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Zacks Small-Cap Research

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Chicken Soup For The Soul Entertainment (CSSE-NASDAQ)

CSSE Buys Pivotshare to Build Out its SVOD Offerings

We believe that CSSE stock should be valued at the average multiples of its peers. Using 2018 EBITDA of $14.6 million and revenues of $33.7 million, the stock could be worth $20.60 per share.

Current Price (08/17/18)	$9.07
Valuation	**$20.60**

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 just bought Pivotshare, the YouTube of subscription based streaming channels, which will give it the technology platform to launch its own SVOD channels. Its acquisition should save CSSE $1 million in costs per year when it migrates its OTT channels over Pivotshare's platform. CSSE is on track to achieve its 2018 goals of $36 million in revenues and $18 million in adjusted EBITDA.

SUMMARY DATA

52-Week High	**$11.55**
52-Week Low	**$6.54**
One-Year Return (%)	**-2.0**
Beta	**N/A**
Average Daily Volume (sh)	**32,808**
Shares Outstanding (mil)	**11.5**
Market Capitalization ($mil)	**$104**
Short Interest Ratio (days)	**5.9**
Institutional Ownership (%)	**22**
Insider Ownership (%)	**73**
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	**5.0**
P/E using 2018 Estimate	**22.7**
P/E using 2019 Estimate	**14.6**
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	$3.1 A	$6.9 E	$17.7 E	$33.7 E
2019					$45.7 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	-$0.12 A	$0.05 E	$0.53 E	$0.40 E
2019					$0.62 E

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WHAT'S NEW

Reports Q2 Results and Announces the Acquisition of Pivotshare

Chicken Soup for the Soul Entertainment continues to expand its OTT streaming capability by purchasing Pivotshare, a provider of a subscription-based video on demand (SVOD) platform for content providers. As the YouTube of paid for streaming channels, this platform allows customers to create a video channel with their own content and charge viewers a monthly or per view fee. Pivotshare retains a 30% split of viewer revenues. The network generates approximately $2.5 million in annual revenue and has approximately 25,000 paid subscriptions with an average monthly revenue of $9 per subscription. It has a wide range off offerings on a variety of topics including channels such as fitness, sports, culture, and even instructional videos. Examples range from the Gold's Gym channel with workout videos for $12.99 a month to ChukkerTV, the leader in polo broadcasting, for $500 per month or $150 per match. CSSE paid $4.35 million for this company using a combination of $3.35 million of preferred stock, $257,000 in cash and 74,235 shares of CSSE common stock (to Adam Mosam.) CSSE expects to save $1 million per year once its has ported its channels to the Pivotshare platform by not having to pay a third party service. As a result we expect CSSE gross margins to rise in its online networks business.

Q2 Earnings

CSSE reported Q2 2018 revenues of $3.1 million down from $6 million in Q1, as there were no shows delivered and the distribution business was in its seasonally weak period. This number compared with $0.8 million a year ago, before Screen Media was bought.

Revenue was broken down into the company's three lines of business:

- **Television & Short-form Video Production** – The company booked $306,000 in revenue versus $701,000 last year. No shows were delivered this quarter and selling rights to existing shows generated revenue.

- **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 $2.0 million in revenues down sequentially from the $3.2 million in revenues in Q1. Screen Media was purchased in November 2017 and there were no revenues to CSSE in its second 2017 quarter. Summer is a seasonally weak time for this business.

- **Online Networks** (Video on Demand) – is the portion of Screen Media's business that generates revenues from ads on Popcornflix, its other channels, and its online OTT programming. It contributed $725,000 in revenues in the quarter versus $92,000 a year ago. Ad requests increased 67% year-over-year in July from 15 million per month to 25 million per month.

Gross margins should be looked at in two ways, before and after amortization of film library, which is put in cost of goods. So when including that cost, gross margin declined from 60% to 38% in Q2 2018. However, when amortization is eliminated, gross margin was actually up to 80% from 60%. Both content production and distribution have similar gross margins excluding that amortization.

Operating expenses grew from $634,000 to $2.4 million with the addition of Screen Media.

Operating losses were $1.3 million this quarter versus a loss of $162,000 in last year's quarter.

Net interest expense was $97,000 versus $577,000 a year ago and before the company raised money in its August IPO.

This year the company had a pretax loss of $1.4 million versus a loss of $0.7 million. In both quarters however the company paid negligible taxes. This year they were $79,000 versus a negative $40,000 in 2017. CSSE expects to pay an annualized tax rate of 28% for this year and next.

Net income was a loss $1.4 million versus a loss of $0.7 million or -$0.12 per share versus -$0.08 per share on 27% more shares outstanding.

More importantly adjusted EBITDA for the company was $385,000 versus $166,000 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 18 times, and using a conservative $14.6 million in EBITDA, we believe the stock is worth $23.80 per share.

On June 29, 2018 **the company issued of 600,000 shares of a Series A Cumulative Redeemable Preferred Stock at $25 per share**. This combined with partially exercise of the underwriter's over-allotment option of 46,497 shares, brought gross proceeds to $16.2 million. Net proceeds from the sale of the shares after underwriting fees and other offering expenses were over **$14 million**. The company intends to use the net proceeds from this offering for accretive merger and acquisition opportunities and general corporate purposes and did use some for the acquisition of Pivotshare. The Series A Preferred Stock is not convertible into or exchangeable for any of the company's other shares. It trades on the Nasdaq Global Market under the symbol "CSSEP." The preferred stock pays an attractive dividend with a 9.8% yield. As of June 30, 2018, and before the overallotment was exercised, the company had $18.2 million in cash on the balance sheet.

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 them to meet that goal and believe 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 peak revenues of $20 million. Last year it generated $12 million in annual revenues, and we are expecting it to at stay at least flat this year. Approximately $830,000 in revenues could be added by the acquisition of Pivotshare in Q3 and Q4.

Subsequent Events

On July 18, 2018 CSSE announced the production launch of its new series *The Fixer*, a show that teaches millennials how to deal with personal finances. It is being executive produced by actor and investor Ashton Kutcher. Their sponsors are Acorns, Handy.com, Adobe, and Chegg; it is CSSE's first series to have multiple major sponsors. In another first, two of these sponsors are also portfolio companies Kutcher's venture fund, Sound Ventures. The series will consist of ten 30-minute episodes. Dan Rosensweig, CEO of Chegg (CHGG), will be the host. Chegg is an education technology company based in Santa Clara, California, that started in online textbook rentals, and has moved into homework help, online tutoring, scholarships, and internship matching.

CSSE paid a one-time special dividend of $0.45 per share of the company's common stock. The cash dividend was paid on August 10, 2018 to holders of record as of August 6, 2018.

KEY POINTS

- Chicken Soup for the Soul Entertainment began with a **creative business model** with built in profits from providing 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 acquisitions of Screen Media and Pivotshare.

- 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 had a marquee property to entice new sponsors of new shows. The sponsors attracted by its new show The Fixer, confirm this.

- 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 assure participants of high quality family friendly content with a positive message.

- The company plans 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 29 employees plus a 10% management fee to the parent company as all production work is outsourced. Screen Media added 20 of those employees and Pivotshare is adding four.

- Through the acquisitions of Screen Media and Pivotshare, CSSE can leverage its content. It can add its content to channels that offer free content supported by ads, and may add a premium paid for service without ads. With capital CSSE hope to rapidly return Screen Media to its previous $20 million in revenues.

- Pivotshare has added a platform to rapidly launch streaming channels while cutting costs for CSSE by bring outsourced functions in-house. The company expects the acquisition to save it $1 million per year in expenses.

- We are expecting 2018 revenues to $34 million and preliminarily estimating 2019 revenues at $46 million. Our valuation for the company is $201 million or $20.60 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 the fall. Vacation Rental Potential was a hit and has already been renewed. Its second season may begin to be delivered in Q3 2018. The Fixer is the newest show being produced.

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 OTT increasing profitability for its created content. Pivotshare adds the capability of easily launching subscription-based channels.

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. WWE is projecting adjusted OIBDA for 2018 of $160-170 million and it is trading at EV/OIBDA of 37.8 times 2018 OIBDA.

If we take Gaia, and Roku (which have negative EBITDA,) and Netflix, (which is an outlier,) out of the average, these companies trade at an average valuation of 18.0 times EV/EBITDA. Using a conservative estimate for EBITDA in 2018 of $14.6 million and the industry average, CSSE could be worth $263 million, or $23.80 per share.

Looking at it from enterprise value to sales, the group trades at an average of 5.6 times estimated 2018 sales. Using this CSSE could be worth $190 million enterprise value or $17.40 per share. An average of these two numbers is **$20.60.**

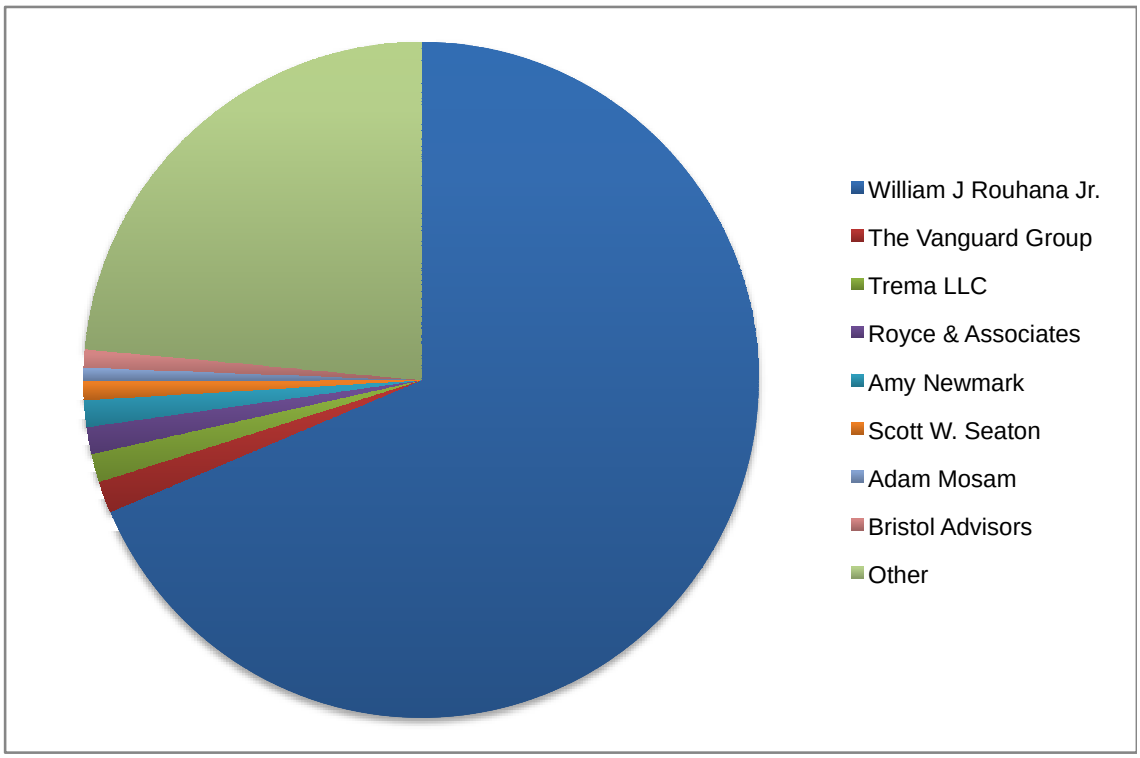
Company	Ticker	Revenue 2018E	Revenue LTM	TTM EBITDA	Enterprise Value / Sales 2018E	Enterprise Value / Sales LTM	EV/ EBITDA	Included Average?	Enterprise Value
DISH	DISH	13670	13990	2730	2.2x	2.2x	11.3x	y	30,750
Entertainment One	ENTMF	NA	$1,380	$206	NA	2.0x	13.5x	y	2,780
DHX Media	DHXM	NA	$319	$67	NA	2.7x	13.0x	y	869
Gaia	GAIA	$44	$36	-$20	6.7x	8.2x	-14.6x	y	296
Lionsgate	LGF-A	$3,974	$4,130	$501	1.8x	1.7x	14.3x	y	7,180
Netflix	NFLX	$15,860	$13,880	$1,440	9.9x	11.4x	109.5x	y	157,640
Roku	ROKU	$714	$549	-$14	6.5x	8.5x	-331.4x	y	4,640
WWE	WWE	$898	$867	$160	6.7x	7.0x	37.8x	y	6,040
Average				**701.4**	**5.6x**	**5.2x**	**18.0x**		**$29,165**

Streaming OTT channels are of great interest and being launched almost daily. There are high valuations for these companies in the private markets and in M&A. As an example, on July 30, AMC bought RLJ Entertainment for an enterprise value of $274 million or 3xs trailing twelve-month revenues or 21.6 times its $12.7 million in trailing adjusted EBITDA. RLJ Entertainment's SVOD Acorn TV and UMC (Urban Movie Channel) have over 820,000 subscribers, and in the June quarter subscribers were up 49% from a year ago. Revenues in the quarter were $9.4 million from the streaming business.

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 2018 30-Jun	Q3 2018E 30-Sep	Q4 2018E 31-Dec	2016	2017	2018E	2019E
Television & Short-form Video Production	$1.3	$0.7	$0.0	$5.2	$2.1	$0.3	$2.5	$11.4	$7.7	$7.2	$16.3	$20.38
Yr-to-yr Growth	NA	NA	NA	NA	60%	-56%	NA	NA	412%	-6%	125%	25%
Television & Film Distribution	0.0	0.0	0.0	2.9	3.2	2.0	3.2	5.0	0.0	2.9	13.5	19.3
Yr-to-yr Growth	NA	NA	NA	NA	NA	NA	NA	70%	NA	NA	359%	44%
Online Networks	0.1	0.1	0.0	0.6	0.7	0.7	1.2	1.3	0.4	0.8	3.9	6.0
Yr-to-yr Growth	NA	NA	NA	NA	667%	689%	2376%	128%	NM	100%	388%	54%
Total revenue	**1.4**	**0.8**	**0.0**	**8.7**	**6.0**	**3.1**	**6.9**	**17.7**	**8.1**	**11.0**	**33.7**	**45.7**
Yr-to-yr Growth	27%	-31%	-64%	53%	326%	286%	14137%	103%	439%	35%	207%	36%
Less returns and allowances	0.0	0.0	0.0	(0.3)	(0.3)	(0.1)	(0.3)	(0.4)	0.0	(0.3)	(1.1)	(1.2)
Net Revenue	1.4	0.8	0.0	8.40	5.7	2.937	6.6	17.3	8.1	10.7	32.5	44.5
Cost of revenue without amortization	0.5	0.3	0.0	2.6	1.6	0.620	1.4	3.4	3.2	4.7	7.1	7.4
Gross Margin w/o amortization	0.9	0.5	0.0	6.2	4.4	2.443	5.5	14.3	5.0	5.9	26.6	38.3
Gross Margin %	67%	60%	100%	71%	73%	80%	80%	81%	61%	54%	79%	84%
Amortization of film library	0.0	0.0	0.0	1.4	1.5	1.2	1.2	1.3	-	-	5.1	5.1
Total cost of revenue	0.5	0.3	0.0	3.9	3.1	1.8	2.6	4.7	3.2	4.7	12.1	12.5
Gross profit	0.9	0.5	0.0	4.5	2.6	1.148	4.0	12.6	5.0	5.9	20.4	29.3
Gross Margin %	67%	60%	100%	51%	43%	38%	58%	71%	61%	54%	61%	64%
Operating expenses:												
SG&A (Ex-stock based comp)	0.1	0.4	0.5	1.5	1.9	1.876	2.1	2.1	0.8	2.6	8.0	9.6
Stock-based compensation	0.1	0.2	0.2	0.2	0.3	0.239	0.2	0.2	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	0.294	0.7	1.8	0.8	1.1	3.3	4.6
Total operating expenses	0.4	0.634	0.7	2.5	2.8	2.409	3.0	4.1	3.2	4.3	12.3	15.4
Operating income:	0.541	(0.162)	-0.6	1.9	(0.2)	(1.260)	1.025	8.5	1.8	1.7	8.1	13.9
Operating margin	38.2%	-20.5%	-1335.1%	22.1%	-2.6%	-41.2%	14.9%	48.2%	21.9%	15.1%	24.1%	30.4%
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	(0.0)	(0.1)	(0.1)	(0.1)	(0.6)	(1.2)	(0.3)	(0.3)
Acquisition related costs	0.0	0.0	0.0	(2.2)	(0.0)	-	0.1	-	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)	0.0	(0.1)	(0.6)	20.9	(0.3)	(0.3)
Income before income taxes	0.065	(0.7)	(0.8)	24.0	(0.2)	(1.354)	1.1	8.4	1.2	22.6	7.8	13.6
Pretax Margin	4.6%	-93.2%	-1585.9%	275.8%	-3.8%	-44.2%	15.2%	47.6%	15.0%	205.9%	23.2%	29.7%
Income taxes	0.199	(0.0)	(0.2)	(0.1)	0.3	0.1	0.1	1.8	0.4	(0.2)	2.3	4.1
Tax rate	304%	5%	36%	0%	-148%	-6%	10%	22%	36%	-1%	30%	30%
Net income	(0.134)	(0.7)	(0.5)	24.1	(0.6)	(1.433)	1.0	6.6	0.8	22.8	5.5	9.5
Yr-over-Yr	-159%	-1413%	-52%	1419%	321%	105%	-282%	-73%	-204%	2817%	-76%	74%
Preferred dividend	-	-	-	-	-	-	0.396	0.4	-	-	0.8	1.5
Net income to common shareholders	(0.1)	(0.7)	(0.5)	24.1	(0.6)	(1.4)	0.6	6.2	0.8	22.8	4.7	8.0
Stk based compensation	0.1	0.2	0.2	0.2	0.3	0.2	0.2	0.2	1.5	0.6	1.0	1.0
One-time expenses	-	0.2	0.0	(22.0)	(0.0)	0.0	0.1	0.0	0.0	(21.8)	0.1	0.1
Non-GAAP Income	(0.0)	(0.3)	(0.3)	2.3	(0.4)	(1.2)	0.9	6.4	2.3	1.6	5.7	9.1
Yr-over-Yr	-100%	-335%	NM	40%	40964%	290%	-369%	183%	-689%	-30%	253%	59%
Net income per share:												
Primary EPS	**(0.01)**	**(0.08)**	**(0.05)**	**2.08**	**(0.05)**	**(0.12)**	**0.05**	**0.53**	**0.09**	**2.26**	**0.40**	**0.62**
Non-GAAP EPS	(0.00)	(0.03)	(0.03)	0.20	(0.03)	(0.10)	0.08	0.55	0.26	0.16	0.49	0.70
	-100%	-325%	-183%	11%	31966%	208%	-342%	183%				
Shares												
Basic	9.1	9.1	10.4	11.6	11.6	11.6	11.5	11.6	8.8	10.1	11.6	13.0
Yr-over-Yr	3.5%	4.3%	17%	28%	28.1%	26.6%	11%	0%	0.9%	13.9%	15.1%	12.2%
Diluted	9.1	9.1	10.4	12.5	11.6	11.8	11.8	11.9	9.0	10.2	11.8	13.0
Yr-over-Yr	3.0%	4.3%	17%	36%	28.0%	29.3%	14%	-5%	2.7%	13.7%	15.1%	10.4%
GAAP Adjusted EBITDA	0.693	0.166	(0.341)	27.8	1.699	0.385	2.439	10.055	3.8	28.3	14.6	20.4
									NA	650%	-49%	40%

BALANCE SHEET

	June 30, 2018	Mar 31, 2018	Qtr-Qtr % Change	June 30, 2017	Yr-Yr % Change
Assets					
Cash and cash equivalents	$18,208,439	$1,751,689	939%	$507,247	3490%
Restricted cash	$629,975	$0	NM	$0	NM
Accounts receivable, net	7,615,198	8,432,155	-10%	151,417	4929%
Prepaid expenses	247,345	239,637	3%	216,397	14%
Inventory, net	477,123	317,203	50%	0	NM
Intangible asset - video content license	5,000,000	5,000,000	0%	5,000,000	0%
Prepaid distribution fees	1,749,178	1,846,529	-5%	592,786	195%
Other intangible asset	125,000	125,000	0%	0	NM
Popcornflix film rights and other assets	7,174,548	7,174,548	0%	0	NM
Film library, net	23,992,541	22,258,060	8%	0	NM
Due from affiliated companies	6,743,535	6,003,404	12%	1,372,517	391%
Programming costs, net	8,879,282	7,869,441	13%	3,977,553	123%
Other assets, net	320,627	275,954	16%	0	NM
Total assets	81,162,791	61,293,620	32%	11,817,917	587%
Liabilities					
Senior secured note payable, net	**7,115,616**	**0**	NM	**2,610,106**	173%
Senior secured note payable to related party, net	**0**	**1,700,000**	-100%	**3,316,488**	-100%
Accounts payable and accrued expenses	1,418,991	1,272,923	11%	694,368	104%
Accrued programming costs	48,833	591,326	-92%	1,061,980	-95%
Film library acquisition obligation	2,240,600	185,600	1107%	0	NM
Accrued participation costs	2,526,033	2,487,759	2%	0	NM
Other liabilities	105,382	148,110	-29%	0	NM
Deferred tax liability, net	625,000	552,000	13%	439,000	42%
Deferred revenue	900,000	0	NM	71,429	1160%
Total liabilities	14,980,455	6,937,718	116%	8,193,371	83%
Stockholder's equity					
Preferred stock, $.0001 par value: Authorized shares 10,000,000, none issued and outstanding	60	0	NM	0	NM
Class A Common stock	379	375	1%	89	326%
Class B Common stock	782	786	-1%	807	-3%
Additional paid-in capital	46,471,079	32,578,694	43%	4,074,646	1040%
Retained earnings	20,342,765	21,776,047	-7%	(450,996)	-4611%
Class A common stock held in treasury	(632,729)	0	NM	0	NM
Total stockholders' equity	66,182,336	54,355,902	22%	3,624,546	1726%
Total liabilities and stockholders' equity	81,162,791	61,293,620	32%	11,817,917	587%
Quick Ratio	NA	NA		NA	
Working Capital	NA	NA		NA	
Cash as % of assets	22%	3%	685%	4%	423%
Cash per share	$1.99	$0.17	1083%	$0.04	4807%
Debt	$7,115,616	$1,700,000	319%	$5,926,594	20%
Debt % of assets	9%	3%	216%	50%	-83%

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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