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Zacks Small-Cap Research

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Chicken Soup For The Soul Entertainment (CSSE-NASDAQ)

Now Focused on a Video On Demand Network and Leveraging Content

We believe that CSSE stock should be valued at the average EV/EBITDA of its peers. Using an average of 13 times, and forecasted 2018 EBITDA of $18 million, the stock could be worth $20.20 per share.

Current Price (03/28/18)	$7.02
Valuation	**$20.20**

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 67% in the first two months 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	**$6.91**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**35,521**
Shares Outstanding (mil)	**11.6**
Market Capitalization ($mil)	**$81.4**
Short Interest Ratio (days)	**5.9**
Institutional Ownership (%)	**16**
Insider Ownership (%)	**61**
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	**3.1**
P/E using 2018 Estimate	**10.0**
P/E using 2019 Estimate	**8.8**
Zacks Rank	**N/A**

Risk Level	**N/A**
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 E	$4.1 E	$10.4 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	$0.00 E	-$0.01 E	$0.23 E	$0.49 E	$0.70 E
2019					$0.80 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW

Year End Results Show Revenue Growth of 35% to $11 Million

Since the acquisition of Screen Media on November 3rd of last year, Chicken Soup for the Soul Entertainment has moved from being strictly a producer of original content, to a content distributor and web based streaming network. Its end goal it to grow its streaming content and leverage its unique model of owning and producing content and the means of distribution to gain a competitive advantage. On a pro forma basis, the acquisition of Screen Media created a company with $19.8 million in revenue in 2017 and adjusted GAAP EBITDA of $7.3 million.

For the year ending December 31, 2017 the company reported revenues of $11.0 million versus $8.1 million, up 35%. Gross margin and operating profits were down, as the company took on Screen Media in the fourth quarter, which incurred high amortization costs from the newly acquired film library.

Gross margin, including amortization of both the film library and programming costs, declined to 54% from 61%. It was up on a dollar basis to $5.9 million from $5.0 million a year ago. Without the new amortization of the film library, this would have been $9.7 million in gross margin for 2017, almost double last year.

Operating expenses increased to $4.3 versus $3.2 million a year ago. Reported operating income was $1.7 versus $1.8 million last year. Taking out library amortization that would have been $3.0 million in 2017.

GAAP net income including all one time costs associated with the merger was $22.8 million versus $0.8. Taking out the one-time gain from the purchase of the library and other one-time costs as well as stock based compensation, non-GAAP net income would have been $1.3 million versus $2.3 million. All of that decline can be explained by the additional expense of amortization of the film library.

Fully diluted GAAP EPS was $2.23 versus $0.09 a year ago.

The company is managing the company on cash flow and EBITDA. It reported adjusted GAAP EBITDA as $28.3 million versus $3.8 million a year ago, however taking out the one time events especially the gain on the library purchase, and amortization of programming costs, we believe the non-GAAP adjusted EBITDA was $6.7 million versus $6.5 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 13 times, and $18 million in EBITDA, we believe the stock is worth $20.20 per share.

Q4 Results

Revenue for the fourth quarter of 2017 was $8.7 million versus $5.7 million in 2016. This was broken down as $5.4 million from content production, $2.9 million from two months of Screen Media's distribution business and another $398,000 from advertising revenues from both Popcornflix and A+.

Gross margin, excluding amortization was $5.8 million or 66% versus last year's $3.6 million or 64%. With amortization this fell to 51%.

Operating expenses increased to $2.5 million from $0.7 million as CSSE brought on Screen Media.

Operating income excluding amortization was $3.3 million versus $2.9 million a year ago. As reported, operating income was $1.9 million versus $2.9 million. With large amortization of both the film library and programming costs, the company is being managed on cash flow and EBITDA rather than profitability.

GAAP net income was $24.1 million versus $1.6 million a year ago. GAAP EPS was $2.08 versus $0.18 a year ago.

Overview of Screen Media Acquisition

On November 4, 2017 CSSE closed the 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 booked approximately $14.2 million in revenue in calendar year 2017. As part of the acquisition the content library was valued far in excess of purchase price and the company booked a gain on purchase of $24.3 million on the income statement.

About $2 million of its revenue came 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 60 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 $12 million of revenue came 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.

2018 Assumptions

It is difficult to forecast revenues for CSSE as a large amount of revenues are based on how many shows the company produces and delivers in a given year as well as the success of content the company distributes. An unexpected hit can increase revenues for a distributor several millions of dollars. We believe that happened in 2017 with Jeepers Creepers III, which increased sales a couple million dollars beyond expectations. CSSE already indicated that there might be upside to distribution based on potential hits and cited two movies. One is *Blue Iguana*, starring Sam Rockwell who recently won an Oscar for *Three Billboards Outside Ebbing, Missouri*, and is in postproduction, and the other *Bel Canto*, also in postproduction and stars Julianne Moore.

The company expects to deliver 60 half hour show equivalents comprised of renewals of current shows as well as two new shows. On the call management told investors to stay turned in the next couple weeks for two announcements on shows to be delivered this year. We expect these shows to be delivered in Q3 rather than Q4, smoothing our 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. CSSE has confidence that by investing capital it can swiftly grow the business with high ROI. Steps include more access to cash to buy content, advertising, improved web sites and apps and using analytics and a direct sales force to sell ads on Popcornflix.

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.

- 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 two new shows expected to be delivered 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 a handful of 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.

- 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. As a result Screen Media should be able to generate over $14 million in revenues next year even with out subscriber growth. With capital CSSE hope to rapidly return Screen Media to its previous $20 million in revenues.

- In its online business CSSE generates revenue from its Popcornflix channels and its 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 one of which was *The New Americans*.

- We are expecting 2018 revenues to $36 million and preliminarily estimating 2019 revenues at $45 million. Our valuation for the company is $234 million or $20.20 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. It is now in its third season and is currently running on *The CW* network.
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 delivered Season 3 of *Hidden Heroes* and the first season of Vacation Rental Potential, and finished Being Dad (a parenting show). Revenues from these series are booked when they are available to be aired. Being Dad has not signed a channel, but is expected to do so in Q2 2018.

The New Americans, produced by Ashton Kutcher, is a new digital series for 2018 and is about immigrants to the United States. The series is comprised of 15 short-form videos, will be available on APlus.com. It will also be featured as *APlus Heroes* within episodes of the company's popular *Chicken Soup for the Soul's Hidden Heroes* television series.

Unique Business Model for Content

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.

With the acquisition of Screen Media the company is now also able to distribute its own content and later stream it on Popcornfix increasing profitability for its created content.

VALUATION

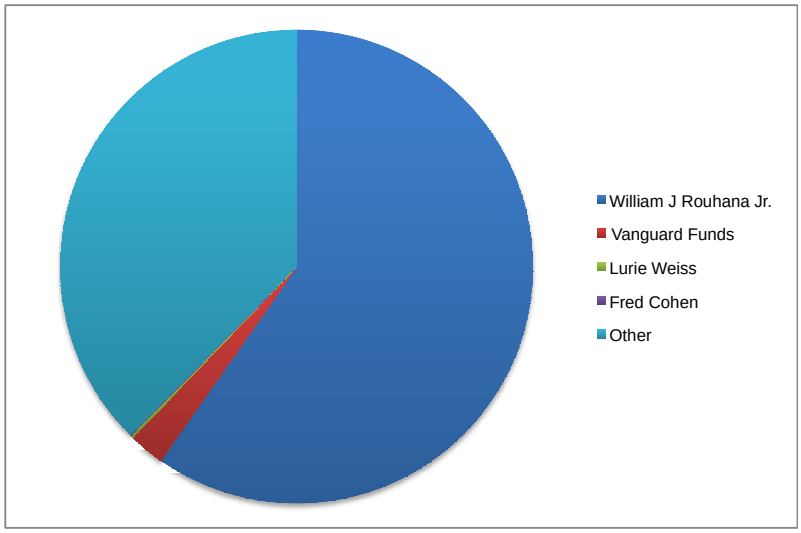
We believe that Chicken Soup for the Soup Entertainment should be valued on EBITDA. There are few public comps to value the company against and it believes the closest comp is WWE. If we take Gaia, which has negative EBITDA, out of the average, these companies trade at an average valuation of 13.0 times EV/EBITDA. Using an estimate for EBITDA in 2018 of $18 million and the industry average, CSSE could be worth $234 million, or $20.20 per share.

Company	Ticker	Revenue 2018E	Revenue LTM	TTM EBITDA	Enterprise Value / Sales 2018E	Enterprise Value / Sales LTM	EV/ EBITDA	Included in Average?	Enterprise Value
Entertainment One	ENTMF	NA	$1,500	$234	NA	1.6x	10.5x	y	2,460
DHX Media	DHXM	NA	$301	$68	NA	3.5x	15.3x	y	1,040
Gaia	GAIA	$41	$28	-$20	5.6x	8.0x	-11.2x	n	226
Lionsgate	LGF-A	$4,110	$4,340	$632	2.0x	1.9x	13.1x	y	8,250
WWE	WWE	$843	$801	$114	3.3x	3.5x	24.6x	y	2,800
Average				**261.9**	**3.6x**	**2.6x**	**13.0x**		**$3,638**

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 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 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 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 2017 31-Dec	Q1 2018E 31-Mar	Q2 2018E 30-Jun	Q3 2018E 30-Sep	Q4 2018E 31-Dec	2015	2016	2017	2018E	2019E
Television	1.1	$1.0	$0.1	$5.5	$1.3	$0.6	$0.0	$5.4	$1.9	$0.0	$5.0	$9.2	$1.5	$7.7	$7.2	$16.1	$20.13
Yr-to-yr Growth					NA	NA	NA	NA	NA	NA	NA	NA	NA	412%	-6%	122%	25%
Distribution	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	3.1	3.0	4.2	5.0	0.0	0.0	2.9	15.3	19.1
Yr-to-yr Growth					NA	NA	NA	NA	NA	NA	NA	70%	NA	NA	NA	421%	25%
Online	0.0	0.2	0.0	0.4	0.2	0.2	0.0	0.4	1.0	1.1	1.2	1.3	0.0	0.4	0.8	4.6	5.8
Yr-to-yr Growth					NA	NA	NA	NA	NA	NA	NA	NA	NA	NM	100%	477%	188%
Total revenue	**1.1**	**1.2**	**0.1**	**5.7**	**1.4**	**0.8**	**0.0**	**8.7**	**6.0**	**4.1**	**10.4**	**15.5**	**1.5**	**8.1**	**11.0**	**36.0**	**45.0**
Yr-to-yr Growth	NM	NM	-14%	324%	27%	-31%	-64%	53%	323%	417%	21358%	78%		439%	35%	228%	25%
Less returns and allowances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	(0.32)	0.1	0.1
Net Revenue	1.1	1.2	0.1	5.7	1.4	0.8	0.0	8.40	6.0	4.1	10.4	15.5	1.5	8.1	10.7	35.9	44.9
Cost of revenue	0.5	0.5	0.1	2.1	0.5	0.3	0.0	3.9	4.2	2.2	3.8	4.1	0.7	3.2	4.7	14.3	18.0
Gross profit	0.6	0.6	0.1	3.6	0.9	0.5	0.0	4.5	1.8	1.9	6.6	11.4	0.9	5.0	5.9	21.6	27.0
Gross Margin %	55%	55%	55%	64%	67%	60%	100%	51%	30%	46%	63%	74%	57%	61%	54%	60%	60%
Operating expenses:																	
SG&A (Ex-stock based comp)	0.1	0.2	0.4	0.1	0.1	0.4	0.5	1.5	1.0	1.3	1.5	1.5	0.5	0.8	2.6	5.2	6.4
Stock-based compensation	0.0	0.1	1.4	0.0	0.1	0.2	0.2	0.163	0.3	0.3	0.3	0.3	0.8	1.5	0.6	1.2	1.3
Management and license fees due to affiliate	0.1	0.1	0.0	0.6	0.1	0.1	0.0	0.8	0.6	0.4	1.0	1.6	0.3	0.8	1.1	3.6	4.5
Total operating expenses	0.2	0.4	1.8	0.7	0.4	0.6	0.7	2.5	1.9	2.0	2.8	3.3	1.6	3.2	4.3	10.0	12.2
Operating income:	0.4	0.2	(1.7)	2.9	0.5	(0.2)	-0.6	1.9	(0.1)	(0.1)	3.8	8.1	-0.8	1.8	1.7	11.6	14.8
Operating margin	34.8%	17.9%	-1270.7%	51.1%	38.2%	-20.5%	-1335.1%	22.1%	-1.7%	-2.7%	36.6%	52.1%	-50.0%	21.9%	15.1%	32.2%	32.9%
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	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)	0.0	0.0	0.0	0.0	0.0	0.0	(0.6)	(1.2)	0.1	0.1
Acquisition related costs				0.0	0.0	0.0	0.0	(2.2)	0.0	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	0.0	24.3	0.0	0.0	0.0	0.0	0.0	0.0	24.3	0.0	0.0
Total other income	0.0	(0.0)	(0.2)	(0.3)	(0.5)	(0.6)	(0.1)	22.1	0.0	0.0	0.0	0.0	0.0	(0.6)	20.9	0.1	0.1
Income before income taxes	0.4	0.2	(1.9)	2.6	0.1	(0.7)	(0.8)	24.0	(0.1)	(0.1)	3.8	8.1	-0.8	1.2	22.6	11.7	14.9
Pretax Margin	34.8%	14.0%	-1425.3%	45.8%	4.6%	-93.2%	-1585.9%	275.8%	-1.4%	-2.2%	36.8%	52.2%	-50.0%	15.0%	205.9%	32.4%	33.1%
Income taxes	0.2	0.1	(0.9)	1.0	0.2	(0.0)	(0.2)	(0.1)	(0.0)	(0.0)	1.1	2.4	0.0	0.4	(0.2)	3.5	4.5
Tax rate	42%	67%	44%	39%	304%	5%	36%	0%	30%	30%	30%	30%	0%	36%	-1%	30%	30%
Net income	0.2	0.1	(1.1)	1.6	(0.1)	(0.7)	(0.5)	24.1	(0.1)	(0.1)	2.7	5.7	(0.8)	0.8	22.8	8.1	10.4
Yr-over-Yr					-159%	-1413%	-52%	1419%	-57%	-91%	-613%	-77%		-204%	2817%	-64%	28%
Stk based compensation	-	0.1	1.4	0.0	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	1.5	0.6	1.2	1.2
One-time expenses	-	-	-	0.0	0.0	0.2	0.0	(22.0)	0.0	0.0	0.0	0.0	0.0	0.0	(21.8)	0.0	0.0
Non-GAAP Income	0.2	0.1	0.3	1.6	0.0	(0.4)	(0.3)	2.3	0.2	0.2	3.0	6.0	(0.4)	2.3	1.6	9.3	11.6
Yr-over-Yr					-92%	-386%	NM	43%	1189%	-163%	-976%	158%		-689%	-30%	475%	25%
Net income per share:																	
Primary EPS	0.03	0.01	(0.12)	0.18	(0.01)	(0.08)	(0.05)	2.08	(0.00)	(0.01)	0.23	0.49	(0.09)	0.09	2.26	0.70	0.80
Non-GAAP EPS	0.03	0.01	0.04	0.18	0.00	(0.04)	(0.03)	0.20	0.02	0.02	0.26	0.51	(0.04)	0.26	0.16	0.80	0.89
					-92%	-375%	-183%	13%	916%	-150%	-887%	158%					
Shares																	
Basic	8.8	8.8	8.9	9.1	9.1	9.1	10.4	11.6	11.6	11.6	11.6	11.6	8.8	8.8	10.1	11.6	13.0
Diluted	8.8	8.8	8.9	9.2	9.1	9.1	10.4	12.5	12.5	12.5	12.5	12.5	8.8	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	0.387	0.396	NA	NA	0.694	0.166	(0.464)	6.263	4.049	2.209	8.329	12.599	-	3.8	28.3	18.4	21.7
														NA	650%	-35%	18%

BALANCE SHEET

In Q4 2017 the company spent $4.9 million in cash on the acquisition of Screen Media.

	Dec 31, 2017	Sept 30, 2017	Qtr-Qtr % Change	Dec 31, 2016	Yr-Yr % Change
Assets					
Cash and cash equivalents	$2,172,046	$10,076,573	-78%	$507,247	328%
Accounts receivable, net	8,058,352	1,180,173	583%	151,417	5222%
Prepaid expenses	228,145	1,410,357	-84%	216,397	5%
Inventory, net	368,964	0	NM	0	NM
Intangible asset - video content license	5,000,000	5,000,000	0%	5,000,000	0%
Prepaid distribution fees	1,892,806	2,062,852	-8%	592,786	219%
Other intangible asset	125,000	0	NM	0	NM
Popcornflix film rights and other assets	7,163,943	0	NM	0	NM
Film library, net	22,655,645	0	NM	0	NM
Due from affiliated companies	6,128,629	5,043,973	22%	1,372,517	347%
Programming costs, net	7,651,145	8,599,082	-11%	3,977,553	92%
Other assets, net	298,133	0	NM	0	NM
Total assets	61,742,808	33,373,010	85%	11,817,917	422%
Liabilities					
Senior secured note payable, net	**0**	**0**	0%	**2,610,106**	-100%
Senior secured note payable to related party, net	**1,500,000**	**0**	0%	**3,316,488**	-55%
Accounts payable and accrued expenses	1,002,536	566,883	77%	694,368	44%
Income taxes payable	0	99,000	-100%	0	NM
Accrued programming costs	375,761	1,562,520	-76%	1,061,980	-65%
Film library acquisition obligation	663,400	0	NM	0	NM
Accrued participation costs	2,620,417	0	NM	0	NM
Other liabilities	144,533	0	NM	0	NM
Deferred tax liability, net	257,000	201,000	28%	439,000	-41%
Deferred revenue	515,000	1,052,500	-51%	71,429	621%
Total liabilities	7,078,647	3,481,903	103%	8,193,371	-14%
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	374	350	7%	89	320%
Class B Common stock	786	807	-3%	807	-3%
Additional paid-in capital	32,324,500	31,696,017	2%	4,074,646	693%
Accumulated deficit	22,338,501	(1,806,067)	-1337%	(450,996)	-5053%
Total stockholders' equity	54,664,161	29,891,107	83%	3,624,546	1408%
Total liabilities and stockholders' equity	61,742,808	33,373,010	85%	11,817,917	422%

CASH FLOW

	6 Months Jun 30, 2016	3 Mo Ended Sep 30, 2016	3 Mo Ended Dec 31, 2016	Year 2016	6 Mo Ended Jun 30, 2017	3 Mo Ended Sep 30, 2017	3 Mo Ended Dec 31, 2017	Year 2017
Operating activities:								
Net income	278,492	(1,086,547)	1,589,188	781,133	(832,432)	(522,639)	24,144,569	22,789,498
Adjustments to reconcile net income to net cash provided by operating activities:								
Share-based compensation	77,018	1,436,293	28,733	1,542,044	292,191	182,581	163,486	638,258
Amortization of programming costs	1,027,227	61,500	2,066,941	3,155,668	794,923	-	2,178,476	2,973,399
Amortization of deferred financing costs	711	19,172	20,976	40,859	43,747	-	-	43,747
Amortization of debt discount	29,169	144,107	210,436	383,712	805,893	59,940	-	865,833
Amortization of leasehold improvements	-	-	-	-	-	-	9,819	9,819
Amortization of film library	-	-	-	-	-	-	1,378,869	1,378,869
Bad debt expense	-	-	-	-	-	-	112,568	112,568
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	270,000	(857,000)	1,026,000	439,000	(229,000)	(9,000)	56,000	(182,000)
Change in operating assets and liabilities:								
Trade accounts receivable	(799,540)	-	648,123	(151,417)	(1,560,924)	532,169	(4,585,096)	(5,613,851)
Prepaid expenses and other current assets	(132,162)	(40,342)	(27,695)	(200,199)	(618,538)	(575,422)	1,357,932	163,972
Inventory	-	-	-	-	-	-	(25,656)	(25,656)
Programming costs	(2,683,536)	(1,404,000)	(1,032,718)	(5,120,254)	(1,747,798)	(2,546,713)	(2,438,419)	(6,732,930)
Film library							(1,094,363)	(1,094,363)
Prepaid distribution fees	-	-	(592,786)	(592,786)	(1,542,750)	72,684	170,045	(1,300,021)
Other assets	-	-	-	-	-	-	(184,838)	(184,838)
Accounts payable and accrued expenses	346,669	(73,833)	398,502	671,338	200,219	(498,167)	(298,245)	(596,193)
Film library acquisition obligation	-	-	-	-	-	-	(60,200)	(60,200)
Accrued participation costs	-	-	-	-	-	-	482,435	482,435
Other liabilities	-	-	-	-	-	-	(66,313)	(66,313)
Income taxes payable	-	-	-	-	349,000	(250,000)	(99,000)	-
Deferred revenues	2,557,874	(36,364)	(5,950,081)	(3,428,571)	778,572	202,500	(537,500)	443,572
Net cash provided by operating activities	971,922	(1,837,014)	(1,614,381)	(2,479,473)	(3,242,094)	(3,352,067)	(3,636,057)	(10,230,218)
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)	-	-	(5,000,000)	-	-	-	-
Net cash used in investing activities	(5,000,000)	-	-	(5,000,000)	-	-	(4,683,814)	(4,683,814)
Cash flows from financing activities:								
Proceeds from revolving credit facility	2,300,000	1,550,000	680,000	4,530,000	3,325,000	-	1,500,000	4,825,000
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	2,423,578	(1,620,879)	(63,660)	739,039	(709,488)	(2,961,968)	(1,084,656)	(4,756,112)
Payment of stock issuance cost in IPO	-	-	(197,600)	(197,600)	(17,500)	17,500	(2,330,824)	(2,330,824)
Payment of stock issuance cost in private placements						-	(618,980)	(618,980)
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	2,949,805	26,903,348
Proceeds from common stock in Private Plac.	-	900,760	(900,760)			1,413,400	-	1,413,400
Net cash provided by financing activities	4,118,056	2,859,003	1,005,583	7,982,642	3,736,178	12,427,309	415,345	16,578,832
Net change - cash	89,978	1,021,989	(608,798)	503,169	494,084	9,075,242	(7,904,526)	1,664,800
Cash, beginning of quarter	4,078	94,056	94,056	4,078	507,247	1,001,331	10,076,573	507,247
Cash, end of period	94,056	1,116,045	3,946,804	507,247	1,001,331	10,076,573	2,172,047	2,172,047
Supplemental information:								
Interest paid	13,521	31,885	64,686	110,092	228,205	61,429	8,414	298,048
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	1	415,477
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
Cash Flow	1,682,617	(282,475)	4,942,274	6,342,416	900,125	(289,118)	3,743,161	4,354,168
Free cash flow	(3,317,383)	(282,475)	4,942,274	1,342,416	900,125	(289,118)	(940,653)	(329,646)

HISTORICAL STOCK PRICE



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