Frankly Announces Credit Line Of Up To Us $5 Million; Director Compensation

NEW YORK, Jan. 7, 2020 /CNW/ -- **Frankly Inc. ("Frankly") (TSX-V: TLK) (OTCQX: FRNKF)**, announces that its Frankly Media subsidiary ("Frankly Media") has entered an agreement with an arm's length lender, EB Acquisition Company, LLC (the "Lender"), whereby the Lender has agreed, subject to the terms and conditions thereof, to provide Frankly Media with a revolving term line of credit in the principal amount of up to US$5 million (the "Loan"). In connection with entering into the Loan, Frankly Media has drawn US$4 million under the Loan under an initial advance. Subsequent advances may be made, subject to customary conditions precedent to be satisfied by Frankly Media or waived by the Lender.

Summary of Loan Terms - The Loan has a one-year term, extendable for a second year upon the mutual agreement of Lender and Frankly Media, and is secured by a security interest in Frankly Media's assets, as well as a guarantee by Frankly, secured against Frankly's assets. The Loan is subject to a US$100,000 commitment fee, payable US$50,000 within the later of five business days following (a) the entry of the Loan agreement or (b) receipt of any required regulatory approval. If the Loan term is extended for a second year, an additional fee will be payable by Frankly Media in the amount of 1% of outstanding principal balance under the Loan as of the commencement of the second year of the Loan term. Interest on outstanding balances of the Loan will accrue at a rate of 10% per annum. The Loan is subject to mandatory repayment arising upon Frankly's raising of certain amounts of additional financing. The proceeds of the Loan will be used to supplement Frankly Media's general working capital.

Summary of Warrant Terms - In connection with the Loan, and subject to TSX Venture Exchange approval, Frankly will also grant the Lender warrants to acquire up to US$500,000 of Frankly common shares (determined in reference to the "Market Price" of Frankly common shares pursuant to the policies of the TSX Venture Exchange) (the "Bonus Warrants"). Each Bonus Warrant will be exercisable to acquire one Frankly common share with an exercise price of C$0.50 per share. The Bonus Warrants will have a two-year exercise period commencing on the date of their issuance, provided that if there is full repayment of the outstanding principal balance of the Loan within the first year of the Loan term, or the term of the Loan is not extended for a second year, the exercise period of the Bonus Warrants will be reduced to one year from the date of their issuance. The Bonus Warrants granted in connection with the Loan will be subject to a regulatory hold period of four months from the date of issuance.

Director Compensation – Separately, in connection with its Board compensation plan, Frankly has granted its Chairman of the Board, Tom Rogers, 234,101 restricted stock units (RSUs), and has granted directors Steve Zenz and Samuel Hyun 183,210 RSUs and 29,356 RSUs, respectively, due for Board service. These grants represent regular quarterly amounts due for Q3 and Q4 2019 and Q1 2020.

About Frankly Media

Frankly Media provides a complete suite of solutions that give publishers a unified workflow for the creation, management, publishing and monetization of digital content to any device, while maximizing audience value and revenue.

The company is headquartered in New York with offices in Atlanta. Frankly Media is publicly traded under ticker TLK on Canada's TSX Venture Exchange. For more information, visit www.franklymedia.com

Notice Regarding Forward-Looking Statements

This release includes forward-looking statements regarding Frankly and its respective businesses, including statements regarding Frankly's expectation that the TSX Venture Exchange will approve the issuance of the Bonus Warrants (and the expected terms thereof) in connection with the Loan, as well as statements regarding future advances which Frankly Media may borrow under the credit facility established by the Loan, which may not occur on the timetables contemplated or at all or which may occur on terms that materially differ from those described herein. Forward-looking statements 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. Material risk factors that could cause actual results to differ materially from those described herein include: that required regulatory approvals in connection with the Loan will not be obtained on terms acceptable to the Lender and Frankly or at all and risks that Frankly may not be able to cause Frankly Media to satisfy the conditions precedent to obtain subsequent advances under the Loan in a timely manner, or at all. 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. Such assumptions are based on, among other things, management's assessment of the ability to obtain required approvals of the TSX Venture Exchange and management's assumptions regarding its ability to cause Frankly Media to satisfy the conditions precedent under the Loan in respect of subsequent advances. 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.

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.

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CNW 21:36e 07-JAN-20