

Frankly Reports Second Quarter 2016 Financial Results

SAN FRANCISCO, Aug. 26, 2016 /CNW/ – Frankly Inc. (TSX VENTURE: TLK) (Frankly), a leading content, engagement and monetization platform for brands and media companies, reported financial results for the second quarter ended June 30, 2016.

Second Quarter 2016 Financial Highlights (All amounts are in US dollars)

- Revenue increased 1% to \$5.2 million from the previous quarter of 2016. The sequential increase was primarily due to higher revenue from advertising fees. On a year-over-year basis, revenue increased \$5.2 million from a nominal amount in the same year-ago period. The year-over-year increase was due to the acquisition of Worldnow completed in August 2015.
- Adjusted EBITDA loss totaled \$110 thousand compared to adjusted EBITDA of \$9 thousand in the first quarter of 2016 (see discussion about the presentation of adjusted EBITDA below). The sequential decrease in adjusted EBITDA was primarily due to one-time advertising and marketing expenses related to the company's presence at the National Association of Broadcasters (NAB) show in April. Excluding this one-time expense, adjusted EBITDA would have been approximately \$36 thousand.
- Net loss totaled \$1.4 million, an improvement of \$200 thousand from the first quarter of 2016.
- The company had \$4.3 million in cash at June 30, 2016.

Second Quarter 2016 Operational Highlights

- Launched next-generation native mobile and connected TV apps, all powered by Frankly's new App Management System (AMS) and integrated into the Frankly core CMS dashboard. Today, more than 100 apps publicly launched on Frankly's mobile app and OTT framework, including WBBH, KUAM, BizWireTV, among many others.
- Led by Bill Ammerman, recently joined as Head of Advertising from Tribune Media, completed the foundational work for a new data-driven advertising platform, including restructuring the core team, driving price optimization, and securing best-in-class ad technology partners.
- Strategically reduced headcount and third-party costs, resulting in substantial reduction of costs overall

Management Commentary

"Today marks the one-year anniversary of the closing of our acquisition of Worldnow, and looking back, I am incredibly proud of the achievements we have made as a team here at Frankly," said company chairman and CEO, Steve Chung.

"Our post-acquisition success is the result of the hard work and strategic decisions we made over the past 12 months, and the second quarter marked the final phase of our integration and foundational work. We have rationalized costs and realized significant product synergies, and to put our progress in perspective, our normalized quarterly adjusted EBITDA has improved by approximately \$1.7 million compared to Q4 2015.

"Though our topline revenue was consistent with the prior quarter, Q2 was highlighted by our ability to further reduce costs in non-strategic areas and improve our bottom line. In fact, Q2 marked the third consecutive quarter net loss has improved, driven by the cost rationalization initiatives that began in the second half of last year.

"From an operational perspective, we continued to execute on our growth plan by securing new customer wins and renewals, as well as launching innovative products like the next-gen native mobile and OTT apps we introduced at NAB. In less than four months since the launch, we have more than 100 apps live in the marketplace today. We believe we can build on this pace of customer wins in the market throughout the year.

"Looking ahead, our results for the second quarter, along with our optimized cost structure and expanding sales pipeline, have set the stage for a strong rest of 2016. Our operational success will be measured by our ability to aggressively grow our data-driven advertising business, expand the number of native mobile and OTT apps in the marketplace, as well as secure new strategic channel partners to amplify our sales and drive profitable growth. Our execution on these key initiatives will help drive our financial goals, which include achieving meaningful revenue growth and increasing our profitability."

Conference Call

Frankly management will hold a conference call later today (August 26, 2016) at 10:00 a.m. Eastern time (7:00 a.m. Pacific time) to discuss these results. The call may also include discussion of company developments, forward-looking information and other material information about Frankly's business and financial matters.

Frankly chairman and CEO Steve Chung, along with CFO and COO Lou Schwartz will host the presentation, followed by a question and answer period.

U.S. dial-in: 1-888-747-4664

International dial-in: 1-913-312-1517

Please call the conference telephone number 10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios Group at 949-574-3860.

The conference call will be broadcasted live and available for replay [here](#). A telephonic replay of the call will be available after 1:00 p.m. Eastern time through September 9, 2016.

U.S. replay dial-in: 1-877-870-5176

International replay dial-in: 1-877-870-5176

Replay ID: 5761826

About Frankly

Frankly (TSX VENTURE: TLK) builds an integrated software platform for brands and 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, as well as top fashion brands, professional sports franchises and global organizations. Collectively, Frankly reaches nearly 80 million monthly users in the United States. The company is headquartered in San Francisco with major offices 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-IFRS 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 International Financial Reporting Standards ("IFRS") 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 IFRS. 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.

Below is a reconciliation of adjusted EBITDA to net loss for the three and six month periods ended June 30, 2016 and 2015:

Three month period ended	Six month period ended
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	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Adjusted EBITDA	\$ (110,076)	\$ (2,650,477)	\$ (100,696)	\$ (4,883,740)
Business acquisition related costs	(3,011)	-	(3,011)	-
Integration expenses	-	-	163,065	-
Sales tax settlement	-	-	178,147	-
Loss on disposal of assets	-	-	1,093	-
Stock based compensation	311,571	285,150	583,569	470,702
Foreign exchange (gain) loss	(867)	(9,636)	2,655	(6,847)
EBITDA	(417,769)	(2,925,991)	(1,026,214)	(5,347,595)
Depreciation and amortization	803,763	24,720	1,599,019	37,754
Interest expense, net	220,838	-	441,774	2
Income taxes	580	800	3,790	800
Net loss	\$ (1,442,950)	\$ (2,951,511)	\$ (3,070,797)	\$ (5,386,151)

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.

To view the original version on PR Newswire, visit: <http://www.pnewswire.com/news-releases/frankly-reports-second-quarter-2016-financial-results-300318712.html>

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