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Zacks Small-Cap Research

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Lisa Thompson
312-265-9154
lthompson@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Chicken Soup For The Soul Entertainment (CSSE-NASDAQ)

New Shows And Growing OTT Channels Lead to Higher Guidance for 2019

We believe that CSSE stock should be valued at the average multiples of its peers. Using 2018 EBITDA of $18 million and revenues of $36 million, the stock could be worth $20.75 per share.

Current Price (11/19/18)	$8.80
Valuation	**$20.75**

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 recently 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 from migrating its SVOD OTT channels to Pivotshare's platform. New shows should allow CSSE to easily achieve its 2018 goals of $36 million in revenues and $18 million in adjusted EBITDA.

SUMMARY DATA

52-Week High	**$10.99**
52-Week Low	**$6.54**
One-Year Return (%)	**6.7**
Beta	**2.1**
Average Daily Volume (sh)	**17,742**
Shares Outstanding (mil)	**11.7**
Market Capitalization ($mil)	**$103**
Short Interest Ratio (days)	**24.0**
Institutional Ownership (%)	**16**
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	**4.7**
P/E using 2018 Estimate	**16.3**
P/E using 2019 Estimate	**12.8**
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	$6.6 A	$20.6 E	$36.3 E
2019					$49.1 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	-$0.01 A	$0.68 E	$0.50 E
2019					$0.88 E

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WHAT'S NEW

Chicken Soup for the Soul Entertainment reported Q3 numbers that showed remarkable progress over last year both for the quarter and the nine months. It has built a strong business and is even ahead of its own projections leading the company to state it would easily meet its goal of $36 million in revenues and $18 million in adjusted EBITDA for 2018. Management also said that all the analyst projections for 2019 were too low based on their current plans let alone the significant opportunities its sees for acquisitions.

Q3 Earnings

Chicken Soup for the Soul Entertainment reported Q3 revenues of $6.6 million versus no revenues last year. This $6.6 million was comprised of $2.3 million for Television & Short-form Video Production (TV shows completed and available for delivery), $2.5 million for distribution of movies and TV shows (Screen Media), and $1.8 million of revenue from online channels and platforms, including Pivotshare. Screen Media was purchased in November of 2017 and Pivotshare closed on August 23rd of 2018.

TV and Short Form Video Production

This segment booked $2.3 million in revenues compared to none last year as the company made a conscious effort to complete more programming earlier in the year and be less Q4 dependent.

In July, CSSE announced the production launch of its new series now called *Going From Broke*, a show that pairs a financial expert with a twenty-something college graduate trying to make their way out of student and other debt and execute a plan that will lead to financial stability. We envision it as a sort of Queer Eye for the Broke Millennial. 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 and 32 one-minute short form videos. 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. This show is in production and some of the episodes have been finished and booked as revenue. We expect the show to air in Q1 2019.

After the quarter closed, CSSE announced that the Boniuk Foundation has sponsored a fourth season of its series *Chicken Soup for the Soul's Hidden Heroes*. The show is already in production and expects it to be completed by the end of 2018, and aired in 2019. The season will consist of 14 original episodes and three 'best-of' episodes each 30 minutes in length. With this series the company will reach 49 out of the 60 half-hour equivalents of TV episodes and short-form videos that it expects to book as revenue in 2018.

While we do not know what was specifically booked in Q3, this year the company delivered or will deliver by year end:

- nine episodes of Chicken Soup for the Soul's Hidden Heroes from Season 3
- three episodes of Vacation Rental Potential from Season 1
- 10 episodes of Vacation Rental Potential Season 2
- 10 episodes of Going From Broke Season 1
- 17 episodes for Chicken Soup for the Soul's Hidden Heroes Season 4
- four episodes of an additional unannounced show that is currently in production.

The company expects to announce four more new shows, one of which is already in production and has a sponsor but has not yet been announced.

Online Channels and Platforms

In the Q3 revenues of $1.8 million for this segment, the company had some one-time direct sales that may or may not be repeated, and made the sequential ramp of $1 million a surprise. Without these sales of several hundred thousand, we expect revenues for this business to look sequentially flat in Q4.

The company now has seven ad supported video-on-demand networks; A Plus, Popcornflix, Popcornflix Kids, Popcornflix Comedy, Espanolflix and Frightpix, with one having been added after the quarter closed by the acquisition of Truli.com. Ad requests increased 67% year-over-year from $15 million per month to $25 million per month. Watch time in September was 246 million minutes, which increased to 268 million minutes (or 9% higher) in October and is currently pacing at 32% higher than that for the first 10 days in November. Since CSSE bought Popcornflix, it has increased CPMs about 30 some odd percent and number of ads served by 66% year-over-year.

Pivotshare, bought on August 15th, allowed Chicken Soup for the Soul Entertainment to expand its OTT streaming capability by adding a platform for subscription-based video on demand (SVOD). 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 company books only its cut of the revenues, not the gross amount so Pivotshare adds approximately $800,000 to CSSE's revenues. The network generates approximately $2.5 million in gross annual revenue and had approximately 25,000 paid subscriptions with average monthly revenue of $9 per subscription at the time of acquisition. It has a wide range off offerings on a variety of topics including channels such as fitness, sports, culture, and even instructional videos. 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.) Going forward CSSE is saving $1 million per year having ported its channels to the Pivotshare platform and not paying a third party service. As a result we expect CSSE gross margins to rise in its online networks business.

On Oct. 25, 2018, Chicken Soup for the Soul Entertainment acquired the assets of Truli Media Corp. Truli.com is a family-friendly and faith-based online video channel. This acquisition includes 2,500 hours of programming and brings CSS Entertainment an additional 630,000 Facebook fans. Including Truli's content, CSSE's content library is now over 35,000 hours of programming. Truli's content fits well with the Chicken Soup for the Soup brand and includes film, television, music videos, sports, comedy and educational material. Truli will remain a separate ad-supported video-on-demand channel, however some of the Truli content will be added on its Popcornflix Kids channel. In addition, a Truli-branded subscription channel (SVOD) will be created using Pivotshare's platform.

Distribution

The distribution business generated $2.5 million in Q3. It gets half its revenues from existing content and half from new purchased content. In Q4 the company has high hopes for two specific movies: *The Mercy* starring Colin Firth and Rachel Weisz, and the animated *Elliot the Littlest Reindeer*, starring Josh Hutcherson, John Cleese and Martin Short, both of which will hit US theaters on November 20th and also be released digitally.

Gross margin before including the amortization of the film library was 78%, slightly down sequentially from Q2's 80%. After amortization, that number was 61% in Q3 2018 compared to 38% in Q2 2018.

With higher revenues and the acquisition of Screen Media operating expenses increased to $2.9 million this year from $0.7 million a year ago. The operating income was $1.1 million or 17% versus a loss of $647,000 last year. The company had one-time acquisition related costs in the quarter of $183,000 related to the purchase of Pivotshare on August 22nd. Taking out that expense, pretax income was $1.0 million versus a loss of $769,000 a year ago.

The company paid $512,000 in taxes, which was a 61% tax rate for the quarter, compared with a tax benefit last year of $246,000. The company is expected to pay taxes for the full year at a 30% rate.

Net loss to common shareholders was $98,000 million after paying $423,000 in preferred dividends. This compares with a loss of $523,000 last year when there was no preferred stock outstanding.

For the quarter there were 11.6 primary share outstanding versus 10.4 million a year ago, up 11%. GAAP loss per share was $0.01 versus a loss of $0.05 and non-GAAP loss per share was breakeven versus $0.03.

Adjusted EBITDA for the quarter was $3.1 million bring the **year to date EBITDA to $5.2 million**. Last year the EBITDA for the quarter was a loss of $341,000 and year to date was $518,000.

The company continued its full-year 2018 guidance of $36.0 million in revenue and $18.0 million in adjusted EBITDA.

In July 2018, the company's Board of Directors declared a one-time, special dividend in the amount of $0.45 per share on its common stock, which was paid on August 10, 2018 to the stockholders of record as of the close of business on 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 *Going From Broke*, 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 at least 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 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 $36 million and estimating 2019 revenues at $49 million. Our valuation for the company is $243 million or $20.75 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. Hidden Heroes is now in its third season and is currently running on *The CW* network, and was just 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 is currently being shown on Netflix. Vacation Rental Potential was a hit and has already been renewed for a second season. *Going From Broke* is in production, as is a new show that has not yet been announced. 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. The company has seven OTT streaming channels: A Plus, Popcornflix, Popcornflix Kids, Popcornflix Comedy, Espanolflix, Frightpix, and Truli.

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's last 12 month adjusted OIBDA was $160-170 million and it is trading at EV/OIBDA of 30.4 times 2018 OIBDA.

If we take out Gaia (which has negative EBITDA,) Roku, (which is at breakeven), and Netflix, (which is an outlier,) out of the average, these companies trade at an average valuation of 17.6 times EV/EBITDA. Using the guidance estimate for EBITDA in 2018 of $18 million and the industry average, CSSE could be worth $317 million, or $27.00 per share.

Looking at it from enterprise value to sales, the group trades at an average of 4.7 times estimated 2018 sales. Using this CSSE could be worth $169 million enterprise value or $14.50 per share. An average of these two numbers is **$20.75.**

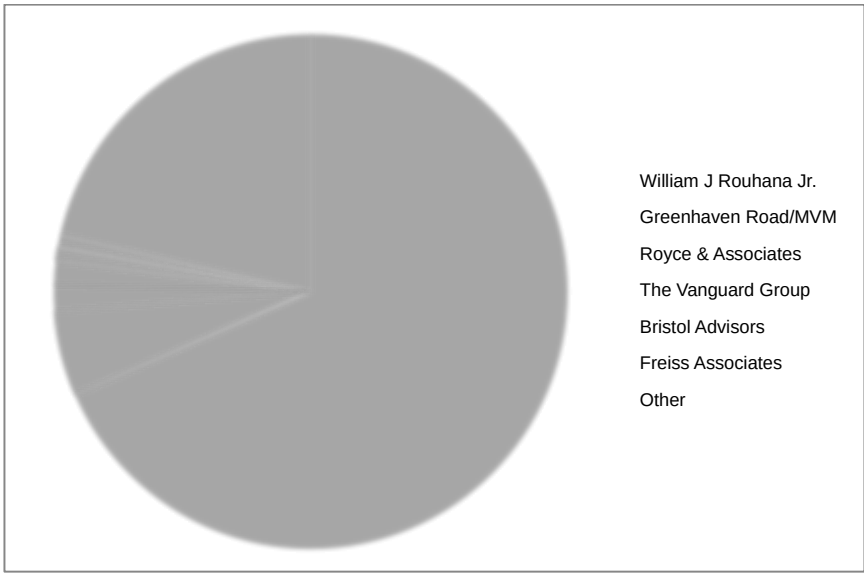
Company	Ticker	Revenue 2018E	Revenue LTM	TTM EBITDA	Enterprise Value / Sales 2018E	Enterprise Value / Sales LTM	EV/ EBITDA	Included Average?	Enterprise Value
DISH	DISH	13600	13800	2810	2.1x	2.1x	10.3x	y	29,060
Entertainment One	ENTMF	NA	$1,380	$206	NA	2.1x	14.3x	y	2,940
DHX Media	DHXM	NA	$331	$58	NA	2.9x	16.5x	y	962
Gaia	GAIA	$44	$40	-$24	4.2x	4.7x	-7.6x	y	187
Lionsgate	LGF-A	$3,870	$4,020	$476	1.8x	1.7x	14.5x	y	6,880
Netflix	NFLX	$15,820	$14,890	$1,710	8.2x	8.7x	76.1x	y	130,080
Roku	ROKU	$728	$655	-$3	6.4x	7.2x	-1737.0x	y	4,690
WWE	WWE	$910	$869	$156	5.5x	5.8x	32.2x	y	5,010
Average				**747.5**	**4.7x**	**4.2x**	**17.6x**		**$24,971**

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 five 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. Production schedules may also slip and shows may not be booked in the quarters they are expected.
- 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 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


William J Rouhana Jr.
Greenhaven Road/MVM
Royce & Associates
The Vanguard Group
Bristol Advisors
Freiss Associates
Other

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 2018 30-Sep	Q4 2018E 31-Dec	2015	2016	2017	2018E	2019E
Television & Short-form Video Production	$1.3	$0.7	$0.0	$5.2	$2.1	$0.3	$2.3	$13.3	$1.5	$7.7	$7.2	$18.0	$22.50
Yr-to-yr Growth	NA	NA	NA	NA	60%	-56%	NA	NA	NA	412%	-6%	148%	25%
Television & Film Distribution	0.0	0.0	0.0	2.9	3.2	2.0	2.5	5.5	0.0	0.0	2.9	13.3	19.1
Yr-to-yr Growth	NA	NA	NA	NA	NA	NA	NA	87%	NA	NA	NA	352%	44%
Online Networks	0.1	0.1	0.0	0.6	0.7	0.7	1.8	1.8	0.0	0.4	0.8	5.0	7.5
Yr-to-yr Growth	NA	NA	NA	NA	667%	689%	3591%	216%	NA	NM	100%	525%	51%
Total revenue	**1.4**	**0.8**	**0.0**	**8.7**	**6.0**	**3.1**	**6.6**	**20.6**	**1.5**	**8.1**	**11.0**	**36.3**	**49.1**
Yr-to-yr Growth	27%	-31%	-64%	53%	326%	286%	13483%	136%		439%	35%	230%	35%
Less returns and allowances	0.0	0.0	0.0	(0.3)	(0.3)	(0.1)	(0.1)	(0.4)	0.0	0.0	(0.3)	(0.9)	(1.2)
Net Revenue	1.4	0.8	0.0	8.40	5.7	2.9	6.5	20.2	1.5	8.1	10.7	35.4	47.9
Cost of revenue without amortization	0.5	0.3	0.0	2.6	1.6	0.6	1.4	3.9		3.2	4.7	7.6	7.6
Gross Margin w/o amortization	0.9	0.5	0.0	6.2	4.4	2.4	5.1	16.7		5.0	5.9	28.7	41.5
Gross Margin %	67%	60%	100%	71%	73%	80%	78%	81%		61%	54%	79%	84%
Amortization of film library	0.0	0.0	0.0	1.4	1.5	1.2	1.0	1.2		0.0	0.0	4.9	4.9
Total cost of revenue	0.5	0.3	0.0	3.9	3.1	1.8	2.5	5.1	0.7	3.2	4.7	12.5	12.5
Gross profit	0.9	0.5	0.0	4.5	2.6	1.148	4.0	15.1	0.9	5.0	5.9	22.9	35.4
Gross Margin %	67%	60%	100%	51%	43%	38%	61%	74%	57%	61%	54%	63%	72%
Operating expenses:													
SG&A (Ex-stock based comp)	0.1	0.4	0.5	1.5	1.9	1.9	1.8	2.1	0.5	0.8	2.6	7.7	9.3
Stock-based compensation	0.1	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.8	1.5	0.6	1.0	1.2
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1				0.3	0.6
Management and license fees due to affiliate	0.1	0.1	0.0	0.8	0.6	0.3	0.6	2.1	0.3	0.8	1.1	3.6	4.9
Total operating expenses	0.4	0.634	0.7	2.5	2.8	2.4	2.9	4.5	1.6	3.2	4.3	12.6	15.9
Operating income:	0.541	(0.162)	-0.6	1.9	(0.2)	(1.2)	1.1	10.6	-0.8	1.8	1.7	10.3	19.5
Operating margin	38.2%	-20.5%	-1335.1%	22.1%	-2.6%	-40.3%	17.3%	51.5%	-50.0%	21.9%	15.1%	28.4%	39.6%
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	0.0
interest expense	(0.476)	(0.6)	(0.1)	0.0	(0.0)	(0.1)	(0.1)	(0.1)	0.0	(0.6)	(1.2)	(0.4)	(0.4)
Acquisition related costs	0.0	0.0	0.0	(2.2)	(0.0)	-	(0.2)	(0.1)	0.0	0.0	(2.2)	(0.3)	0.0
Gain from Acquisition	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	(0.5)	(0.6)	(0.1)	22.1	(0.1)	(0.1)	(0.3)	(0.2)	0.0	(0.6)	20.9	(0.7)	(0.3)
Income before income taxes	0.065	(0.7)	(0.8)	24.0	(0.2)	(1.328)	0.837	10.4	-0.8	1.2	22.6	9.7	19.1
Pretax Margin	4.6%	-93.2%	-1585.9%	275.8%	-3.8%	-43.4%	12.7%	50.5%	-50.0%	15.0%	205.9%	26.6%	38.9%
Income taxes	0.199	(0.0)	(0.2)	(0.1)	0.3	0.1	0.5	2.0	0.0	0.4	(0.2)	2.9	5.7
Tax rate	304%	5%	36%	0%	-148%	-6%	61%	19%	0%	36%	-1%	30%	30%
Net income	(0.134)	(0.7)	(0.5)	24.1	(0.6)	(1.4)	0.3	8.4	(0.8)	0.8	22.8	6.8	13.4
Yr-over-Yr	-159%	-1413%	-52%	1419%	321%	101%	-162%	-65%		-204%	2817%	-70%	98%
Preferred dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.5		0.0	0.0	0.9	2.0
Net income to common shareholders	(0.1)	(0.7)	(0.5)	24.1	(0.6)	(1.4)	(0.1)	8.0		0.8	22.8	5.9	11.4
Stk based compensation	0.1	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.4	1.5	0.6	1.0	1.0
One-time expenses	-	0.2	0.0	(22.0)	(0.0)	0.0	(0.2)	(0.1)	0.0	0.0	(21.8)	(0.3)	-
Non-GAAP Income	(0.0)	(0.3)	(0.3)	2.3	(0.4)	(1.2)	(0.0)	8.1	(0.4)	2.3	1.6	6.5	12.4
Yr-over-Yr	-100%	-335%	NM	40%	40964%	282%	-89%	258%		-689%	-30%	303%	89%
Net income per share:													
Primary EPS	**(0.01)**	**(0.08)**	**(0.05)**	**2.08**	**(0.05)**	**(0.12)**	**(0.01)**	**0.68**	**(0.09)**	**0.09**	**2.26**	**0.50**	**0.88**
Non-GAAP EPS	(0.00)	(0.03)	(0.03)	0.20	(0.03)	(0.10)	(0.00)	0.69	(0.04)	0.26	0.16	0.56	0.95
	-100%	-325%	-183%	11%	31966%	202%	-90%	255%					
Shares													
Basic	9.1	9.1	10.4	11.6	11.6	11.6	11.6	11.7	8.8	8.8	10.1	11.6	13.0
Yr-over-Yr	3.5%	4.3%	17%	28%	28.1%	26.6%	11.2%	0.8%		0.9%	13.9%	15.4%	12.0%
Diluted	9.1	9.1	10.4	12.5	11.6	11.8	11.8	11.9	8.8	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%	15.3%	10.2%
GAAP Adjusted EBITDA	0.693	0.166	(0.341)	27.8	1.699	0.411	3.117	12.418	-	3.8	28.3	17.6	26.1
										NA	650%	-38%	48%

BALANCE SHEET

	Sept 30, 2018	June 30, 2018	Qtr-Qtr % Change	Sept 30, 2017	Yr-Yr % Change
Assets					
Cash and cash equivalents	$11,511,534	$18,208,439	-36.8%	$10,076,573	14.2%
Restricted cash	$750,000	$629,975	19.1%	$0	NM
Accounts receivable, net	8,783,079	7,615,198	15.3%	1,180,173	644.2%
Prepaid expenses	425,267	247,345	71.9%	1,410,357	-69.8%
Inventory, net	291,667	477,123	-38.9%	0	NM
Intangible asset - video content license	5,000,000	5,000,000	0.0%	5,000,000	0.0%
Prepaid distribution fees	1,728,425	1,749,178	-1.2%	2,062,852	-16.2%
Other intangible asset	4,373,139	125,000	3398.5%	0	NM
Popcornflix film rights and other assets	7,174,548	7,174,548	0.0%	0	NM
Film library, net	25,120,465	23,992,541	4.7%	0	NM
Due from affiliated companies	6,713,467	6,743,535	-0.4%	5,043,973	33.1%
Programming costs, net	9,767,574	8,879,282	10.0%	8,599,082	13.6%
Other assets, net	410,105	320,627	27.9%	0	NM
Total assets	82,049,270	81,162,791	1.1%	33,373,010	145.9%
Liabilities					
Senior secured note payable, net	**6,883,926**	**7,115,616**	-3.3%	**0**	NM
Accounts payable and accrued expenses	2,273,970	1,418,991	60.3%	566,883	301.1%
Accrued programming costs	0	48,833	-100.0%	1,562,520	-100.0%
Film library acquisition obligation	2,501,100	2,240,600	11.6%	0	NM
Accrued participation costs	1,961,384	2,526,033	-22.4%	0	NM
Other liabilities	449,451	105,382	326.5%	0	NM
Deferred tax liability, net	1,112,000	625,000	77.9%	201,000	453.2%
Deferred revenue	634,800	900,000	-29.5%	1,052,500	-39.7%
Total liabilities	15,816,631	14,980,455	5.6%	3,481,903	354.3%
Stockholder's equity					
Preferred stock	78	60	30.0%	0	NM
Class A Common stock	385	379	1.6%	350	10.0%
Class B Common stock	782	782	0.0%	807	-3.1%
Additional paid-in capital	46,196,504	46,471,079	-0.6%	31,696,017	45.7%
Retained earnings	20,667,619	20,342,765	1.6%	(1,806,067)	-1244.3%
Class A common stock held in treasury	(632,729)	(632,729)	0.0%	0	NM
Total stockholders' equity	66,232,639	66,182,336	0.1%	29,891,107	121.6%
Total liabilities and stockholders' equity	82,049,270	81,162,791	1.1%	33,373,010	145.9%
Quick Ratio	NA	NA		NA	
Working Capital	NA	NA		NA	
Cash as % of assets	14%	22%	-37.5%	30%	-53.5%
Cash per share	$1.27	$1.99	-36.2%	$0.87	46.2%
Debt	$6,883,926	$7,115,616	-3.3%	$0.00	NM
Debt % of assets	8%	9%	-4.3%	0%	NM

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	3 Mo Ended Jun 30, 2018	3 Mo Ended Sep 30, 2018
Operating activities:									
Net income	781,133	(133,646)	(698,786)	(522,639)	24,144,569	22,789,498	(562,453)	(1,433,282)	324,852
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	239,005	243,592
Amortization of programming costs	3,155,668	474,206	320,717	-	2,178,476	2,973,399	770,401	80,100	658,716
Amortization of deferred financing costs	40,859	21,876	21,871	-	-	43,747	-	14,290	21,435
Amortization of debt discount	383,712	364,311	441,582	59,940	-	865,833	-	-	-
Amortization of leasehold improvements	-	-	-	-	9,819	9,819	13,033	13,033	13,034
Amortization of film library	-	-	-	-	1,378,869	1,378,869	1,454,140	1,168,392	1,033,983
Amortization of acquired assets							-	-	125,452
Bad debt expense	-	-	-	-	112,568	112,568	87,632	52,519	(140,151)
Provision for returns and allowances	-	-	-	-	-		-	445,994	268,512
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	73,000	487,000
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)	318,444	(1,281,327)
Prepaid expenses and other current assets	(200,199)	(148,366)	(470,172)	(575,422)	1,357,932	163,972	(11,492)	(7,708)	(148,784)
Inventory	-	-	-	-	(25,656)	(25,656)	51,761	(159,920)	185,457
Programming costs	(5,120,254)	(913,532)	(834,266)	(2,546,713)	(2,438,419)	(6,732,930)	(773,132)	(1,632,434)	(1,595,841)
Film library		-	-	-	(1,094,363)	(1,094,363)	(1,056,556)	(2,902,872)	(2,161,907)
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	97,351	20,754
Other assets	-	-	-	-	(184,838)	(184,838)	41,000	(91,643)	56,863
Accounts payable and accrued expenses	671,338	(287,399)	487,618	(498,167)	(298,245)	(596,193)	268,534	(83,861)	413,402
Film library acquisition obligation	-	-	-	-	(60,200)	(60,200)	(477,800)	2,055,000	260,500
Accrued participation costs	-	-	-	-	482,435	482,435	(132,659)	38,275	(564,650)
Other liabilities	-	-	-	-	(66,313)	(66,313)	3,577	(42,728)	344,069
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)	900,000	(265,200)
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)	(859,045)	(1,700,239)
Investing activities:									
Payment for business acquisition, net	-	-	-	-	(4,683,814)	(4,683,814)	-	-	40,310
Purchase of video content license from affiliate	(5,000,000)	(798,572)	798,572	-	-	-	125,225	(125,225)	-
Increase in due from affiliated companies	-	-	-	-	-	-	-	(614,906)	30,068
Net cash used in investing activities	(5,000,000)	(798,572)	798,572	-	(4,683,814)	(4,683,814)	125,225	(740,131)	70,378
Cash flows from financing activities:									
Proceeds from revolving credit facility, related	-	-	-	-	-	-	-	200,000	-
Repayments of revolving credit facility, related	-	-	-	-	-	-	-	(1,700,000)	-
Proceeds from sr secured term loan and revolv.	-	-	-	-	-	-	-	7,500,000	(7,500,000)
Repayments of sr secured loan and revolver	-	-	-	-	-	-	-	(83,333)	(250,001)
Proceeds from revolving credit facility	4,530,000	3,225,000	100,000	-	1,500,000	4,825,000	200,000	(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)	30,000	-
Due from affiliated companies	739,039	-	(709,488)	(2,961,968)	(1,084,656)	(4,756,112)	-	-	-
Payment of stock issuance cost	(197,600)	-	(17,500)	17,500	(2,330,824)	(2,330,824)	-	(1,114,779)	(146,869)
Payment of deferred financing costs	-	-	-	-	-	-	-	(313,258)	(37,500)
Proceeds from Series A preferred stock	-	-	-	-	-	-	-	15,000,000	1,092,680
Common stock repurchases in treasury	-	-	-	-	-	-	-	(632,729)	-
Dividends paid to common stockholders									(5,182,549)
Dividends paid to preferred stockholders									(422,779)
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)	-	-	7,500,000
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	18,685,901	(4,947,018)
Net change - cash	503,169	(486,120)	980,204	9,075,242	(7,904,526)	1,664,800	(420,357)	17,086,725	(6,576,879)
Cash, beginning of quarter	4,078	507,247	21,127	1,001,331	10,076,573	507,247	2,172,047	1,751,690	18,838,415
Cash, end of period	507,247	21,127	1,001,331	10,076,573	2,172,047	2,172,047	1,751,690	18,838,415	12,261,536
Supplemental information:									
Interest paid	110,092	80,309	147,896	61,429	8,414	298,048	16,268	54,081	57,329
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	653,051	3,036,425
Free cash flow	1,342,416	(86,035)	986,160	(289,118)	(940,653)	(329,646)	2,437,173	(87,080)	3,106,803

HISTORICAL STOCK PRICE


CHICKEN SOUP FS (W)
Price ($)
11.00
10.75
10.50
10.25
10.00
9.75
9.50
9.25
9.00
8.75
8.50
8.25
8.00
7.75
7.50
7.25
7.00
6.75
6.50
1/4/16
3/28/16
6/20/16
9/12/16
12/5/16
2/27/17
5/22/17
8/14/17
11/6/17
1/29/18
4/23/18
7/16/18
10/8/18
<< 12/8/06
11/19/18 >>

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