STINGRAY

NEWS RELEASE

Stingray Reports Third Quarter Results for Fiscal 2024

Revenues reach $100M fueled by organic growth of 23.9% in Broadcast and Recurring Commercial Music

- **Organic growth of 23.9% year-over-year in Broadcast and Recurring Commercial Music Revenues mainly due to strength in retail media advertising;**
- **Revenues increased 12.4% to $100.3 million from $89.2 million;**
- **Adjusted EBITDA(1) increased 12.2% to $38.6 million from $34.5 million. Adjusted EBITDA by segment was $27.9 million or 42.5% of revenues for Broadcasting and Commercial Music, $12.3 million or 35.6% of revenues for Radio and $(1.6) million for Corporate;**
- **Net income was $9.1 million ($0.13 per share(1)) compared with $12.9 million ($0.19 per share(1));**
- **Adjusted Net income(1) increased to $18.5 million ($0.27 per share(1)) compared with $16.5 million ($0.24 per share(1));**
- **Cash flow from operating activities increased 25.6% to $30.9 million ($0.45 per share(1)) compared to $24.6 million ($0.35 per share(1));**
- **Adjusted free cash flow(1) increased 80.6% to $32.7 million ($0.47 per share(1)) compared to $18.1 million ($0.26 per share(1));**
- **Net debt to Pro Forma Adjusted EBITDA(1) ratio of 2.99x, compared with 3.34x;**
- **810,000 streaming subscribers, up 0.6% over Q3 2023 and;**
- **372,400 shares repurchased and cancelled for a total of $1.9 million, compared with 340,900 shares repurchased and cancelled for a total of $1.6 million.**

Montreal, February 6, 2024 – 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 third quarter of fiscal 2024 ended December 31, 2023.

Financial Highlights (in thousands of Canadian dollars, except per share data)	**Three months ended December 31**			**Nine months ended December 31**		
	2024	2023	%	**2024**	2023	%
Revenues	**100,278**	**89,242**	12.4	**261,763**	**245,013**	6.8
Adjusted EBITDA(1)	**38,648**	**34,450**	12.2	**96,432**	**87,567**	10.1
Net income	**9,070**	**12,944**	(29.9)	**32,577**	**25,672**	26.9
Per share – diluted ($)	**0.13**	**0.19**	(31.6)	**0.47**	**0.37**	27.0
Adjusted Net income(1)	**18,483**	**16,464**	12.3	**44,930**	**40,534**	10.8
Per share – diluted ($)	**0.27**	**0.24**	12.5	**0.65**	**0.58**	12.1
Cash flow from operating activities	**30,902**	**24,605**	25.6	**74,263**	**59,397**	25.0
Adjusted free cash flow(1)	**32,655**	**18,085**	80.6	**66,690**	**48,753**	36.8

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

“Stingray delivered exceptional third-quarter results, surpassing the $100-million revenue mark for the first time in the company’s history while generating adjusted EBITDA of $38.6 million and adjusted free cash flow of $32.7 million. This outstanding operating performance was driven by organic growth of 23.9% year-over-year in Broadcast and Recurring Commercial Music revenues, including a combined 84.3% increase in retail media and FAST channel advertising revenues. We are trailblazers in the retail media advertising industry, providing large retailers with a technology platform that carries customizable ads across a digital network every few minutes to fully monetize the presence of in-store consumers. The response from the vast U.S. market has been remarkable with overall Stingray sales growing 39.7% south of the border in the third quarter. On the FAST channel side, we nearly doubled listening hours sequentially to 29 million through the integration of 18 new Stingray channels on Samsung TV Plus in the U.S. during two-plus months in Q3 2024.”

“Turning to in-car entertainment, the initial deployment of Stingray Karaoke in 300,000 BYD cars is steadily progressing and we further expanded our partnership with the world’s leading manufacturer of new energy vehicles through the launch of Calm Radio in models across dozens of countries. This latest agreement is highly significant because it diversifies our automobile product offering into the wellness space to enhance the driver’s journey, while highlighting our emerging relevance in the global in-car entertainment landscape.”

“Altogether, revenues for our Broadcasting and Commercial Music business increased 21.2% to $65.6 million in the third quarter of 2024, while Radio revenues remained relatively stable year-over-year at $34.6 million as we continued capturing share in local markets through our direct sales force. Given sustained, robust financial results, we are confident Stingray will continue to generate strong revenue growth in fiscal 2025 with a similar margin profile,” Mr. Boyko concluded.

Third Quarter Results

Revenues increased $11.1 million, or 12.4%, to $100.3 million in Q3 2024 from $89.2 million in Q3 2023. The year-over-year increase was largely due to growth in retail media advertising and FAST channel revenues.

For the quarter, revenues in Canada rose $1.6 million, or 3.1%, to $51.0 million from $49.4 million in Q3 2023. The increase mainly reflects heightened retail media advertising revenues.

Revenues in the United States grew $10.5 million, or 39.7% year-over-year, to $37.1 million in Q3 2024 from $26.6 million in Q3 2023. The growth can be attributed to the strength of retail media advertising and FAST channel revenues.

Revenues in Other countries decreased $1.0 million, or 7.8%, to $12.2 million in Q3 2024 from $13.2 million in Q3 2023. The year-over-year decline was caused by lower audio channel revenues as well as less in-store commercial revenues due to the restructuring of the division. These factors were partially offset by a positive foreign exchange impact.

Broadcasting and Commercial Music revenues increased $11.4 million, or 21.2%, to $65.6 million in Q3 2024 from $54.2 million in Q3 2023. The growth was primarily driven by higher retail media advertising and FAST channel revenues. Radio revenues decreased $0.5 million, or 1.3%, to $34.6 million in Q3 2024 from $35.1 million in Q3 2023 as local and national agency airtime advertising dropped year-over-year, partially offset by increases in local direct revenues.

Consolidated Adjusted EBITDA(1) improved $4.1 million, or 12.2%, to $38.6 million in Q3 2024 from $34.5 million in Q3 2023. The growth in Adjusted EBITDA(1) was mainly due to higher revenues. Adjusted EBITDA margin(1) reached 38.5% in Q3 2024 compared to 38.6% in the same period in 2023, the slight decline was due to the decrease in Adjusted EBITDA(1) in the Radio segment.

Net income totaled $9.1 million ($0.13 per share) in Q3 2024 compared to $12.9 million ($0.19 per share) in Q3 2023. The decrease was mainly driven by an unrealized loss on derivative financial instruments and by higher performance and deferred share units expense related to a share price increase. These factors were partially offset by higher operating results and lower income taxes.

Adjusted net income(1) reached $18.5 million ($0.27 per share) in Q3 2024 compared to $16.5 million ($0.24 per share) in the same period in 2023. The increase can mainly be attributed to higher operating results, partially offset by a greater loss on foreign exchange.

Cash flow generated from operating activities totaled $30.9 million in Q3 2024 compared to $24.6 million in Q3 2023. The year-over-year improvement was mainly due to the non-recurring recovery of income taxes attributable to the Radio segment and higher operating results, partially offset by a greater negative net change in non-cash operating items. Adjusted free cash flow(1) amounted to $32.7 million in Q3 2024 compared to $18.1 million in the same period in 2023. The increase was mainly related to the non-recurring recovery of income taxes attributable to the Radio segment and better operating results.

As at December 31, 2023, the Corporation had cash and cash equivalents of $7.0 million, subordinated debt of $25.6 million and credit facilities of $362.9 million, of which approximately $61.0 million was available. The Net Debt to Pro Forma Adjusted EBITDA ratio(1) stood at 2.99x as at December 31, 2023 compared to 3.34x as at December 31, 2022.

Declaration of Dividend

On February 6, 2024, 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, 2024 to shareholders on record as of February 29, 2024.

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 January 22, 2024, the Corporation announced the launch of five video channels on Xiaomi TV+, a free ad-supported TV streaming service platform. This successful cooperation was made possible through the commercial support and expertise of THEMA, a Canal+ company. The offering is now live and available on all Android TVs (through Xiaomi TV+ App download) in Germany, Italy, Spain, France, and the United Kingdom, providing a rich and diverse content experience to all viewers across these countries. Further expansion to other countries is planned for next year.

- On January 10, 2024, the Corporation announced that Stingray Karaoke will be featured as an in-car entertainment service in the innovative and luxurious AFEELA Prototype manufactured by Sony Honda Mobility Inc.. This collaboration was showcased at the 2024 Consumer Electronics Show (CES) and represents the start of future collaboration between the companies.

- On January 8, 2024, the Corporation announced the launch of the next-generation karaoke experience with gaming and scoring features for use in the automotive space. Its partner, The Singing Machine Company, Inc., announced the launch of its in-car karaoke microphone with pitch detection exclusively working with Stingray Karaoke scoring features at the 2024 Consumer Electronics Show in Las Vegas from January 9-12, 2024.

- On January 5, 2024, the Corporation announced the expansion of its global deal with BYD, the world's leading manufacturer of new energy vehicles. Following the successful integration of Stingray Karaoke, BYD will now include the established Calm Radio app in their models sold across dozens of countries. This represents the first time that Calm Radio has been deployed across a leading EV OEM platform, showcasing Stingray's commitment to revolutionizing the global in-car entertainment landscape with compelling content and features.

- On November 17, 2023, the Corporation announced the launch of eighteen new channels on Samsung TV Plus, Samsung's 100% free ad-supported streaming TV and video on-demand (AVOD) service. These channels are now live and available to users in the U.S. on Samsung Smart TVs, Galaxy devices, Smart Monitors, Family Hub refrigerators and on the web. The new audio channels on Samsung TV Plus cater to a broad spectrum of musical tastes and genres. From Hot Country, Remember the 80's, Nothin' but 90's, Flashback 70's, Smooth Jazz, Easy Listening, The Spa, Today's K-Pop, Today's Latin Pop, Romance Latino, Classic Rock, Hip-Hop and Greatest Hits, there's something for every music lover. This diverse array of channels reflects Stingray's commitment to delivering a rich and varied music experience to all listeners.

- On November 16, 2023, the Corporation announced the introduction of its latest TV channel, Stingray Holidayscapes. Now available on LG Smart TVs, the channel promises to enhance the viewing experience for millions of users across North America. Stingray Holidayscapes sets the perfect ambiance for all at-home activities and gatherings throughout the seasons, transforming everyday moments into memorable experiences. The channel artfully weaves together scenes of vibrant celebrations with holiday-inspired lifestyle videos, creating a distinctive backdrop for every occasion. With a repertoire ranging from heartfelt Valentine's Day love songs to spooky Halloween pop hits and timeless holiday classics, Stingray Holidayscapes celebrates the spirit of festivity all year round.

- On November 9, 2023, the Corporation announced the addition of five new FAST channels on Pluto TV now available to audiences in Canada. This expansion highlights Stingray's commitment to delivering diverse, high-quality content across the country.

Conference Call
The Corporation will hold a conference call tomorrow, February 7, 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 7, 2024, by dialing 416-764-8692 or 877-674-7070 and entering the passcode 174404.

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		9 months	
(in thousands of Canadian dollars)	Dec. 31, 2023 **Q3 2024**	Dec. 31, 2022 **Q3 2023**	Dec. 31, 2023 **YTD 2024**	Dec. 31, 2022 **YTD 2023**
Net income	**9,070**	**12,944**	**32,577**	**25,672**
Net finance expense (income)	15,159	7,205	25,147	23,086
Change in fair value of investments	103	68	124	(300)
Income taxes	3,186	5,037	12,391	8,787
Depreciation and write-off of property and equipment	2,401	1,784	7,159	7,331
Depreciation of right-of-use assets	1,074	1,092	3,228	3,281
Amortization of intangible assets	4,003	4,596	13,247	14,190
Share-based compensation	121	153	342	454
Performance and deferred share unit expense	2,747	(238)	2,130	(211)
Acquisition, legal, restructuring and other expenses	784	1,809	87	5,277
Adjusted EBITDA	**38,648**	**34,450**	**96,432**	**87,567**
Adjusted EBITDA margin	**38.5%**	**38.6%**	**36.8%**	**35.7%**
Net income	**9,070**	**12,944**	**32,577**	**25,672**
Adjusted for:				
Unrealized loss (gain) on derivative financial instruments	5,056	(1,642)	821	809
Amortization of intangible assets	4,003	4,596	13,247	14,190
Change in fair value of investments	103	68	124	(300)
Share-based compensation	121	153	342	454
Performance and deferred share unit expense	2,747	(238)	2,130	(211)
Acquisition, legal, restructuring and other expenses	784	1,809	87	5,277
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	(3,401)	(1,226)	(4,398)	(5,357)
Adjusted Net income	**18,483**	**16,464**	**44,930**	**40,534**
Average number of shares outstanding (diluted)	69,068	69,678	69,282	69,872
Adjusted Net income per share (diluted)	**0.27**	**0.24**	**0.65**	**0.58**

(in thousands of Canadian dollars)	**December 31, 2023**	**December 31, 2022**	**March 31, 2023**
LTM Adjusted EBITDA	**123,005**	**108,590**	**114,140**
Permanent cost-saving initiatives	4,459	5,074	2,325
Pro Forma Adjusted EBITDA	**127,464**	**113,664**	**116,465**

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

	3 months		9 months	
(in thousands of Canadian dollars)	Dec. 31, 2023 **Q3 2024**	Dec. 31, 2022 **Q3 2023**	Dec. 31, 2023 **YTD 2024**	Dec. 31, 2022 **YTD 2023**
Cash flow from operating activities	**30,902**	**24,605**	**74,263**	**59,397**
Add / Less :				
Acquisition of property and equipment	(1,742)	(1,997)	(5,461)	(5,247)
Acquisition of intangible assets other than internally developed intangible assets	(256)	(532)	(876)	(898)
Addition to internally developed intangible assets	(1,279)	(1,978)	(3,853)	(4,707)
Interest paid	(6,620)	(6,882)	(19,286)	(17,050)
Repayment of lease liabilities	(997)	(974)	(3,422)	(3,311)
Net change in non-cash operating working capital items	9,500	3,376	23,644	14,559
Unrealized loss on foreign exchange	2,363	658	1,594	733
Acquisition, legal, restructuring and other expenses	784	1,809	87	5,277
Adjusted free cash flow	**32,655**	**18,085**	**66,690**	**48,753**
Average number of shares outstanding (diluted)	69,068	69,678	69,282	69,872
Adjusted free cash flow per share (diluted)	**0.47**	**0.26**	**0.96**	**0.70**

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

(in thousands of Canadian dollars)	**December 31, 2023**	**December 31, 2022**	**March 31, 2023**
Credit facilities	362,902	366,168	360,990
Subordinated debt	25,577	25,517	25,543
Cash and cash equivalents	(6,991)	(12,303)	(15,453)
Net debt	**381,488**	**379,382**	**371,080**
Net debt to Pro Forma Adjusted EBITDA	**2.99**	**3.34**	**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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