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Zacks Small-Cap Research

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Chicken Soup For The Soul Entertainment (CSSE-NASDAQ)

CSSE's Revenues Top $12 Million With Only a Half Quarter of Crackle

We believe that CSSE stock should be valued at the average multiples of its peers. Using 2020 EBITDA of $30 million and a ten multiple, the stock could be worth $19.00 per share.

Current Price (08/16/19)	$9.35
Valuation	**$19.00**

OUTLOOK

Chicken Soup for the Soul Entertainment has just closed a joint venture with Sony's Crackle AVOD channel. Pro forma numbers reveal that in 2018 together the two would have generated $94 million in revenues, non-GAAP EPS over $1.00 and EBITDA of $26 million. This is more profitable than expected and we expect this EBITDA number to increase in 2020 and beyond.

SUMMARY DATA

52-Week High	**$12.36**
52-Week Low	**$7.02**
One-Year Return (%)	**3.1**
Beta	**1.2**
Average Daily Volume (sh)	**25,952**
Shares Outstanding (mil)	**12.1**
Market Capitalization ($mil)	**$113**
Short Interest Ratio (days)	**16.1**
Institutional Ownership (%)	**20**
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	**N/M**
P/E using 2019 Estimate	**N/M**
P/E using 2020 Estimate	**34.6**
Zacks Rank	**N/A**

Risk Level	**High**
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)
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	$12.1 A	$27.8 A
2019	$2.5 A	$12.2 A	$22.0 E	$31.0 E	$67.7 E
2020					$105 E

GAAP EPS

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2017	-$0.01 A	-$0.08 A	-$0.05 A	$1.93 A	$2.23 A
2018	-$0.09 A	-$0.12 A	-$0.01 A	$0.04 A	-$0.16 A
2019	-$0.28 A	-$0.49 A	$0.04 E	$0.19 E	-$0.24 E
2020					$0.27 E

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WHAT'S NEW

Q2 2019 Results

Revenues beat expectations as Crackle turned out contributing more than previously thought despite being part of CSSE for only half the quarter. Total revenues for the quarter were $12.2 million versus $3.1 million last year, but pro forma revenues, with a full quarter of Crackle, would have been $21 million. Pro forma Q1 revenues were $17.6 million, so there was a 20% sequential increase.

Online revenues, which are now the new Crackle Plus, were $10.0 million but would have been $18.8 million on a pro forma basis if Crackle were part of CSSE for the full quarter. In Q1, pro forma online revenues were $15.8 million, which means they grew 19% sequentially. Since we are in the summer months when there is less viewing and advertising, we expect pro forma revenues could be down sequentially in the September quarter, but hockey stick going into the heavy advertising Christmas season. In addition to just the current Crackle Plus content, management is now getting calls from other major players interested in negotiating AVOD rights for their libraries. Additionally, advertisers are now seeing CSSE over the minimum threshold of views to buy ads on its channels. In just two months CSSE has finalized 13 AVOD agreements and have over a dozen in deal memo stage, which all together include thousands of hours of programming. As management noted on the call 70% of Netflix viewing is from non-original content showing there is a huge market for library content, and no real need to take the risk to produce your own. That being said, management is sorting out a structure for a production company that will produce original content for Crackle Plus, but with no upfront risk for CSSE and only upside. So far the only original content discussed so far is the episode series *Going From Broke,* and the movie *The Man that Shot Don Quixote*, with the possible addition of the next season of *Hidden Heroes*.

In Q2, five episodes of *Animal Tales* were booked. The company continues to evaluate the economics of airing its content through Crackle Plus in addition to cable, broadcast TV, and other online distribution opportunities. It decided that its new Ashton Kutcher produced show *Going from Broke* will air as a Crackle exclusive in October and those revenues will fall into the fourth quarter. Depending on viewing, revenues could be between $1 and $4 million for that show alone.

Revenues from television and film distribution were $2 million flat with last year. *The Man Who Killed Don Quixote* was released on April 10th and Box Office Mojo says it grossed $392,000 at the US box office; the company expects $1-$4 million in revenues from streaming in Q4.

Gross margin before amortization of the film library declined from 80% to 66% for the quarter. After amortization gross margin was down from 38% to 30%.

Operating expenses grew $4.2 million with the addition of a half of a quarter of Crackle. Operating margin was -24% versus -40%.

The reported operating loss was $3.0 million compared to $1.3 million last year.

The operating loss reflects certain non-cash or one-time expenses including $0.7 million in non-cash amortization, $1.2 million of transitional expenses related to the Crackle Plus joint venture, and $1.6 million in film library amortization. If such expenses were excluded from SG&A or cost of revenue, CSSE would have reported quarterly operating income of $0.5 million.

Other income this year was an expense of $2.4 million of which $2.3 million was from one-time acquisition costs. The rest was interest expense, similar to last year.

The company reversed $253,000 in taxes, versus a payment of $79,000 last year. CSSE has a tax loss carry forward of approximately $8.6 million.

Net loss for the year was $5.1 million versus a loss of $1.4 on a GAAP basis after minority income. After paying the preferred stock dividend, the loss for the first quarter of 2019 was $5.9 million.

The GAAP EPS loss for the year was $0.49 versus $0.14 a year ago. On a non-GAAP basis with one-time items and stock based compensation removed the EPS loss was **$0.18 in Q2 2019 versus $0.07 in Q2 2018**. Shares outstanding increased to 12.0 million versus 9.8 million last year or 22%.

EBITDA for the quarter was $1.3 million versus $411,000 a year ago. On a pro forma basis, EBITDA would have been $3 million. EBITDA for the first six months of CSSE pro forma was approximately $5.6 million versus $2.1 million as reported in the first six months of 2018.

2020

In the 2020 May 15th to November 15th time period, Sony has to make a decision whether to keep 49% of the equity in Crackle Plus or take $40 million in preferred stock from CSSE. Our assumption in forecasting is that Sony will make that decision on May 15th and will keep the equity, at which point earnings at CSSE will be reduced by minority interest. It is difficult to forecast what that portion of earnings for the Crackle Plus business will be so we have guessitmated by taking out half of 30% of earnings for the year.

We are maintaining $105 million revenues for 2020 for now with upward revision possible. This assumes that the online business only grows 20% for the year, which we imagine to be conservative. Our EPS estimate is $0.27 per share and adjusted EBITDA of $30 million, although given the pro forma adjusted EBITDA in 2018 of $26 million this could turn out to be low.

KEY POINTS

- Chicken Soup for the Soul Entertainment new joint venture with Sony's Crackle OTT channel could propel it over the $70 million revenue mark this year. If all goes to plan, the company hopes to earn 25% EBITDA margins by cutting unprofitable activities such as content production at Crackle, as well as redundancies.

- The company is exploring a way to expand its original content production with little to no risk by creating a production company in which CSSE participates in AVOD rights. To date it had been using a model that locked in profits even before production starts by selling a series to a sponsor that covered production costs. 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. The Chicken Soup brand and track record assure participants of high quality family friendly content with a positive message.

- With its own distribution through Screen Media, an SVOD technology platform through Pivotshare, and the scale to be a major player in AVOD, CSSE can now attract large advertisers and larger content libraries to Crackle. Its business model should allow it to generate high EBIDTA and expanding margins.

- Our 2019 revenue estimate is $68 million. Our valuation for the company is $19.00 per share, based on estimated EBITDA in 2020 of $30 million and an EBITDA multiple of 10X.

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 and pet food. It went public on NASDAQ on July 17, 2017, raising $30 million. CSSE has a perpetual license to use the Chicken Soup for the Soul brand and its content for use in video. The company produced with its first television series *Hidden Heroes* starting in 2015. In 2017, the company delivered the first season of *Vacation Rental Potential*, and finished *Being Dad* (a parenting show). *Vacation Rental Potential* was a hit and is in its second season. A new series *Chicken Soup for the Soul Animal Tales* began to air this January. *Going From Broke* will be released in October as a Crackle exclusive. Screen Media, the company's film and distribution subsidiary, allows the company to distribute its own content saving a 30% distribution fee. It also allows the company to obtain film and television shows on its networks cost effectively. The acquisition of Pivotshare added the capability of easily launching targeted subscription-based channels and the December purchase of A+ should save CSSE another $5 million in marketing costs this year. The addition of its joint venture with Sony's Crackle has launched the company into the big leagues as an entity in the top two with PlutoTV in AVOD. The company has eight OTT streaming channels: *Crackle, A Plus, Popcornflix, Popcornflix Kids, Popcornflix Comedy, Espanolflix, Frightpix*, and *Truli,* all of which have been moved into the joint venture Crackle Plus.

VALUATION

We believe that Chicken Soup for the Soup Entertainment should be valued on EBITDA. If we take out Gaia (which has negative EBITDA,) Roku, (which is near breakeven), Netflix and WWE, (which are outliers,) out of the average, these companies trade at an average valuation of 10.0 times EV/EBITDA. Using our estimate for EBITDA in 2019 of $18 million and the industry average, CSSE could be worth $180 million, or $15.36 per share. Using 2020 EBITDA of $30 million and shares of 16 million, that would be **$19.00 per share.**

Looking at it from enterprise value to sales, the group trades at an average of 4.5 times estimated 2020 sales. Using this CSSE could be worth $478 million enterprise value or **$30.00 per share**.

	Ticker	Revenue			TTM	Enterprise Value / Sales		EV/	Included	Enterprise
Company		2020E	2019E	LTM	EBITDA	2020E	LTM	EBITDA	Average?	Value
DISH	DISH	$11,780	$12,540	$13,100	$2,590	2.6x	2.3x	11.6x	y	30,040
Entertainment One	ENTMF	NA	$1,377	$1,377	$242	NA	1.8x	10.1x	y	2,440
DHX Media	DHXM	NA	NA	$325	$57	NA	0.6x	3.7x	y	209
Gaia	GAIA	$73	$55	$47	-$27	1.3x	2.0x	-3.6x	y	96
Lionsgate	LGF-A	NA	$3,716	$3,680	$394	NA	1.6x	14.6x	y	5,740
Netflix	NFLX	$24,850	$20,200	$17,630	$1,960	6.1x	8.6x	77.2x	y	151,380
Roku	ROKU	$1,400	$1,050	$813	-$10	8.4x	14.5x	-1236.6x	y	11,810
WWE	WWE	$1,280	$992	$912	$156	4.5x	6.3x	36.6x	y	5,710
Average					**743.9**	**4.6x**	**4.5x**	**10.0x**		**$28,816**

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 2018, 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.

This January, Viacom purchased PlutoTV, an AVOD, for $340 million. PlutoTV is rumored to have generated $160 million in sales in 2018 and exited December at $200 million run rate. This would be approximately two times trailing 12-month sales or 1.7 times the run rate. Crackle Plus generated $93 million in revenues last year pro forma. At the same ratio of enterprise value to sales, Crackle Plus itself would be worth $186 million. CSSE current enterprise value is $115 million.

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.

- Its acquisition of Screen Media and the Crackle Plus joint venture 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.

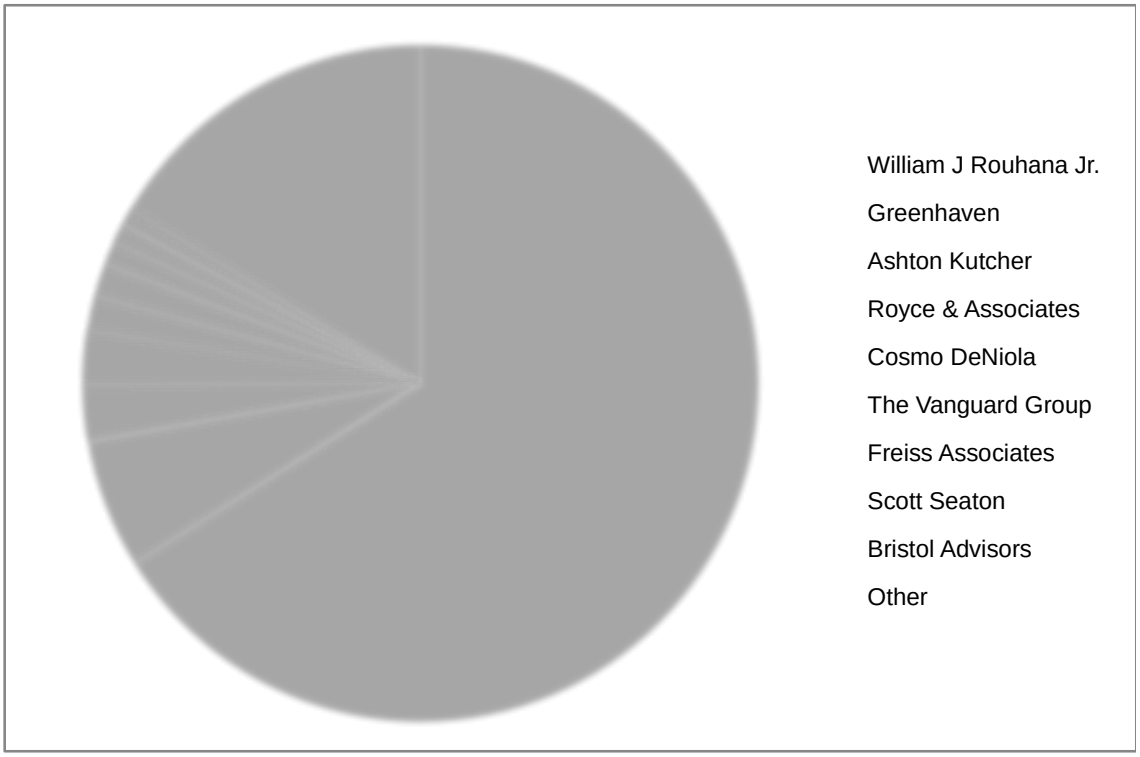
- The ownership structure gives common shareholders little say in the governance of the company. CEO Bill Rouhana controls most the total voting power through ownership of class B common stock, with each class B share entitled to 10 votes.

- 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. The new addition of the Crackle operation, provides even more uncertainty as to CSSE's future business model and profitability.

OWNERSHIP

Shares showed for Ashton Kutcher are based on the A+ transactions shares only. He has additional stock in CSSE, but that amount is not public information.



INCOME STATEMENT

Chicken Soup for the Soul Entertainment	Q1 2018 31-Mar	Q2 2018 30-Jun	Q3 2018 30-Sep	Q4 2018 31-Dec	Q1 2019 31-Mar	Q2 2019 30-Jun	Q3 2019E 30-Sep	Q4 2019E 31-Dec	2018	Pro Forma 2018	2019E	2020E
Television & Short-form Video Production	$2.2	$0.3	$2.3	$5.4	$0.3	$0.2	$0.0	$2.0	$10.2	$10.2	$2.5	$13.0
Yr-to-yr Growth	66%	-56%	NA	3%	-85%	-26%	-100%	-63%	40%	-58%	-75%	410%
Television & Film Distribution	3.2	2.0	2.5	5.4	1.5	2.0	4.0	5.0	13.2	13.2	12.4	17.0
Yr-to-yr Growth	NA	NA	NA	84%	-55%	-3%	59%	-7%	349%	0%	-6%	37%
Online Networks	0.6	0.7	1.8	1.3	0.7	10.0	18.0	24.0	4.4	70.2	52.7	75.0
Yr-to-yr Growth	631%	689%	3591%	122%	17%	1281%	906%	1795%	454%	3410%	1096%	42%
Total revenue	**6.1**	**3.1**	**6.6**	**12.0**	**2.5**	**12.2**	**22.0**	**31.0**	**27.8**	**93.5**	**67.7**	**105.0**
Yr-to-yr Growth	329%	286%	13483%	38%	-58%	299%	234%	158%	153%	139%	144%	168%
Less returns and allowances	(0.3)	(0.1)	(0.1)	(0.3)	(0.3)	(0.2)	(0.2)	(0.5)	(0.9)	(0.9)	(1.2)	(1.2)
Net Revenue	5.8	2.9	6.5	11.7	2.2	12.0	21.9	30.6	26.9	92.6	66.6	103.8
Cost of revenue without amortization	1.7	0.6	1.4	2.2	0.8	4.2	10.3	13.9	5.9	41.8	29.2	44.3
Gross Margin w/o amortization	4.4	2.4	5.1	9.9	1.4	8.0	11.7	17.1	21.0	50.8	38.6	60.8
Gross Margin %	73%	80%	78%	82%	57%	66%	53%	55%	76%	54%	57%	58%
Amortization of film library	1.5	1.2	1.0	2.8	0.9	1.6	2.0	3.0	6.5	6.5	7.5	10.0
Total cost of revenue	3.1	1.8	2.5	5.0	1.6	8.3	12.3	16.9	12.3	48.3	39.2	54.3
Gross profit	2.640	1.148	4.0	6.7	0.6	3.6	9.6	13.7	14.5	44.4	27.4	49.6
Gross Margin %	43%	38%	61%	56%	22%	30%	43%	44%	52%	47%	40%	47%
Operating expenses:												
SG&A (Ex-stock based comp)	2.395	1.9	1.8	3.7	2.6	4.4	3.7	3.8	9.8	18.2	14.5	15.1
Stock-based compensation	0.254	0.2	0.2	0.2	0.2	0.3	0.3	0.4	1.0	1.0	1.2	1.5
Amortization	0.024	0.0	0.1	0.1	0.2	0.7	1.3	1.3	0.3	4.5	3.5	5.3
Management and license fees due to affiliate	0.571	0.3	0.6	1.2	0.2	1.2	2.2	3.1	2.7	9.2	6.7	10.5
Total operating expenses	3.245	2.4	2.9	5.2	3.2	6.6	7.5	8.6	13.7	32.0	26.0	32.4
Operating income:	(0.605)	(1.2)	1.1	1.5	(2.7)	(3.0)	2.1	5.1	0.8	12.4	1.4	17.2
Operating margin	-10.0%	-40.3%	17.3%	12.5%	-106.4%	-24.4%	9.3%	16.3%	2.8%	13.3%	2.1%	16.4%
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
interest expense	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.4)	(0.6)	(1.2)
Acquisition related costs	(0.0)	0.0	(0.2)	(0.2)	(0.4)	-2.3	0.0	0.0	(0.4)	(0.4)	(2.7)	0.0
Goodwill impairment expense										(8.8)	-	0.0
Gain from Acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total other income	(0.067)	(0.1)	(0.3)	(0.3)	(0.526)	(2.4)	(0.1)	(0.1)	(0.7)	(9.5)	(0.5)	(1.1)
Income before income taxes	(0.7)	(1.3)	0.8	1.2	(3.2)	(5.4)	1.9	4.9	0.0	2.9	0.9	16.1
Pretax Margin	-11.0%	-43.4%	12.7%	10.1%	-127.2%	-44.0%	8.7%	15.9%	0.1%	3.0%	1.3%	15.3%
Income taxes	0.2	0.1	0.5	0.1	(0.4)	(0.3)	0.3	0.7	0.9	0.5	0.3	4.8
Tax rate	-32%	-6%	61%	6%	14%	5%	14%	14%	3011%	18%	32%	30%
Profit before non-controlling					(2.8)	(5.1)	1.6	4.2		2.34	0.62	11.2
Minority income					0.0	0.00				0.04	0.02	(2.4)
Net income	(0.885)	(1.4)	0.3	1.148	(2.8)	(5.1)	1.6	4.2	(0.845)	2.301	0.6	8.8
Yr-over-Yr	562%	101%	-162%	-95%	213%	264%	407%	266%	-104%	-80%	-171%	1380%
Preferred dividend	0.0	0.0	0.4	0.7	0.6	0.8	0.9	1.1	1.1	1.1	3.4	4.4
Net income to common shareholders	(0.9)	(1.4)	(0.1)	0.458	(3.4)	(5.9)	0.7	3.1	(2.0)	1.2	(2.9)	4.4
Stk based compensation	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.3	1.0	1.0	1.0	1.5
One-time expenses	(0.0)	0.0	(0.2)	1.5	0.4	3.5	0.0	0.0	1.3	10.1	3.9	-
Non-GAAP Income	(0.7)	(1.168)	(0.0)	2.2	(2.8)	(2.2)	0.9	3.4	0.3	12.2	2.0	5.9
Yr-over-Yr	78414%	282%	-89%	-22%	309%	87%	-2569%	58%	-88%	-11%	700%	195%
Net income per share:												
Primary EPS	(0.09)	(0.14)	(0.01)	0.04	(0.28)	**(0.49)**	0.06	0.26	(0.16)	0.10	(0.24)	0.37
Diluted EPS	**(0.09)**	**(0.14)**	**(0.01)**	**0.04**	**(0.28)**	(0.49)	**0.04**	**0.19**	**(0.16)**	**0.10**	**(0.24)**	**0.27**
Non-GAAP EPS	(0.07)	(0.12)	(0.00)	0.18	(0.23)	(0.18)	0.08	0.28	0.02	1.02	0.14	0.37
	75493%	256%	-90%	-23%		53%	-2468%	53%				
Shares												
Basic	9.4	9.8	11.6	11.7	12.0	12.0	12.1	12.1	12.0	11.9	12.0	12.1
Yr-over-Yr	3.9%	7.2%	11.2%	0.8%	27.1%	22.2%	4.3%	3.2%	19.2%	-5.9%	0%	1%
Diluted	11.6	11.8	11.8	11.9	12.1	14.8	16.2	16.2	12.0	11.9	14.3	16.2
Yr-over-Yr	28.0%	29.3%	14%	-5%	4.1%	24.9%	37%	36%	17.3%	-5.9%	19%	13%
GAAP Adjusted EBITDA	1.649	0.411	3.117	6.123	(0.940)	1.277	3.117	9.826	11.3	26.0	13.6	30.0
EBITDA Margin									40.7%	27.8%	20%	29%

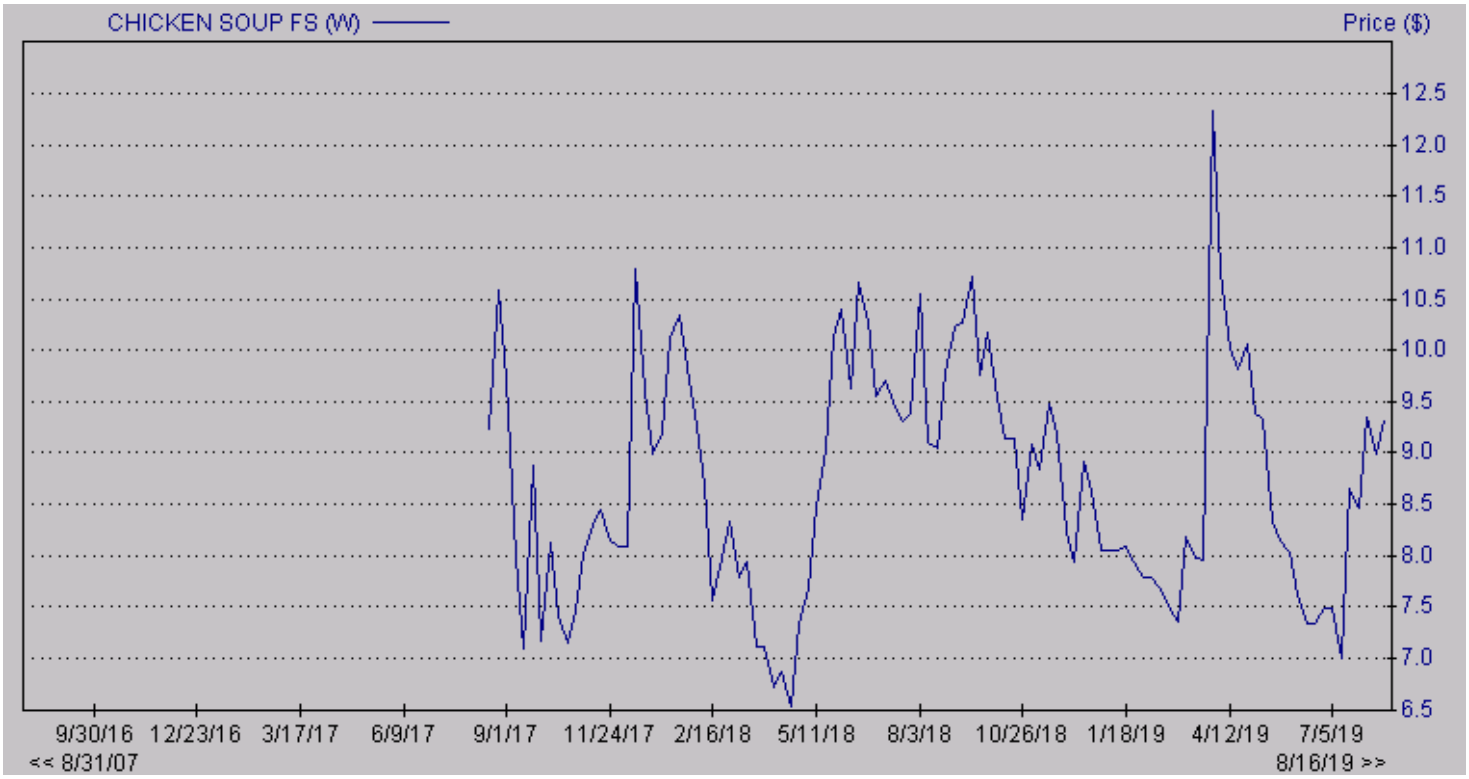
BALANCE SHEET

	June 30, 2019	Mar 31, 2019	Qtr-Qtr % Change	June 30, 2018	Yr-Yr % Change
Assets					
Cash and cash equivalents	$4,455,013	$3,043,110	46.4%	$18,208,439	-308.7%
Restricted cash	750,000	750,000	0.0%	629,975	16.0%
Accounts receivable, net	19,722,755	10,305,684	91.4%	7,615,198	61.4%
Prepaid expenses	1,459,473	358,384	307.2%	247,345	83.1%
Inventory, net	273,623	286,601	-4.5%	477,123	-74.4%
Goodwill	12,466,680	2,537,079	391.4%	0	100.0%
Indefinate lived intangible assets	42,651,470	12,163,943	250.6%	0	100.0%
Intangible assets, net	23,039,766	2,780,505	728.6%	5,000,000	78.3%
Prepaid distribution fees	0	0	0.0%	1,749,178	NM
Other intangible asset	0	0	0.0%	125,000	NM
Popcornflix film rights and other assets	0	0	0.0%	7,174,548	NM
Film library, net	31,179,409	27,287,110	14.3%	23,992,541	23.1%
Due from affiliated companies	5,111,923	3,198,936	59.8%	6,743,535	-31.9%
Programming costs, net	14,015,404	12,876,296	8.8%	8,879,282	36.6%
Programming rights	981,830	0	NM	0	100.0%
Deferred tax asset	1,253,000	917,000	36.6%	0	100.0%
Other assets, net	322,873	337,362	-4.3%	320,627	0.7%
Total assets	157,683,219	76,842,010	105.2%	81,162,791	48.5%
Liabilities					
Current maturities of commercial loan	**1,000,000**	**1,000,000**	0.0%	**0**	100.0%
Commercial loan & revolving LOC, net	**6,121,411**	**6,347,578**	-3.6%	**7,115,616**	-16.2%
Accounts payable and accrued expenses	18,449,712	3,860,127	378.0%	1,418,991	92.3%
Ad representation fees payable	3,772,084	0	100.0%	0	100.0%
Accrued programming costs	0	0	0.0%	48,833	NM
Film library acquisition obligations	5,553,100	2,988,850	85.8%	2,240,600	59.7%
Programming obligations	7,300,862	0	100.0%	0	100.0%
Accrued participation costs	1,114,157	1,507,124	-26.1%	2,526,033	-126.7%
Other liabilities	147,107	64,107	129.5%	105,382	28.4%
Deferred tax liability, net	0	0	0.0%	625,000	NM
Deferred revenue	0	12,938	-100.0%	900,000	NM
Total liabilities	43,458,433	15,780,724	175.4%	14,980,455	65.5%
Stockholder's equity					
Preferred stock	134	106	26.4%	60	55.2%
Class A Common stock	423	421	0.5%	379	10.4%
Class B Common stock	782	782	0.0%	782	0.0%
Additional paid-in capital	84,995,345	62,788,256	35.4%	46,471,079	45.3%
Subsidiary convertible preferred stock	36,350,000	0	NM	0	NM
Retained earnings	(7,011,627)	(1,095,550)	540.0%	20,342,765	390.1%
Class A common stock held in treasury	(632,729)	(632,729)	0.0%	(632,729)	0.0%
Total stockholders' equity	113,702,328	61,061,286	86.2%	66,182,336	41.8%
Noncontrolling interests	522,458	0	NM	0	NM
Total equity	114,224,786	0	NM	0	NM
Total liabilities and stockholders' equity	157,683,219	76,842,010	105.2%	81,162,791	48.5%
Cash as % of assets	3%	4%	-28.7%	22%	-694.1%
Cash per share	$0.37	$0.25	46.4%	$1.99	-435.1%
Debt	$7,121,411	$7,347,578	-3.1%	$7,115,616	0.1%
Debt % of assets	4%	8%	-53.0%	9%	-125.8%

CASH FLOW

	Year 2017	3 Mo Ended Mar 31, 2018	3 Mo Ended Jun 30, 2018	3 Mo Ended Sep 30, 2018	3 Mo Ended Dec 31, 2018	Year 2018	3 Mo Ended Mar 31, 2019	3 Mo Ended Jun 30, 2019
Operating activities:								
Net income	21,081,283	(562,453)	(1,433,282)	324,852	825,911	(844,972)	(2,773,430)	(5,117,583)
Adjustments to reconcile net income to net cash provided by operating activities:								
Share-based compensation	638,258	254,195	239,005	243,592	216,896	953,688	215,847	275,097
Amortization of programming costs	2,973,399	770,401	80,100	658,716	1,243,229	2,752,446	61,798	208,173
Amortization of deferred financing costs	43,747	-	14,290	21,435	21,436	57,161	25,823	25,824
Amortization of debt discount	865,833	-	-	-	-	-	-	-
Amortization of fixed assets &acq intangibles	9,819	13,033	13,033	13,034	287,886	326,986	205,623	729,991
Amortization of film library	1,378,869	1,454,140	1,168,392	1,033,983	2,802,916	6,459,431	871,126	1,389,735
Amortization of acquired assets		-	-	125,452	(125,452)	-	-	-
Bad debt expense	112,568	87,632	52,519	(140,151)	1,222,032	1,222,032	300,403	218,112
Provision for returns and allowances	-	-	445,994	268,512	(714,506)	-	-	-
Impairment of programming costs	21,121	-	-	-	-	-	-	-
Loss on debt extinguishment	24,803	-	-	-	-	-	-	-
Gain on purchase of Screen Media	(24,321,747)	-	-	-	-	-	-	-
Deferred income taxes	(725,000)	295,000	73,000	487,000	(482,000)	373,000	(465,000)	(336,000)
Change in operating assets and liabilities:								
Trade accounts receivable	(4,864,303)	(461,435)	318,444	(1,281,327)	(4,565,546)	(5,989,864)	2,235,012	(9,635,183)
Prepaid expenses and other current assets	163,972	(11,492)	(7,708)	(148,784)	206,530	38,546	(135,279)	(1,101,092)
Inventory	(25,656)	51,761	(159,920)	185,457	29,598	106,896	(24,533)	12,978
Programming costs	(6,732,930)	(773,132)	(1,632,434)	(1,595,841)	(4,266,144)	(8,267,551)	(147,605)	(1,347,281)
Film library	(1,094,363)	(1,056,556)	(2,902,872)	(2,161,907)	(3,020,953)	(9,142,288)	(2,819,734)	(5,282,034)
Popcornflix film rights and other assets	-	(10,605)	-	-	10,605	-	-	-
Prepaid distribution fees	-	46,277	97,351	20,754	(164,382)	-	-	-
Other assets	(463,822)	41,000	(91,643)	56,863	89,049	95,269	-	-
Accounts payable and accrued expenses	(682,879)	268,534	(83,861)	413,402	2,768,068	3,366,143	(1,218,678)	15,483,287
Film library acquisition obligation	(60,200)	(477,800)	2,055,000	260,500	214,500	2,052,200	273,250	2,564,250
Accrued participation costs	482,435	(132,659)	38,275	(564,650)	(422,244)	(1,081,278)	(32,015)	(392,967)
Other liabilities	(66,314)	3,577	(42,728)	344,069	(34,944)	269,974	(350,400)	83,001
Income taxes payable	-	-	-	-	-	-	-	-
Deferred revenues	443,572	(515,000)	900,000	(265,200)	(628,331)	(508,531)	6,469	(12,938)
Net cash provided by operating activities	(10,797,535)	(715,582)	(859,045)	(1,700,239)	(4,485,846)	(7,760,712)	(3,771,323)	(2,234,630)
Investing activities:								
Payment for business acquisition, net	(4,683,814)	-	-	40,310	150,277	190,587	-	-
Purchase of video content license from affiliate	-	125,225	(125,225)	-	-	-	-	-
Increase in due from affiliated companies	(4,192,921)	-	(614,906)	30,068	(3,755,620)	(4,340,458)	(1,985,500)	(1,912,987)
Net cash used in investing activities	(8,876,735)	125,225	(740,131)	70,378	(3,605,343)	(4,149,871)	(1,985,500)	(1,912,987)
Cash flows from financing activities:								
Proceeds from revolving credit facility, related	4,825,000	-	200,000	-	-	200,000	-	-
Repayments of revolving credit facility, related	(6,805,000)	-	(1,700,000)	-	-	(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)	(250,000)	(583,334)	(260,358)	(239,642)
Proceeds from revolving credit facility	-	200,000	(200,000)	-	-	-	-	-
Repayments of revolving credit facility	-	-	-	-	-	-	-	-
Prepayment of deferred financing cost	-	(30,000)	30,000	-	-	-	-	-
Due from affiliated companies	-	-	-	-	-	-	-	-
Payment of stock issuance cost	(2,949,805)	-	(1,114,779)	(146,869)	(694,745)	(1,956,393)	(288,160)	(538,295)
Proceeds from issuance of common stock under equity plans								160,161
Payment of deferred financing costs	-	-	(313,258)	(37,500)	(40,956)	(391,714)	-	(12,348)
Proceeds from Series A preferred stock	-	-	15,000,000	1,092,680	3,519,758	19,612,438	3,500,000	6,987,625
Common stock repurchases in treasury	-	-	(632,729)	-	-	(632,729)	-	-
Dividends paid to common stockholders				(5,182,549)	-	(5,182,549)	-	-
Dividends paid to preferred stockholders				(422,779)	(503,584)	(926,363)	(603,307)	(797,981)
Payment of stock issuance cost in private placements	-	-	-	-	-	-	-	-
Proceeds from notes payable	2,030,000	-	-	-	8,500,000	8,500,000	-	-
Repayments of notes payable	(4,082,000)	-	-	7,500,000	(7,500,000)	-	-	-
Proceeds from common stock in IPO	26,903,348	-	-	-	-	-	-	-
Proceeds from common stock in Private Plac.	1,413,400	-	-	-	-	-	-	-
Net cash provided by financing activities	21,334,943	170,000	18,685,901	(4,947,018)	3,280,473	16,939,356	2,348,175	5,559,520
Net change - cash	1,660,673	(420,357)	17,086,725	(6,576,879)	(4,810,716)	5,028,773	(3,408,648)	1,411,903
Cash, beginning of quarter	512,313	4,147,920	3,727,563	20,814,288	12,261,534	2,172,985	7,201,758	3,793,110
Cash, end of period	2,172,986	3,727,563	20,814,288	14,237,409	7,450,818	7,201,758	3,793,110	5,205,013
Supplemental information:								
Interest paid	298,048	16,268	54,081	57,329	155,654	267,064	117,453	120,739
Income taxes paid	52,000	-	-	-	-	-	-	-
Cash Flow	2,102,953	2,311,948	653,051	3,036,425	5,298,348	11,299,772	(1,557,810)	(2,606,651)
Free cash flow	2,102,953	2,437,173	527,826	3,036,425	5,298,348	11,299,772	(1,557,810)	(2,606,651)

HISTORICAL STOCK PRICE



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