May 11, 2018

Zacks Small-Cap Research

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Chicken Soup For The Soul Entertainment (CSSE-NASDAQ)

Q1 Report Shows Company Still on Track for More than Tripling Revenues in 2018

We believe that CSSE stock should be valued at the average EV/EBITDA of its peers. Using an average of 16.1 times, and 2018 EBITDA of $16.7 million, the stock could be worth $23.00 per share.

Current Price (05/10/18)	$8.38
Valuation	**$23.00**

OUTLOOK

Chicken Soup for the Soul Entertainment is moving from a producer of original content, to focus on building a network of OTT video on demand channels. Its November acquisition of Screen Media added a business with $14m in revenues in 2017. It also provides a distributor for CSSE content and an online streaming network to viewers. This new business already grew over 50% in Q1 of 2018 and should help achieve the company's 2018 goals of $36 million in revenues and $18 million in adjusted EBITDA.

SUMMARY DATA

52-Week High	**$11.55**
52-Week Low	**$6.54**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**32,914**
Shares Outstanding (mil)	**11.6**
Market Capitalization ($mil)	**$95.1**
Short Interest Ratio (days)	**7.7**
Institutional Ownership (%)	**16**
Insider Ownership (%)	**95**
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	**1.9**
P/E using 2018 Estimate	**13.3**
P/E using 2019 Estimate	**10.9**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small Value**
Industry	**Broadcast-Radio/TV**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2016	$1.1 A	$1.2 A	$0.1 A	$5.7 A	$1.5 A
2017	$1.4 A	$0.8 A	$0.0 A	$8.7 A	$11.0 A
2018	$6.0 A	$4.1 E	$10.5 E	$15.5 E	$36.0 E
2019					$45.0 E

GAAP EPS

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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	$2.05 A	$2.23 A
2018	-$0.05 A	-$0.04 E	$0.24 E	$0.41 E	$0.63 E
2019					$0.77 E

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WHAT'S NEW

Q1 2018 Shows First Full Quarter of Screen Media Acquisition

CSSE reported Q1 2018 revenues of $6.0 as expected. This revenue was broken down into the company's three lines of business:

- **Television & Short-form Video Production** – this is the original business of producing TV shows. In the first quarter this business generated $2.1 million in revenues versus $1.3 million a year ago. Through March 31, the company delivered episodes of both Season 3 of *Hidden Heroes* and Season 1 of *Vacation Rental Potential*. It expects to deliver 60 half hours of programming this year via five shows. One show is Season two of *Vacation Rental Potential* (for 10 episodes), which has already been announced, and one, we assume, is a new season of *Hidden* Heroes (it has had up to 26 episodes in a season), although this has not been announced. We believe the three new shows are on the topics finance, veterans, and rebuilding communities. In the quarter the company booked revenues from a deal with Netflix for Being Dad—a deal that was facilitated by Screen Media and allowed CSSE to eliminate the distribution fee. Since Vacation Rental Potential has gotten an early start, it should be able to start delivering and generating revenue in Q3. The company is also lowering risk be being about to find multiple sponsors for certain shows.

- **Television and Film Distribution** – is the main business of Screen Media. It includes buy, selling, licensing, and distributing TV and film content for its library of 1200 TV and films, but does not include the revenues generated by Popcornflix. This business generated $3.2 million in revenues in the quarter, which was **up over 50%** over last year. EBITDA was up 60% from last year. Screen Media was purchased in November 2017 and there were no revenues to CSSE in its 2017 quarter. The existing library generates half the revenue here, and new acquisitions generate the other half.

- **Online Networks** (Video on Demand) – is the portion of Screen Media's business that generates revenues from ads on Popcornflix and its online OTT programming. It contributed $662,000 in revenues in the quarter. **Popcornflix grew 31%** year over year and ad requests were up 9% year over year. In the first quarter it added 132,691 new subscribers on YouTube, up from 50,000 added in the same period last year. As of right now, it has 627,218 subscribers on YouTube. When CSSE acquired it, Popcornflix had 397,000 users per month of its website and had 3.8 million page views; it is now up to 829,000 users per month and 7.7 million page views. Plans are to continue to grow channels and content offerings and the company is going through its library and categorizing its content. The company plans to add available CSSE produced shows to Popcornflix in the second half of this year. There is a pipeline of acquisition candidates the company continues to evaluate, which would add to its VOD offerings.

Gross margins have been hit by the addition of amortization of film library, which is put in cost of goods, as it is a variable amount each quarter. So when including that cost, gross margin declined from 67% to 43% in Q1 2018. However, when that non-cash cost is eliminated, gross margin was actually up to 73% from 67%. Both content production and distribution have similar gross margins excluding that amortization.

Operating expenses grew from $402,000 to $2.8 million with the addition of Screen Media.

Operating income was a loss of $160,000 versus a profit of $541,000.

Net interest expense was $21,000 versus $476,000 a year ago and before the company raised money in its August IPO.

This year the company had a pretax loss of $226,000 versus a gain of $65,000. In both quarters however the company paid taxes. This year they were $336,000 versus $199,000 in 2017. CSSE expects to pay an annualized tax rate of 28% for this year and next.

Net income was a loss $562,000 versus a loss of $134,000 or $0.05 per share versus $0.01 per share on 27% more shares outstanding.

More importantly adjusted EBITDA for the company was $1.7 million versus $0.5 million a year ago.

The **company reiterated its 2018 guidance for $36 million in revenues and adjusted EBITDA of $18 million**. Based on using an average enterprise value to sales of its peers of 16.1 times, and using a conservative $16.7 million in EBITDA, we believe the stock is worth $23.00 per share.

2018 Assumptions

The company expects to deliver 60 half hour show equivalents comprised of renewals of current shows as well as new shows. We expect two of these shows to begin to be delivered in Q3 rather than Q4, smoothing revenues somewhat from the fourth quarter hockey stick.

For many years Screen Media was cash starved by heavy debt and its business declined from revenues of $20 million. In Q1 we believe this business grew near 50% from 2017 levels. If it does that for the full year, it could move from $14 million in annual revenues, to $21 million in 2018. We have conservatively forecasted $19.7 million.

KEY POINTS

- Chicken Soup for the Soul Entertainment is was on a **new business model** with built in profits that provides TV channels with **free or very low cost, high quality** content. It has now moved to the business of content distribution and streaming video through the acquisition of Screen Media.

- CSSE produced original content and corporate advertisers or foundations fund production of its shows in exchange for either making their product part of the story or promoting an idea they endorse. With the success of Vacation Rental Potential sponsored by HomeAway, the company now has a marquee property to entice new sponsors of new shows. This show was recently renewed for a second season.

- 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 planning to deliver 60 half hour episodes of shows in 2018. As the company only books revenues upon delivery of completed episodes, it will book the majority of its revenue in Q4 and Q3 of 2018 due to the delivery schedules.

- Its unique business model affords high margins and high EBITDA, which will be used to create and purchase more content. It has the capacity to reach $36 million in sales with approximately 25 employees plus a 10% management fee to the parent company as all production work is outsourced. Screen Media added 20 of those employees.

- 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 analytics, its direct sales force, and A+, it can increase the CPMs of Popcornflix in addition to increasing its customer base. With capital CSSE hope to rapidly return Screen Media to its previous $20 million in revenues.

- We are expecting 2018 revenues to $36 million and preliminarily estimating 2019 revenues at $45 million. Our valuation for the company is $268 million or $23.00 per share.

CONTENT PRODUCTION 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. Hidden Heroes is now in its third season and is currently running on *The CW* network. We expect it to be renewed for a fourth season. In 2017, the company delivered Season 3 of *Hidden Heroes* and the first season of Vacation Rental Potential, and finished Being Dad (a parenting show). Being Dad will be shown on Netflix in 2018. Vacation Rental Potential was a hit and has already been renewed. Its second season will begin to be delivered in Q3 2018.

With the acquisition of Screen Media the company is now also able to distribute its own content saving a 30% distribution fee, and later stream it on Popcornfix increasing profitability for its created content.

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 16.1 times EV/EBITDA. Using a conservative estimate for EBITDA in 2018 of $16.7 million and the industry average, CSSE could be worth $268 million, or $23.00 per share.

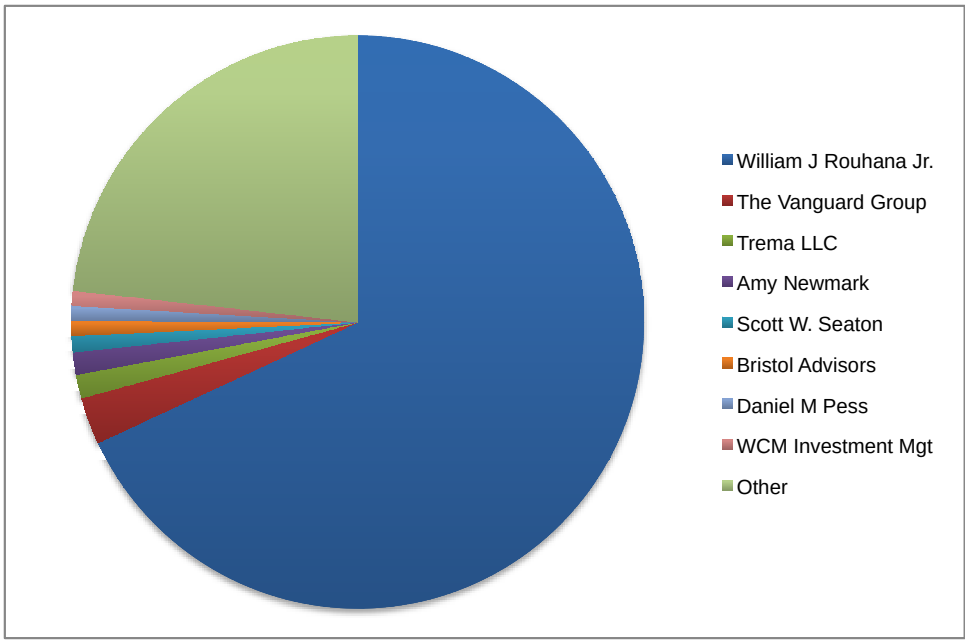
WWE is projecting adjusted OIBDA for 2018 of $150 million and it is trading at EV/OIBDA of 19.7 times.

Company	Ticker	Revenue 2018E	Revenue LTM	TTM EBITDA	Enterprise Value / Sales 2018E	Enterprise Value / Sales LTM	EV/ EBITDA	Included Average?	Enterprise Value
Entertainment One	ENTMF	NA	$1,520	$158	NA	1.5x	14.3x	y	2,270
DHX Media	DHXM	NA	$301	$68	NA	3.4x	15.0x	y	1,020
Gaia	GAIA	$44	$28	-$20	5.0x	7.7x	-10.7x	n	217
Lionsgate	LGF-A	$3,974	$4,340	$632	1.9x	1.8x	12.1x	y	7,620
WWE	WWE	$855	$801	$129	3.5x	3.7x	23.0x	y	2,960
Average				**246.5**	**3.4x**	**2.6x**	**16.1x**		**$3,468**

RISKS

- The company is new and to date has only four series that have been produced. 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.
- Its acquisition of Screen Media may not play out as expected as it is a new business for management and requires capital investment to grow.
- 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 most the total voting power through ownership 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 still fall 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 2017 31-Mar	Q2 2017 30-Jun	Q3 2017 30-Sep	Q4 2017 31-Dec	Q1 2018 31-Mar	Q2 2018E 30-Jun	Q3 2018E 30-Sep	Q4 2018E 31-Dec	2016	2017	2018E	2019E
Television & Short-form Video Production	$1.3	$0.6	$0.0	$5.3	$2.1	$0.0	$5.0	$9.2	$7.7	$7.2	$16.3	$20.38
Yr-to-yr Growth	NA	NA	NA	NA	60%	-100%	NA	NA	412%	-6%	125%	25%
Television & Film Distribution	0.0	0.0	0.0	2.9	3.2	3.0	4.3	5.0	0.0	2.9	15.5	19.4
Yr-to-yr Growth	NA	NA	NA	NA	NA	NA	NA	70%	NA	NA	429%	25%
Online Networks	0.1	0.2	0.0	0.5	0.7	1.0	1.2	1.3	0.4	0.8	4.2	5.2
Yr-to-yr Growth	NA	NA	NA	NA	667%	419%	2376%	177%	NM	100%	422%	160%
Total revenue	**1.4**	**0.8**	**0.0**	**8.7**	**6.0**	**4.0**	**10.5**	**15.5**	**8.1**	**11.0**	**36.0**	**45.0**
Yr-to-yr Growth	27%	-31%	-64%	53%	326%	405%	21565%	77%	439%	35%	228%	25%
Less returns and allowances	0.0	0.0	0.0	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	0.0	(0.3)	(1.3)	0.1
Net Revenue	1.4	0.8	0.0	8.40	5.7	4.3	10.8	15.8	8.1	10.7	37.3	44.9
Cost of revenue without amortization	0.5	0.3	0.0	2.6	1.6	1.1	2.6	3.7	3.2	4.7	9.1	10.4
Gross Margin w/o amortization	0.9	0.5	0.0	6.2	4.4	2.9	7.9	11.7	5.0	5.9	26.9	34.6
Gross Margin %	67%	60%	100%	71%	73%	73%	75%	76%	61%	54%	75%	77%
Amortization of film library	0.0	0.0	0.0	1.4	1.5	1.5	1.5	1.5	-	-	5.8	5.8
Total cost of revenue	0.5	0.3	0.0	3.9	3.1	2.6	4.1	5.2	3.2	4.7	15.0	16.2
Gross profit	0.9	0.5	0.0	4.5	2.6	1.8	6.7	10.6	5.0	5.9	22.3	28.8
Gross Margin %	67%	60%	100%	51%	43%	44%	64%	68%	61%	54%	62%	64%
Operating expenses:												
SG&A (Ex-stock based comp)	0.1	0.4	0.5	1.5	1.9	1.7	1.7	1.9	0.8	2.6	7.2	8.7
Stock-based compensation	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	1.5	0.6	1.0	1.2
Management and license fees due to affiliate	0.1	0.1	0.0	0.8	0.6	0.4	1.1	1.5	0.8	1.1	3.6	4.5
Total operating expenses	0.4	0.6	0.7	2.5	2.8	2.4	3.0	3.7	3.2	4.3	11.8	14.4
Operating income:	0.541	(0.2)	-0.6	1.9	(0.160)	(0.6)	3.7	6.9	1.8	1.7	10.5	14.4
Operating margin	38.2%	-20.5%	-1335.1%	22.1%	-2.6%	-14.6%	35.4%	44.5%	21.9%	15.1%	29.2%	32.0%
Other income:	-0.476											
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
interest expense	(0.476)	(0.6)	(0.1)	0.0	(0.022)	(0.0)	(0.0)	(0.0)	(0.6)	(1.2)	(0.1)	(0.1)
Acquisition related costs	0.0	0.0	0.0	(2.2)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(2.2)	0.0	0.0
Gain from Acquisition	0.0	0.0	0.0	24.3	0.0	0.0	0.0	0.0	0.0	24.3	0.0	0.0
Total other income	(0.5)	(0.6)	(0.1)	22.1	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)	20.9	(0.1)	(0.1)
Income before income taxes	0.065	(0.7)	(0.8)	24.0	(0.226)	(0.7)	3.6	6.8	1.2	22.6	10.4	14.3
Pretax Margin	4.6%	-93.2%	-1585.9%	275.8%	-3.8%	-16.3%	34.8%	44.1%	15.0%	205.9%	28.9%	31.8%
Income taxes	0.199	(0.0)	(0.2)	(0.1)	0.336	(0.2)	0.9	2.1	0.4	(0.2)	3.1	4.3
Tax rate	304%	5%	36%	0%	-148%	29%	25%	30%	36%	-1%	30%	30%
Net income	(0.134)	(0.7)	(0.5)	24.1	(0.562)	(0.5)	2.7	4.7	0.8	22.8	7.3	10.0
Yr-over-Yr	-159%	-1413%	-52%	1419%	321%	-34%	-626%	-80%	-204%	2817%	-68%	38%
Stk based compensation	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	1.5	0.6	1.0	1.0
One-time expenses	-	0.2	0.0	(22.0)	(0.0)	0.0	0.0	0.0	0.0	(21.8)	0.0	0.0
Non-GAAP Income	(0.0)	(0.3)	(0.3)	2.3	-0.4	-0.2	3.0	5.0	2.3	1.6	8.3	11.0
Yr-over-Yr	-100%	-335%	NM	40%	40964%	-32%	-983%	120%	-689%	-30%	410%	33%
Net income per share:												
Primary EPS	**(0.01)**	**(0.08)**	**(0.05)**	**2.08**	**(0.05)**	**(0.04)**	**0.24**	**0.41**	**0.09**	**2.26**	**0.63**	**0.77**
Non-GAAP EPS	(0.00)	(0.03)	(0.03)	0.20	(0.03)	(0.02)	0.26	0.43	0.26	0.16	0.71	0.85
	-100%	-325%	-183%	11%	32243%	-46%	-892%	120%				
Shares												
Basic	9.1	9.1	10.4	11.6	11.6	11.6	11.6	11.6	8.8	10.1	11.6	13.0
Diluted	9.1	9.1	10.4	12.5	12.5	12.5	12.5	12.5	9.0	10.2	12.5	13.0
	4.3%	4.3%	17%	36%	36.7%	36.7%	20%	0%	2.7%	13.7%	22.2%	4.0%
GAAP Adjusted EBITDA	0.457	0.233	(0.459)	3.921	1.688	1.079	5.379	8.553	3.8	6.7	16.7	21.1
									NA	76%	151%	26%

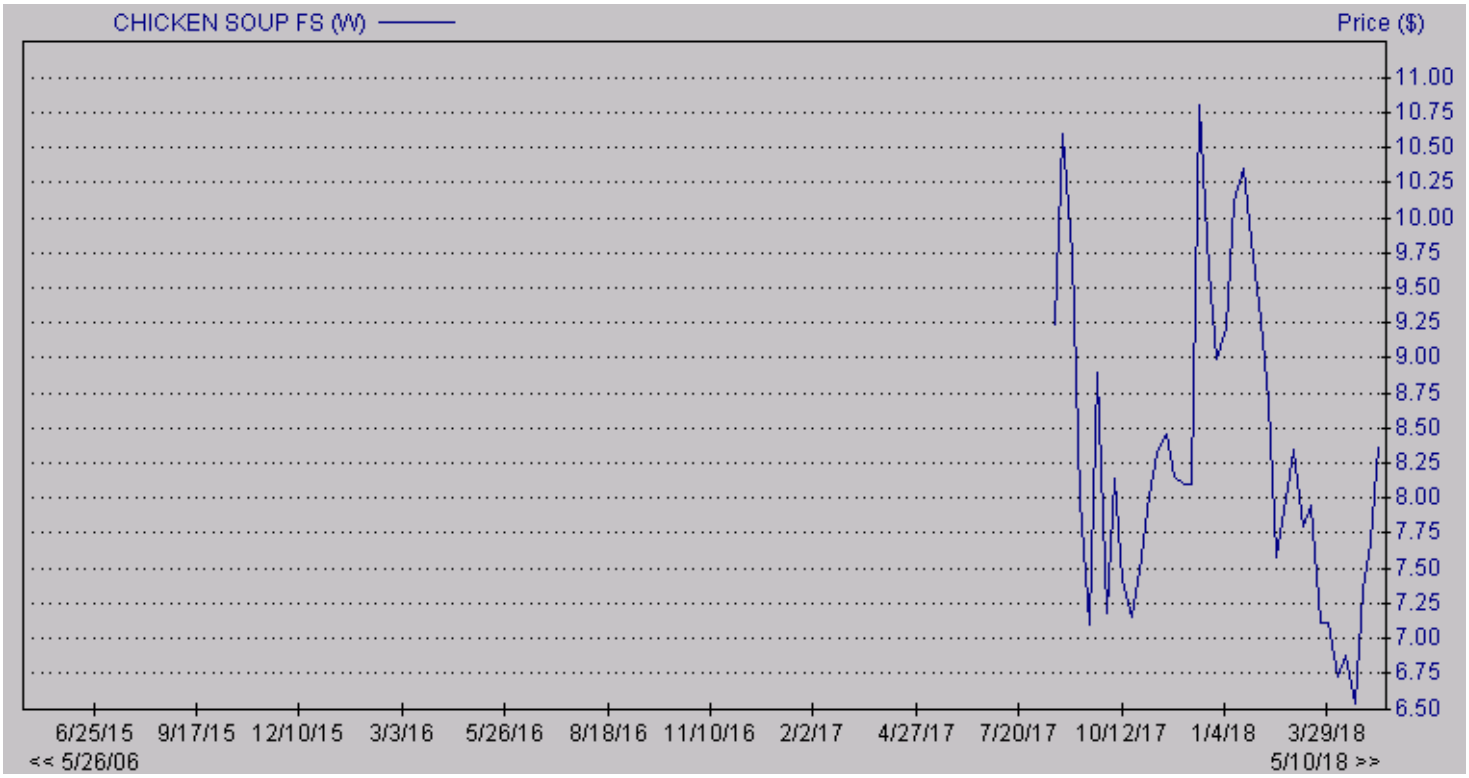
BALANCE SHEET

	Mar 31, 2018	Dec 31, 2017	Qtr-Qtr % Change	Mar 31, 2017	Yr-Yr % Change
Assets					
Cash and cash equivalents	$1,751,689	$2,172,046	-19%	$507,247	245%
Accounts receivable, net	8,432,155	8,058,352	5%	151,417	5469%
Prepaid expenses	239,637	228,145	5%	216,397	11%
Inventory, net	317,203	368,964	-14%	0	NM
Intangible asset - video content license	5,000,000	5,000,000	0%	5,000,000	0%
Prepaid distribution fees	1,846,529	1,892,806	-2%	592,786	212%
Other intangible asset	125,000	125,000	0%	0	NM
Popcornflix film rights and other assets	7,174,548	7,163,943	0%	0	NM
Film library, net	22,258,060	22,655,645	-2%	0	NM
Due from affiliated companies	6,003,404	6,128,629	-2%	1,372,517	337%
Programming costs, net	7,869,441	7,651,145	3%	3,977,553	98%
Other assets, net	275,954	298,133	-7%	0	NM
Total assets	61,293,620	61,742,808	-1%	11,817,917	419%
Liabilities					
Senior secured note payable, net	**0**	**0**	0%	**2,610,106**	-100%
Senior secured note payable to related party, net	**1,700,000**	**1,500,000**	13%	**3,316,488**	-49%
Accounts payable and accrued expenses	1,272,923	1,002,536	27%	694,368	83%
Accrued programming costs	591,326	375,761	57%	1,061,980	-44%
Film library acquisition obligation	185,600	663,400	-72%	0	NM
Accrued participation costs	2,487,759	2,620,417	-5%	0	NM
Other liabilities	148,110	144,533	2%	0	NM
Deferred tax liability, net	552,000	257,000	115%	439,000	26%
Deferred revenue	0	515,000	-100%	71,429	-100%
Total liabilities	6,937,718	7,078,647	-2%	8,193,371	-15%
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	375	374	0%	89	321%
Class B Common stock	786	786	0%	807	-3%
Additional paid-in capital	32,578,694	32,324,500	1%	4,074,646	700%
Retained earnings	21,776,047	22,338,501	-3%	(450,996)	-4928%
Total stockholders' equity	54,355,902	54,664,161	-1%	3,624,546	1400%
Total liabilities and stockholders' equity	61,293,620	61,742,808	-1%	11,817,917	419%
Quick Ratio	NA	NA		NA	
Working Capital	NA	NA		NA	
Cash as % of assets	3%	4%	-19%	4%	-33%
Cash per share	$0.17	$0.17	-3%	$0.04	315%
Debt	$1,700,000	$1,500,000	13%	$3,316,488	NM
Debt % of assets	3%	2%	14%	50%	-94%

CASH FLOW

	Year 2016	3 Mo Ended Mar 31, 2017	3 Mo Ended Jun 30, 2017	3 Mo Ended Sep 30, 2017	3 Mo Ended Dec 31, 2017	Year 2017	3 Mo Ended Mar 31, 2108
Operating activities:							
Net income	781,133	(133,646)	(698,786)	(522,639)	24,144,569	22,789,498	(562,453)
Adjustments to reconcile net income to net cash provided by operating activities:							
Share-based compensation	1,542,044	132,790	159,401	182,581	163,486	638,258	254,195
Amortization of programming costs	3,155,668	474,206	320,717	-	2,178,476	2,973,399	770,401
Amortization of deferred financing costs	40,859	21,876	21,871	-	-	43,747	-
Amortization of debt discount	383,712	364,311	441,582	59,940	-	865,833	-
Amortization of leasehold improvements	-	-	-	-	9,819	9,819	13,033
Amortization of film library	-	-	-	-	1,378,869	1,378,869	1,454,140
Bad debt expense	-	-	-	-	112,568	112,568	87,632
Impairment of programming costs	-	-	-	-	21,121	21,121	-
Loss on debt extinguishment	-	-	24,803	-	-	24,803	-
Gain on purchase of Screen Media		-	-	-	(24,321,747)	(24,321,747)	-
Deferred income taxes	439,000	(147,000)	(82,000)	(9,000)	56,000	(182,000)	295,000
Change in operating assets and liabilities:							
Trade accounts receivable	(151,417)	(915,487)	(645,437)	532,169	(4,585,096)	(5,613,851)	(461,435)
Prepaid expenses and other current assets	(200,199)	(148,366)	(470,172)	(575,422)	1,357,932	163,972	(11,492)
Inventory	-	-	-	-	(25,656)	(25,656)	51,761
Programming costs	(5,120,254)	(913,532)	(834,266)	(2,546,713)	(2,438,419)	(6,732,930)	(773,132)
Film library		-	-	-	(1,094,363)	(1,094,363)	(1,056,556)
Popcornflix film rights and other assets							(10,605)
Prepaid distribution fees	(592,786)	(1,680,534)	137,784	72,684	170,045	(1,300,021)	46,277
Other assets	-	-	-	-	(184,838)	(184,838)	41,000
Accounts payable and accrued expenses	671,338	(287,399)	487,618	(498,167)	(298,245)	(596,193)	268,534
Film library acquisition obligation	-	-	-	-	(60,200)	(60,200)	(477,800)
Accrued participation costs	-	-	-	-	482,435	482,435	(132,659)
Other liabilities	-	-	-	-	(66,313)	(66,313)	3,577
Income taxes payable	-	346,000	3,000	(250,000)	(99,000)	-	-
Deferred revenues	(3,428,571)	28,571	750,001	202,500	(537,500)	443,572	(515,000)
Net cash provided by operating activities	(2,479,473)	(2,858,210)	(383,884)	(3,352,067)	(3,636,057)	(10,230,218)	(715,582)
Investing activities:							
Payment for acquisition of Screen Media, net	-	-	-	-	(4,683,814)	(4,683,814)	-
Purchase of video content license from affiliate	(5,000,000)	(798,572)	798,572	-	-	-	125,225
Net cash used in investing activities	(5,000,000)	(798,572)	798,572	-	(4,683,814)	(4,683,814)	125,225
Cash flows from financing activities:							
Proceeds from revolving credit facility	4,530,000	3,225,000	100,000	-	1,500,000	4,825,000	200,000
Repayments of revolving credit facility	(1,050,000)	(980,000)	(1,325,000)	(4,500,000)	-	(6,805,000)	-
Prepayment of deferred financing cost	(84,606)	-	-	-	-	-	(30,000)
Due from affiliated companies	739,039	-	(709,488)	(2,961,968)	(1,084,656)	(4,756,112)	-
Payment of stock issuance cost in IPO	(197,600)	-	(17,500)	17,500	(2,330,824)	(2,330,824)	-
Payment of stock issuance cost in private placements	-	925,662	(925,662)	-	(618,980)	(618,980)	-
Proceeds from notes payable	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	1,075,809	-	1,413,166	22,540,377	2,949,805	26,903,348	-
Proceeds from common stock in Private Plac.		-	-	1,413,400	-	1,413,400	-
Net cash provided by financing activities	7,982,642	3,170,662	565,516	12,427,309	415,345	16,578,832	170,000
Net change - cash	503,169	(486,120)	980,204	9,075,242	(7,904,526)	1,664,800	(420,357)
Cash, beginning of quarter	4,078	507,247	21,127	1,001,331	10,076,573	507,247	2,172,047
Cash, end of period	507,247	21,127	1,001,331	10,076,573	2,172,047	2,172,047	1,751,690
Supplemental information:							
Interest paid	110,092	80,309	147,896	61,429	8,414	298,048	16,268
Income taxes paid	-	-	52,000	-	-	52,000	-
					-		
Cash Flow	6,342,416	712,537	187,588	(289,118)	3,743,161	4,354,168	2,311,948
Free cash flow	1,342,416	(86,035)	986,160	(289,118)	(940,653)	(329,646)	2,437,173

HISTORICAL STOCK PRICE



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