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Zacks Small-Cap Research

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Chicken Soup For The Soul Entertainment (CSSE-NASDAQ)

CSSE Shows Strong Q4 and Increasing Viewership in 2020

We believe that CSSE stock should be valued at the average multiples of its peers. Using 2020 EV to Sales multiple results in $22.00 per share. A strategic acquirer could pay much more.

Current Price (04/01/20)	$5.82
Valuation	**$22.00**

OUTLOOK

Chicken Soup for the Soul Entertainment has a joint venture with Sony's Crackle channel making it one of the top two players in advertising supported video on demand (AVOD.) Pro forma numbers reveal that in 2019 together the two would have generated $79 million in revenues. Recent acquisitions in the streaming space show CSSE to be undervalued versus its peers.

SUMMARY DATA

52-Week High	**$10.82**
52-Week Low	**$5.01**
One-Year Return (%)	**-43.77**
Beta	**1.1**
Average Daily Volume (sh)	**24,649**
Shares Outstanding (mil)	**12.0**
Market Capitalization ($mil)	**$69.8**
Short Interest Ratio (days)	**17.0**
Institutional Ownership (%)	**39**
Insider Ownership (%)	**71**
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	**N/M**
Zacks Rank	**N/A**

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

ZACKS ESTIMATES

Net Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	$5.8 A	$2.9 A	$6.5 A	$11.7 A	$26.9 A
2019	$2.2 A	$12.0 A	$16.8 A	$24.4 A	$55.4 A
2020	$15.7 E	$19.2 E	$22.7 E	$24.7 E	$82.6 E
2021					$110 E

GAAP EPS

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	-$0.09 A	-$0.12 A	-$0.01 A	$0.04 A	-$0.16A
2019	-$0.28 A	-$0.49 A	-$1.11 A	-$1.03 A	-$2.92 A
2020	-$0.66 A	-$0.66 A	-$0.59 A	-$0.46 A	-$2.23 E
2021					-$1.00 E

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WHAT'S NEW

Chicken Soup for the Soul Entertainment reported a strong fourth quarter aided by a delayed acquisition and increased viewership. Since businesses across the world have shut down, viewership has grown substantially at Crackle as people have more free time, but less money, making AVOD services even more attractive. Viewership on Crackle and Popcornflix increased between 20% and 25% in the past couple of weeks and new registered viewers per week have grown nearly 47% just since the week of March 15. The company continues to sell out more than 90% of its inventory and had demand outstripping supply. Prices for ads have also held steady. Despite the decline in some categories, others have grown significantly. With few and small theatrical releases even planned for the company's productions, CSSE is a beneficiary of the current environment as those have been cancelled and will go to streaming even sooner.

Q4 2019 and Annual 2019 Results

Q4 2019

Chicken Soup for the Soul Entertainment came in with Q4 revenues and EBITDA above forecasts. Net revenues were $24.7 million versus $11.7 million a year ago, up 106%. The company is now combining Television & Short Form Production with Television and Film Distribution starting in Q1 due to their new production model of partnering with other producers to limit downside risk. In Q4 2020, there were no shows produced and shipped while last year there was $5.4 million worth. Distribution this quarter was $9.9 million versus $5.4 million, up 83% and online networks grew to $14.9 million from $1.1 million a year ago. Distribution was particularly strong this quarter as it captured both Q3 and Q4 revenues from the delayed Foresight film library acquisition. Four million dollars for presales for films acquired from the Foresight film library slipped from Q3 into Q4.

Gross margin after film library acquisition was 30.4% down from 55.9% a year ago when there was $5.4 million in high margin TV production revenues. This was up significantly from the 18.6% in Q3 due to a higher percentage of distribution revenues in the quarter. The Production and Distribution segment has a higher margin than the online business and as that segment becomes a greater part of overall sales, margins should expand.

Operating expenses increased to $18.5 million in the quarter as SG&A (minus stock-based compensation) rose $2 million (with about $575,000 of one-time expenses) sequentially. Amortization (seemingly always a mystery number) was up to $7.7 million from $4.7 million in Q3.

Other expense was $555,000 from $286,000 a year ago, mostly due to increased interest expense.

Net loss to common shareholders was a loss of $12.4 million versus earnings of $458,000 last year and a loss of $13.3 million in Q3. GAAP loss per share was $1.02 versus a profit of $0.04 a year ago and the share count remained steady. On a non-GAAP basis, taking out stock-based compensation and one-time charges, we believe the loss would be $0.95 per share versus a profit of $0.18 per share a year ago.

Fortunately the company is run on EBITDA due to its high amortization costs distorting the profitability of the enterprise. For Q4 EBITDA was positive at $5.8 million compared to $5.2 million in Q4 2019 and a negative $372,000 in Q3. We look for the company to remain EBITDA positive going forward.

2019 Year

For the year the company reported $55.4 million versus $26.9 million in 2018, up 104%. On a pro forma basis, if Crackle had been incorporated for the entire year, revenues would have been $79.1 million compared to $92.6 million in 2018. CSSE has pared back Crackle to move it to cash flow positive and eliminated most, if not all original content. On January 30, 2020, Sony closed down PlayStation Vue, a streaming service with 800,000 subscribers. Vue was available as an internet app supported by Roku, Amazon FIreTV, Apple TV,

and Sony's PlayStation. Crackle provided the ads shown on that service and because of the shut down, CSSE will lose approximately $22 million in low margin revenue in its ad network in 2020. So CSSE will have to grow from a base of $57 million in 2019 revenues. The company expects that it will quickly replace those profits. Crackle has already struck new ad rep relationships with more favorable economics to replace a portion of that revenue, and may add more.

Online revenues were $40.0 million up from $4.4 million in 2019 with the Crackle acquisition. Distribution revenues were $16.0 million compared to $13.2 million a year ago. TV and Short Form Production, which was phased out as it was moved to a new business model, was only $610,000 compared to the $10.2 million in 2018. The company has one film in post production called ***Willy's Wonderland*** **starring Nicolas Cage**. This is a horror movie about a janitor working the night shift at a condemned amusement park. The animatronic characters come to life and, of course, attack. It is directed by **Kevin Lewis** (*The Drop, Malibu Spring Break*.) and is expected to be released in Q4. Nothing else was or is in production. Others are planned for later in the year when filming might be able to start. One movie, *Trigger Point*, is currently in preproduction and will start production when possible.

Gross margins declined to 26.4% from 52.3% as online revenues brought down the totals. One big variable each quarter is the amortization of the film library which is concocted by accountants and entirely unpredictable. That increased in 2019 to $10.7 million from $6.5 million in 2018.

Operating expenses ballooned to $41.1 million in 2019 from $13.7 million. $13 million of the increase was from amortization and $11 million from increased SG&A.

The operating loss was $26.1 million compared to a profit of $775,000 last year.

Other income this year was an expense of $5.1 million compared to an expense of $746,000 last year. Most of it was $4.4 million in one-time expenses.

The company paid $585,000 in taxes, versus $874,000 last year. CSSE has a tax loss carry forward of approximately $36 million.

Net income to common shareholders for the year was a loss of $35.0 million, versus a loss of $2 million on a GAAP basis.

The GAAP loss per share for 2019 was $2.92 versus a loss $0.16 a year ago. On a non-GAAP basis with one-time items and stock based compensation removed, the EPS loss was **$2.05 in 2019 versus a $0.02 profit**.

Adjusted EBITDA was $6.0 million versus $10.0 million a year ago.

Balance Sheet

CSSE ended the quarter with $6.5 million in cash and $20.0 million in debt compared to $6.2 million and $15.8 million last year. On Monday, it was up to $6.8 million in cash.

2020 Forecast

The PlayStation Vue shut down on January 30, 2020. Crackle provided ads for this streaming service, which amounted to approximately $6 million per quarter and as a result we are reducing revenue expectations for 2020. The contribution to EBITDA from these revenues was small, the company hopes to make them up as the year progresses.

We are cutting revenues to $83 million revenues for 2020 and a loss of $27 million, which is about equal to the amount of amortization we are forecasting. The GAAP loss of is calculated at $2.23 per share. We are anticipating this yields an adjusted EBITDA of $12.1 million.

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. Management has said that the revenue and profit split between CSSE and Sony should result in no minority interest.

KEY POINTS

- Chicken Soup for the Soul Entertainment's joint venture with Sony's Crackle OTT channel propelled it over the $55 million in revenue for 2019. If all goes to plan, the company hopes ultimately to earn 25% EBITDA margins by cutting unprofitable activities such as content production at Crackle, as well as redundancies.

- The company will create original content with little to no risk by creating production companies 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 is now attracting large advertisers and larger content libraries to Crackle. Its business model should allow it to generate high EBIDTA and expanding margins.

- Our 2020 revenue estimate is $83 million. Our valuation for the company is $22.00 per share, based EV/Sales peer multiple of 4.1X. To a strategic acquirer, the price could be multiples of that.

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 a variety of television series: *Hidden Heroes, Vacation Rental Potential*, *Being Dad, Chicken Soup for the Soul Animal Tales* and most recently *Going From Broke* (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. Pivotshare allows the company to easily launch targeted subscription-based channels. 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

Valuing Chicken Soup for the Soup Entertainment can be done a variety of way, by EBITDA, by EV to sales and by acquisition price versus recent transactions. Using EV to Sales of the peer group below, CSSE could be worth **$21.58 per share using 2020 sales.** Even using a multiple of EBITDA, CSSE would have a stock price over $12 per share.

	Ticker	Revenue			TTM	Enterprise Value / Sales			EV/	Included	Enterprise
Company		2020E	2019	LTM	EBITDA	2020E	2019	LTM	EBITDA	Average?	Value
DISH	DISH	$12,500	$12,810	$12,810	$2,520	1.7x	1.6x	1.6x	8.4x	y	21,090
Entertainment One*	ENTMF	NA	NA	$1,202	$252	NA	NA	2.9x	13.9x	y	3,520
fuboTV**	FBNK	$135	$133	$133	NA	5.8x	5.8x	5.8x	NA	y	778
Wildbrain	WILD.TO	$442	$453	$453	$61	NA	NA	1.5x	11.5x	y	700
Gaia	GAIA	$66	$54	$54	-$8	2.3x	2.9x	2.9x	-20.2x	y	154
Lionsgate	LGF-A	$3,832	$3,860	$3,860	$336	NA	1.1x	1.1x	13.0x	y	4,354
Netflix	NFLX	$24,350	$20,160	$20,160	$2,710	6.9x	8.3x	8.3x	62.0x	y	168,000
Roku	ROKU	$1,580	$1,130	$1,130	-$49	6.3x	8.8x	8.8x	-202.5x	y	10,000
WWE	WWE	$1,153	$960	$960	$180	2.2x	2.6x	2.6x	14.0x	y	2,526
* acquired by Hasbro											
** Post merger with FuboTV											
Average					**795.7**	**4.2x**	**4.5x**	**4.0x**	**12.2x**		**$26,293**

	Revenue		TTM	Enterprise Value / Sales		Valuation Range	
	2020E	LTM	EBITDA	2020E	LTM	Low	High
Chicken Soup	**$84**	**$55**	**6.0**	**4.2x**	**4.0x**	**$220**	**$353**

Conclusion of Enterprise Value	**$286,484,778**
Market Value	**$272,921,705**
Diluted Shares Outstanding	12,648,415
Price per Share	**$21.58**

CSSE may be of more value to a large player in the content business as it takes considerable time to build an AVOD business. Not only does a service need access to content, it needs an ad business that an SVOD would not have. So time to market is an issue for the build versus buy decision.

The most recent transaction that has occurred in the streaming space is the announced merger of small public company Facebank (FBNK) with FuboTV, the sports focused streaming channel. The name is to be changed to FuboTV and the ticker will change to FUBO. When the merger is completed in Q2, the company should have 103 million shares, which at $7.55 per share, translates into a market cap of $776 million or **3.5 times FuboTV's Q4 2019** run rate of $223 million. FuboTV generated $127 million in revenues in 2019, while Facebank had $5.8 million in revenues for the first nine months of 2019. Using the run rate metric, and subtracting the $6 million from PSVue, CSSE would trade at $262 million or $21.83 per share using this multiple.

In June, Fox is buying TubiTV for $440 million in cash. In December TubiTV reported it had 25 million monthly active users. Tubi is available on about 25 digital platforms in the U.S. and features 20,000 titles and 56,00 hours of film and television episodes. If Tubi's revenues are under a $64 million run rate, that would be over **7.8 times sales**, even higher than TubiTV.

Also Comcast is alleged to be interest in Vudu, which primarily a pay-per-view business with an AVOD component as well as Xumo a pure AVOD. Vudu is owned by Wal-Mart, which purchased it in 2010 for $100 million.

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.

Last January, Viacom (now ViacomCBS) 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. Pluto TV announced that it had 20 million active users in October 2019 up from 12 million subscribers in January 2019 when Viacom purchased it.

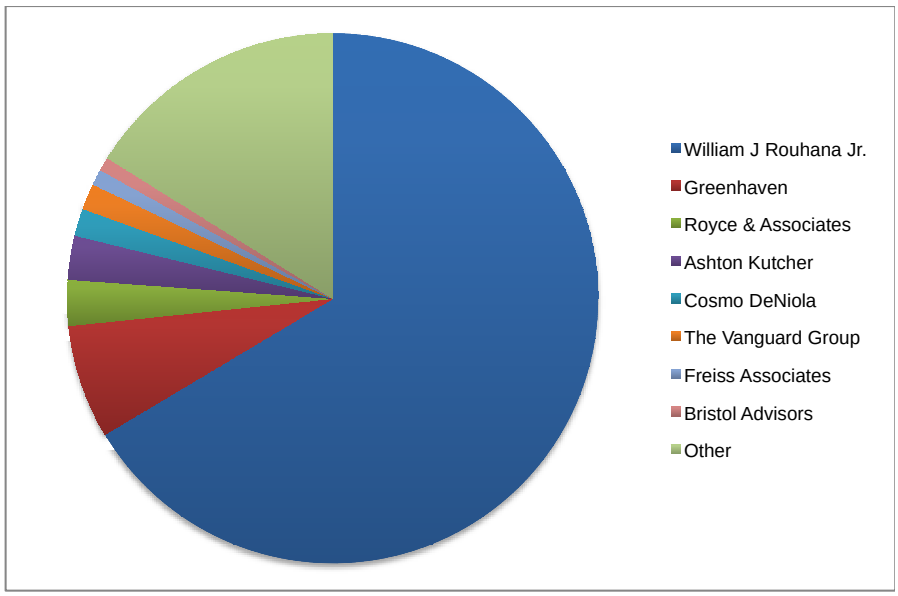
Hasbro bought Entertainment One, the Canadian indie studio for $4 billion in cash. In the year ending March 31, 2019, the company reported revenues of $1.2 billion. This purchase price is **3.3 times** those revenues.

RISKS

- CSSE is in the process of transforming the money losing Crackle into a growing cash flow positive entity. Its acquisition of the Crackle Plus joint venture may not play out as expected and may ultimately require capital investment to grow.
- The company now has a number of production ventures structured to limit its downside that are new and may not be successful.
- 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.

OWNERSHIP

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



Source: Zacks Investment Research, data SEC filings

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 2019 30-Sep	Q4 2019 31-Dec	Q1 2020E 31-Mar	Q2 2020E 30-Jun	Q3 2020E 30-Sep	Q4 2020E 31-Dec	2018	2019	2020E	2021E
Television & Short-form Video Production	$2.2	$0.3	$2.3	$5.4	$0.3	$0.2	$0.0	$0.0					$10.2	$0.610	NA	NA
Yr-to-yr Growth	65.8%	-56.3%	NA	2.7%	-85%	-26%	-98%	-100%					40%	-94%	NA	NA
Television & Film Distribution	3.2	2.0	2.5	5.4	1.5	2.0	2.6	9.9	7.0	9.5	11.0	11.5	13.2	16.0	39.0	54.0
Yr-to-yr Growth	NA	NA	NA	84%	-55%	-3%	4%	83%	376%	138%	321%	16%	349%	21%	144%	38%
Online Networks	0.6	0.7	1.8	1.1	0.7	10.0	14.4	14.9	9.0	10.0	12.0	14.0	4.4	40.0	45.0	58.0
Yr-to-yr Growth	631%	689%	3591%	93%	16.5%	1281%	704%	1254%	1124%	-44%	-17%	-6%	454%	807%	12%	29%
Total revenue	6.1	3.1	6.6	12.0	2.5	12.2	17.0	24.8	16.0	19.5	23.0	25.0	27.8	56.6	84.0	112.0
Less returns and allowances	(0.3)	(0.1)	(0.1)	(0.3)	(0.3)	(0.2)	(0.3)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.9)	(1.2)	(1.4)	(1.4)
Net Revenue	**5.8**	**2.9**	**6.5**	**11.7**	**2.2**	**12.0**	**16.8**	**24.4**	**15.7**	**19.2**	**22.7**	**24.7**	**26.9**	**55.4**	**82.6**	**110.6**
Yr-to-yr Growth	329%	286%	13483%	38%	-58%	299%	159%	106%	-24%	-11%	35%	1%	153%	104%	49%	34%
Cost of revenue without amortization	1.7	0.6	1.4	2.2	0.8	6.7	12.2	10.0	5.8	7.2	8.2	8.2	5.9	29.7	29.4	38.1
Gross Margin w/o amortization	4.4	2.4	5.1	9.9	1.4	5.5	4.8	14.4	9.9	14.4	17.2	19.0	21.0	25.6	54.6	73.9
Gross Margin %	72.6%	79.8%	78.2%	82.0%	56.7%	44.9%	28.2%	58.0%	63.0%	75.0%	76.0%	77.0%	75.6%	45.3%	65.0%	66.0%
Amortization of film library	1.5	1.2	1.0	2.8	0.9	1.6	1.4	6.9	2.0	2.5	3.0	4.0	6.5	10.7	11.5	13.0
Total cost of revenue	3.1	1.8	2.5	5.0	1.6	8.3	13.6	16.9	7.8	9.7	11.2	12.2	12.3	40.4	40.9	51.1
Gross profit	2.640	1.148	4.0	6.7	0.6	3.6	3.2	7.6	7.9	9.5	11.5	12.5	14.5	14.9	41.7	59.5
Gross Margin %	43.4%	37.5%	60.8%	55.9%	22.2%	29.9%	18.6%	30.4%	49.2%	48.6%	49.9%	49.9%	52.3%	26.4%	49.6%	53.1%
Operating expenses:																
SG&A (Ex-stock based comp)	2.4	1.9	1.8	3.7	2.6	4.4	6.1	8.1	7.3	8.5	9.5	11.0	9.8	21.2	36.3	49.5
Stock-based compensation	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	1.0	1.1	1.4	1.5
Amortization	0.0	0.0	0.1	0.1	0.2	0.7	4.7	7.7	5.0	4.8	4.5	2.0	0.3	13.3	16.3	6.0
Management and license fees due to affiliate	0.6	0.3	0.6	1.2	0.2	1.2	1.7	2.4	1.6	2.0	2.3	2.5	2.7	5.5	8.4	11.2
Total operating expenses	3.2	2.4	2.9	5.2	3.2	6.6	12.7	18.5	14.3	15.6	16.7	15.9	13.7	41.1	62.3	68.2
Operating income:	(0.6)	(1.2)	1.1	1.5	(2.7)	(3.0)	(9.6)	(10.900)	(6.4)	(6.1)	(5.2)	(3.4)	0.8	(26.1)	(20.6)	(8.7)
Operating margin	-10.0%	-40.3%	17.3%	12.5%	-106.4%	-24.4%	-56.1%	-43.9%	-39.8%	-31.2%	-22.5%	-13.5%	2.8%	-46.2%	-21%	-8%
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
Interest expense	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.5)	(0.6)	(0.7)	(0.4)	(0.8)	(0.8)	(1.0)
Loss on extingusihment of debt	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	-	0.0	0.0	0.0	0.0	0.0	(0.4)	0.0	0.0
Acquisition related costs	(0.0)	0.0	(0.2)	(0.2)	(0.4)	(2.3)	(1.1)	(0.2)	0.0	0.0	0.0	0.0	(0.4)	(4.0)	0.0	0.0
Goodwill impairment expense	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
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	0.0	0.0
Total other income	(0.1)	(0.1)	(0.3)	(0.3)	(0.5)	(2.4)	(1.6)	(0.6)	(0.4)	(0.5)	(0.6)	(0.7)	(0.7)	(5.1)	(0.8)	(1.0)
Income before income taxes	(0.7)	(1.3)	0.8	1.2	(3.2)	(5.4)	(11.2)	(11.5)	(6.8)	(6.6)	(5.8)	(4.1)	0.0	(31.2)	(21.4)	(9.7)
Pretax Margin	-11.0%	-43.4%	12.7%	10.1%	-127.2%	-44.0%	-65.6%	-46.1%	-42.3%	-33.7%	-25.1%	-16.3%	0.1%	-55.2%	-25.4%	-8.6%
Income taxes	0.2	0.1	0.5	0.1	(0.4)	(0.3)	1.2	0.028	0.2	0.2	0.2	0.2	0.9	0.6	0.6	(2.9)
Tax rate	-32%	-6%	61%	6%	14%	5%	-11%	0%	-2%	-2%	-3%	-4%	3011%	-2%	-3%	30%
Profit before non-controlling	(0.9)	(1.4)	0.3	1.1	(2.8)	(5.1)	(12.4)	(11.5)	(6.9)	(6.7)	(5.9)	(4.2)	(0.8)	(31.8)	(22.0)	(6.8)
Minority income	0.0	0.0	0.0	0.0	0.0	0.00	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0%	(0.1)	0.0	0.0
Net income	(0.9)	(1.4)	0.3	1.148	(2.8)	(5.1)	(12.4)	(11.4)	(6.9)	(6.7)	(5.8)	(4.1)	(0.8)	(31.7)	(22.0)	(6.8)
Yr-over-Yr	562%	101%	-162%	-95%	213%	264%	-3915%	-1091%	148%	30%	-53%	-64%	-104%	3648%	-31%	-69%
Preferred dividend	0.0	0.0	0.4	0.7	0.6	0.8	0.9	1.0	1.1	1.2	1.3	1.4	1.1	3.3	5.0	5.2
Net income to common shareholders	(0.9)	(1.4)	(0.1)	0.5	(3.4)	(5.9)	(13.3)	(12.4)	(8.0)	(7.9)	(7.1)	(5.5)	(2.0)	(35.0)	(27.0)	(12.0)
Stk based compensation	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	1.0	1.1	1.4	1.5
One-time expenses	(0.0)	0.0	(0.2)	1.5	0.4	3.5	1.1	0.6	0.0	0.0	0.0	0.0	1.3	8.1	-	-
Non-GAAP Income	(0.7)	(1.2)	(0.0)	2.2	(2.8)	(2.2)	(11.9)	(11.5)	(7.6)	(7.5)	(6.8)	(5.2)	0.3	(25.8)	(25.6)	(10.5)
Yr-over-Yr	78414%	282%	-89%	-22%	309%	87%	32031%	-633%	176%	245%	-43%	-55%	-88%	-10332%	-1%	-59%
Net income per share:																
Primary EPS	**(0.09)**	**(0.14)**	**(0.01)**	0.04	**(0.28)**	**(0.49)**	**(1.11)**	**(1.02)**	**(0.66)**	**(0.66)**	**(0.59)**	**(0.46)**	**(0.16)**	**(2.92)**	**(2.23)**	**(1.00)**
Non-GAAP EPS	(0.07)	(0.12)	(0.00)	0.18	(0.23)	(0.18)	(1.00)	(0.95)	(0.63)	(0.63)	(0.56)	(0.43)	0.02	(2.05)	(2.02)	(0.83)
Shares																
Basic	9.4	9.8	11.6	11.7	12.0	12.0	12.0	12.1	12.0	12.0	12.0	12.0	12.0	12.0	12.1	12.0
Yr-over-Yr	3.9%	7.2%	11.2%	0.8%	27.1%	22.2%	3.6%	3.3%	0%	0%	0%	-1%	19.2%	0%	1%	-1%
Diluted	11.6	11.8	11.8	11.9	12.1	14.8	12.6	12.6	12.6	12.6	12.6	12.6	12.0	12.6	12.6	12.6
Yr-over-Yr	28.0%	29.3%	13.5%	-4.5%	4.1%	24.9%	6.3%	6.0%	4%	-15%	0%	-1%	17.3%	5%	1%	-1%
GAAP Adjusted EBITDA	1.649	0.411	3.117	5.233	(0.940)	1.277	(0.372)	5.816	1.913	2.325	3.515	3.815	10.0	6.0	12.1	15.6
EBITDA Margin	27.1%	13.4%	47.3%	43.5%	-37.2%	10.5%	-2.2%	23.4%	12.0%	11.9%	15.3%	15.3%	36.1%	11%	14%	14%

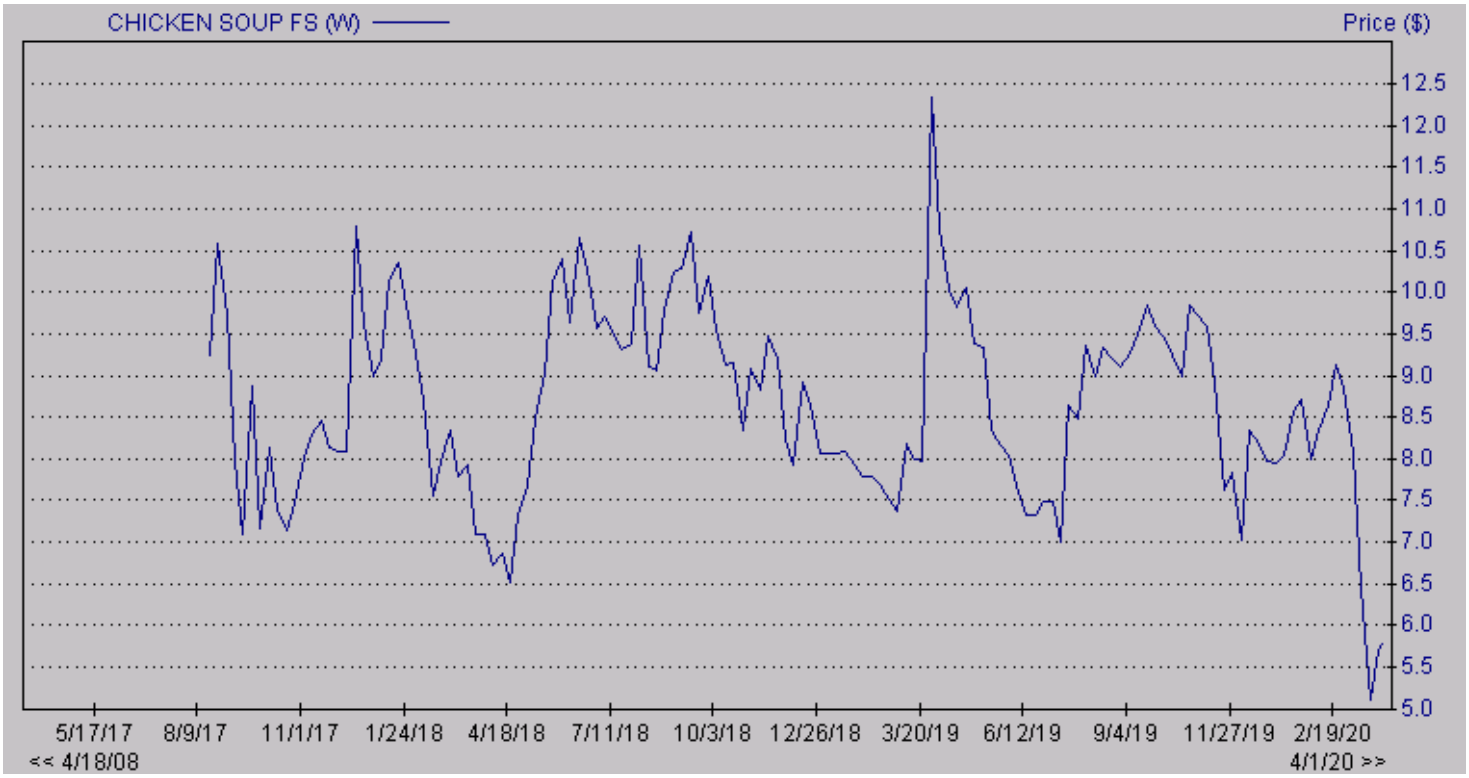
BALANCE SHEET

	Dec 31, 2019	Sept 30, 2019	Qtr-Qtr % Change	Dec 31, 2018	Yr-Yr % Change
Assets					
Cash and cash equivalents	$6,447,402	**$6,194,964**	4.1%	$6,451,758	-46.2%
Restricted cash	0	0	0.0%	750,000	-100.0%
Accounts receivable, net	34,661,119	27,731,931	25.0%	12,841,099	215.7%
Prepaid expenses	861,190	1,117,969	-23.0%	218,736	162.9%
Inventory, net	312,033	291,917	6.9%	262,068	0.1%
Goodwill	21,448,106	17,466,681	22.8%	2,537,079	NM
Indefinate lived intangible assets	12,163,943	12,163,943	0.0%	12,163,943	NM
Intangible assets, net	35,451,951	47,081,028	-24.7%	2,971,637	NM
Film library, net	33,250,149	31,997,384	3.9%	25,338,502	27.4%
Due from affiliated companies	7,642,432	7,010,065	9.0%	1,213,436	4.4%
Programming costs, net	14,459,271	13,961,506	3.6%	12,790,489	42.9%
Programming rights	654,303	826,567	-20.8%	0	NM
Deferred tax asset	0	0	0.0%	452,000	NA
Other assets, net	313,585	316,878	-1.0%	356,221	-22.7%
Total assets	167,665,484	171,160,833	-2.0%	78,346,968	108.6%
Liabilities					
Current maturities of commercial loan	**3,200,000**	**3,200,000**	0.0%	**1,000,000**	NM
Commercial loan & revolving LOC, net	**11,810,475**	**12,611,197**	-6.3%	**6,582,113**	83.2%
Note payable under revolving credit facility	**5,000,000**	**0**	NM	**0**	NM
Accounts payable and accrued expenses	26,646,390	19,792,234	34.6%	5,078,805	770.4%
Ad representation fees payable	12,429,838	8,421,104	47.6%	0	NM
Film library acquisition obligations	5,020,600	5,735,100	-12.5%	2,715,600	129.3%
Programming obligations	7,300,861	6,005,154	21.6%	0	NM
Accrued participation costs	5,066,512	1,308,575	287.2%	1,539,139	-33.3%
Other liabilities	170,106	5,142,105	-96.7%	414,506	1044.1%
Deferred revenue	0	0	0.0%	6,469	-100.0%
Total liabilities	76,644,782	62,215,469	23.2%	17,336,632	293.4%
Stockholder's equity					
Preferred stock	160	160	0.0%	92	105.1%
Class A Common stock	425	425	0.0%	421	10.4%
Class B Common stock	782	782	0.0%	782	0.0%
Additional paid-in capital	87,610,030	88,077,143	-0.5%	59,360,583	90.7%
Subsidiary convertible preferred stock	0	36,350,000	-100.0%	0	NM
Retained earnings	(32,695,629)	(20,335,402)	60.8%	2,281,187	-198.4%
Class A common stock held in treasury	(632,729)	(632,729)	0.0%	(632,729)	0.0%
Total stockholders' equity	54,283,039	103,460,379	-47.5%	61,010,336	56.2%
Subsidiary convertible preferred stock	36,350,000	0	NM	0	NM
Noncontrolling interests	387,663	484,985	-20.1%	0	NM
Total equity	91,020,702	103,945,364	-12.4%	61,010,336	56.9%
Total liabilities and stockholders' equity	167,665,484	165,675,848	1.2%	78,346,968	101.9%
Cash as % of assets	4%	4%	6.2%	8%	-74.2%
Cash per share	$0.51	$0.52	-2.2%	$0.60	-58.7%
Debt	$20,010,475	$15,811,197	26.6%	$7,582,113	129.7%
Debt % of assets	12%	9%	29.2%	10%	10.1%

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	3 Mo Ended Sep 30, 2019	3 Mo Ended Dec 31, 2019	Year 2019
Cash flows from operating activities:											
Net income	21,081,283	(562,453)	(1,433,282)	324,852	825,911	(844,972)	(2,773,430)	(5,117,583)	(12,431,861)	(11,483,277)	(31,806,151)
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	303,205	267,777	1,061,926
Amortization of programming costs	2,973,399	770,401	80,100	658,716	1,243,229	2,752,446	61,798	208,173	181,079	259,639	710,689
Amortization of deferred financing costs	43,747	-	14,290	21,435	21,436	57,161	25,823	25,824	20,416	10,337	82,400
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	4,695,522	7,662,143	13,293,279
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	1,214,610	6,706,695	10,182,166
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	722,728	1,428,456	2,669,699
Provision for returns and allowances	-	-	445,994	268,512	(714,506)	-	-	-	-	-	-
Impairment of programming costs	21,121	-	-	-	-	-	-	-	-	-	-
Loss on debt extinguishment	24,803	-	-	-	-	-	-	-	350,691	-	350,691
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)	1,253,000	-	452,000
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)	(8,731,904)	(8,357,644)	(24,489,719)
Prepaid expenses and other current assets	163,972	(11,492)	(7,708)	(148,784)	206,530	38,546	(135,279)	(1,101,092)	333,010	245,583	(657,778)
Inventory	(25,656)	51,761	(159,920)	185,457	29,598	106,896	(24,533)	12,978	(18,294)	(20,116)	(49,965)
Programming costs and rights	(6,732,930)	(773,132)	(1,632,434)	(1,595,841)	(4,266,144)	(8,267,551)	(147,605)	(1,347,281)	(127,181)	(529,602)	(2,151,669)
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)	(2,032,585)	(7,959,460)	(18,093,813)
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	3,533,202	6,368,167	24,165,978
Film library acquisition obligations	(60,200)	(477,800)	2,055,000	260,500	214,500	2,052,200	273,250	2,564,250	182,000	(714,500)	2,305,000
Accrued participation costs	482,435	(132,659)	38,275	(564,650)	(422,244)	(1,081,278)	(32,015)	(392,967)	194,418	3,757,937	3,527,373
Other liabilities	(66,314)	3,577	(42,728)	344,069	(34,944)	269,974	(350,400)	83,001	(5,002)	28,001	(244,400)
Income taxes payable	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	443,572	(515,000)	900,000	(265,200)	(628,331)	(508,531)	6,469	(12,938)	-	-	(6,469)
Net cash used 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)	(10,362,946)	(2,329,864)	(18,698,763)
Cash flows from Investing activities:											
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)	(1,898,142)	(632,367)	(6,428,996)
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)	(1,898,142)	(632,367)	(6,428,996)
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)	-	(500,000)	500,000	-	-
Proceeds from commercial loan	-	-	7,500,000	(7,500,000)	-	-	-	-	8,665,000	-	8,665,000
Repayments of commercial loan	-	-	(83,333)	(250,001)	(250,000)	(583,334)	(260,358)	260,358	(666,667)	(800,000)	(1,466,667)
Proceeds from revolving credit facility	-	200,000	(200,000)	-	-	-	-	-	-	5,000,000	5,000,000
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)	(663,251)	-	(1,489,706)
Proceeds from issuance of common stock under equity plans								160,161	-	-	160,161
Payment of deferred financing costs	-	-	(313,258)	(37,500)	(40,956)	(391,714)	-	(12,348)	(179,656)	(11,059)	(203,063)
Proceeds from Series A preferred stock	-	-	15,000,000	1,092,680	3,519,758	19,612,438	3,500,000	6,987,625	6,525,000	-	17,012,625
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)	(929,387)	(974,272)	(3,304,947)
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	13,251,039	4,014,669	24,373,403
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	989,951	1,052,438	(754,356)
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	5,205,013	6,194,964	7,201,758
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	6,194,964	7,247,402	6,447,402
Supplemental information:											
Interest paid	298,048	16,268	54,081	57,329	155,654	267,064	117,453	120,739	256,142	228,680	605,561
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)	(3,690,610)	4,851,770	(3,003,301)
Free cash flow	2,102,953	2,437,173	527,826	3,076,735	5,298,348	11,299,772	(1,557,810)	(2,606,651)	(3,690,610)	4,851,770	(3,003,301)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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