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FRANKLYMEDIA

Frankly Reports Results for the Fourth Quarter and Full Year 2017

LONG ISLAND CITY, N.Y., April 2, 2018 /PRNewswire/ --**Frankly Inc.** **(TSX VENTURE: TLK) (Frankly**), a leader in transforming local TV broadcasters and media companies by enabling them to publish and monetize their digital content across multiple platforms, reported financial results for the fourth quarter and fiscal year ended December 31, 2017. All financial statements have been prepared in accordance with U.S. GAAP.

Full Year 2017 Financial Results (All amounts in U.S. dollars)

- Revenue increased 13% to $25.7 million from $22.8 million in 2016. The increase in revenue was primarily due to contractual changes to the company's advertising program requiring it to recognize gross revenues beyond commissions, as well as increases in usage and professional services fees.
- Net loss totaled $(17.2) million compared to $(10.7) million in 2016. The increase in net loss was due to $2.4 million increase in non-cash goodwill impairment expense, $1.0 million increase in non-cash depreciation and amortization expense, $0.9 million increase in other expense comprised primarily of expense associated with our strategic transaction retention plan initiated in the fourth quarter of 2017, $1.2 million increase in interest expense, net due to the August 2016 refinancing with Raycom and $0.5 million increase in professional fees.
- Adjusted EBITDA loss totaled $(339,000) compared to adjusted EBITDA of $335,000 in 2016 (see discussion about the presentation of adjusted EBITDA below).

Fourth Quarter 2017 Financial Results (All amounts in U.S. dollars)

- Revenue decreased 4% to $6.3 million from $6.5 million in the prior quarter, and increased 2% from $6.1 million in the fourth quarter of 2016. The year over year increase was primarily due to increases in license fees for the launch of our native mobile and OTT applications.
- Net loss totaled $(10.2) million compared to $(3.1) million in the prior quarter and $(6.3) million in the fourth quarter of 2016. Net loss for the fourth quarter of 2017 included a non-cash impairment expense of $6.5 million against the goodwill recognized on the Worldnow acquisition (completed in 2015), compared to a goodwill impairment expense of $4.2 million in the same year-ago quarter.
- Adjusted EBITDA loss was $(207,000) compared to adjusted EBITDA loss of $(180,000) in the prior quarter, and adjusted EBITDA of $104,000 in the fourth quarter of 2016 (see discussion about the presentation of adjusted EBITDA below). The higher adjusted EBITDA loss in the fourth quarter of 2017 was primarily due to higher research and development expenses to accelerate the company's product roadmap, which are intended to take advantage of increased customer opportunities in the company's pipeline in 2018, as well as an increase in professional fees concerning legal matters of the company.
- At December 31, 2017, the company had $1.9 million in cash and restricted cash. As part of our announced process to explore strategic alternatives, we are currently in negotiations concerning an additional credit facility that, if successfully completed, would provide funding needed to sustain operations through 2018.

Management Commentary
"2017 will be remembered as a pivotal year in Frankly's long-term evolution into a stronger, more innovative and, ultimately, profitable organization," said company COO and CFO Lou Schwartz. "Despite some of the hurdles we faced during the year, we still successfully managed to grow our topline, which is a further endorsement of the strength in our business model. Moving forward, we anticipate that the continued growth of Frankly Local and Frankly Data, two of our major growth and innovation-focused initiatives, will provide us with even greater monetization capabilities. We also believe the successful migration of our legacy CMS customers to our next-gen platform as well as the scheduled transition of Frankly video customers onto our new cloud-based platform, which features a more modernized workflow, will allow us to start generating additional incremental and recurring revenues beginning in 2018.

"In all, we entered the new year with a strengthened product portfolio and a growing pipeline of new business, elements we believe will drive our expansion moving forward. In conjunction with our long-term growth focus, we also recently implemented an aggressive optimization plan during the first quarter of 2018 to reduce expenses in non-strategic areas. Our ultimate goal is to achieve growth *and* profitability which will turn Frankly into a self-sustaining organization for the many years ahead."

About Frankly
Frankly (TSX VENTURE: TLK) builds an integrated software platform for media companies to create, distribute, analyze and monetize their content across all of their digital properties on web, mobile and TV. Its customers include NBC, ABC, CBS and FOX affiliates. The company is headquartered in in New York. To learn more, visit www.franklyinc.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Non-GAAP Measures
The Company reports earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA, which are not financial measures calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP") and therefore may not be comparable to similar measures presented by other issuers. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute to net income (loss) or any other financial measures of performance or liquidity calculated and presented in accordance with GAAP. The Company defines Adjusted EBITDA as EBITDA, adjusted to exclude certain non-cash charges and other items that we do not believe are reflective of our ongoing operating results. The Company utilizes Adjusted EBITDA internally for purposes of forecasting, determining compensation, and assessing the performance of our business, therefore, we believe this measure provides useful supplemental information that may assist investors in assessing an investment in the Company.

The following unaudited table presents the reconciliation of net loss to Adjusted EBITDA for the fiscal years ended December 31, 2017 and 2016, respectively.

	Year Ended December 31,	
	2017	2016
Net Loss	$ (17,193,639)	$ (10,710,942)
Interest expense, net	2,459,514	1,266,096
Income tax expense	-	-
Depreciation and amortization	4,381,888	3,398,491
Stock-based compensation	1,141,117	1,190,960
Impairment expense	6,630,936	4,209,000
Loss on disposal of assets	-	1,093
Loss on extinguishment of debt	38,287	-
Transaction costs	139,710	-
Nasdaq listing fees	913,690	774,152
Retention plan	740,523	-
Litigation expense	381,562	-
Other expense	27,017	205,681
Adjusted EBITDA	$ (339,395)	$ 334,531

Notice Regarding Forward-Looking Statements
This release includes forward-looking statements regarding Frankly and their respective businesses. Forward-looking events and circumstances discussed in this release, may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting the parties. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Frankly undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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