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Frankly Reports First Quarter 2018 Financial Results

LONG ISLAND CITY, N.Y., May 15, 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 first quarter ended March 31, 2018. All financial statements have been prepared in accordance with U.S. GAAP.

First Quarter 2018 Financial Results (All amounts in U.S. dollars)

- Revenue decreased 8% to $5.8 million from $6.3 million in the prior quarter, and decreased 9% from $6.4 million in the first quarter of 2017. The year over year decrease was primarily due to decreases in local advertising fees as well as professional services fees due to less ad hoc professional services engagements in the 2018 period.
- Net loss totaled $(3.8) million compared to $(10.2) million in the prior quarter and $(1.5) million in the first quarter of 2017. The year over year increase in net loss was primarily due to a $597,000 decrease in revenue discussed above, a $583,000 increase in general and administrative expense due to a bad debt reserve in the amount of $688,000 relating to one advertising customer, a $588,000 increase in retention expense relating to our employee retention plan which was rolled out in connection with the strategic investor search in the fourth quarter of 2017 and a $461,000 increase in restructuring expense related to a company-wide reduction-in-force.
- Adjusted EBITDA loss was $(756,000) compared to adjusted EBITDA loss of $(207,000) in the prior quarter, and adjusted EBITDA of $428,000 in the first quarter of 2017 (see discussion about the presentation of adjusted EBITDA below). The year over year decrease in adjusted EBITDA was primarily due to an increase in net loss of $2.3 million explained above, partially offset by add-backs to net income for the $588,000 increase in retention expense and $461,000 increase in restructuring expense explained above.
- At March 31, 2018, the company had $1.4 million in cash and restricted cash. Subsequent to the quarter end, the company entered into an amendment of its existing credit facility with Raycom. Under the terms of the amendment, Raycom would provide Frankly with an additional $7.5 million of funding, to be paid in installments over a six-month period, subject to Frankly's achievement of certain operational milestones.

Management Commentary
"The first quarter marked the beginning of our revitalized efforts to put Frankly back on the path toward long-term profitability," said company CEO Lou Schwartz. "This plan to reduce expenses in non-strategic areas will take a bit of time to be fully realized, but we've now made the necessary first moves to ensure that we can evolve into an organization built to last. In the meantime, our recently amended credit agreement will provide us with the necessary capital to continue focusing our business on areas of high growth that will provide greater returns in the long run.

"Operationally, both Frankly Local and Frankly Data continue to present our most significant monetization opportunities, which is why we've continued to dedicate our time and resources to these initiatives. Additionally, we are looking forward to the successful migration of our legacy CMS customers to our innovative, next-gen platform and the scheduled transition of Frankly video customers onto our new cloud-based platform, as these processes will enable us to begin generating additional recurring revenues. Moving forward, our pipeline continues to grow at a healthy pace, and we remain on track to achieve our near-term goal of operating cash flow profitability by the end of this year as well as our long-term goal in becoming truly self-sustaining."

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 three months ended March 31, 2018 and 2017, respectively.

	Three Months Ended March 31,	
	2018	**2017**
Net Loss	$ (3,809,493)	$ (1,503,819)
Interest expense, net	597,096	610,205
Income tax expense	-	-
Depreciation and amortization	1,147,245	1,066,731
Stock-based compensation	235,040	228,166
Transaction costs	24,673	-
Restructuring expense	460,960	-
Retention expense	588,099	-
Other expense	-	27,017
Adjusted EBITDA	$ (756,380)	$ 428,300

Notice Regarding Forward-Looking Statements

This release includes forward-looking statements regarding Frankly and its respective businesses. Forward-looking events and circumstances discussed in this release, including statements with respect to the amendment to the Credit Agreement and the Company's achievement of operational milestones, 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. Forward looking statements depend on certain assumptions that management deems to be reasonable in the circumstances, but such assumptions may prove to be incorrect and the outcome of the subject of any forward-looking statement cannot 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.