Zacks Small-Cap Research

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Chicken Soup For the Soul Entertainment (CSSE-NASDAQ)

CSSE Buys Screen Media For One Times Its $5M EBITDA And Adds a Streaming Platform

We believe that CSSE stock should be valued at the average EV/EBITDA of its peers. Using an average of 17 times, and forecasted EBITDA of $16.6 million, the stock could reach $23.00 per share by 2018.

Current Price (11/06/17)	$8.82
2018 Valuation	**$23.00**

OUTLOOK

Chicken Soup for the Soul Entertainment has disrupted the market for programming content sold to networks through a unique business model. CSSE signs sponsors for its shows that pay the cost to produce them in return for exposure. This allows it to offer shows free to networks while insuring a profit for both Chicken Soup and the network. In addition, its branded, high quality, positive programming creates little risk for networks to air its shows. Its acquisition of Screen Media adds another $12 million in revenues and $5 million in EBIDTA to future earnings and is immediately additive.

SUMMARY DATA

52-Week High	**$13.26**
52-Week Low	**$7.07**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**36,726**
Shares Outstanding (mil)	**12.5**
Market Capitalization ($mil)	**$110.3**
Short Interest Ratio (days)	**1**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**70.3%**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2017 Estimate	**21.0**
P/E using 2018 Estimate	**12.6**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Growth**
Industry	**Broadcast-Radio/TV**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2015	NA	NA	$0.2 A	$1.3 A	$1.5 A
2016	$1.1 A	$1.2 A	$0.1 A	$5.7 A	$8.1 A
2017	$1.4 A	$0.8 A	$0.0 A	$16.3 E	$18.6 E
2018					$36.0 E

GAAP EPS

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2015	NA	NA	NA	NA	-$0.09 A
2016	$0.03 A	$0.01 A	-$0.12 A	$0.18 A	$0.09 A
2017	-$0.01 A	-$0.08 A	-$0.05 A	$0.45 E	$0.42 E
2018					$0.70 E

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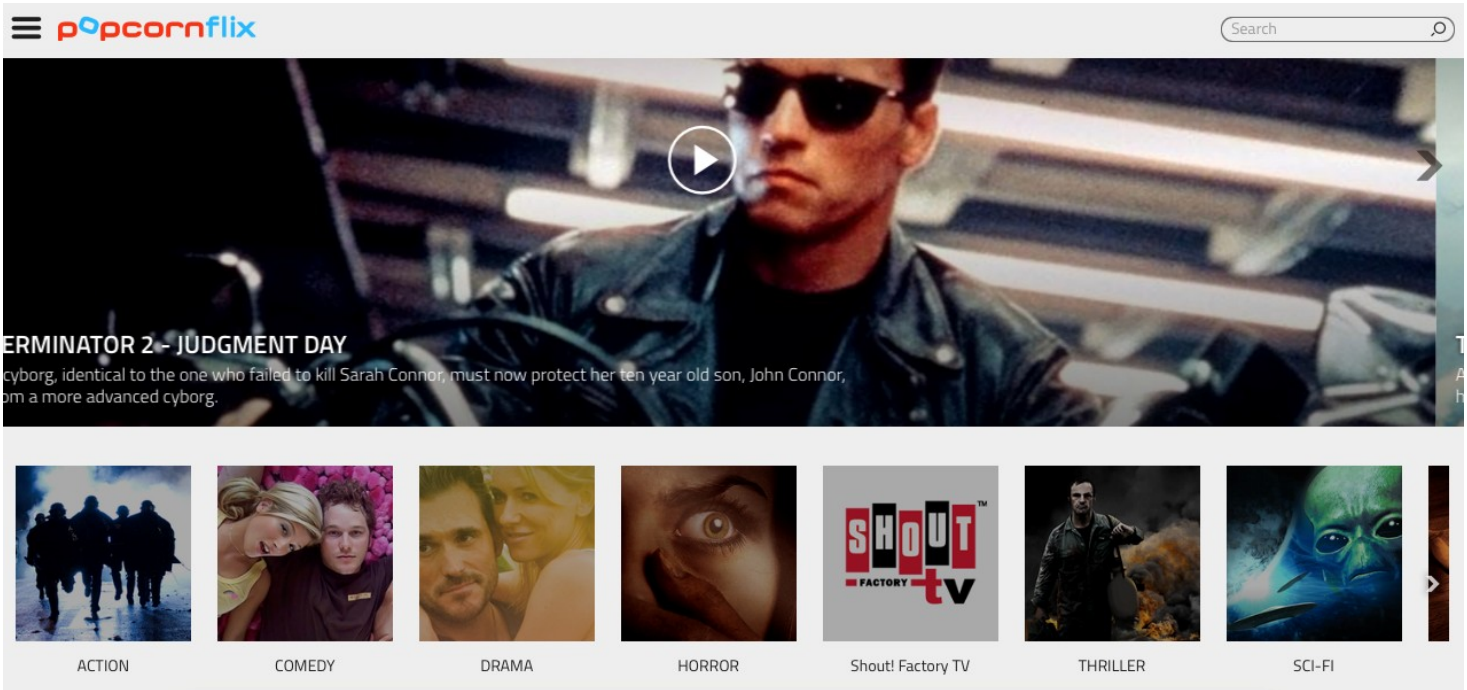
WHAT'S NEW

Today CSSE announced its acquisition of Screen Media, a NYC based company comprised of a film and TV content library, a content distributor, and a streaming platform. This gem was a distressed purchase for $5 million consisting of $4.9 million cash and 35,000 shares of the Company's Class A common stock and Class Z warrants of the Company exercisable into 50,000 shares of the Company's Class A common stock at $12 per share. Screen Media is expected to book $12 million in revenue and $5 million in EBITDA in calendar year 2017. It should add about $2.6 million to CSSE's Q4 2017 revenues. About $2 million of its revenue comes from advertising, on the company's *Popcornflix* streaming channels. Popcornflix is one of the largest advertiser-supported direct-to-consumer online video services and can also accessed through devices such as Roku. According to its web site it has "full-length movies that will make you laugh, make you cry, scare the heck out of you, or inspire you to hug the person you love. We have compelling documentaries, foreign films, unique original web series, and a place that showcases the brightest film makers of tomorrow." It has five digital streaming channels, is available in 56 countries, and has rights to over 3,000 films and approximately 60 television series. The company is excited about acquiring a fully functional streaming platform to which it can add its Chicken Soup content and already has critical mass and an audience of 15 million active users.

The other $10 million comes from distribution of content. Separate from content that it has rights to stream on Popcornflix, Screen Media owns a content library of more than 1,200 television series and feature films. It was one of the largest, independently owned libraries of filmed entertainment in the world. Screen Media generates revenues by distributing its content, as well as content from third parties, across all media: including theatrical, home video, pay-per-view, free cable and paid television, video-on-demand and other video platforms.



KEY POINTS

- Chicken Soup for the Soul Entertainment is built on a **new business model** with built in profits that provides TV channels with **free or very low cost, high quality** content.

- Corporate advertisers or foundations, which fund production in exchange for either making their product part of the story, sponsor its shows or promoting an idea they endorse.

- Since these shows are paid for by advertisers in advance of production, and producers are hired on a flat fee basis, the company already has a profit locked it before production starts. It can then offer the content to television channels free. These channels then make their money by selling ads while taking no financial production risk on the content. This novel arrangement has produced demand for Chicken Soup provided content.

- The Chicken Soup brand and track record assures participants of high quality family friendly content with a positive message.

- The company is producing four shows with most episodes to be delivered in 2017. There is a possibility of three more being signed this calendar year. As the company only books revenues upon delivery of completed episodes, it will book the majority of its revenue in Q4 of 2017 due to the delivery schedule of these four shows.

- Its unique business model affords high margins and high EBITDA that is expected to be reinvested in the business to create more content. It has the capacity to reach $20 million in sales in 2017 with just four employees plus a 10% management fee to the parent company as all production work is outsourced. Its acquisition of Screen Media adds another 20 employees, but Screen Media is also a high margin business that is expected to generate $5 million in EBIDTA from $12 million in sales this year.

- Through the acquisition of Screen Media, CSSE can leverage its content. It can add its content to the Popcornflix channels that offer free content supported by ads, and may add a premium paid for service without ads. CSSE believes that using its direct sales force and A+, it can increase the CPMs of Popcornflix. As a result Screen Media should be able to generate over $12 million in revenues next year even with out subscriber growth.

- CSSE also generates revenue from it A Plus subsidiary that produces web-based short form video using celebrities and targets a younger demographic. This A Plus unit is 75% owned by the parent company and 23% owned by Ashton Kutcher, the actor, producer, and VC. Ashton is also contracted to produce two TV series for CSSE.

- CSSE has a strong balance sheet with approximately $5 million in cash even after paying for Screen Media, and no debt.

- Due to the acquisition of Screen Media, we are raising 2018 revenues to $36 million but leaving all other estimates the same until the company releases the financials on Screen Media. While this acquisition certainly is additive to 2018, it makes us much more certain of the company hitting our 2018 estimates. Our valuation estimate for year end 2018 remains at $282 million or $23.00 per share.

OVERVIEW

Chicken Soup for the Soul Entertainment (CSSE) was founded in 2015 as a company separate from the Chicken Soup for the Soul parent company that focuses on books. It went public on NASDAQ on July 17, 2017 as a Reg A+ deal, raising $30 million. CSSE has a license to use the Chicken Soup for the Soul brand and its content for use in video. It focuses on family friendly content with a positive message that is sold to cable and network television channels.

The company produced with its first television series *Hidden Heroes* starting in 2015 (now in its third season); it currently airs on CBS and its third season is scheduled to air this fall on *The CW* network. In Q4 of 2016 a second series, *Project Dad*, began to air on the TLC Network and Discovery Family.

In September 2016, the company signed a distribution agreement with A Plus, a web site that produces articles and short videos of positive stories targeted toward a young demographic. A Plus is 75% owned by the Chicken Soup of the Soul parent company, and 23% owned by Ashton Kutcher, the actor, producer, and venture capitalist. Chicken Soup for the Soul Entertainment books a net distribution fee of 30% of all gross video and 5% of all gross editorial revenue generated by A Plus and this revenue is reported in the Online segment of the company's income statement. Ashton Kutcher has also been contracted to serve as an executive producer for two new television series for CSSE.

In 2017, the company is scheduled to deliver another season of *Hidden Heroes*, *Fatherhood* (a parenting show), and Vacation Rental Potential (about purchasing vacation homes and renting them out.) Revenues from these series are booked when they are delivered, and they coincidently are all are expected to be delivered in Q4 this year.

The company has an extensive pipeline of deals as shown below:

Already Signed	
Hidden Heroes	Kindness, Parenting
Fatherhood	Parenting
Vacation Rental Potential	Real Estate, Travel, Home
Highly Likely 2017	
City, Burbs or Sticks	Real Estate, Travel, Home
MoneyCenter	Magazine, Finance
Random (working title)	Social Experiment, Kindness (Ashton Kutcher)
Likely 2017-2018	
Behind the Seams	Travel, Documentary
New Leash on Life	Pets
No Restaurant Required	Food,Travel
Pet Caves	Pets
Secret Life of Babies	Parenting, Comedy
Weird History of Cool Stuff	Lifestyle, History, Science
Possible 2018	
American Women	Social Experiment
Brighter Things (working title)	News (Ashton Kutcher)
Late Night Snack	Food, Home

Unique Business Model

The key differentiator between Chicken Soup for the Soul Entertainment and other providers of television content is its business model, which **offers low cost or free content to the network**. Combined with a well-respected brand, this model has created demand that has exceeded the company's ability to fill it. Chicken Soup for the Soul Entertainment, has **disrupted the industry model** by finding sponsors who fund the entire production cost in return for having their product, service, or message, highlighted and integrated, thus allowing CSSE to offer this content free to networks. For example, an airline could sponsor a travel show that always flies on that airline and shows its plane in each episode. Or it could be sponsor a message. A foundation that promotes health and wellness could sponsor a show cooking show on healthy eating. In this case, the sponsor might ask for in return is an introduction screen that shows they sponsor it. Think PBS.

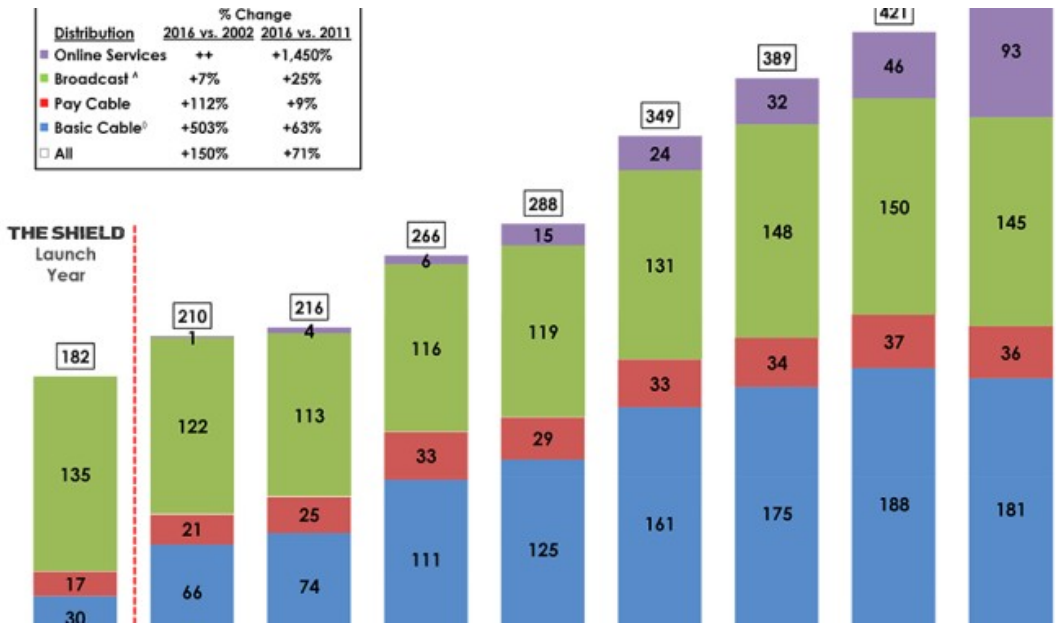
Typical economics for CSSE may require the sponsor to pay $3-$4 million for a 12-20 episode series. CSSE then goes out and hires a producer for less than that amount. This way CSSE locks in a large million gross margin before any work starts. Chicken Soup then licenses the show to the network free or very low cost. The network makes its money selling ads around that show. CSSE keeps the ownership rights to the show and can then make even more money off it in ways such as: streaming it online themselves after it is done airing, offering it to Netflix or Amazon after the initial airing, or selling the rights to show it overseas.

INDUSTRY OUTLOOK

Television Programming Market

Spending on original programming by TV networks and online channels is expected to be $21 billion by L2, Inc. The largest spender is expected to be Netflix at $6 billion followed by Amazon at $4.5 billion. According to Boston Consulting Group and SNL Kagan data, CBS, who airs Hidden Heroes, had a content budget of $4 billion in 2016 while NBC's was $4.3 billion.

Each year FX puts out industry data on the number of scripted series airing in the US by distribution method. In 2016 this number totaled 455 and that number is higher in 2017 versus the same period last year. Industry experts warn this large number has led to many shows losing money as providers fight for viewers making CSSE's model even more vital to customers.



Source: FX Networks

Online Content Market

In the future, the company plans to offer its content and some third party content online. It is in the process of creating an internet-based service in both a free and paid version to enable consumers to view shows. Delivering shows through the internet rather than broadcast on TV and through cable operators is call Over-the-Top (of the internet) or OTT. According to research by Markets and Markets, the **OTT market in the US is estimated to grow from $28.0 billion in 2015 to $62.0 billion by 2020, at an estimated CAGR of 17.2%** as internet speeds improve and cord cutting increases. While the majority of this revenue has been generated by subscription services such as Netflix and Amazon or per view transactions, free ad supported viewing such as on YouTube should increase. Internet delivered ad-supported television content has even more appeal to advertisers as it lets viewers be targeted more specifically and coordinated with web-based advertising on other devices. eMarketer estimates that US TV ad spending is virtually flat this year. It predicts this market will expand just 0.5% to $71.7 billion in 2017. In April, comScore reported that 51 million U.S. homes have used OTT services and this number is growing. Nielson says traditional television viewing has been declining albeit slowly and according to eMarketer there will be 22 million people with out cable service this year, up 33% from last year, as prices for cable continue to increase and more alternative content sources are available.

VALUATION

We believe that Chicken Soup for the Soup Entertainment should be valued on EBITDA. There are few public comps to value the company against and it believes the closest comp is WWE. If we take Gaia, which has negative EBITDA, out of the average, these companies trade at an average valuation of 17.4 times EV/EBITDA. Using an estimate for EBITDA in 2018 of $16.6 million and the industry average, CSSE could be worth $282 million by 2018 or $23.00 per share.

	Ticker	Revenue		TTM	Enterprise Value / Sales		EV/	Included	Enterprise
Company		2017E	LTM	EBITDA	2017E	LTM	EBITDA	Average?	Value
Entertainment One	ENTMF	NA	$1,410	$210	NA	1.4x	9.7x	y	2,040
DHX Media	DHXM	NA	$246	$69	NA	5.1x	18.4x	y	1,260
Gaia	GAIA	$28	$22	-$19	5.4x	7.0x	-8.0x	n	150
Lionsgate	LGF-A	$4,365	$3,650	$431	1.9x	2.3x	19.3x	y	8,330
WWE	WWE	$789	$762	$98	2.5x	2.6x	20.4x	y	1,990
Average				**201.8**	**3.3x**	**2.9x**	**17.0x**		**$3,405**

RISKS

- The company is new and to date has only two series that have been produced and aired. There is no assurance the company will be able to continue to find sponsors to support it unique business model and fund the production of shows.

- Third party producers hired may not be able to produce high quality shows with the budget afforded or may not complete contracts.

- Other producers may copy CSSE's model in order to offer free or very low priced content.

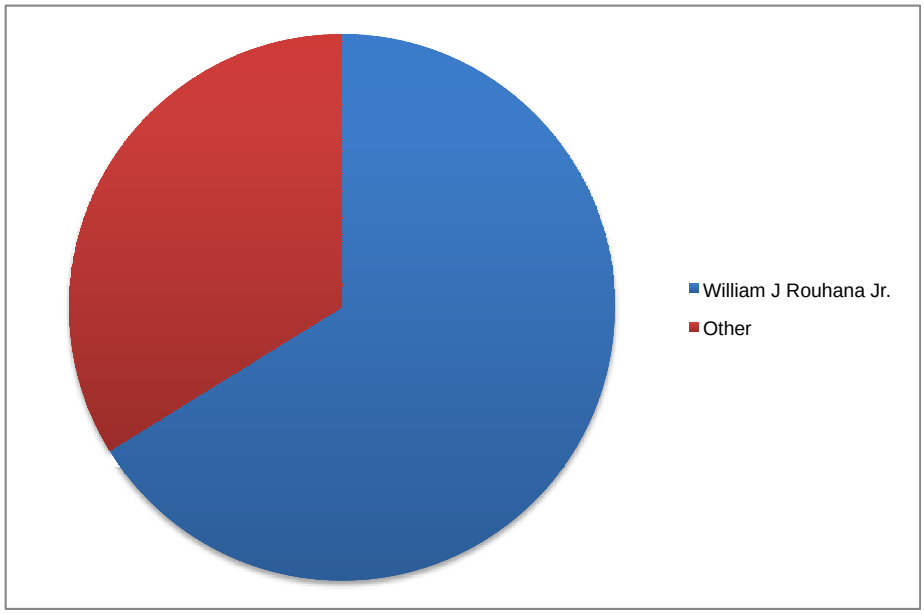
- The company may find it difficult to fund production in advance of payments by the networks and experience cash flow disruptions requiring the company to take on debt.

- The ownership structure gives common shareholders little say in the governance of the company. CEO Bill Rouhana controls 95% of the total voting power through ownership of 7.8 million shares of class B common stock, with each class B share entitled to 10 votes.

- The stock has very low float making it difficult to accumulate or sell stock.

- Revenues for the company have fallen mostly in the fourth quarter making financials difficult to forecast. Also the majority of revenues come from a few large sales, which are difficult to predict, both as to when they are signed, as well as when they will be delivered creating a wide range of revenue possible in any given quarter.

OWNERSHIP



INCOME STATEMENT

Chicken Soup for the Soul Entertainment	Q1 2016 31-Mar	Q2 2016 30-Jun	Q3 2016 30-Sep	Q4 2016 31-Dec	Q1 2017 31-Mar	Q2 2017 30-Jun	Q3 2017 30-Sep	Q4 2017E 31-Dec	2015	2016	2017E	2018E
Television	1.1	$1.0	$0.1	$5.1	$1.3	$0.6	$0.0	$14.0	$1.5	$7.3	$15.9	$24.00
Yr-to-yr Growth					NA	NA	NA	NA		387%	116%	51%
Online	0.0	0.2	0.0	0.6	0.2	0.2	0.0	2.3	0.0	0.8	2.7	12.0
Yr-to-yr Growth					NA	NA	NA	NA		NM	247%	345%
Total revenue	**1.1**	**1.2**	**0.1**	**5.7**	**1.4**	**0.8**	**0.0**	**16.3**	**1.5**	**8.1**	**18.6**	**36.0**
Yr-to-yr Growth	NM	NM	-14%	324%	27%	-31%	-64%	185%		439%	129%	94%
Cost of revenue	0.5	0.5	0.1	2.1	0.5	0.3	0.0	5.3	0.7	3.2	6.1	12.0
Gross profit	0.6	0.6	0.1	3.6	0.9	0.5	0.0	11.0	0.9	5.0	12.5	24.0
Gross Margin %	55%	55%	55%	64%	67%	60%	100%	67%	57%	61%	67%	67%
Operating expenses:												
SG&A (Ex-stock based comp)	0.1	0.2	0.4	0.1	0.1	0.4	0.5	1.0	0.5	0.8	2.0	5.8
Stock-based compensation	0.0	0.1	1.4	0.0	0.1	0.2	0.2	0.3	0.8	1.5	0.7	0.8
Management and license fees due to affiliate	0.1	0.1	0.0	0.6	0.1	0.1	0.0	1.6	0.3	0.8	1.9	3.6
Total operating expenses	0.2	0.4	1.8	0.7	0.4	0.6	0.7	2.9	1.6	3.2	4.6	10.2
Operating income:	0.4	0.2	(1.7)	2.9	0.5	(0.2)	-0.6	8.1	-0.8	1.8	7.9	13.8
Operating margin	34.8%	17.9%	-1270.7%	51.1%	38.2%	-20.5%	-1335.1%	49.8%	-50.0%	21.9%	42.3%	38.3%
Other income:												
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
interest expense	-	(0.0)	(0.2)	(0.3)	(0.5)	(0.6)	(0.1)	-	-	(0.6)	(1.2)	-
Gain from Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
Total other income	0.0	(0.0)	(0.2)	(0.3)	(0.5)	(0.6)	(0.1)	0.0	0.0	(0.5)	(1.2)	-
Income before income taxes	0.4	0.2	(1.9)	2.6	0.1	(0.7)	(0.8)	8.1	-0.8	1.2	6.7	13.8
Pretax Margin	34.8%	14.0%	-1425.3%	46.0%	4.6%	-93.2%	-1585.9%	49.8%	-50.0%	15.2%	36.0%	38.3%
Income taxes	0.2	0.1	(0.9)	1.0	0.2	(0.0)	(0.2)	2.5	-	0.4	2.4	5.0
Tax rate	42%	67%	44%	39%	304%	5%	36%	31%	0%	36%	36%	36%
Net income	0.2	0.1	(1.1)	1.6	(0.1)	(0.7)	(0.5)	5.6	(0.8)	0.8	4.3	8.8
Yr-over-Yr					-159%	-1413%	NA	NA		-205%	438%	107%
Stk based compensation	-	0.1	1.4	0.0	0.1	0.2	0.2	0.3	0.4	1.5	0.7	0.8
One-time expenses	-	-	-	0.0	0.0	0.2	-	-	-	-	0.2	-
Non-GAAP Income	0.2	0.1	0.3	1.6	0.0	(0.4)	(0.3)	5.9	(0.4)	2.3	5.2	9.6
Yr-over-Yr					-92%	-386%	NA	NA		-693%	122%	86%
Net income per share:												
Primary EPS	0.03	0.01	(0.12)	0.18	(0.01)	(0.08)	(0.05)	0.49	(0.09)	0.09	0.42	0.70
Diluted EPS	**0.03**	**0.01**	**(0.12)**	**0.18**	**(0.01)**	**(0.08)**	**(0.05)**	**0.45**	**(0.09)**	**0.09**	**0.42**	**0.70**
Non-GAAP Diluted EPS	0.03	0.01	0.04	0.18	0.00	(0.04)	(0.03)	0.47	(0.04)	0.26	0.50	0.76
					-92%	-375%	NA	NA				
Shares												
Basic	8.8	8.8	8.9	8.9	9.1	9.1	10.4	11.6	8.8	8.8	10.1	12.7
Diluted	8.8	8.8	8.9	8.9	9.1	9.1	10.4	12.5	8.8	9.0	10.3	12.7
					4.3%	4.3%	NA	NA		2.7%	14.5%	23.3%
Adjusted EBITDA	0.387	0.396	NA	NA	0.694	0.166	(0.464)	9.173	-	3.8	9.6	16.6
										NA	152%	73%
Net income	0.225	0.053	-1.087	1.602	(0.134)	-0.699	(0.523)	5.631	(0.753)	0.794	4.276	8.832
Taxes	0.162	0.108	-0.857	1.026	0.199	-0.040	(0.246)	2.492	-	0.439	2.405	4.968
Stock based comp	0.000	0.077	1.436	0.029	0.133	0.159	0.183	0.250	0.792	1.542	0.725	0.800
Interest and programming amortization	0.000	0.046	0.211	0.291	0.476	0.577	0.122	0.800	0.000	0.547	1.974	2.000
One-time	0.000	0.112	0.000	0.000	0.020	0.169	0.000	0.000	0.112	0.112	0.189	0.000
Adjusted EBITDA	0.387	0.396	-0.296	2.948	0.694	0.166	(0.464)	9.173	0.151	3.435	9.568	16.600

BALANCE SHEET

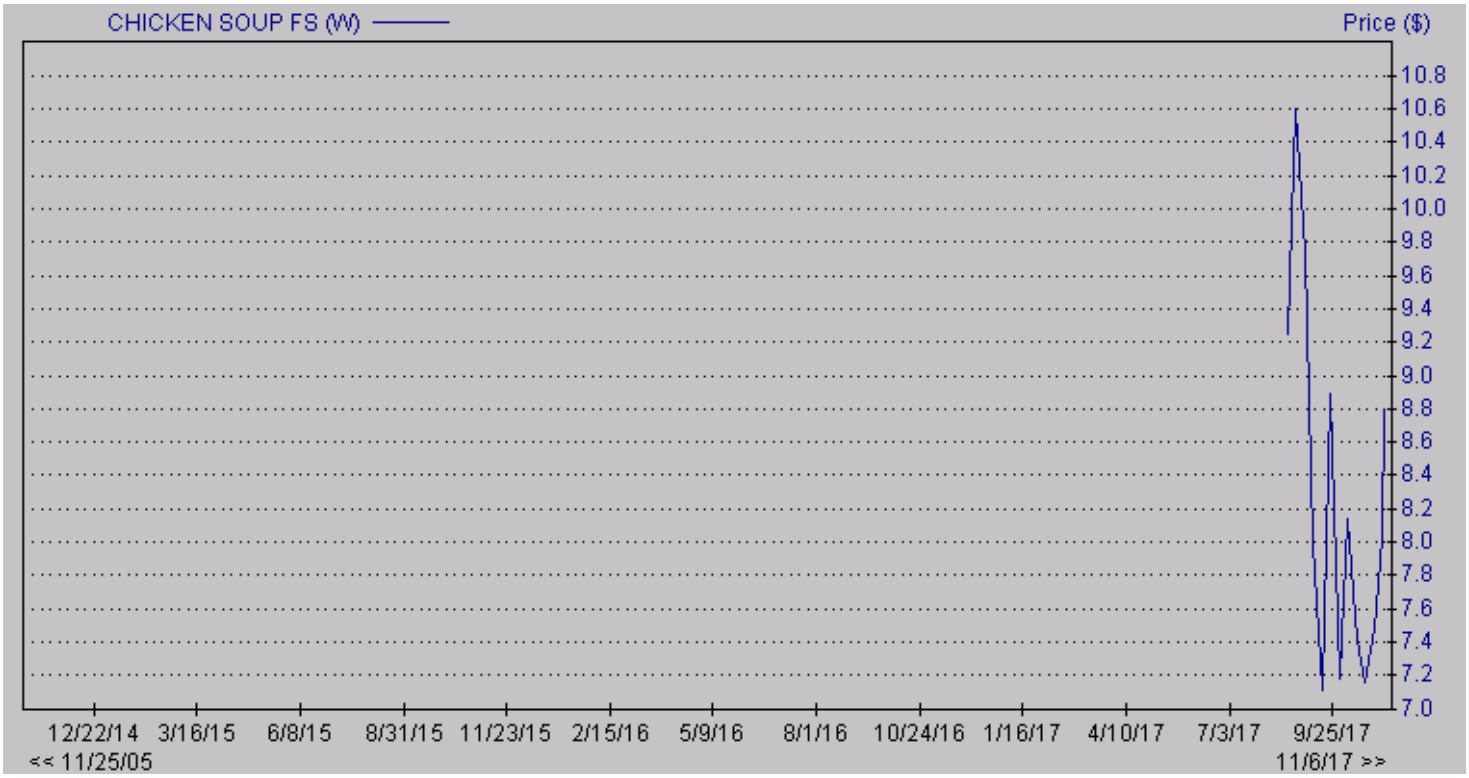
Since the quarter ended, the company spent $4.9 million in cash on the acquisition of Screen Media.

	Sept 30, 2017	June 30, 2017	Qtr-Qtr % Change	Dec 31, 2016	Sept-Dec % Change
Assets					
Cash and cash equivalents	$10,076,573	$1,001,331	906%	$507,247	1887%
Accounts receivable, net	1,180,173	1,712,340	-31%	151,417	679%
Prepaid expenses	1,410,357	834,935	69%	216,397	552%
Intangible asset - video content license	5,000,000	5,000,000	0%	5,000,000	0%
Prepaid distribution fees	2,062,852	2,135,536	-3%	592,786	248%
Due from affiliated companies	5,043,973	2,082,005	142%	1,372,517	267%
Programming costs, net	8,599,082	5,510,445	56%	3,977,553	116%
Total assets	33,373,010	18,276,592	83%	11,817,917	182%
Current liabilities					
Senior secured note payable, net	**0**	**4,082,000**	-100%	**2,610,106**	-100%
Senior secured note payable to related party, net	**0**	**4,440,059**	-100%	**3,316,488**	-100%
Accounts payable and accrued expenses	566,883	904,952	-37%	694,368	-18%
Income taxes payable	99,000	349,000	-72%	0	NM
Accrued programming costs	1,562,520	1,020,596	53%	1,061,980	47%
Deferred tax liability, net	201,000	210,000	-4%	439,000	-54%
Deferred revenue	1,052,500	850,000	24%	71,429	1373%
Total liabilities	3,481,903	11,856,607	-71%	8,193,371	-58%
Stockholder's equity					
Preferred stock, $.0001 par value: Authorized shares 10,000,000, none issued and outstanding	0	0	0%	0	0%
Class A Common stock	350	125	180%	89	293%
Class B Common stock	807	807	0%	807	0%
Additional paid-in capital	31,696,017	7,702,481	312%	4,074,646	678%
Accumulated deficit	(1,806,067)	(1,283,428)	41%	(450,996)	300%
Total stockholders' equity	29,891,107	6,419,985	366%	3,624,546	725%
Total liabilities and stockholders' equity	33,373,010	18,276,592	83%	11,817,917	182%
Quick Ratio	NA	NA		NA	
Working Capital	NA	NA		NA	
Cash as % of assets	30%	5%	451%	4%	603%
Cash per share	$0.87	$0.11	693%	$0.05	1683%
Debt % of assets	0%	47%	-100%	50%	-100%

CASH FLOW

	Year 2015	6 Months Ended Jun 30, 2016	3 Months Ended Sep 30, 2016	3 Months Ended Dec 31, 2016	Year 2016	6 Months Ended Jun 30, 2017	3 Months Ended Sep 30, 2017	9 Months Ended Sep 30, 2017
Operating activities:								
Net income	(753,463)	278,492	(1,086,547)	1,589,188	781,133	(832,432)	(522,639)	(1,355,071)
Adjustments to reconcile net income to net cash provided by operating activities:								
Share-based compensation	792,000	77,018	1,436,293	28,733	1,542,044	292,191	182,581	474,772
Amortization of programming costs	646,295	1,027,227	61,500	2,066,941	3,155,668	794,923	-	794,923
Amortization of deferred financing costs	-	711	19,172	20,976	40,859	43,747	-	43,747
Amortization of original issue discount	-	29,169	144,107	210,436	383,712	805,893	59,940	865,833
Loss on debt extinguishment	-	-	-	-	-	24,803	-	24,803
Deferred income taxes	-	270,000	(857,000)	1,026,000	439,000	(229,000)	(9,000)	(238,000)
Change in operating assets and liabilities:								
Trade accounts receivable	-	(799,540)	-	648,123	(151,417)	(1,560,924)	532,169	(1,028,755)
Prepaid expenses and other current assets	(16,198)	(132,162)	(40,342)	(27,695)	(200,199)	(618,538)	(575,422)	(1,193,960)
Programming costs	(1,597,364)	(2,683,536)	(1,404,000)	(1,032,718)	(5,120,254)	(1,747,798)	(2,546,713)	(4,294,511)
Prepaid distribution fees	-	-	-	(592,786)	(592,786)	(1,542,750)	72,684	(1,470,066)
Accounts payable and accrued expenses	23,031	346,669	(73,833)	398,502	671,338	200,219	(498,167)	(297,948)
Income taxes payable	-	-	-	-	-	349,000	(250,000)	99,000
Deferred revenues	3,500,000	2,557,874	(36,364)	(5,950,081)	(3,428,571)	778,572	202,500	981,072
Net cash provided by operating activities	2,594,301	971,922	(1,837,014)	(1,614,381)	(2,479,473)	(3,242,094)	(3,352,067)	(6,594,161)
Investing activities:								
Purchase of video content license from affiliate	-	(5,000,000)	-	-	(5,000,000)	-	-	-
Net cash used in investing activities	-	(5,000,000)	-	-	(5,000,000)	-	-	-
Cash flows from financing activities:								
Proceeds from revolving credit facility	-	2,300,000	1,550,000	680,000	4,530,000	3,325,000	-	3,325,000
Repayments of revolving credit facility	-	(800,000)	(250,000)	-	(1,050,000)	(2,305,000)	(4,500,000)	(6,805,000)
Prepayment of deferred financing cost	-	(6,400)	-	(78,206)	(84,606)	-	-	-
Due from affiliated companies	(2,590,223)	2,423,578	(1,620,879)	(63,660)	739,039	(709,488)	(2,961,968)	(3,671,456)
Payment of stock issuance cost	-	-	-	(197,600)	(197,600)	(17,500)	17,500	-
Proceeds from notes payable	-	-	2,480,000	490,000	2,970,000	2,030,000	-	2,030,000
Repayments of notes payable		-	-	-	-	-	(4,082,000)	(4,082,000)
Proceeds from common stock in IPO	-	200,878	(200,878)	1,075,809	1,075,809	1,413,166	22,540,377	23,953,543
Proceeds from common stock in Private Plac.		-	900,760	(900,760)			1,413,400	1,413,400
Net cash used in financing activities	(2,590,223)	4,118,056	2,859,003	325,583	7,982,642	3,736,178	12,427,309	16,163,487
Net change - cash	4,078	89,978	1,021,989	(1,288,798)	503,169	494,084	9,075,242	9,569,326
Cash, beginning of quarter	-	4,078	94,056	94,056	4,078	507,247	1,001,331	507,247
Cash, end of period	4,078	94,056	1,116,045	3,946,804	507,247	1,001,331	10,076,573	10,076,573
Supplemental information:								
Interest paid	-	13,521	31,885	64,686	110,092	228,205	61,429	289,634
Income taxes paid	-	-	-	-	-	52,000	-	52,000
Non-cash operating activity:								
Fair value of shares issued to executive producer	**-**	**-**		-	**-**	625,500	-	625,500
Non-cash investing and financing activities:								
Fair value of warrants issued with notes and revolving credit	-	262,524	457,742	143,104	863,370	410,976	4,500	415,476
Fair value of shares issued for Trema rights	-	792,000	-	-	792,000	-	-	-
Conversion of Sr Sec Notes Pay to Class A			-				918,000	918,000

HISTORICAL STOCK PRICE



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