



KEW MEDIA GROUP Reports Financial Results for Second Quarter of 2018

– Results in Line with Management Expectations; Reaffirms Full Year 2018 Outlook

Toronto, ON, August 14, 2018 – KEW MEDIA GROUP INC. (“KEW MEDIA”, “KEW” or the “Company”) (TSX:KEW and KEW.WT) today released its financial results for the three-month period ended June 30, 2018 (“Q2 2018”). KEW MEDIA’s unaudited interim financial statements along with its Management’s Discussion and Analysis for Q2 2018 are available on the Company’s website at <http://www.kewmedia.com/financialinfo.php> and under the Company’s profile at www.sedar.com.

Q2 2018 Financial Highlights

Revenue:	\$49.7 million
Gross Profit:	\$13.4 million
Adjusted EBITDA ¹ :	\$2.7 million
Net Loss:	\$5.0 million, or \$0.45 per share
Adjusted Net Income ² :	\$1.5 million, or \$0.12 per share

Segmented Results:	<u>Production</u>	<u>Distribution</u>
Revenue:	\$36.9 million	\$12.8 million
Gross Profit:	\$7.5 million	\$5.9 million
Operating Profit:	\$3.1 million	\$1.9 million

Steven Silver, Chief Executive Officer of KEW MEDIA, stated, “We are pleased with our solid performance in the second quarter, where we delivered revenue of \$49.8 million and Adjusted EBITDA¹ of \$2.7 million, which were in line with our expectations. KEW MEDIA is on track for another strong year, and our performance through the first half of the year provides us with the confidence to reaffirm our 2018 Adjusted EBITDA¹ guidance of \$26.5 million. With the successful completion of our acquisition of Essential Quail Media Group in July, we continue to execute our strategy to deliver sustainable long-term shareholder value creation through attractive organic growth opportunities and accretive acquisitions.”

¹Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These adjustments result in a truer economic representation on a comparative basis. Adjusted EBITDA includes the add-backs made to calculate the adjusted net income and additionally add-backs for interest expense, net of interest income, depreciation and any non-cash amortization (to the extent not added in to adjusted net income). See “Non-IFRS Measures” and “Forward-Looking Statements” below in this press release.

²Adjusted net income is profit or loss before other items and income tax expenses, excluding certain items to better analyze trends in performance and present a truer economic representation on a comparative basis. Adjusted net profit includes add-backs for items such as transaction costs, reorganization and non-recurring exceptional costs, stock-based compensation, non-cash other intangibles amortization and realized gain/loss on the change in fair value of financial liabilities. See “Non-IFRS Measures” and “Forward-Looking Statements” below in this press release.

Q2 2018's revenue of \$49.7 million was comprised of \$36.9 million from Production and \$12.8 million from Distribution. Gross profit of \$13.4 million included \$7.5 million from Production and \$5.9 million from Distribution. Gross margin percentage was 26.9%, with segmented gross margin percentage of 20.4% for Production and 45.6% for Distribution. Adjusted EBITDA¹ after non-controlling interests was \$2.7 million, which was consistent with the Company's expectations given the anticipated timing of production and sales. Q2 2018 Net Loss was \$5.0 million, or \$0.45 per share. Adjusted Net Income² was \$1.5 million, or \$0.12 per share.

Balance Sheet and Net Debt

As of June 30, 2018, the Company had cash and cash equivalents of \$25.6 million, approximately \$25.7 million in loan availability and net debt³ of \$54.5 million. The strength of the balance sheet allowed the Company to acquire Essential Quail Media Group ("Essential") from our existing cash and debt resources.

Adjusted net debt⁴, taking account of material FX movements since the beginning of the year and amounts expended on interim production financing by the group, was \$45.2 million, an increase of \$10.2 million for the quarter. The major reasons for this increase were payments of deferred consideration of \$4.7 million and a large increase in product acquisition spend in our distribution unit of \$12.3 million. This spend is already significantly covered by contractual sales that will be predominantly recognized in the second half of this year, particularly the last quarter, and into next year. These known contractual sales are, in part, the reason for our confidence related to the full year result.

Essential Acquisition

On July 24, 2018, the Company purchased Essential for an initial purchase price of AUD\$32.8 million (C\$32 million based on the prevailing CAD/AUD FX rate of approximately 0.9757), comprised of AUD\$20.0 million (C\$19.5 million) in cash and AUD\$12.8 million (C\$12.5 million) in Variable Voting Shares of KEW valued at C\$10.00 per share. Essential combines several entities with aggregate pro forma revenue of over AUD\$60 million (C\$58.5 million). Essential's vendors can earn additional aggregate contingent consideration based on Essential meeting certain financial and other tests over the next three years payable at KEW's sole option, in cash or Variable Voting shares, provided that at least 20% of such consideration is paid in cash. The Company has begun integrating Essential into its group infrastructure such that synergies across the group will be realized beginning next year.

Outlook⁵

KEW MEDIA reaffirms its prior guidance for Adjusted EBITDA¹ of \$26.5 million for the year ended December 31, 2018, which includes an Adjusted EBITDA¹ contribution of approximately \$5 million from Essential in the period following the closing of the acquisition on July 24, 2018. As previously disclosed, KEW expects a significantly stronger second half compared to the first half of FY18 as production activity ramps up over the summer months, with the majority of related revenue being recognized in the third and

³ Net debt is debt less any cash and cash equivalent balances.

⁴ Adjusted net debt is Net debt less Interim production loans provided by the Group less effect of foreign exchange movements. See "Non-IFRS Measures" and "Forward-Looking Statements" below in this press release.

⁵ The statements set out in the Outlook section regarding KEW's Adjusted EBITDA¹ margins in 2018, and the other noted assumptions contained in the section, are based on management's current strategies and assessment of the outlook for the business. These statements constitute forward-looking information for purposes of applicable Canadian securities legislation and readers are cautioned that KEW's actual result may vary from these forward-looking statements and that variation could be material. See "Forward Looking Statements" for a description of the assumptions and risks associated with these forward-looking statements.

fourth quarters. Further, the Company believes it has good visibility, particularly in its production segment based on shows ordered and the expected dates of delivery, but also in its distribution segment based on contractual sales to date and the segment's slate of titles being delivered in the second half of the year.

Normal Course Issuer Bid

KEW is also pleased to announce its intention to establish a normal course issuer bid ("NCIB"), subject to acceptance of the TSX, for up to 854,282 variable voting shares or common voting shares of KEW (the "Shares"), representing 10% of KEW's "public float" (as such term is defined in the TSX Company Manual).

KEW intends to establish the NCIB because it believes that, from time to time, the market price of the Shares may not fully reflect the underlying value of KEW's business and future prospects. KEW believes that, at such times, the repurchase of the Shares for cancellation would be in the best interests of shareholders.

As KEW is presently exploring a number of potential acquisitions and financings, KEW will not commence purchases under the NCIB at this time. Any Shares purchased pursuant to the NCIB will be cancelled by KEW.

Important Information for KEW Shareholders

KEW is also pleased to announce that it has received exemptive relief (the "Decision") from the securities regulatory authorities in each of the provinces and territories of Canada to allow KEW's shareholders to treat the common voting shares and variable voting shares as a single class for the purposes of applicable take-over bid and early warning reporting rules and related news release and continuous disclosure requirements under Canadian securities laws. A copy of the Decision is available on SEDAR at www.sedar.com.

Conference Call

KEW will host a conference call to discuss the second quarter 2018 financial results on Wednesday, August 15, 2018 at 9:00 a.m. (ET). The dial-in numbers for participants are 800 908 8386 in North America, 0800 496 0822 in the United Kingdom, and +1 212 231 2902 elsewhere.

The telephone replay will be available until 11:59 pm ET on September 14, 2018. To access the replay, dial 416 626 4100 or 800 558 5253, and enter reservation number 21893738. 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 2018 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.

In particular, the statements set out in the Outlook section of this press release regarding our expected Adjusted EBITDA for the year ending December 31, 2018 (including the contribution from Essential), our expected financial performance for the second half of 2018 and our expectations regarding the performance of our production and distribution segments for the second half of 2018, constitute forward-looking statements. These statements are based on management's current strategies, assumptions concerning growth and assessment of the outlook for the business. In particular, such statements assume that: (i) our production companies will continue to develop, produce and deliver successful productions in a manner consistent with past experience and on expected delivery schedules; (ii) we will continue to acquire and distribute content in a manner consistent with past experience; (iii) our operating and overhead costs will be within budget; and (iv) that the companies we acquired on the QA and since the QA will meet or exceed our performance expectations. We consider the foregoing assumptions to be reasonable in the circumstances, given the time period for such outlook however, readers are cautioned that KEW's actual result may vary from these forward-looking statements and that variation could be material. 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, 2017, 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.

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 EBITDA and 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 and six months ended June 30, 2018 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 GROUP is a leading publicly-listed content company that produces and distributes multi-genre content worldwide. Companies included in the KEW family are the production companies: Architect Films, Awesome Media & Entertainment, Bristow Global Media, Campfire Film & Television, Collins Avenue Productions, Essential Media Group, Frantic Films, Jigsaw Productions, Media Headquarters, Our House Media, Sienna Films and Spirit Digital Media; and the distribution companies: Kew Media Distribution and TCB Media Rights.

With primary offices in London, Los Angeles, New York, Sydney and Toronto, the KEW MEDIA GROUP companies develop, produce and distribute more than 1,000 hours of content every year, as well as distribute a library of more than 13,000 hours, to almost every available viewing platform internationally. KEW aspires to offer great content from all over the world to viewers of all ages and tastes. The Company promotes transparency, equality, respect, and inclusiveness and plans to grow with the benefit of people from a wide range of perspectives and backgrounds.

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