

QUARTERLY REPORT OF IDW MEDIA HOLDINGS, INC.
FOR THE THREE MONTHS AND NINE MONTHS ENDED JULY 31, 2016

Item 5. Financial Statements

Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read in conjunction with the accompanying condensed consolidated financial statements and the notes thereto contained in this Quarterly Report.

As used below, unless the context otherwise requires, the terms “the Company,” “we,” “us,” and “our” refer to IDW Media Holdings, Inc., a Delaware corporation, and our subsidiaries.

Forward-Looking Statements

This Quarterly Report contains forward-looking statements. Statements that are not historical facts are forward-looking statements. Examples of forward-looking statements include:

- statements about the Company and its divisions’ future performance;
- projections of the Company and its divisions’ results of operations or financial condition; and
- statements regarding the Company plans, objectives or goals, including those relating to its strategies, initiatives, competition, acquisitions, dispositions and/or its products.

Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “aim,” “will,” “should,” “likely,” “continue” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the Company’s current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the Company’s control. Such known and unknown risks, uncertainties and other factors may cause the Company’s actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements.

The Company cautions that such factors are not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements.

Forward-looking statements speak only as of the date they are made and are statements of the Company’s current expectations concerning future results, events and conditions and the Company is under no obligation to update any of the forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

Our principal businesses consist of:

Idea and Design Works, LLC (“IDW”), an entertainment company that includes IDW Publishing, IDW Games and Top Shelf;

IDW Entertainment, LLC (“IDW ENT”), television production company that develops, produces and distributes television series; and

CTM Media Group, Inc. (“CTM”), our brochure and digital distribution company and other advertising-based product initiatives focused on small to medium sized businesses.

IDW

Idea and Design Works, LLC (“IDW”), is an entertainment company that includes IDW Publishing and IDW Games.

On June 21, 2016, a wholly owned subsidiary of the Company acquired the 17% non-controlling interests in IDW for Class B Common Stock, further described below.

On December 12, 2014, IDW purchased principally all of the assets of Top Shelf Productions, a publisher of graphic novels. The purchase increased the properties and products of IDW.

IDW’s revenues represented 38.9% and 51.8% of our consolidated revenues in the three months ended July 31, 2016 and 2015, respectively, and 44.3% and 57.4% in the nine months ended July 31, 2016 and 2015, respectively.

IDW Entertainment

IDW Entertainment, LLC was formed September 20, 2013 to leverage properties, principally those of IDW, into television productions and develops, produces and distributes the television series. IDW Entertainment is wholly owned by IDW and represented 22.9% and 0.4% of our consolidated revenues in the three months ended July 31, 2016 and 2015, respectively, and 18.4% and 0.4% in the nine months ended July 31, 2016 and 2015, respectively.

CTM

CTM develops and distributes print and digital-based advertising and information in targeted tourist markets. CTM operates four integrated and complimentary business lines: Brochure Distribution, Publishing, RightCard™, and Digital Distribution offering its customers a comprehensive media marketing approach through these business lines. CTM owns and services more than 14,000 display stations in over 32 states and provinces in the United States and Canada. CTM, through Ettractions, Inc., its digital operating company, sells its Ettractions ExploreBoard touchscreen advertising and information delivery system, and services and maintains content on systems sold to third parties.

On July 16, 2016, CTM acquired the assets of a brochure distribution company in Cape Cod, Massachusetts further expanding CTM network with the addition of over 190 distribution locations in Cape Cod.

On February 16, 2016, CTM acquired the assets of a publishing, digital web and distribution service company in Cape Cod, Massachusetts. This acquisition expanded CTM’s network by 1,000 distribution locations, added four online digital properties and widened CTM’s service area in New England.

On February 13, 2015, CTM acquired the assets of the brochure distribution network of a company in New England. This acquisition expanded CTM’s network in the area and added over 1,200 display stations.

CTM’s display stations and digital kiosks are located in travel, tourism and entertainment venues, including hotels and other lodgings, corporate and community venues, transportation terminals and hubs, tourist attractions and entertainment venues. CTM’s revenues represented 38.1% and 47.8% of our consolidated revenues in the three months ended July 31, 2016 and 2015, respectively, and 37.4% and 42.2% in the nine months ended July 31, 2016 and 2015, respectively.

REPORTABLE SEGMENTS

We have the following three reportable business segments: IDW, IDW Entertainment and CTM.

PRESENTATION OF FINANCIAL INFORMATION

Basis of presentation

The consolidated financial statements for the periods reflect our financial position, results of operations, and cash flows. The financial statements have been prepared using the historical basis for the assets and liabilities and results of operations.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States. Our significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Critical accounting policies are those that require application of management's most subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. Our critical accounting policies include those related to the allowance for doubtful accounts and intangible assets with indefinite useful lives and valuation of long-lived assets including intangible assets with finite useful lives. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

On July 20, 2016, IDW Media Holdings, Inc. closed on the previously announced non-brokered private placement offering to certain existing stockholders at \$21.38 per share. As a result of the offering there was an additional 190,597 shares of Class B Common Stock issued for a total of \$4,074,963. As a result of the sale and issuance of these additional shares of Class B Common Stock there is now a total of 5,033,821 shares of Class B Common Stock (excluded from these numbers are 519,360 shares of Class B common stock held in treasury by IDW Media Holdings, Inc.) and 545,360 shares of Class C Common Stock issued and outstanding. The proceeds from the Offering will be used by the Company to finance the Company's IDW Entertainment division, and for general working capital purposes. The shares are subject to a contractual restriction on transfer for six months following the closing of the offering.

On June 21, 2016, Theodore Adams, our Chief Executive Officer and director and Robbie Robbins, Executive Vice President of our subsidiary Idea and Design Works, LLC ("IDW"), each exchanged 85 shares of IDW, Inc., which represented in total 17% of the issued and outstanding shares of IDW, Inc., for 366,392 shares of the Company's Class B common stock (the "Exchange") representing in total 13.6% of the issued and outstanding shares of the Company's common stock after taking into effect this Exchange. The Exchange was based on the relative values of IDW, Inc. and the Company as determined by an independent third party. The purpose of the exchange was to issue shares of the Company's Class B common stock to our Chief Executive Officer and to IDW's Executive Vice President in an effort to align the interests of management and our stockholders and to eliminate minority ownership in the Company's subsidiaries.

Effective July 27, 2015, the Company amended its Certificate of Incorporation to provide for the following changes:

- Conversion of each outstanding share of the Company's Class A Common Stock into one share of the Company's Class B Common Stock, thereby eliminating the Company's Class A Common Stock, and providing for the conversion of the Company's Class C Common Stock into Class B Common Stock instead of Class A Common Stock under certain conditions set forth therein.
- Effect a ten-for-one stock split of each share of the Company's Class B Common Stock and Class C Common Stock (the "Stock Split").
- Increase the number of the Company's authorized shares of: (i) Class B Common Stock from 600,000 shares to 12,000,000 shares, (ii) Class C Common Stock from 125,000 shares to 2,500,000 shares, and (iii) Preferred Stock from 25,000 shares to 500,000 shares.
- Change the Company's name from CTM Media Holdings, Inc. to IDW Media Holdings, Inc.

On October 31, 2013, the Company's Board of Directors granted Howard Jonas, the Company's Chairman of the Company's Board of Directors and its majority stockholder, 38,796 restricted shares (387,960 restricted shares after giving effect to the ten for one Stock Split) of the Company's Class B common stock with a value of \$2,327,760 on the date of grant in lieu of a bonus for fiscal 2013 and a cash base salary for the period October 14, 2014 through December 31, 2019. Total unrecognized compensation cost on the date of grant was \$2,277,760. The unrecognized compensation is recognized over the vesting period. The stock-based compensation related to this grant was approximately \$96,000 and \$91,000 for the three months ended July 31, 2016 and July 31, 2015, respectively, and \$193,000 and \$183,000 for the nine months ended July 31, 2016 and July 31, 2015, respectively.

The restricted shares vest as follows:

Date	Number of shares	<u>Number of shares</u> <u>(after giving effect to the 10 for 1 Stock Split)</u>
10/31/13	833	8,330
9/30/15	5,834	58,340
9/30/16	6,417	64,170
9/30/17	7,058	70,580
9/30/18	7,764	77,640
9/30/19	8,541	85,410
12/31/19	2,349	23,490

Net income attributable to IDW Media Holdings, Inc. and non-controlling interests

(in thousands) (unaudited)

Three months ended July 31,	2016	2015	Change	
			\$	%
Income from operations	\$ 2,617	\$ 1,926	\$ 691	35.9%
Interest income (expense), net	(19)	(17)	(2)	(11.8%)
Other income (expense), net	10	22	(12)	(54.5%)
Provision for income taxes	(998)	(705)	(293)	(41.6%)
Net income	1,610	1,226	384	31.3%
Net income attributable to non-controlling interest	227	(112)	339	302.7%
Net income (loss) attributable to IDW Media Holdings, Inc.	\$ 1,837	\$ 1,114	\$ 723	64.9%

(in thousands)

Nine months ended July 31,	2016	2015	Change	
			\$	%
Income from operations	\$ 3,012	\$ 2,727	\$ 285	10.5%
Interest income (expense), net	(57)	(19)	(38)	(200.0%)
Other income (expense), net	(22)	(100)	78	78.0%
Provision for income taxes	(1,229)	(952)	(277)	(29.1%)
Net income	1,704	1,656	48	2.9%
Less: Net income attributable to non-controlling interest	-	(512)	512	100.0%
Net income attributable to IDW Media Holdings, Inc.	\$ 1,704	\$ 1,144	\$ 560	49.0%

Income from operations. Income from operations increased by \$691,000 for the three months ended July 31, 2016 compared to the three months ended July 31, 2015, primarily due to IDW Entertainment which increased by \$669,000. The increase resulted from gross profit from the release of IDW Entertainment television episodes, net of an increase in selling, general and administrative expenses due to increased operating costs and overhead allocations arising from its separation from the IDW segment. In addition, CTM acquisitions, provided about \$160,000 in operating income. This net increase was offset by a decrease in the IDW segment operating income by (\$138,000), as a result of flat quarter over quarter revenue and an increase in selling, general and administrative expense, principally related to product marketing and occupancy of IDW's new headquarters.

Income from operations increased by \$285,000 for the nine months ended July 31, 2016 compared to the nine months ended July 31, 2015 primarily due to offsetting amounts. An increase in operating income from IDW Entertainment in the net amount of \$1,211,000, resulting from the gross profit from the release of television episodes, offset by an increase in its selling, general and administrative expenses, along with an increase in the CTM segment operating income of \$340,000, driven principally by acquisitions and ExploreBoard sales. These increases were offset by an IDW segment decrease in operating income of (\$1,266,000), as a result of lower gross profit of (\$916,000), that was driven primarily by overall industry softness, timing of publication releases and competitive pressures, and an increase in selling general and administrative expenses of (\$247,000) and depreciation of (\$105,000), primarily related to the occupancy of its new headquarters.

Income Taxes. Income tax expense changed for the three months and nine months ended July 31, 2016 compared to the three months and nine months ended July 31, 2015 by approximately \$293,000 and 277,000, respectively. The changes for the three month and six month periods were principally due to changes in taxable income as well as the difference in rates in the jurisdictions in which the income was earned.

Income attributable to non-controlling interest. On April 1, 2015, the Company's newly formed corporation, IDW, Inc., acquired 100% of the ownership of Idea and Design Works, LLC in exchange for IDW, Inc. stock. As a result of this transaction, the Company had increased its ownership in IDW to 83%. Minority stockholders owned the remaining 17% of the stock of IDW, Inc. Non-controlling interests arise from the previous 23.335% interest in IDW not held by the Company through March 31, 2015, and the 17% interest in IDW not held by the Company thereafter. On June 21, 2016, the Company acquired the 17% non-controlling interest of IDW Inc., and as a result owns 100% of IDW, Inc. at July 31, 2016.

(in thousands) (unaudited)

Three months ended July 31,	2016	2015	Change	
			\$	%
Revenues	\$ 6,856	\$ 6,963	\$ (107)	(1.5%)
Direct cost of revenues	3,848	3,847	1	0.0%
Selling, general and administrative	2,553	2,532	21	0.8%
Depreciation and amortization	86	79	7	8.9%
Bad debt expense	2	-	2	100.0%
Income from operations	<u>\$ 367</u>	<u>\$ 505</u>	<u>\$ (138)</u>	<u>(27.3%)</u>

(in thousands) (unaudited)

Nine months ended July 31,	2016	2015	Change	
			\$	%
Revenues	\$ 18,434	\$ 20,396	\$ (1,962)	(9.6%)
Direct cost of revenues	10,111	11,157	(1,046)	(9.4%)
Selling, general and administrative	7,365	7,122	243	3.4%
Depreciation and amortization	256	151	105	69.5%
Bad debt expense	2	-	2	100.0%
Income from operations	<u>\$ 700</u>	<u>\$ 1,966</u>	<u>\$ (1,266)</u>	<u>(64.4%)</u>

Revenues. Fewer “blockbuster” publishing titles contributed to the flat growth in IDW’s revenues in the three months ended July 31, 2016 compared to the three months ended July 31, 2015. IDW experienced increases in licensing revenue of \$264,000, due primarily to revenue from crossover with DC Comics, increased internet and digital revenue of \$264,000 and increased games revenue and creative service revenue totaling \$164,000. These increases were offset by decreases in net direct and non-direct publishing revenue of approximately (\$464,000), other publishing revenue, a specialty revenue category subject to timing variances and other influences of (\$390,000) due primarily to greater prior year specialty product sales, and other net changes of \$55,000.

Softness in the comic book publishing industry, fewer “blockbuster” publishing titles, timing of when new titles are released and competitive pressure from the major publishers contributed to the decrease in IDW’s revenues in the nine months ended July 31, 2016, compared to the nine months ended July 31, 2015 of (\$1,962,000). IDW’s direct and non-direct publishing revenue decreased by (\$1,742,000), other publishing revenue by (\$970,000), principally due to the timing of IDW’s publication of specialty books, and digital revenue of (\$152,000). These decreases were offset by growth in licensing revenue of \$747,000, driven by crossover licensing with DC comics and foreign licensing resulting primarily from direct licensing by IDW, an increased in games revenue of \$296,000, and changes in other net revenue categories of (\$141,000).

Direct Cost of Revenues. Direct cost of revenues consists primarily of printing expenses and costs of artists and writers. Direct costs of revenues were relatively flat in the three months ended July 31, 2016, compared to the three months ended July 31, 2015 and decreased by \$1,045,000 in the nine months ended July 31, 2016 compared to the nine months ended July 31, 2015. The changes were principally due the effect of the related revenue changes for the periods.

IDW’s gross margin for the three months ended July 31, 2016 and July 31, 2015 decreased to 43.9% from 44.8%. Gross profit is principally related to the mix of products and their associated costs and royalty arrangements, which affected gross profit for the periods.

IDW’s gross margin for the nine months ended July 31, 2016 decreased slightly to 45.2% from 45.3% for the nine months ended July 31, 2015. Gross profit remained relatively consistent year over year.

Selling, General and Administrative. Selling, general and administrative expenses increased by \$21,000 in the three months ended July 31, 2016, compared to the three months ended July 31, 2015. Increases in marketing expenses, related to trade shows and promotions of \$55,000, occupancy of \$38,000, due to the costs of IDW’s new expanded headquarters, and freight of \$33,000, due principally to shipping of specialty books, were offset by decreases in salary and benefits of (\$69,000) due principally to lower revenue based compensation, and other net changes of (\$36,000).

Selling, general and administrative expenses increased by \$243,000 in the nine months ended July 31, 2016, compared to the nine months ended July 31, 2015. The increase was primarily related to occupancy costs of its new headquarters of \$215,000, freight of \$48,000, due principally to shipping of specialty books, marketing of \$54,000 due to trade shows and promotions, offset by a decrease in co-op advertising of (\$70,000), and other net changes of \$4,000.

As a percentage of IDW’s revenues, selling, general and administrative expenses in the three months and nine months ended July 31, 2016 were 37.2% and 40.0% compared to 36.4% and 34.9% in the three months and nine months ended July 31, 2015.

IDW Entertainment

(in thousands) (unaudited)

Three months ended July 31,	2016	2015	Change	
			\$	%
Revenues	\$ 4,039	\$ 59	\$ 3,980	6745.8%
Direct cost of revenues	3,018	-	3,018	100.0%
Selling, general and administrative	493	200	293	146.5%
Income from operations	\$ 528	\$ (141)	\$ 669	474.5%

(in thousands) (unaudited)

Nine months ended July 31,	2016	2015	Change	
			\$	%
Revenues	\$ 7,640	\$ 136	\$ 7,504	5517.6%
Direct cost of revenues	5,580	-	5,580	100.0%
Selling, general and administrative	1,282	569	713	125.3%
Income from operations	\$ 778	\$ (433)	\$ 1,211	279.7%

Revenues. Revenues increased by \$3,980,000 and \$7,504,000 in the three months and nine months ended July 31, 2016, respectively, compared to the three months and nine months ended July 31, 2015, respectively, due to the completion and delivery of television episodes during the nine months ended July 31, 2016.

Direct Cost of Revenues. Direct cost of revenues consists primarily of the amortization of production costs that were capitalized during the production of the television episodes and direct costs related to revenue. Direct costs of revenues in the three months and nine months ended July 31, 2016 increased by \$3,018,000 and \$5,580,000 compared to the three months and nine months ended July 31, 2015, respectively, reflecting revenue related participation costs and the amortization of capitalized production costs based on the delivery of completed television episodes that occurred during the three and nine months ended July 31, 2016.

IDW Entertainment's gross margin for the three months and nine months ended July 31, 2016 decreased to 25.3% and 27.0% from 100% and 100% for the three months and nine months ended July 31, 2015, respectively. The decrease in gross profit reflects IDW Entertainment's full operations as a producer and consequently, the costs related to the delivery of completed episodes of Wynonna Earp in 2016.

Selling, General and Administrative. Selling, general and administrative expenses increased by \$293,000 and \$713,000 in the three months and nine months ended July 31, 2016, respectively, compared to the three months and nine months ended July 31, 2015 reflecting overhead and salary allocations of \$233,000 and \$556,000, marketing expenses for IDW Entertainment's new television productions of \$66,000 and \$140,000, and other net changes of (\$6,000) and \$17,000, respectively for the three and nine month periods.

As a percentage of IDW Entertainment's revenues, selling, general and administrative expenses in the three months and nine months ended July 31, 2016 were 12.2% and 16.8% compared to 339.0% and 418.4% in the three months and nine months ended July 31, 2015. This change is due to the IDW Entertainment's transition to full operations and related revenue.

CTM

(in thousands) (unaudited)

Three months ended July 31,

	2016	2015	Change	
			\$	%
Revenues	\$ 6,713	\$ 6,432	\$ 281	4.4%
Direct cost of revenues	1,841	1,802	39	2.2%
Selling, general and administrative	2,744	2,683	61	2.3%
Depreciation and amortization	309	363	(54)	(14.9%)
Bad debt expense	97	22	75	340.9%
Income from operations	\$ 1,722	\$ 1,562	\$ 160	10.2%

(in thousands) (unaudited)

Nine months ended July 31,

	2016	2015	Change	
			\$	%
Revenues	\$ 15,560	\$ 14,988	\$ 572	3.8%
Direct cost of revenues	5,061	4,756	305	6.4%
Selling, general and administrative	7,965	7,918	47	0.6%
Depreciation and amortization	880	1,105	(225)	(20.4%)
Bad debt expense	120	15	105	700.0%
Income from operations	\$ 1,534	\$ 1,194	\$ 340	28.5%

Revenues. The increase in CTM's revenues of \$281,000 during the three months ended July 31, 2016 compared to the three months ended July 31, 2015 was primarily due to increased publishing revenue of \$332,000 due to the new Cape Cod division's "Best Read Guide" publication, digital revenue of \$85,000 due primarily to Ettractions ExploreBoard digital touchscreens sales and Cape Cod Division digital revenue, and a decrease in net distribution revenue of (\$102,000), primarily related to Canadian foreign exchange, along with other net decreases of (\$34,000).

The increase in CTM's revenues of \$572,000 during the nine months ended July 31, 2016 compared to the nine months ended July 31, 2015 was primarily due to sales and service of the Ettractions ExploreBoard digital touchscreens and Cape Cod division digital revenue of \$366,000, an increase in publishing revenue of \$335,000 due primarily to the new Cape Cod division's "Best Read Guide" publication, in addition to an increase in CTM's map publication revenue. These net increases were offset by a decrease in Canadian distribution revenue of (\$129,000), primarily as a result of foreign exchange.

Direct Cost of Revenues. Direct cost of revenues consists of distribution and fulfillment payroll, warehouse and distribution vehicle expenses, print and design expenses and the cost of ExploreBoard sales.

Direct cost of revenues for the three months ended July 31, 2016 increased by \$39,000 compared to the three months ended July 31, 2015 principally due to the increased costs of publication revenue of \$64,000, increased payroll costs of \$84,000, principally related to CTM's recently acquired New England divisions, reduced distribution fees of (\$68,000) and reduced digital products costs of (\$58,000), along with other net changes of \$17,000. The decrease in the cost of digital products was due to greater Cape Cod division digital revenue that carries lower costs.

Direct cost of revenues for the nine months ended July 31, 2016 increased by \$305,000 compared to the nine months ended July 31, 2015 principally due to the increased costs of publication revenue of \$100,000, increased payroll costs of \$177,000, principally related to CTM's recently acquired New England divisions, reduced distribution fees of (\$135,000), increased costs of digital products of \$101,000, along with other net changes of (\$62,000). The increase in the cost of digital products was due to greater ExploreBoard Sales carry higher costs.

CTM's gross margin percentage changed in the three months and nine months ended July 31, 2016 to 72.6% and 67.5% compared to 72.0% and 68.3% in the three months and nine months ended July 31, 2015. The changes were due primarily to seasonal factors and changes in the mix of distribution and digital product revenues.

Selling, General and Administrative. Selling, general and administrative expenses consist primarily of payroll and related benefits, facilities costs and insurance. Selling, general and administrative expenses increased slightly in the three months ended July 31, 2016 compared to the three months ended July 31, 2015 by \$61,000 reflecting a lower overhead expense allocation of (\$24,000), offset by rent due to new acquisition locations and escalations of \$25,000, and fully staffed salaries and bonus accruals of \$66,000.

Selling, general and administrative expenses increased slightly in the nine months ended July 31, 2016 compared to the nine months ended July 31, 2015 by \$47,000. The increase was due to CTM's overhead allocation increase for the year to date of \$54,000, fully staffed salary and bonus accruals of \$105,000 and travel related to CTM new acquisitions of \$53,000. These expense increases were offset by lower payroll benefit costs of (\$80,000), reduced recruitment costs of (\$19,000), lower software licensing of (\$30,000) related to the ExploreBoard, and other net decreases of (\$36,000).

As a percentage of CTM's revenue, selling, general and administrative expenses for the three months and nine months ended July 31, 2016 were 40.9% and 51.2% compared to 41.7% and 52.8% in the three months and nine months ended July 31, 2015.

Depreciation and Amortization. Depreciation and amortization decreased by \$54,000 and \$225,000 for the three and nine months ended July 31, 2016 compared to the three and nine months ended July 31, 2015 due primarily to reductions related to items that became fully amortized, that were included in CTM's recent acquisitions in the Southeast and New England.

Bad Debt Expense. Bad debt expense for the three months ended and nine months ended July 31, 2016 increased by \$75,000 and \$105,000 compared to the three months and nine months ended July 31, 2015, reflecting increased expenses due to collection experience, principally New York division bad debts.

LIQUIDITY AND CAPITAL RESOURCES

We satisfied our cash requirements primarily through cash provided by the Company's operating activities.

(in thousands) (unaudited)	Nine months ended July 31,	
	2016	2015
Cash flows provided by (used in):		
Operating activities	\$ (51)	\$ 332
Investing activities	(1,536)	(3,255)
Financing activities	3,151	(2,984)
Net increase (decrease) in cash and cash equivalents	\$ 1,564	\$ (5,907)

Operating Activities. Our cash flow from operations varies from quarter to quarter and from year to year, depending on our operating results and the timing of operating cash receipts and payments, specifically trade accounts receivable and trade accounts payable. Cash flows were provided by (used in) operating activities based on these factors amounting to approximately (\$51,000) and \$322,000 for the nine months ended July 31, 2016 and 2015, respectively.

Investing Activities. Our capital expenditures were approximately \$1,133,000 and \$1,839,000 in the nine months ended July 31, 2016 and 2015, respectively. Our business acquisitions were \$682,000 and \$1,763,000 for the nine months ended July 31, 2016 and 2015, respectively. We currently anticipate that total capital expenditures for all of our segments in fiscal 2016 will be approximately \$2,000,000. We expect to fund our capital expenditures with our cash and cash equivalents on hand.

Financing Activities. In July 2016, we issued Class B Common Stock for cash proceeds in the amount of \$4,075,000. During the nine months ended July 31, 2016 and July 31, 2015, we paid cash dividends in the amounts of \$844,000 and \$2,274,000 and distributed cash to non-controlling interests of IDW in the amounts of \$0 and \$545,000, respectively. In addition, during the nine months ended July 31, 2016 and July 31, 2015, we repaid capital lease obligations in the amounts of \$224,000 and \$212,000 and repaid term loans in the amounts of \$314,000 and \$275,000, respectively.

CHANGES IN TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Gross trade accounts receivable increased to approximately \$10,075,000 at July 31, 2016 compared to \$5,918,000 at July 31, 2015 principally due to IDW Entertainment revenue as well as the timing of receipts of payments in receivable balances. The allowance for doubtful accounts as a percentage of gross trade accounts receivable was 1.3% at July 31, 2016 compared to 1.3% at July 31, 2015, reflecting the collectible receivable experience principally related to CTM segment receivables.

OTHER SOURCES AND USES OF RESOURCES

We intend to, where appropriate, make strategic investments and acquisitions to complement, expand, and/or enter into new businesses. In considering acquisitions and investments, we search for opportunities to profitably grow our existing businesses, to add qualitatively to the range of businesses in our portfolio and to achieve operational synergies. Historically, such acquisitions have not exceeded \$500,000, however, in the fiscal year ended October 31, 2014, CTM purchased its Southeast distribution network, and in the fiscal year ended October 31, 2015, IDW purchased Top Shelf Productions and CTM purchased the New England distribution network, as discussed in the Overviews above. Subsequent to CTM's transactions, CTM secured term loans of \$2,000,000, which replaced a portion of the cash used for its purchases. If we were to pursue additional acquisitions in excess of \$500,000, we would likely need to secure financing arrangements. At this time, we cannot guarantee that we will be presented with acquisition opportunities that meet our return on investment criteria, or that our efforts to make acquisitions that meet our criteria will be successful.

With the exception of IDW Entertainment's shows currently in production, we expect that our fiscal 2016 operations, the balance of cash and cash equivalents that we held as of July 31, 2016, a portion of which was provided by the \$2,000,000 term loans described above, a \$2,000,000 IDW line of credit and a \$1,000,000 CTM line of credit with our primary bank, and a portion of the proceeds of the issuance of Class B Common Stock in the amount of \$4,075,000 will be sufficient to meet our currently anticipated working capital and capital expenditure requirements, pay capital lease obligations, make limited acquisitions and investments, and fund any potential operating cash flow deficits within any of our segments for at least the next twelve months.

IDW Entertainment. During the third quarter of the fiscal year ended October 31, 2016, proceeds of the issue of Class B Common Stock in the amount of \$4,075,000 provided a portion of the funding for IDW Entertainment's operations, in addition to the Company's other working capital needs. IDW Entertainment advanced cash for a portion of the production costs amounting to approximately \$4,000,000 for its production of a live action television series. These advances are included in Production Cost Inventory at July 31, 2016. We believe that additional sources of financing could be needed to assist IDW Entertainment in achieving its long-term strategic plan.

While our expected cash balances, as well as cash flows from our operations, will be sufficient to meet our long-term operational liquidity needs, additional sources of financing, as mentioned above, could be needed to meet the production plans of IDW Entertainment. The foregoing is based on a number of assumptions, including that we will collect on our receivables, effectively manage our working capital requirements, and maintain

our revenue levels and liquidity. Predicting these matters is particularly difficult in the current worldwide and national economic situations. Failure to generate sufficient revenues and operating income could have a material adverse effect on our results of operations, financial condition and cash flows.

Dividends. In light of the current growth initiatives of the Company, particularly the television property development of IDW Entertainment, the Board of Directors has determined to suspend the payment of the cash dividend for the current period. Projects that have already been approved and commenced are placing demands on the Company's resources, and management and the Board determined that it was in the best interests of the stockholders to utilize available cash resources for investment in these promising and exciting growth opportunities. This position may continue depending on the timing of projects, the cash generation of the Company's operations and any financing that the Company may consummate. Decisions as to the payment of dividends in future periods will depend on the financial position, results of operations, prospects and current and projected competing demands for cash resources at the relevant time. The Company continues its position of prudent and conservative cash management, and is committed to using all of its resources to maximize shareholder value, balancing short, medium and long term interests.

FOREIGN CURRENCY RISK

Revenues from our international operations located in Canada represented 3.1% and 4.0% of our consolidated revenues for the nine months ended July 31, 2016 and July 31, 2015, respectively. Our Canadian dollar foreign currency exchange risk is somewhat mitigated by our ability to offset the majority of Canadian Dollar-denominated revenues with operating expenses that are paid in the same currency. In addition, we have foreign currency exchange risk from receivables from sales denominated in GBP (Great Britain Pound) and have contracts for future sales denominated in GBP. While the impact from fluctuations in foreign exchange rates affects our revenues and expenses denominated in the foreign currency, the net amount of our exposure to foreign currency exchange rate changes at the end of each reporting period is generally not material.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any "off-balance sheet arrangements," as defined in relevant SEC regulations that are reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

IDW MEDIA HOLDINGS, INC.

**INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

Condensed Consolidated Balance Sheets as of July 31, 2016 and October 31, 2015	2
Condensed Consolidated Statements of Operations for the Three Months and Nine Months Ended July 31, 2016 and 2015	3
Condensed Consolidated Statements of Comprehensive Income for the Three Months and Nine Months Ended July 31, 2016 and 2015	4
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended July 31, 2016 and 2015	5
Notes to Condensed Consolidated Financial Statements	6

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	July 31, 2016 (Unaudited)	October 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,160	\$ 6,596
Trade accounts receivable, net	9,948	5,915
Inventory – print and production costs	13,938	5,688
Prepaid expenses	1,762	2,015
Deferred taxes – current portion	201	200
Note receivable – current portion	372	372
Total current assets	<u>34,381</u>	<u>20,786</u>
Property and equipment, net	<u>3,320</u>	<u>3,039</u>
Non-current assets		
Note receivable – non-current portion	31	310
Deferred taxes – non-current portion	12,625	12,705
Intangible Assets, net	1,639	1,769
Goodwill	2,227	1,700
Other assets	703	498
Total non-current assets	<u>17,225</u>	<u>16,982</u>
Total assets	<u>\$ 54,926</u>	<u>\$ 40,807</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	1,974	\$ 1,302
Accrued expenses	9,772	3,907
Deferred revenue	3,539	2,131
Income taxes payable	1,742	936
Deferred taxes payable	441	441
Capital lease obligations – current portion	331	257
Bank loans payable – current portion	460	431
Other current liabilities	425	359
Total current liabilities	<u>18,684</u>	<u>9,764</u>
Non-current liabilities		
Capital lease obligations – long term portion	686	527
Bank loans payable – long term portion	856	1,199
Total non-current liabilities	<u>1,542</u>	<u>1,726</u>
Total liabilities	<u>20,226</u>	<u>11,490</u>
Stockholders' equity (see note 1):		
IDW Media Holdings, Inc. stockholders' equity:		
Preferred stock, \$.01 par value; authorized shares – 500; no shares issued at July 31, 2016 and October 31, 2015	-	-
Class B common stock, \$0.01 par value; authorized shares – 12,000; 5,553 shares and 4,623 shares issued and outstanding at July 31, 2016 and October 31, 2015, respectively	56	46
Class C common stock, \$0.01 par value; authorized shares – 2,500; 545 shares issued and outstanding at July 31, 2016 and October 31, 2015	5	5
Additional paid-in capital	53,023	47,419
Accumulated other comprehensive loss	(197)	(153)
Accumulated deficit	(16,991)	(18,780)
Treasury stock, at cost, consisting of 519 shares of Class B common stock at July 31, 2016 and October 31, 2015	(1,196)	(1,196)
Total IDW Media Holdings, Inc. stockholders' equity	<u>34,700</u>	<u>27,341</u>
Non-controlling interests	-	1,976
Total stockholders' equity	<u>34,700</u>	<u>29,317</u>
Total liabilities and stockholders' equity	<u>\$ 54,926</u>	<u>\$ 40,807</u>

See accompanying notes to condensed consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2016	2015	2016	2015
Revenues	\$ 17,608	\$ 13,454	\$ 41,634	\$ 35,519
Costs and expenses:				
Direct cost of revenues	8,706	5,650	20,752	15,912
Selling, general and administrative (i)	5,791	5,414	16,611	15,609
Depreciation and amortization	395	442	1,137	1,256
Bad debt expense	99	22	122	15
Total costs and expenses	14,991	11,528	38,622	32,792
Income from operations	2,617	1,926	3,012	2,727
Interest expense, net	(19)	(17)	(57)	(19)
Other income (expense), net	10	22	(22)	(100)
Income before income taxes	2,608	1,931	2,933	2,608
Provision for income taxes	(998)	(705)	(1,229)	(952)
Net income	1,610	1,226	1,704	1,656
Net income attributable to non-controlling interests	227	(112)	-	(512)
Net income attributable to IDW Media Holdings, Inc.	1,837	1,114	1,704	1,144
Basic and diluted income per share attributable to IDW Media Holdings, Inc. common stockholders (see notes 1 and 3):				
Net income (loss) per share	\$.37	\$.24	\$.36	\$.25
Weighted-average number of shares used in the calculation of basic and diluted income per share:	5,007	4,649	4,772	4,637
Dividend declared per common share:	\$ 0.00	\$ 0.163	\$ 0.163	\$ 0.489
Interest Expense	\$ 22	\$ 20	\$ 68	\$ 57
(i) Stock-based compensation included in selling, general and administrative expenses	\$ 96	\$ 91	\$ 289	\$ 274

See accompanying notes to condensed consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in thousands)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2016	2015	2016	2015
Net income	\$ 1,610	1,226	\$ 1,704	\$ 1,656
Foreign currency translation adjustments	(71)	(21)	(44)	(120)
Comprehensive income	1,539	1,205	1,660	1,536
Comprehensive income attributable to non-controlling interests	227	(112)	-	(512)
Comprehensive income attributable to IDW Media Holdings, Inc.	\$ 1,766	1,093	\$ 1,660	\$ 1,024

See accompanying notes to condensed consolidated financial statements

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Nine months ended July 31,
(in thousands)

	2016	2015
Operating activities:		
Net income	\$ 1,704	\$ 1,656
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,137	1,256
Bad debt expense	122	15
Stock based compensation	492	652
Exchange of common stock for non-controlling interests	1,976	-
Changes in assets and liabilities:		
Trade accounts receivable	(4,156)	(1,050)
Inventory, prepaid expenses and other current assets	(8,202)	(4,139)
Deferred taxes	79	667
Notes receivable – current portion	-	153
Trade accounts payable, accrued expenses and other current liabilities	5,389	(523)
Deferred revenue	1,408	1,645
Net cash provided by (used in) operating activities	<u>(51)</u>	<u>332</u>
Investing activities:		
Business acquisitions	(682)	(1,763)
Capital expenditures	(1,133)	(1,839)
Payments received from notes receivable on sale of assets	279	347
Net cash used in investing activities	<u>(1,536)</u>	<u>(3,255)</u>
Financing activities:		
Proceeds of common stock issue	4,075	-
Distributions to holders of non-controlling interests	-	(1,119)
Dividends paid	(844)	(2,274)
Financing under capital leases	458	396
Repayments of capital lease obligations	(224)	(212)
Proceeds from bank loans	-	500
Repayments of bank loans	(314)	(275)
Net cash provided by (used in) financing activities	<u>3,151</u>	<u>(2,984)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,564</u>	<u>(5,907)</u>
Cash and cash equivalents at beginning of period	<u>6,596</u>	<u>11,427</u>
Cash and cash equivalents at end of period	<u>\$ 8,160</u>	<u>\$ 5,520</u>
Supplemental schedule of investing and financing activities		
Cash paid for interest	\$ 68	\$ 57
Cash paid for income taxes	\$ 262	\$ 223
Purchases of property and equipment through capital lease obligations	\$ 457	\$ 396

The effect of exchange rate changes on cash and cash equivalents is not material.

See accompanying notes to condensed consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2016 AND 2015 (Unaudited)

Note 1—Basis of Presentation

The accompanying unaudited consolidated financial statements of IDW Media Holdings, Inc. and its subsidiaries (the “Company”) have been prepared by Management in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting principally of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months and nine months ended July 31, 2016 are not necessarily indicative of the results that may be expected for the full fiscal year ended October 31, 2016. The balance sheet at October 31, 2015 has been derived from the Company’s audited financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, please refer to the Company’s annual report for the fiscal year ended October 31, 2015 filed on January 29, 2016 with the OTC Markets Group Pink Tier.

Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal 2016 refers to the fiscal year ending October 31, 2016).

The Company is a holding company consisting of the following principal businesses:

IDW, Inc., owner of Idea and Design Works, LLC (“IDW”), an entertainment company that includes IDW Publishing, IDW Games and Top Shelf;

IDW Entertainment, a television production company wholly owned by IDW that develops, produces and distributes television series; and

CTM Media Group (“CTM”), the Company’s brochure and digital distribution companies and other advertising-based product initiatives focused on small to medium sized businesses.

The Company was formerly a subsidiary of IDT Corporation. On September 14, 2009, the Company was spun-off by IDT Corporation and became an independent public company (the “Spin-Off”) incorporated in the state of Delaware. IDT Corporation transferred its ownership in all of the entities that became the Company’s consolidated subsidiaries prior to the Spin-Off. The entities that became direct or indirect subsidiaries are: IDT Internet Mobile Group, Inc. (“IIMG”). IIMG previously owned approximately 76.665% of the equity interests in IDW; CTM; Beltway Acquisition Corporation; IDT Local Media, Inc. (which conducted certain operations related to CTM that are no longer active). All indebtedness owed by any of these entities to IDT Corporation or its affiliates was converted into a capital contribution.

On April 1, 2015, the Company’s newly formed corporation, IDW, Inc., acquired 100% of the ownership of IDW in exchange for IDW, Inc. stock. At the time of this transaction, the Company had increased its ownership in IDW to 83%. On June 21, 2016, the Company increased its ownership in IDW to 100% through its acquisition of the remaining 17% non-controlling interest in IDW, Inc. in exchange for 732,784 shares of Class B Common Stock of the Company.

Effective July 27, 2015, the Company amended its Certificate of Incorporation to provide for the following changes:

- Conversion of each outstanding share of the Company’s Class A Common Stock into one share of the Company’s Class B Common Stock, thereby eliminating the Company’s Class A Common Stock, and providing for the conversion of the Company’s Class C Common Stock into Class B Common Stock instead of Class A Common Stock under certain conditions set forth therein.
- Effect a ten-for-one stock split of each share of the Company’s Class B Common Stock and Class C Common Stock (the “Stock Split”).
- Increase the number of the Company’s authorized shares of: (i) Class B Common Stock from 600,000 shares to 12,000,000 shares, (ii) Class C Common Stock from 125,000 shares to 2,500,000 shares, and (iii) Preferred Stock from 25,000 shares to 500,000 shares.
- Change the Company’s name from CTM Media Holdings, Inc. to IDW Media Holdings, Inc.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2016 AND 2015
(Unaudited)

Note 1—Basis of Presentation (continued)

The Company's significant accounting policies are described in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report for the fiscal year ended October 31, 2015 filed with the OTC Markets Group Pink Tier.

Note 2—Dividends

On February 6, 2016 and October 2, 2015, the Company paid cash dividends the amount of \$0.163 per share (approximately \$758,000 in the aggregate) to stockholders of record as of January 30, 2016 and September 22, 2015 of the Company's Class B common stock and Class C common stock, respectively.

On June 30, 2015, March 31, 2015 and February 19, 2015 the Company, paid cash dividends in the amount of \$1.63 per share (\$0.163 per share after giving effect to the Stock Split) on each date (approximately \$758,000 each date in the aggregate) to stockholders of record as of June 22, 2015, March 23, 2015 and February 6, 2015, respectively, of the Company's Class A common stock, Class B common stock and Class C common stock.

On September 29, 2014 the Company paid cash dividends in the amount of \$1.63 per share (\$0.163 per share after giving effect to the Stock Split) (approximately \$750,000 in the aggregate) to stockholders of record as of September 20, 2014 of the Company's Class A common stock, Class B common stock and Class C common stock.

The Company's Board of Directors decided to temporarily suspend the Company's quarterly dividend to provide additional cash for the Company's acquisition initiatives and its production schedule commitments further discussed in Note 10 to these Condensed Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's quarterly report to the OTC Markets Group Pink Tier for the three and nine months ended July 31, 2016.

The declaration of future dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, business conditions and other factors, as well as a determination by the Board that dividends are in the best interest of our stockholders at that time, subject to confirmation by the Company's management that there is sufficient surplus as of the proposed future payment dates and other circumstances existing at the relevant times.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2016 AND 2015

(Unaudited)

Note 3—Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to all classes of common stockholders by the weighted average number of shares of all classes of common stock outstanding during the applicable period. The number of shares outstanding has been increased to include unvested restricted Class B stock issued to the Company’s founder and Chairman of the Board, Howard Jonas. Diluted earnings per share is computed in the same manner as basic earnings per share except that the number of shares is increased to include any potentially dilutive shares. During the three months and nine months ended July 31, 2016 and July 31, 2015, there were no shares that were potentially dilutive. As a result, basic earnings per share and diluted earnings per share were the same. Per share values reflect the Company’s ten-for-one Stock Split.

Note 4—Equity

Changes in the components of stockholders’ equity were as follows:

(in thousands)	Nine months Ended July 31, 2016		
	Attributable to IDW Media Holdings, Inc.	Non-controlling Interests	Total
Balance, October 31, 2015	27,341	1,976	29,317
Stock based compensation	492	-	492
Issuance of common stock	4,075	-	4,075
Exchange of common stock to non-controlling interests	1,976	(1,976)	-
Dividends	(844)	-	(844)
Comprehensive income (loss):			
Net income	1,704	-	1,704
Other comprehensive income (loss)	(44)	-	(44)
Total comprehensive income	1,660	-	1,660
Balance, July 31, 2016	\$ 34,700	\$ -	\$ 34,700

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2016 AND 2015
(Unaudited)

Note 4—Equity (continued)

On July 20, 2016, IDW Media Holdings, Inc. closed on the previously announced non-brokered private placement offering to certain existing stockholders at \$21.38 per share. As a result of the offering there was an additional 190,597 shares of Class B Common Stock issued for a total of \$4,074,963. As a result of the sale and issuance of these additional shares of Class B Common Stock there is now a total of 5,033,821 shares of Class B Common Stock (excluded from these numbers are 519,360 shares of Class B common stock held in treasury by IDW Media Holdings, Inc.) and 545,360 shares of Class C Common Stock issued and outstanding. The proceeds from the Offering were used by the Company to finance the Company's IDW Entertainment division, and for general working capital purposes. The shares are subject to a contractual restriction on transfer for six months following the closing of the offering.

On June 21, 2016, Theodore Adams, our Chief Executive Officer and director and Robbie Robbins, Executive Vice President of our subsidiary Idea and Design Works, LLC ("IDW"), each exchanged 85 shares of IDW, Inc., which represented in total 17% of the issued and outstanding shares of IDW, Inc., for 366,392 shares of the Company's Class B common stock (the "Exchange", 732,784 shares in the aggregate) which, in total represented 13.6% of the issued and outstanding shares of the Company's common stock at the time, after taking into effect this Exchange. The Exchange was based on the relative values of IDW, Inc. and the Company as determined by an independent third party. The purpose of the exchange was to issue shares of the Company's Class B common stock to our Chief Executive Officer and to IDW's Executive Vice President in an effort to align the interests of management and our stockholders and to eliminate minority ownership in the Company's subsidiaries.

On October 31, 2013, the Company's Board of Directors granted Howard Jonas, the Company's Chairman of the Board of Directors and majority stockholder, 38,796 (387,960 shares after the Stock Split) restricted shares of the Company's Class B common stock with a value of \$2,327,760 on the date of grant in lieu of a bonus for fiscal 2013 and a cash base salary for the period October 14, 2014 to December 31, 2019. Total unrecognized compensation cost on the date of grant was \$2,277,760. The unrecognized compensation is recognized over the vesting period. The restricted shares vest as follows:

<u>Date</u>	<u>Number of shares</u>	<u>Number of shares</u> <u>(after giving effect to the 10 for 1 Stock Split)</u>
10/31/13	833	8,330
9/30/15	5,834	58,340
9/30/16	6,417	64,170
9/30/17	7,058	70,580
9/30/18	7,764	77,640
9/30/19	8,541	85,410
12/31/19	2,349	23,490

On September 3, 2009, the Company's Compensation Committee ratified the Company's 2009 Stock Option and Incentive Plan (the "Company's Stock Option and Incentive Plan"), which was previously adopted by the Company's Board of Directors and approved by IDT Corporation as the Company's sole stockholder at the time, to provide incentives to executive officers, employees, directors and consultants of the Company and/or its subsidiaries. The maximum number of shares of the Company's Class B common stock reserved for the grant of awards under the Company's Stock Option and Incentive Plan is 383,020 shares (approximately 191,510 shares after giving effect to the 1 for 20 Reverse Split and 10 for 1 Stock Split), subject to adjustment. Incentives available under the Company's Stock Option and Incentive Plan may include stock options, stock appreciation rights, limited stock appreciation rights, restricted stock and deferred stock units.

Under the Company's Stock Option and Incentive Plan, the option price of each option award shall not be less than one hundred percent of the fair market value of the Company's Class B common stock on the date of grant. Each option agreement shall provide the exercise schedule for the option as determined by the Compensation Committee. The exercise period will be ten years from the date of the grant of the option unless otherwise determined by the Compensation Committee. No awards have been granted under the Company's Stock Option and Incentive Plan to date.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2016 AND 2015
(Unaudited)

Note 5—Asset Purchases

On July 16, 2016, CTM acquired the assets of a brochure distribution company in Cape Cod, Massachusetts further expanding CTM network with the addition of over 190 distribution locations in Cape Cod.

On February 16, 2016, CTM Media Group, Inc., a subsidiary of the Company acquired the assets of a publishing, digital web and distribution service company in Cape Cod, Massachusetts. The acquisition expanded its distribution network by 1,000 distribution locations, included four online digital properties and widened the New England service area.

On February 13, 2015, CTM Media Group, Inc., a subsidiary of the Company, acquired a 1,200 display station distribution network and assets of a company in New England that expanded its network throughout New England.

On December 12, 2014, Idea and Design Works, LLC, a subsidiary of the Company, purchased principally all of the assets of Top Shelf Productions, a publisher of graphic novels.

Note 6—Notes Payable and Lines of Credit

On July 31, 2015, Idea and Design Works, LLC (IDW, LLC) a subsidiary of the Company, entered into a loan agreement with IDW Media Holdings, Inc.'s primary bank that provides for a \$2,000,000 revolving line of credit, renewable annually, with interest payable monthly. IDW, LLC has pledged its fixed assets, inventory and receivables as collateral under the agreement. Any outstanding balance of interest and principal is payable no later than the expiration date of the agreement. The agreement requires IDW, LLC to maintain certain ratios related to liquidity and net worth, among other provisions. An amendment dated April 30, 2016, renewed and extended the line of credit through April 30, 2017. At July 31, 2016, no balance was outstanding under this line of credit.

On July 28, 2012, CTM Media Group Inc., entered into a loan agreement with its primary bank that had provided for a \$1.5 million revolving line of credit, renewable annually, with interest payable monthly. In conjunction with the October 3, 2014 term loan described below, the revolving line of credit was reduced to \$1,000,000. Amendments dated through April 30, 2016 renewed and extended the line of credit to April 30, 2017. Any outstanding balance of interest and principal is payable no later than the expiration date of the agreement. The Company has pledged substantially all of its CTM Segment assets in guarantee of the loan and the Company's CTM Segment subsidiaries have also provided guarantees under the agreement. The agreement requires the company to maintain certain ratios related to liquidity and profitability, among other provisions. At July 31, 2016, no balance was outstanding under this line of credit.

On March 4, 2015, CTM Media Group, Inc., a subsidiary of the Company, entered into a term loan agreement with its primary bank for \$500,000 payable in equal monthly installments of \$11,256 including principal and interest at 3.81%, with the final payment due on February 28, 2019.

On October 3, 2014, CTM Media Group, Inc., a subsidiary of the Company, entered into a term loan agreement with its primary bank for \$1,500,000 payable in equal monthly installments of \$25,000, plus interest at 3.76%, with the final balance of principal payable on August 31, 2018.

The Company has pledged substantially all of its CTM Segment assets in guarantee of the loans and the Company's CTM Segment subsidiaries have also provided guarantees under the agreement. The agreement requires the company to maintain certain ratios related to liquidity and profitability, among other provisions. On July 31, 2016, \$1,316,000 was outstanding under the term loans.

Future maturities under the term loans are as follows:

Date	Amount
7/31/17	\$ 460,000
7/31/18	430,000
7/31/19	426,000
Total	\$ 1,316,000

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2016 AND 2015
(Unaudited)

Note 7—Business Segment Information

The Company has the following three reportable business segments: IDW, IDW Entertainment and CTM.

Idea and Design Works, LLC (“IDW”) is an entertainment company that includes IDW Publishing, IDW Games and Top Shelf.

IDW Entertainment (“IDW ENT”) develops, produces and distributes television series.

CTM consists of the Company’s brochure and digital advertising distribution company and other advertising-based product initiatives focused on small to medium sized businesses.

The Company’s reportable segments are distinguished by types of service, customers and methods used to provide their services. The operating results of these business segments are regularly reviewed by the Company’s chief operating decision maker.

The accounting policies of the segments are the same as the accounting policies of the Company as a whole. The Company evaluates the performance of its business segments based primarily on operating income. There are no other significant asymmetrical allocations to segments.

Operating results for the business segments of the Company are as follows:

(in thousands) (unaudited)	<u>IDW</u>	<u>IDW ENT</u>	<u>CTM</u>	<u>Total</u>
Three months ended July 31, 2016				
Revenues	\$ 6,856	\$ 4,039	\$ 6,713	\$ 17,608
Income from operations	\$ 367	\$ 528	\$ 1,722	\$ 2,617
Depreciation and amortization	\$ 86	\$ -	\$ 309	\$ 395
Net income	\$ 318	\$ 198	\$ 1,094	\$ 1,610
Total assets at July 31, 2016	\$ 14,301	\$ 15,004	\$ 25,621	\$ 54,926
Three months ended July 31, 2015				
Revenues	\$ 6,963	\$ 59	\$ 6,432	\$ 13,454
Income (loss) from operations	\$ 505	\$ (141)	\$ 1,562	\$ 1,926
Depreciation and amortization	\$ 79	\$ -	\$ 363	\$ 442
Net income (loss)	\$ 356	\$ (141)	\$ 1,011	\$ 1,226
Total assets at July 31, 2015	\$ 11,463	\$ 3,329	\$ 26,287	\$ 41,079

(in thousands) (unaudited)	<u>IDW</u>	<u>IDW ENT</u>	<u>CTM</u>	<u>Total</u>
Nine months ended July 31, 2016				
Revenues	\$ 18,434	\$ 7,640	\$ 15,560	\$ 41,634
Income from operations	\$ 700	\$ 778	\$ 1,534	\$ 3,012
Depreciation and amortization	\$ 257	\$ -	\$ 880	\$ 1,137
Net income	\$ 486	\$ 375	\$ 843	\$ 1,704
Total assets at July 31, 2016	\$ 14,301	\$ 15,004	\$ 25,621	\$ 54,926
Nine months ended July 31, 2015				
Revenues	\$ 20,396	\$ 136	\$ 14,987	\$ 35,519
Income (loss) from operations	\$ 1,965	\$ (432)	\$ 1,194	\$ 2,727
Depreciation and amortization	\$ 151	\$ -	\$ 1,105	\$ 1,256
Net income (loss)	\$ 1,502	\$ (432)	\$ 586	\$ 1,656
Total assets at July 31, 2015	\$ 11,463	\$ 3,329	\$ 26,287	\$ 41,079

IDW MEDIA HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2016 AND 2015

Note 8—Inventory

Inventory consists of the following:

(in thousands)	July 31, 2016	October 31, 2015
Print	\$ 3,110	\$ 3,053
Production costs	10,828	2,635
Total	\$ 13,938	\$ 5,688

Note 9—Provision for Income Taxes

Income tax expense changed for the three months and nine months ended July 31, 2016 compared to the three months and nine months ended July 31, 2015 by approximately \$293,000 and 277,000, respectively. The changes for the three month and six month periods were principally due to changes in taxable income as well as the difference in rates in the jurisdictions in which the income was earned.

Note 10—Commitments

Lease Commitments

The future minimum payments for capital and operating leases as of July 31, 2016 are as follows:

(in thousands)	Operating Leases	Capital Leases
Period ending July 31:		
2017	\$ 401	\$ 331
2018	1,459	270
2019	1,269	218
2020	918	137
2021	830	63
Thereafter	833	-
Total payments	<u>\$ 5,710</u>	<u>1,019</u>
Less amount representing interest		(2)
Less current portion principal		(331)
Capital lease obligations—long-term portion principal		<u>\$ 686</u>

Other commitments

The Company is committed through a subsidiary to guaranteed minimum payments of \$4,500,000, net of the Company's contracted pre-sales pursuant to an agreement, which has been assigned by a vendor to a third party bank. In accordance with the delivery schedule set forth in the agreement, all payments under the guarantee are scheduled to be made by October 31, 2016.

Note 11— Subsequent events

Management has evaluated subsequent events through September 14, 2016, the date on which the consolidated financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosures in these condensed consolidated financial statements other than as shown below:

On August 1, 2016, CTM Media Group, Inc. (CTM Inc.), a major subsidiary of the Company, commenced an arrangement with ETR Brochure Distributors ("ETR") to manage all aspects of its brochure distribution operations, principally located in the Washington D.C area. ETR is a company owned by Howard Jonas, the Company's Chairman of the Board of Directors and majority stockholder. The arrangement provides for a split of revenue and costs of brochure and advertising media distribution in the areas presently serviced by ETR and expands both the CTM and ETR distribution networks.

Item 10 Certifications.

I, Theodore B. Adams, certify that:

1. I have reviewed this quarterly disclosure statement of IDW Media Holdings, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: September 14, 2016

/s/ Theodore B. Adams

Chief Executive Officer

I, Leslie B. Rozner, certify that:

1. I have reviewed this quarterly disclosure statement of IDW Media Holdings, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: September 14, 2016

/s/ Leslie B. Rozner

Chief Financial Officer