies and Adjusted EBITDA for the months prior to the business acquisitions which are not already reflected in the results	–	7,450	–
COVID-19 credits allocated due to mandated store closures	–	–	–
Permanent cost-saving initiatives	3,438	–	2,325
Pro Forma Adjusted EBITDA	**122,245**	**110,094**	**116,465**

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

(in thousands of Canadian dollars)	3 months		6 months	
	Sept. 30, 2023 **Q2 2024**	Sept. 30, 2022 **Q2 2023**	Sept. 30, 2023 **YTD 2024**	Sept. 30, 2022 **YTD 2023**
Cash flow from operating activities	**19,101**	**18,446**	**43,361**	**34,792**
Add / Less :				
Acquisition of property and equipment	(2,350)	(2,099)	(3,719)	(3,250)
Acquisition of intangible assets other than internally developed intangible assets	(318)	(89)	(620)	(366)
Addition to internally developed intangible assets	(1,274)	(1,165)	(2,574)	(2,729)
Interest paid	(7,903)	(5,916)	(12,666)	(10,168)
Repayment of lease liabilities	(1,368)	(1,280)	(2,425)	(2,337)
Net change in non-cash operating working capital items	8,054	3,727	14,144	11,183
Unrealized loss (gains) on foreign exchange	(1,377)	1,310	(769)	75
Acquisition, legal, restructuring and other expenses	2,203	2,075	(697)	3,468
Adjusted free cash flow	**15,578**	**15,009**	**34,305**	**30,668**

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

(in thousands of Canadian dollars)	**September 30, 2023**	**September 30, 2022**	**March 31, 2023**
Credit facilities	374,573	368,422	360,990
Subordinated debt	25,593	25,492	25,543
Cash and cash equivalents	(9,704)	(15,411)	(15,453)
Net debt	**390,462**	**378,503**	**371,080**
Net debt to Pro Forma Adjusted EBITDA	**3.19**	**3.44**	**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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