

Kew Media Group Provides an Update and Releases Unaudited Pro Forma Financial Results for First Quarter of 2017

Progress in line with expectations and maintains prospectus forecast of 2017 Adjusted EBITDA of \$19.1 million

Toronto, ON, June 29, 2017 -- Kew Media Group Inc. (“Kew Media” or the “Company”) (TSX:KEW and KEW.WT) today released pro forma financial results for the full three-month period ended March 31, 2017. Previously, on May 15, 2017, the Company announced its actual results for the period, which included the results of operations of the companies acquired pursuant to its qualifying acquisition (“QA”) on March 20, 2017. Accordingly, the Q1 March financial statements included results of the acquired companies for only the final 11 days of the quarter, being the period from March 21-31, 2017.

In order to give investors a better understanding of the Company’s pro-forma actual financial and operating results inclusive of these assets, and to be able to track actual results for the full 12-month period from January 1 to December 31, 2017, the Company today announced the unaudited pro forma results for the full first quarter of 2017, being the period from January 1 to March 31, 2017.

Kew Media, which was created as a special purpose acquisition corporation (“SPAC”) to acquire assets and operations in the entertainment production and distribution business, completed its QA on March 20, 2017. Pursuant to the QA, Kew Media acquired all of the issued and outstanding shares of each of Content Media Corporation plc (“CMC”), Architect Films Inc., Bristow Global Media Inc., Frantic Films Corporation, Media Headquarters Film & Television Inc. and Our House Media Inc. (collectively the “Acquired Companies”) for total consideration of approximately \$120.3 million, including the assumption of \$57 million of borrowings. These pro forma results include the results of operations of these assets for the entire three-month period ended March 31, 2017.

Pro Forma Financial Highlights for the Three Months ended March 31, 2017

Revenue:	\$81.1 million	
Gross profit:	\$19.5 million	
Adjusted EBITDA ¹ :	\$10.1 million	
Segmented results:	<u>Production</u>	<u>Distribution</u>
Revenue:	\$47.4 million	\$33.7 million
Operating profit:	\$5.1 million	\$7.4 million

Expected Seasonality and Fluctuations in Quarterly Group Results

As disclosed in the Company’s prospectus, the business of CMC, Kew Media’s largest subsidiary, has historically been highly seasonal, with the vast majority of its profitability earned over the winter months. The Company believes this seasonality is typical of many production and distribution companies

¹ Non-IFRS measure. See “Non-IFRS Measures” below.

and not particular to Kew Media. Historically, the calendar first and fourth quarters will constitute most of Kew Media's earnings. This trend has continued into 2017 as Kew Media's first quarter results were relatively strong, while the second and third quarters are expected to be somewhat flat, before strengthening again in the fourth quarter.

Kew Media further noted that, in addition to seasonality, the Company's results will be characterized by quarterly variations due to the market in which it operates. This market typically has lumpy revenue and profit recognition dependent on the timing of the production, delivery and exploitation of its film and television shows.

Prospectus Forecast and Pro-Forma Actual Results

In its recent prospectus, Kew Media also provided Pro Forma Adjusted EBITDA¹ for the 12-month periods ended December 31, 2015 and 2017. These results were calculated based on different time periods for each of the new subsidiary companies, including the 12-months ending on the following March 31 for CMC. Additionally, various Pro Forma Adjustments were made that were disclosed in the prospectus and were consistently applied in each year's calculation. As disclosed, Adjusted EBITDA¹ for 2015 was \$12.9. The Adjusted EBITDA¹ for the comparable 2016 period was \$14.9 million, up 15.2% from 2015. The Adjusted EBITDA¹ for the comparable 2017 period, including the 12-months ending March 31, 2018 for CMC, was forecast to be \$19.1 million and Kew Media continues to maintain this forecast.

Ongoing Strategy

Kew Media is pleased with the strong start to the execution of its business plan. The Company has begun to leverage its group structure by moving its production companies' content onto its sales platform, initiating production partnerships between its companies and utilising the benefits of a strong and well financed group with an established industry presence and robust support services. Management remains focused on delivering on the strategic synergies and efficiencies over the coming period.

Additionally, the Company is continuing its plan to grow through further strategic acquisitions across various territories and in various media sectors. Significant progress is being made and shareholders will be further updated in due course.

Finally, the Company has signed a commitment letter with SunTrust Bank pursuant to which, subject to terms and conditions, SunTrust Bank has committed to provide a portion up to US\$50 million of a new senior secured revolving credit facility of up to US\$75 million and SunTrust Robinson Humphrey, Inc. is acting as arranger. The syndication of the facility has been completed with other lenders providing commitments (subject to terms and conditions) in an aggregate amount that will allow for initial aggregate commitments under such facility of US\$100 million and the documentation in relation to this facility has commenced. The Company expects such facility to close by July 31, 2017.

"Kew Media's pro forma results for the first quarter of calendar 2017 were particularly pleasing and in line with management's expectations, reflecting the strong results of CMC in the quarter," said Steven Silver, Chief Executive Officer of the Company. "Looking to the balance of the year, we have good

visibility on revenue targets and a robust pipeline of potential acquisition targets on which we are pursuing an ongoing due diligence process.”

Selected Pro Forma Information

	Three months ended March 31, 2017
Revenue	
Production and distribution revenue	81,062
Cost of sales	61,550
Gross profit	19,512
Expenses	
General and administrative expenses	13,639
Transaction costs	6,287
Depreciation	401
Share based payment	292
Interest expense, net of interest income	467
Realized loss on change in fair value of financial liabilities	1,840
Total expenses	22,926
Loss before income taxes	(3,414)
Income tax expense	(861)
Net loss for the period	(4,275)
Net loss attributable to:	
Equity holders of the parent	(5,040)
Non-controlling interest	765
	(4,275)
Calculation of Adjusted EBITDA: ⁽¹⁾	
Loss before income taxes	(3,414)
Transaction costs	6,287
Depreciation	401
Interest expense, net of interest income	467
Non-recurring exceptional items	5,212
Share based payment	292
Realized loss on change in fair value of financial liabilities	1,840
Adjusted EBITDA before NCI	11,085
NCI	(949)
Adjusted EBITDA after NCI	10,136

(1) Non-IFRS Financial Measure, See “Non-IFRS Measures” below

The Company’s business activities are conducted through two segments.

Three months ended March 31, 2017	Production	Distribution	Corporate	Consolidated
Revenues	47,403	33,659	-	81,062
Cost of sales	36,575	24,975	-	61,550
General and administrative expenses *	5,703	1,282	6,654	13,639
Segment profit (loss)	5,125	7,402	(6,654)	5,873

- Included in the Corporate General and administrative expenses are Non-recurring exceptional items of \$5,212,000 that predominantly relate to such costs incurred by the Acquired Companies due to the acquisition process. The balance of \$1,442,000 of Corporate General and administrative expenses refers to centralised recurring corporate overhead costs within Kew Media Group Inc. and Content Media Corporation plc.

Conference Call

A conference call for analysts and interested listeners will be held on 10:00am EDT on Tuesday July 4, 2017. The call-in numbers for participants are 800-753-4387 in North America and 0800-496-1447 in the United Kingdom. Other international callers can dial +1-212-231-2902.

A replay of the call will be available until 11:59 pm EDT on August 3, 2017. To access the replay, call 416-626-4100 or 800-558-5253, and enter reservation number 21855087. A transcript of the call will be posted on the Company's website.

Forward-Looking Statements

This news release may include forward-looking statements. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward-looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Company's objectives and priorities for 2017 and beyond, and strategies or further actions with respect to the Company, its business operations, financial performance and condition. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions and are identified by words such as "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Company's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors. The forward-looking information contained in this news release is presented for the purpose of assisting readers in understanding the Company's business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes. A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward-looking statements contained in this news release, including, among other factors, those referenced in the section entitled "Risk Factors" in the Company's annual information form for the year ended December 31, 2016, a copy of which is available on the SEDAR website at www.sedar.com under the Company's profile. Forward-looking statements contained in this news release are not guarantees of future performance and, while forward-looking statements are based on certain assumptions that the Company considers reasonable, actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company. Readers are cautioned to consider these and other factors carefully when making decisions with respect to the Company and not place undue reliance on forward-looking statements. Circumstances affecting the Company may change rapidly. Except as may be expressly required by applicable law, Kew Media

does not undertake any obligation to update publicly or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

Accounting Constructs and Unaudited Status of Financial Information

The financial information provided in this release is not required for any regulatory purpose and is provided for additional shareholder guidance only. The financial information provided in this release is neither audited or IFRS audit reviewed. Where possible the information has been constructed by management from available audited or audit reviewed financial statements. Where no audited or audit reviewed information has been available, additional management accounting information has been utilised to construct the financial information.

Non-IFRS Measures

This news release contains references to certain measures that do not have a standardized meaning under International Financial Reporting Standards (“IFRS”) as prescribed by the International Accounting Standards Board and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management’s perspective. Accordingly, non-IFRS measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. The Company believes that non-IFRS measures, specifically Adjusted EBITDA, are frequently used by securities analysts, investors and other interested parties as measures of financial performance and to provide supplemental measures of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures. Please see the Company’s management’s discussion and analysis for the three months ended March 31, 2017 for a detailed description of these measures and a reconciliation of these measures to the nearest IFRS measure.

About Kew Media Group Inc.

Kew Media is one of the most significant independent entertainment content companies in the world, having recently acquired eleven best-in-class production and distribution companies. With primary offices in London, Los Angeles, New York and Toronto, the Kew Media companies develop, produce and distribute multi-platform, mass-audience, returnable content for the global market, across the following genres: factual, reality, lifestyle, drama, comedy, documentary, variety and branded content. Kew Media currently owns over 6,500 hours of premium content sold in over 150 countries on almost every available viewing platform. For more information, please visit the Company’s website at www.kewmedia.com.

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