ANNUAL REPORT OF IDW MEDIA HOLDINGS, INC.
FOR THE FISCAL YEARS ENDED OCTOBER 31, 2017 AND 2016

Item 12 Annual Financial Statements

IDW MEDIA HOLDINGS, INC.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of IDW Media Holdings, Inc.

We have audited the accompanying consolidated financial statements of IDW Media Holdings, Inc. (a Delaware corporation), which comprise the consolidated balance sheets as of October 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the fiscal years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IDW Media Holdings, Inc. as of October 31, 2017 and 2016, and the consolidated results of its operations, comprehensive income, stockholders' equity and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ZWICK & BANYAI, PLLC

Southfield, Michigan
January 29, 2018

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)	October 31, 2017	October 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 9,154	$ 6,203
Trade accounts receivable, net	14,630	11,592
Inventory – print and production costs	29,354	13,652
Prepaid expenses	2,292	1,738
Note receivable – current portion	-	310
Total current assets	55,430	33,495
Property and equipment, net	3,479	3,394
Non-current assets		
Trade accounts receivable – non-current portion	3,078	2,478
Deferred taxes	10,391	10,413
Intangible Assets, net	1,164	1,539
Goodwill	2,272	2,227
Other assets	416	392
Total non-current assets	17,321	17,049
Total assets	$ 76,230	$ 53,938
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	2,809	$ 2,412
Accrued expenses	9,880	8,730
Deferred revenue	4,677	1,809
Bank loans payable – current portion	5,409	426
Income taxes payable	249	1,037
Capital lease obligations – current portion	397	365
Other current liabilities	162	421
Total current liabilities	23,583	15,200
Non-current liabilities		
Accrued liabilities – non-current	1,602	470
Capital lease obligations – long term portion	923	807
Bank loans payable – long term portion	649	749
Total non-current liabilities	3,174	2,026
Total liabilities	26,757	17,226
Commitments and contingencies (see note 14)	-	-
Stockholders' equity (see note 1):		
Preferred stock, $.01 par value; authorized shares – 500; no shares issued at October 31, 2017 and October 31, 2016	-	-
Class B common stock, $0.01 par value; authorized shares – 12,000; 6,085 shares and 5,553 shares issued and outstanding at October 31, 2017 and October 31, 2016, respectively	61	56
Class C common stock, $0.01 par value; authorized shares – 2,500; 545 shares issued and outstanding at October 31, 2017 and October 31, 2016	5	5
Additional paid-in capital	66,694	53,208
Accumulated other comprehensive loss	(183)	(250)
Accumulated deficit	(15,908)	(15,111)
Treasury stock, at cost, consisting of 519 shares of Class B common stock at October 31, 2017 and October 31, 2016	(1,196)	(1,196)
Total stockholders' equity	49,473	36,712
Total liabilities and stockholders' equity	$ 76,230	$ 53,938

See accompanying notes to consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	Three Months Ended October 31, (unaudited) 2017	2016	Fiscal Years Ended October 31, 2017	2016
Revenues	**$ 19,982**	$ 23,632	**$ 60,360**	$ 65,267
Costs and expenses:				
Direct cost of revenues	**11,835**	13,691	**33,250**	34,444
Selling, general and administrative (i)	**6,520**	6,116	**26,501**	22,727
Depreciation and amortization	**426**	401	**1,585**	1,538
Bad debt expense	**-**	196	**22**	318
Total costs and expenses	**18,781**	20,404	**61,358**	59,027
Income (loss) from operations	**1,201**	3,228	**(998)**	6,240
Interest expense, net	**(52)**	(18)	**(155)**	(75)
Other (expense) income, net	**72**	(1)	**74**	(23)
Income (loss) before income taxes	**1,221**	3,209	**(1,079)**	6,142
(Provision for) benefit from income taxes	**(477)**	(1,244)	**282**	(2,473)
Net income (loss)	**$ 744**	$ 1,965	**$ (797)**	$ 3,669
Basic and diluted income (loss) per share (see notes 1 and 3):				
Net income (loss) per share	**$ .12**	$ 0.35	**$ (.14)**	$ 0.74
Weighted-average number of shares used in the calculation of basic and diluted income per share:	**6,110**	5,579	**5,842**	4,976
Dividend declared per common share:	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.163
Interest Expense	**$ 59**	$ 21	**$ 169**	$ 86
(i) Stock-based compensation included in selling, general and administrative expenses	**$ 774**	$ 99	**$ 2,940**	$ 388

See accompanying notes to consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Three Months Ended October 31, (unaudited) 2017	2016	Fiscal Years Ended October 31, 2017	2016
Net income (loss)	$ **744**	1,965	**$ (797)**	3,669
Foreign currency translation adjustments	**(2)**	(53)	**67**	(97)
Comprehensive income (loss)	**742**	1,912	**(730)**	3,572
Comprehensive income (loss)	**$ 742**	1,912	$ **(730)**	$ 3,572

See accompanying notes to consolidated financial statements

IDW MEDIA HOLDINGS, INC

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE FISCAL YEARS ENDED OCTOBER 31, 2017 and 2016
(in thousands)

	Class B Common Stock		Class C Common Stock		Additional Paid-In	Treasury	Accumulated Other Comprehensive	Accumulated	Non-controlling	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Stock	Income	Deficit	Interests	Equity
BALANCE AT October 31, 2015	**4,624**	**$ 46**	**5455**	**$ 5**	**$ 47,419**	**$ (1,196)**	**$ (153)**	**$ (18,780)**	**$ 1,976**	**$ 29,317**
Stock-based compensation	7	—	—	—	592	—	—	—	—	592
Exchange of Common Stock for non-controlling interests	732	8	—	—	1,968	—	—	—	(1,976)	—
Issuance of Common Stock	190	2	—	—	4,073	—	—	—	—	4,075
Dividends ($0.163 per common share)	—	—	—	—	(844)	—	—	—	—	(844)
Foreign currency translation adjustment	—	—	—	—	—	—	(97)	—	—	(97)
Net income for the year ended October 31, 2016	—	—	—	—	—	—	—	3,669	—	3,669
Comprehensive income	—	—	—	—	—	—	(97)	3,669	—	3,572
BALANCE AT October 31, 2016	**5,553**	**$ 56**	**545**	**$ 5**	**$ 53,208**	**$ (1,196)**	**$ (250)**	**$ (15,111)**	**$ —**	**$ 36,712**
Stock-based compensation	174	2	—	—	2,938	—	—	—	—	2,940
Issuance of Common Stock	358	3	—	—	10,548	—	—	—	—	10,551
Foreign currency translation adjustment	—	—	—	—	—	—	67	—	—	67
Net loss for the year ended October 31, 2017	—	—	—	—	—	—	—	(797)	—	(797)
Comprehensive income	—	—	—	—	—	—	67	(797)	—	(730)
BALANCE AT October 31, 2017	**6,085**	**$ 61**	**545**	**$ 5**	**$ 66,694**	**$ (1,196)**	**$ (183)**	**$ (15,908)**	**$ —**	**$ 49,473**

See accompanying notes to consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal years ended October 31, (in thousands)	2017	2016
Operating activities:		
Net (loss) income	**$ (797)**	$ 3,669
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**1,585**	1,538
Bad debt expense	**22**	318
Stock based compensation	**2,940**	592
Exchange of common stock for non-controlling interests	**-**	1,976
Changes in assets and liabilities:		
Trade accounts receivable	**(3,660)**	(8,473)
Inventory, prepaid expenses and other current assets	**(16,280)**	(7,580)
Deferred taxes	**22**	1,851
Trade accounts payable, accrued expenses and other current liabilities	**1,699**	4,693
Deferred revenue	**2,868**	(322)
Net cash used in operating activities	**(11,601)**	(1,738)
Investing activities:		
Business acquisitions	**(66)**	(682)
Capital expenditures	**(1,274)**	(1,509)
Payments received from notes receivable on sale of assets	**310**	372
Net cash used in investing activities	**(1,030)**	(1,819)
Financing activities:		
Proceeds from issuance of common stock	**10,551**	4,075
Dividends paid	**-**	(844)
Financing under capital leases	**586**	704
Repayments of capital lease obligations	**(438)**	(316)
Proceeds of bank loans	**9,149**	-
Repayments of bank loans	**(4,266)**	(455)
Net cash provided by financing activities	**15,582**	3,164
Net increase (decrease) in cash and cash equivalents	**2,951**	(393)
Cash and cash equivalents at beginning of period	**6,203**	6,596
Cash and cash equivalents at end of period	**$ 9,154**	$ 6,203
Supplemental schedule of investing and financing activities		
Cash paid for interest	**$ 169**	**$** 86
Cash paid for income taxes	**$ 470**	**$** 248
Purchases of property and equipment through capital lease obligations	$ **586**	$ 704

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

See accompanying notes to consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED OCTOBER 31, 2017 AND 2016

Note 1—Basis of Presentation

The accompanying 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"). In the opinion of management, all adjustments (consisting principally of normal recurring accruals) considered necessary for a fair presentation have been included. Any reference to quarterly information is unaudited.

Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal 2017 refers to the fiscal year ending October 31, 2017).

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

IDW, a publishing company that creates comic books, graphic novels, digital content and games through its imprints IDW Publishing, IDW Games and Top Shelf;

IDW Entertainment, a company that leverages properties, principally those of IDW, into television series developing, producing and distributing original content worldwide; 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.

On June 21, 2016, the Company increased its ownership in Idea and Design Works. LLC to 100% through its acquisition of the remaining 17% non-controlling interest 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.

Note 1—Basis of Presentation (continued)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Revenue Recognition
Revenues from CTM brochure and digital distribution services are recognized on a straight-line basis over the services arrangement, which is typically between six months and one year. Brochure distribution services include distribution of marketing materials to display stations and straightening and refilling of the stations. Digital distribution services include electronic distribution of marketing materials to video touchscreen displays. Revenues from CTM printing services are recognized based on payment by customer to print vendor. Revenues from CTM publication guides are recognized based on the publication release date of guides, which is the same date as distribution. IDW's primary revenue is recognized, net of an allowance for estimated sales returns, at the time of shipment of its graphic novels and comic books by IDW's distributor to its customers, and when all of the conditions specified by 'ASC 605-15-25' are met. IDW Entertainment's revenue is recognized when evidence of a sale or licensing arrangement exists, the product is complete, has been delivered or is available for immediate and unconditional delivery, the license period has begun, the fee is fixed or determinable, and collection is reasonably assured. In the event of a rights buy-out IDW Entertainment recognizes 100% of revenue related to the transaction at the time rights are relinquished.

Revenue Recognition When Right of Return Exists
Sales returns allowances represent a reserve for products that may be returned due to dating, competition or other marketing matters, or certain destruction in the field. Sales returns are generally estimated and recorded based on historical sales and returns experience and current trends that are expected to continue. Licensing revenues are recognized upon execution of the agreement for such rights, and other creative revenues are recognized upon completion of services rendered on a contractual basis.

Deferred Revenue
The Company records deferred revenue upon invoicing for contracted commitments for products and services. Revenue is recognized on the date such product or service is provided or delivered in accordance with the contract.

Direct Cost of Revenues
Direct cost of revenues excludes depreciation and amortization expense. Direct cost of revenues for CTM consists primarily of distribution and fulfillment payroll, warehouse and vehicle distribution expenses, and print and design expenses. Direct cost of revenues for IDW consists primarily of printing expenses and costs of artist and writers. Direct cost of revenues for IDW Entertainment consists primarily of the amortization of production costs that were capitalized during the production of the television episodes, accrued third party participation, and distribution fees directly related to revenue.

Cash and Cash Equivalents
The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Inventory
Inventory consists of IDW's graphic novels and comic books (print), and costs related to IDW Entertainment productions (production costs). Inventory is stated at the lower of cost or market determined by the first in, first out method for print.

IDW Entertainment Television Costs - We expense television production, participation and residual costs over the applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues (Ultimate Revenues) for each production. If our estimate of Ultimate Revenues decreases, amortization of film and television costs may be accelerated. Conversely, if our estimate of Ultimate Revenues increases, film and television cost amortization may be slowed. For television series, Ultimate Revenues include revenues that will be earned within ten years from delivery of the first episode, or if still in production, five years from delivery of the most recent episode, if later.

Note 1—Basis of Presentation (continued)

With respect to television series or other television productions intended for broadcast, the most sensitive factors affecting estimates of Ultimate Revenues are program ratings and the strength of the advertising market. Program ratings, which are an indication of market acceptance, directly affect the Company's ability to generate advertising revenues during the airing of the program. In addition, television series with greater market acceptance are more likely to generate incremental revenues through the licensing of program rights worldwide to television distributors, SVOD services and in home entertainment formats. Alternatively, poor ratings may result in cancellation of the program, which would require an immediate write-down of any unamortized production costs. A significant decline in the advertising market would also negatively impact our estimates. Television development costs for projects that have been abandoned or have not been set for production within three years are generally written off.

Property and Equipment
Equipment, vehicles and computer software are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives, which range as follows: equipment - 5 & 7 years; vehicles - 5 years; and computer software and digital display equipment - 2, 3 & 5 years. Leasehold improvements are recorded at cost and are depreciated on a straight-line basis over the term of the lease or their estimated useful lives, whichever is shorter.

Intangible Assets
Customer lists, non-compete covenants, location lists and other intangible assets are recorded at cost and are amortized on a straight-line basis over their contractual or estimated useful lives, whichever is shorter, which range as follows: customer lists, non-compete covenant, location lists and acquisition costs, 5 - 7 years, purchased contract and licensing rights, 1 - 5 years.

Note 1—Basis of Presentation (continued)

Long-Lived Assets
In accordance with 'ASC 360' - *Accounting for the Impairment or Disposal of Long Lived Assets*-, the Company tests the recoverability of its long-lived assets with finite useful lives whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company tests for impairment based on the projected undiscounted cash flows to be derived from such asset. If the projected undiscounted future cash flows are less than the carrying value of the asset, the Company will record an impairment loss based on the difference between the estimated fair value and the carrying value of the asset. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows from such asset using an appropriate discount rate. Cash flow projections and fair value estimates require significant estimates and assumptions by management. Should the estimates and assumptions prove to be incorrect, the Company may be required to record impairments in future periods and such impairments could be material.

Advertising Expense
Non-direct response advertising is expensed as incurred. In fiscal 2017 and fiscal 2016, advertising expenses were approximately $126,000 and $247,000, respectively.

Repairs and Maintenance
The Company charges the cost of repairs and maintenance, including the cost of replacing minor items not constituting substantial betterment, to selling, general and administrative expenses as these costs are incurred.

Foreign Currency Translation
Assets and liabilities of foreign subsidiaries denominated in foreign currencies are translated to U.S. Dollars at end-of-period rates of exchange, and their monthly results of operations are translated to U.S. Dollars at the average rates of exchange for that month. Gains or losses resulting from such foreign currency translations are recorded in "Accumulated other comprehensive income" in the accompanying consolidated balance sheets.

Income Taxes
The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the period in which related temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in its assessment of a valuation allowance. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date of such change.

The Company uses a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return. The Company determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the Company presumes that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. Tax positions that meet the more-likely-than-not recognition threshold are measured to determine the amount of tax benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability.

Commitments and Contingencies
The Company accrues for loss contingencies when both (a) information available prior to issuance of the financial statements indicates that it is probable that a liability had been incurred at the date of the financial statements and (b) the amount of loss can reasonably be estimated. When the Company accrues for loss contingencies and the reasonable estimate of the loss is within a range, the Company records its best estimate within the range. When no amount within the range is a better estimate than any other amount, the Company accrues the minimum amount in the range. The Company discloses an estimated possible loss or a range of loss when it is at least reasonably possible that a loss may have been incurred.

Note 1—Basis of Presentation (continued)

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. 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 restricted stock still subject to risk of forfeiture (non-vested) using the treasury stock method, unless the effect of such increase is anti-dilutive.

The weighted-average number of shares used in the calculation of basic and diluted earnings per share attributable to the Company's common stockholders consists of the following:

Fiscal Year ended October 31 (in thousands)	2017	2016
Basic weighted-average number of shares	**5,842**	4,976
Effect of dilutive securities:		
Non-vested restricted common stock	**-**	-
Diluted weighted-average number of shares	**5,842**	4,976

Stock-Based Compensation
The Company accounted for stock-based compensation granted to its employees in accordance with the fair value recognition provisions of 'ASC' 718 *Share-Based Payment*. Under 'ASC' 718, compensation costs are recognized based on the grant-date fair value. Stock-based compensation is included in selling, general and administrative expense.

Vulnerability Due to Certain Concentrations
Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, cash equivalents, short term investment and trade accounts receivable. The Company holds cash and cash equivalents at several major financial institutions, which often exceed FDIC insurance limits. Historically, the Company has not experienced any losses due to such concentration of credit risk. The Company's temporary cash investments policy is to limit the dollar amount of investments with any one financial institution and monitor the credit ratings of those institutions. While the Company may be exposed to credit losses due to the nonperformance of its counterparties, the Company does not expect the settlement of these transactions to have a material effect on its results of operations, cash flows or financial condition.

IDW had two major customers, Diamond Comic Distributors, Inc. ("Diamond"), which is the major distributor of comic books in the United States and Penguin Random House ("PRH"), which is a leading distributor to the mass market book stores in the United States. Diamond handled distribution to the direct market retailers for the entire fiscal year ending October 31, 2017 and the mass market book stores through March 31, 2017. Beginning April 1, 2017, the Company transitioned its mass market book store distribution to PRH.

Revenues from Diamond represented approximately 26.3% and 29.1% of the total consolidated revenues for the fiscal years ended October 31, 2017 and October 31, 2016, respectively. The receivable balances from this customer represented approximately 7.7% and 22.0% of consolidated trade accounts receivable at October 31, 2017 and October 31, 2016, respectively. Diamond in turn sells to its customers with right of return. No other single customer accounted for more than 10% of consolidated revenues in fiscal 2017 or fiscal 2016 or in the three months ended October 31, 2017 and 2016. This concentration of customers increases the Company's risk associated with nonpayment by those customers. Revenue and receivables from PRH were below 10% of the respective consolidated totals for fiscal 2017.

IDW Entertainment had one major customer, Netflix, which is a leading streaming video subscription service, that represented 12.5% and 7.9% of consolidated revenue and 10.9% and 37.4% of consolidated trade receivables for the fiscal years ended October 31, 2017 and October 31, 2016, respectively.

For CTM, concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers in various geographic regions comprising CTM's customer base.

Note 1—Basis of Presentation (continued)

Sales Returns and Allowances
IDW offers its book market distributors, Diamond Comic Distributors and Penguin Random House a right of return with no expiration date in accordance with general industry practices. These distributors then offer this same right of return to its book market retail customers. IDW records an estimate for sales return reserves from such retailers based on historical sales and return experience and current trends that are expected to continue. In fiscal 2017 actual returns exceeded estimated returns by approximately $188,000 and in fiscal 2016, estimated returns exceeded actual returns by approximately $40,000.

Collaborative Agreements
IDW Entertainment regularly enters into agreements for the production of its television shows. The agreements provide for the rights and obligations of the parties to the agreement including timing, delivery and payments. IDW Entertainment capitalizes the resulting production costs under the agreements in production cost inventory as payments are made or when the products or services are delivered. Amortization of television costs during the fiscal years ended October 31, 2017 and 2016 were $10,237,000 and $11,105,000, respectively.

Sales Returns and Allowances (continued)
The change in the allowance for sales returns is as follows:

Fiscal Year ended October 31 (in thousands)	Balance at beginning of year	Additions charged to revenues	Actual returns	Balance at end of year
2017				
Reserves deducted from accounts receivable:				
Allowance for sales returns	$ 310	$ 2,581	$ (2,664)	$ 227
2016				
Reserves deducted from accounts receivable:				
Allowance for sales returns	$ 270	$ 2,313	$ (2,273)	$ 310

Allowance for Doubtful Accounts
The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The allowance is determined based on known troubled accounts, historical experience and other currently available evidence.

The change in the allowance for doubtful accounts is as follows:

Fiscal Year ended October 31 (in thousands)	Balance at beginning of year	Additions charged to costs and expenses	Deductions (1)	Balance at end of year
2017				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts	$ 101	$ 31	$ (85)	$ 47
2016				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts	$ 121	$ 318	$ (338)	$ 101

(1) Uncollectible accounts written off, net of recoveries.

Fair Value of Financial Instruments
The estimated fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting this data to develop estimates of fair value. Consequently, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange.

Note 1—Basis of Presentation (continued)

At October 31, 2017 and 2016, the carrying value of the Company's trade accounts receivable, inventory, prepaid expenses, trade accounts payable, accrued expenses, deferred revenue, capital lease obligations-current portion, and other current liabilities approximate fair value because of the short period of time to maturity. At October 31, 2017 and 2016, the carrying value of the long term portion of the Company's capital lease obligations approximate fair value as their contractual interest rates approximate market yields for similar debt instruments.

Principles of Consolidation
All significant intercompany accounts and transactions have been eliminated in consolidation. All amounts in these Consolidated Financial Statements and notes to the Consolidated Financial Statements are reflected on a consolidated basis for all periods presented.

Variable Interest Entities
The Company through its subsidiary IDW Entertainment ("IDWE") has an arrangement with two special-purpose entities ("SPE"), formed for the sole purpose of providing production services in Canada for the production of a television pilot and series. The SPEs are independently owned companies effectively controlled by IDWE and are parties to a related bank production financing arrangement, more fully described in Note 6 to these consolidated financial statements. The Company has determined that SPEs are variable interest entities and that the Company is the primary beneficiary of the SPEs activities and obligor on the SPEs' debt. All financial activity of the SPEs have been included IDWE's financial statements, which are a part of these consolidated financial statements.

Note 2—Dividends

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

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 Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's quarterly report to the OTC Markets Group for the nine months ended July 31, 2017.

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.

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. 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 fiscal years ended October 31, 2017 and October 31, 2016, there were no shares that were potentially dilutive. As a result, basic earnings per share and diluted earnings per share were the same.

Note 4—Equity

On July 19, 2017, the Company closed on the first of two rounds of the previously announced non-brokered private placement offering to certain existing stockholders at $29.50 per share. The Company issued 317,520 shares of Class B Common Stock for $9,366,840. On August 2, 2017, the Company closed on the second round of the non-brokered private placement offering. As a result of this second round of the offering there were an additional 40,154 shares of Class B Common Stock issued for $1,184,543, for a total of 357,674 shares of Class B Common Stock and proceeds totaling $10,551,383. The shares may be subject to restrictions on transfer under applicable securities laws. The proceeds from the offering were used by the Company to finance IDW Entertainment and for general working capital purposes.

Effective January 10, 2017, the Company granted 57,532 shares of its Class B Common Stock that are subject to forfeiture ("Restricted Stock") under a Restricted Stock Agreement pursuant to the Company's 2009 Stock Option and Incentive Plan, as amended and restated as of October 16, 2016 (the "Company's Stock Option and Incentive Plan"), to its Chief Executive Officer. The shares under the grant vest as follows: 19,177 shares on each of March 31, 2018 and March 31, 2019, and 19,178 shares on March 31, 2020.

Effective November 7, 2016, the Company granted 116,458 shares of Restricted Stock under Restricted Stock Agreements pursuant to the Company's 2009 Stock Option and Incentive Plan to the Company's Chief Operating Officer, Chief Financial Officer and selected management employees. The shares under the grants vest in three equal installments on each of June 20, 2017, June 20, 2018 and September 20, 2019.

On July 20, 2016, the Company 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. The proceeds from the offering were used by the Company to finance the Company's IDW Entertainment division, and for general working capital purposes.

On June 21, 2016, our Chief Executive Officer and director, and Executive Vice President of 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.

Note 4—Equity (continued)

On October 31, 2013, the Company's Board of Directors granted its major 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:

Date	Number of shares	Number of shares (after giving effect to the 10 for 1 Stock Split)
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 Stock Option and Incentive Plan, 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 285,860 shares, 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. As of October 31, 2017, 104,970 shares were available to be issued.

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.

Note 5—Asset Purchases

During the fiscal year ended October 31, 2017, CTM acquired a brochure distribution company, expanding its distribution network in New England. In addition, during the fiscal year ended October 31, 2016, CTM acquired the assets of two brochure distribution companies, which included publishing and digital web services in Massachusetts. The acquisitions further expanded CTM's distribution network in its New England service area.

Note 6—Notes Payable and Lines of Credit

On October 16, 2017, IDW Entertainment through a 100% owned LLC (the "LLC") entered into a loan agreement with a bank that provided a US dollar and a Canadian dollar production financing commitment aggregating $11,256,000. The loan is secured by the LLC's assets, rights in the related television production's episodes and distribution agreements for the production and is repayable from the assignment of proceeds of the related license agreements, including interest based on USD Libor rate for the US dollar portion and the Canadian Prime Rate for the Canadian portion. The loan matures on February 28, 2019. On October 31, 2017, $3,309,000 was outstanding under the commitment.

On May 2, 2017, IDW Entertainment through the LLC entered into a loan agreement with a bank that provides for a production financing commitment in the amount of $3,178,000. The loan is secured by the LLC's assets, rights in the related television production's episodes and distribution agreements for the production and is repayable from the assignment of proceeds of the related license agreements, including interest based on the prime rate. The loan matures on April 26, 2019. On October 31, 2017, $2,000,000 was outstanding under the commitment.

On July 31, 2015, as amended April 30, 2017, IDW entered into a loan agreement with the Company's primary bank that provided for a $3,000,000 revolving line of credit, renewable annually, with interest payable monthly. IDW has pledged its fixed assets, inventory and receivables under the agreement, which also requires IDW to maintain certain financial ratios, among other provisions. On April 28, 2017, IDW renewed and extended the line of credit through April 30, 2018. At October 31, 2017, no balance was outstanding under this line of credit.

On July 28, 2012, as amended October 13, 2014, CTM entered into a loan agreement with the Company's primary bank that provided for a $1,000,000 revolving line of credit, renewable annually, with interest payable monthly. On April 30, 2017, CTM renewed and extended the line of credit to April 30, 2018. The Company has pledged its CTM Segment assets and CTM Segment subsidiaries have provided guarantees to the bank. The agreement requires the company to maintain certain financial ratios, among other provisions. At October 31, 2017, no balance was outstanding under this line of credit.

On March 4, 2015, CTM entered into a term loan agreement with the Company's primary bank for $500,000 payable in equal monthly installments including principal and interest, with the final payment due on February 28, 2019.

On October 3, 2014, CTM entered into a term loan agreement with the Company's primary bank for $1,500,000 payable in equal monthly installments plus interest, with the final balance of principal payable on August 31, 2018.

Under the agreements, the Company has pledged its CTM Segment assets and CTM Segment subsidiaries have provided guarantees to the bank. The agreement requires the company to maintain certain financial ratios, among other provisions. On October 31, 2017, $749,000 was outstanding under the CTM term loans.

Future maturities under the term loans are as follows:

Date	Amount
10/31/18	$ 5,409,000
10/31/19	649,000
Total	**$ 6,058,000**

Note 7—Business Segment Information

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

IDW is a publishing company that creates comic books, graphic novels, digital content and games through its imprints IDW Publishing, IDW Games and Top Shelf;

IDW Entertainment leverages properties, principally those of IDW, into television series developing, producing and distributing original content worldwide.

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)	IDW	IDW Entertainment	CTM	Total
Three months ended October 31, 2017				
Revenues	**$ 6,765**	**$ 7,635**	**$ 5,582**	**$ 19,982**
Income (loss) from operations	**$ (460)**	**$ 846**	**$ 815**	**$ 1,201**
Net income (loss)	**$ (357)**	**$ 546**	**$ 555**	**$ 744**
Total assets at October 31, 2017	**$ 14,488**	**$ 37,983**	**$ 22,687**	**$ 75,158**
Three months ended October 31, 2016				
Revenues	$ 9,449	$ 8,324	$ 5,859	$ 23,632
Income from operations	$ 1,133	$ 820	$ 1,275	$ 3,228
Net income	$ 530	$ 641	$ 794	$ 1,965
Total assets at October 31, 2016	$ 12,445	$ 18,218	$ 23,275	$ 53,938

(in thousands) (unaudited)	IDW	IDW Entertainment	CTM	Total
Fiscal year ended October 31, 2017				
Revenues	**$ 24,541**	**$ 16,152**	**$ 19,667**	**$ 60,360**
Income (loss) from operations	**$ (3,012)**	**$ 1,293**	**$ 721**	**$ (998)**
Net income (loss)	**$ (1,957)**	**$ 769**	**$ 391**	**$ (797)**
Total assets at October 31, 2017	**$ 14,488**	**$ 37,983**	**$ 22,687**	**$ 75,158**
Fiscal year ended October 31, 2016				
Revenues	$ 27,884	$ 15,964	$ 21,419	$ 65,267
Income from operations	$ 1,833	$ 1,598	$ 2,809	$ 6,240
Net income	$ 1,017	$ 1,016	$ 1,636	$ 3,669
Total assets at October 31, 2016	$ 12,445	$ 18,218	$ 23,275	$ 53,938

Note 8—Trade Accounts Receivable

Trade accounts receivable consists of the following:

October 31 (in thousands)	2017	2016
Trade accounts receivable	**$ 17,982**	$ 14,481
Less allowance for sales returns	**(227)**	(310)
Less allowance for doubtful accounts	**(47)**	(101)
	17,708	14,070
Less non-current portion	**3,078**	2,478
Trade accounts receivable, net	**$ 14,630**	$ 11,592

Allowance for Doubtful Accounts
The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The allowance is determined based on known troubled accounts, historical experience and other currently available evidence.

Note 9—Inventory

Inventory consists of the following:

(in thousands)	October 31, 2017	October 31, 2016
Print	**$ 4,046**	$ 3,669
Production and pre-production costs	**25,308**	9,983
Total	**$ 29,354**	$ 13,652

Note 10—Accrued Expenses

Accrued expenses consist of the following:

October 31 (in thousands)	2017	2016
Royalties	**$ 932**	$ 1,541
Payroll & payroll taxes	**765**	782
Bonus	**823**	1,467
Production costs and participation	**6,784**	4,889
Other	**576**	51
Total	**$ 9,880**	$ 8,730

Note 11—Property and Equipment

Property and equipment consists of the following:

October 31 (in thousands)	2017	2016
Equipment	**$ 9,815**	$ 9,249
Vehicles	**2,934**	2,817
Leasehold improvements	**1,097**	1,094
Computer software	**1,621**	1,373
	15,467	14,533
Less accumulated depreciation and amortization	**(11,988)**	(11,139)
Property and equipment, net	**$ 3,479**	$ 3,394

Property and equipment under capital leases was $2,190,000 and $2,165,000 at October 31, 2017 and 2016, respectively. Accumulated depreciation related to assets under capital leases was $1,038,000 and $1,025,000 at October 31, 2017 and 2016, respectively. Depreciation of assets under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations. Depreciation and amortization expense of all property and equipment was $1,183,000 and $1,154,000 in fiscal 2017 and 2016, respectively.

Note 12— Intangible Assets

The tables below present information on the Company's intangible assets and goodwill:

(in thousands)	Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
As of October 31, 2017:				
Amortized intangible assets:				
Customer lists	**7years**	**$ 196**	**$ (87)**	**$ 109**
Non-compete covenant	**5-7 years**	**768**	**(356)**	**412**
Location lists	**7 years**	**393**	**(174)**	**219**
Licensing Contracts	**7 years**	**893**	**(506)**	**387**
Acquisition costs	**7 years**	**61**	**(24)**	**37**
Total intangible assets		**$ 2,311**	**$ (1,147)**	**$ 1,164**
As of October 31, 2016:				
Amortized intangible assets:				
Customer lists	7years	$ 191	$ (54)	$ 137
Non-compete covenant	5-7 years	760	(246)	514
Location lists	7 years	382	(109)	273
Licensing Contracts	7 years	893	(327)	566
Acquisition costs	7 years	58	(9)	49
Total intangible assets		$ 2,284	$ (745)	$ 1,539

Amortization expense of intangible assets was $402,000 and $384,000 in fiscal 2017 and 2016, respectively.

Future estimated amortization expense as of October 31, 2017 is as follows:

2018	401,000
2019	401,000
2020	227,000
2021	132,000
2022	3,000
Total	$ 1,164,000

The Company's Goodwill is summarized as follows:

Fiscal Year Ended October 31 (in thousands)	2017	2016
Beginning balance	**$ 2,227**	$ 1,700
Additions – business acquisitions	**45**	527
Impairments	**-**	-
Total goodwill	**$ 2,272**	$ 2,227

Note 13—Income Taxes

Significant components of the Company's deferred tax assets and deferred tax liabilities consist of the following:

Fiscal Year Ended October 31 (in thousands)	2017	2016
Deferred tax assets:		
Bad debt reserve	**$ 18**	$ 40
Accrued expenses	**623**	469
Exercise of stock options and lapsing of restrictions on restricted stock	**33**	(521)
Impairment	**6,907**	7,218
Amortization	**646**	627
Net operating loss	**2,163**	2,580
Total deferred tax assets	**10,390**	10,413
Valuation allowance	**—**	—
Net Deferred Tax Assets	**$ 10,390**	$ 10,413

The (benefit from) provision for income taxes consists of the following:

Fiscal Year ended October 31 (in thousands)	2017	2016
Current:		
Federal	**$ (314)**	$ 194
State and local	**56**	428
Foreign	**-**	-
	$ (258)	$ 622
Deferred:		
Federal	**$ (96)**	$ 1,800
State and local	**72**	51
	$ (24)	$ 1,851
(Benefit from) provision for income taxes	**$ (282)**	$ 2,473

The differences between income taxes expected at the U.S. federal statutory income tax rate and income taxes provided are as follows:

Fiscal year ended October 31 (in thousands)	2017	2016
U.S. federal income tax at statutory rate	**$ (369)**	$ 2,149
Change in valuation allowance	**-**	-
Foreign tax rate differential	**55**	(29)
State and local income tax, net of federal benefit	**(12)**	317
Prior Year	**-**	-
Non-deductible expenses	**44**	36
(Benefit from) provision for income taxes	**$ (282)**	$ 2,473

Note 13—Income Taxes (continued)

At October 31, 2016, the Company had federal and state net operating loss carry-forwards of approximately $6,360,000. This carry-forward loss is available to offset future U.S. federal and state taxable income. The net operating loss carry-forwards will start to expire in fiscal 2026. The Company has foreign net operating losses of approximately $361,000 that will start to expire in fiscal 2036.

The Company has not recorded U.S. income tax expense for foreign earnings as such earnings are permanently reinvested outside the U.S. The cumulative undistributed foreign earnings are included in accumulated deficit in the Company's consolidated balance sheets and amounted to approximately $372,000 at October 31, 2017. Upon distribution of these foreign earnings, the Company may be subject to U.S. income taxes and foreign withholding taxes, however, it is not practicable to determine the amount, if any, which would be paid.

The Company classifies interest and penalties on income taxes as a component of income tax expense. In fiscal 2017 and fiscal 2016, the Company recorded no additional interest expense in either year. As of October 31, 2017 and 2016, accrued interest expense included in current income taxes payable was $0.

The Company currently remains subject to examinations of its tax returns as follows: U.S. federal tax returns for fiscal 2013 to fiscal 2016, state and local tax returns generally for fiscal 2012 to fiscal 2016 and foreign tax returns generally for fiscal 2012 to fiscal 2016.

Note 14—Commitments

Lease Commitments
The future minimum payments for capital and operating leases are shown below as of the Company's last fiscal year ended October 31, 2017:

(in thousands)	Operating Leases	Capital Leases
Fiscal years ending October 31:		
2018	$ 1,725	$ 426
2019	1,392	355
2020	1,287	270
2021	1,173	201
2022	486	70
Thereafter	42	-
Total payments	$ 6,105	1,322
Less amount representing interest		(2)
Less current portion principal		(397)
Capital lease obligations—long-term portion principal		$ 923

Rent expense amounted to $1,911,000 and $1,785,000 for the fiscal years ended October 31, 2017 and 2016, respectively.

Other Commitments
The Company, through a subsidiary, has entered into an agreement to co-develop, co-produce, and co-finance a scripted television series and pilot based on IDW Publications properties. Net of the Company's contracted pre-sales pursuant to distribution agreements, the Company has a net financial obligation of approximately $2,500,000 related to the projects.

The Company is committed through a subsidiary to guaranteed minimum payments, but such payments are conditioned upon delivery and are 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 January 26, 2019.

Note 15—Labor Agreements

IDW Entertainment, the Company's television production segment, produces its television shows utilizing primarily union based employees, whether through its own special purpose subsidiaries or through independent production companies. Those unions represent employees that are subject to collective bargaining agreements and IDW Entertainment's costs and scheduling of production are subject to those agreements.

Note 16—Related Party Transactions

IDW Entertainment used a production company to manage a television production in fiscal 2017 that utilized the services of companies owned by the one or more of the owners of the production company. Amounts included in television production costs charged to the companies amounted to $173,000 in fiscal 2017 and the balance owed to the companies was approximately $73,000 at October 31, 2017. There were no balances in fiscal 2016.

On October 15, 2016, CTM donated a website domain to the IDW Media Charitable Foundation, Inc., an IRS Section 501(c)(3) non-profit corporation (the "Foundation"). The Company is the sole member of the Foundation, and the Company's COO and CFO are the directors and officers of the Foundation. There were no balances outstanding between the Company and the Foundation as of October 31, 2017 and 2016.

On August 1, 2016, CTM 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 the Company's major 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. In fiscal 2017 and 2016, CTM billed ETR $19,000 and $0, respectively and ETR billed CTM approximately $81,000 and $95,000 for distribution services, respectively. ETR purchased management services from CTM for the fiscal years ended October 31, 2017 and October 31, 2016 in the amounts of approximately $56,000 and $37,000, respectively. The balance owed to ETR by CTM was approximately $27,000 and $32,000 as of October 31, 2017 and 2016, respectively. The balance owed by ETR to CTM was approximately $45,000 and $102,000 as of October 31, 2017 and 2016, respectively. These transactions were approved in accordance with Related Person Transaction policy described in the Company's 2010 Proxy Statement.

Note 16—Related Party Transactions (continued)

On October 31, 2013, the Company's Board of Directors granted its Chairman and major shareholder 38,796 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. The Company advanced $1,035,000 to the Chairman to satisfy the income taxes due on the transaction. The Chairman repaid the Company on December 31, 2013.

Note 17—Defined Contribution Plans

The Company has 401(k) Plans that are available to all its employees meeting certain eligibility criteria. The 401(k) Plans permit participants to contribute a portion of their salary with no minimum deferred required, not to exceed the limits established by the Internal Revenue Code. The Plans provide for discretionary matching contributions as determined in the Company's sole discretion, which vest either immediately or over six years, depending upon the specific plan's documents. All contributions made by participants vest immediately into the participant's account.

The Company also has 401(k) matching plans whereby the Company matches a percentage of employee 401(k) contributions, based on maximum employee deferral rates of calendar year W-2 compensation, as defined in the plans. Funds are added to accounts of employees that are actively employed in a given calendar year, as defined. Although the Company is fully committed to the plans, the company's match and the terms of the match are subject to cancellation and/or change, at any time, without notice.

The Company expensed approximately $336,000 and $341,000 for the fiscal years ended October 31, 2017 and October 31, 2016 respectively.

Note 18— Subsequent events

Management has evaluated subsequent events through January 29, 2018, 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 consolidated financial statements, except as follows:

On December 22 a comprehensive tax reform bill was signed that will impact the company's US and foreign operations. The Company will be reviewing all aspects of the new law and will make any necessary adjustments in the first quarter of fiscal 2018.

Item 16 Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read in conjunction with the accompanying consolidated financial statements and the notes thereto contained in this Annual 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 Annual 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"), a publishing company that creates comic books, graphic novels, digital content and games through its imprints IDW Publishing, IDW Games and Top Shelf;

IDW Entertainment, LLC ("IDW Entertainment"), television production company that leverage properties, principally those of IDW, into television series developing, producing and distributing original content worldwide; 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

On June 21, 2016, a wholly owned subsidiary of the Company acquired the 17% non-controlling interests in IDW for Class B Common Stock, as 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 33.9% and 40.0% of our consolidated revenues in the three months ended October 31, 2017 and 2016, respectively, and 40.7% and 42.7% of our consolidated revenues in the fiscal year ended October 31, 2017 and 2016, respectively.

IDW Entertainment

IDW Entertainment was formed September 20, 2013 to leverage properties, principally those of IDW, into television series developing, producing and distributing original content worldwide. IDW Entertainment is wholly owned by IDW and represented 38.2% and 35.2% of our consolidated revenues in the three months ended October 31, 2017 and 2016, respectively, and 26.8% and 24.5% of our consolidated revenues in the fiscal year ended October 31, 2017 and 2016, 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 services more than 19,000 display stations and distribution locations 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 October 9, 2017, CTM acquired the assets of an additional brochure distribution company in Cape Cod, Massachusetts which expanded CTM's network and provided CTM with additional exposure within the marketplace.

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 27.9% and 24.8% of our consolidated revenues in the three months ended October 31, 2017 and 2016, respectively, and 32.6% and 32.8% of our consolidated revenues in the fiscal year ended October 31, 2017 and 2016, 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 19, 2017, the Company closed on the first of two rounds of the previously announced non-brokered private placement offering to certain existing stockholders at $29.50 per share. The Company issued 317,520 shares of Class B Common Stock for $9,366,840. On August 2, 2017, the Company closed on the second round of the non-brokered private placement offering. As a result of this second round of the offering there were an additional 40,154 shares of Class B Common Stock issued for $1,184,543, for a total of 357,674 shares of Class B Common Stock and proceeds totaling $10,551,383. The shares may be subject to restrictions on transfer under applicable securities laws. The proceeds from the offering were used by the Company to finance IDW Entertainment and for general working capital purposes.

On July 20, 2016, the Company 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. The proceeds from the Offering was used by the Company to finance IDW Entertainment and for general working capital purposes. The shares may be subject to restrictions on transfer under applicable securities laws.

On June 21, 2016, our Chief Executive Officer and director and Executive Vice President of 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 the Company's Chairman of the Board of Directors/major 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 $109,000 and $99,000 for the three months ended October 31, 2017 and October 31, 2016, and $427,000 and $388,000 for the fiscal year ended October 31, 2017 and 2016, respectively.

The restricted shares vest as follows:

Date	Number of shares	Number of shares (after giving effect to the 10 for 1 Stock Split)
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

IDW Media Holdings, Inc. EBITDA and Adjusted EBITDA

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the United States of America (GAAP) for interim financial information, the Company is also disclosing for the three months and fiscal year ended October 31, 2017 and 2016, EBITDA and Adjusted EBITDA, which are non-GAAP measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP.

The Company's measure of EBITDA consists of net income before depreciation, amortization, provision for or benefit from income taxes, and net interest expense or interest income. Adjusted EBITDA makes further adjustments to EBITDA to reflect the elimination of certain income statement items including non-cash compensation, and expenses that we consider to be not indicative of ongoing operations.

These additions and subtractions are non-cash and/or non-routine items in the relevant fiscal 2017 and fiscal 2016 periods.

Management believes that the Company's EBITDA and Adjusted EBITDA measures provide useful information to both management and investors by excluding certain expenses and non-routine gains and losses that may not be indicative of the Company's core operating results. Management uses EBITDA and Adjusted EBITDA, among other measures, as a relevant indicator of core operational strengths in its financial and operational decision making. In addition, management uses EBITDA and Adjusted EBITDA to evaluate operating performance in relation to its competitors. Disclosure of these financial measures may be useful to investors in evaluating performance and allows for greater transparency to the underlying supplemental information used by management in its financial and operational decision-making. In addition, management believes such measures are commonly used by readers of financial information in assessing performance, therefore the inclusion of comparative numbers provides consistency in financial reporting at this time.

Management refers to EBITDA and Adjusted EBITDA to facilitate internal and external comparisons to historical operating results, in making operating decisions, for budget and planning purposes, and to form the basis upon which management is compensated for the Company's business segments.

While depreciation and amortization are considered operating costs under GAAP, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. The Company's operating results exclusive of depreciation and amortization charges are useful indicators of its current performance.

Interest is excluded from operating income to arrive at EBITDA as this expense reflects the cost of debt financing and its exclusion may provide users of the financial information with a useful indication of the Company's operations. Income taxes are excluded in arriving at EBITDA as they reflect costs based on taxable income where computations and rates vary by the jurisdictions in which the Company does business and provides a different measure to evaluate operations and may be useful in evaluating operational performance.

Non-cash compensation is also considered an operating expense under GAAP and represents expenses that do not utilize the Company's cash resources and are useful in evaluating the Company's current performance.

EBITDA and Adjusted EBITDA should be considered in addition to, not as a substitute for, or superior to, income (loss) from operations, cash flow from operating activities, net income, and other liquidity and financial performance prepared in accordance with GAAP. In addition, the Company's measurements of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Following are reconciliations of EBITDA and Adjusted EBITDA to Net Income (Loss), which is the most directly comparable GAAP measure.

Reconciliation of Consolidated Net Income (Loss) to Consolidated EBITDA and Consolidated Adjusted EBITDA (Unaudited)

(in thousands)	Three Months Ended October 31, 2017	Three Months Ended October 31, 2016	Fiscal Year Ended October 31, 2017	Fiscal Year Ended October 31, 2016
Net income (loss)	**744**	1,965	**(797)**	3,669
Depreciation and amortization	**426**	401	**1,585**	1,538
Provision for (benefit from) income taxes	**477**	1,244	**(282)**	2,473
Interest expense, net	**52**	18	**155**	75
EBITDA	**1,699**	3,628	**661**	7,755
Non-cash compensation	**774**	99	**2,940**	388
Adjusted EBITDA	**2,473**	3,727	**3,601**	8,143

Adjusted EBITDA is defined as net income before interest expense, provision for income taxes and depreciation and amortization, with further adjustments to reflect the elimination of income statement items including non-cash charges, and expenses that we consider not indicative of ongoing operations.

Net income IDW Media Holdings, Inc.

(in thousands) (unaudited)			**Change**	
Three months ended October 31,	**2017**	**2016**	**$**	**%**
Income from operations	**$ 1,201**	$ 3,228	$ (2,027)	(62.8%)
Interest expense, net	**(52)**	(18)	(34)	188.9%
Other income (expense), net	**72**	(1)	73	7300.0%
Provision for income taxes	**(477)**	(1,244)	767	61.7%
Net income (loss)	**$ 744**	$ 1,965	$ (1,221)	(62.1%)

(in thousands)			**Change**	
Fiscal year ended October 31,	**2017**	**2016**	**$**	**%**
Income (loss) from operations	**$ (998)**	$ 6,240	$ (7,238)	(116.0%)
Interest expense, net	**(155)**	(75)	(80)	(106.7%)
Other expense, net	**74**	(23)	97	421.7%
(Provision for) benefit from income taxes	**282**	(2,473)	2,755	111.4%
Net income (loss)	**$ (797)**	$ 3,669	$ (4,466)	(121.7%)

Income from operations. Income from operations decreased by ($2,027,000) for the three months ended October 31, 2017 compared to the three months ended October 31, 2016 due to several factors. Changes in operating income from IDW, IDW Entertainment and CTM in the amounts of ($1,593,000), $26,000 and ($460,000), respectively, due to lower gross profit in IDW and CTM offset by an increase in IDW Entertainment, aggregating ($1,794,000), more fully described below, and an increase in selling, general and administrative expenses of ($405,000), principally due to an increase in non-cash stock compensation across segments of ($675,000), among other net changes.

Income from operations decreased by ($7,238,0000) for the fiscal year ended October 31, 2017 compared to the fiscal year ended October 31, 2016 due the decrease in operating income from IDW, IDW Entertainment and CTM in the amounts of ($4,845,000), ($305,000) and ($2,088,000), respectively, due to lower gross profit in all three segments totaling ($3,553,000), more fully described below, and an increase in selling, general and administrative expenses of ($3,713,000), principally due to an increase in non-cash stock compensation of ($2,552,000) across segments.

Income Taxes. Income tax expense decreased for the three months and fiscal year ended October 31, 2017 compared to the three months and fiscal year ended October 31, 2016 by approximately $767,000 and $2,755,000, respectively. The decreases were principally due to the changes in taxable income as well as the differences in rates in the jurisdictions in which the income was earned or losses incurred.

IDW

(in thousands) (unaudited) Three months ended October 31,	2017	2016	Change $	Change %
Revenues	**$ 6,765**	$ 9,449	**$** (2,684)	(28.4%)
Direct cost of revenues	**4,321**	5,071	(750)	(14.8%)
Selling, general and administrative	**2,819**	3,034	(215)	(7.1%)
Depreciation and amortization	**85**	86	(1)	(1.2%)
Bad debt expense	**-**	125	(125)	(100.0%)
Income (loss) from operations	**$ (460)**	$ 1,133	**$** (1,593)	(140.6%)

(in thousands) (unaudited) Fiscal year ended October 31,	2017	2016	Change $	Change %
Revenues	**$ 24,541**	$ 27,884	**$** (3,343)	(12.0%)
Direct cost of revenues	**15,054**	15,183	(129)	(0.8%)
Selling, general and administrative	**12,157**	10,399	1,758	16.9%
Depreciation and amortization	**340**	343	(3)	(0.9%)
Bad debt expense	**2**	126	(124)	(98.4%)
Income (loss) from operations	**$ (3,012)**	$ 1,833	**$** (4,845)	(264.3%)

Revenues. IDW's revenues decreased by ($2,684,000) in the three months ended October 31, 2017 compared to the three months ended October 31, 2016. Publishing revenue decreased by ($1,522,000), principally due to industry cyclical downward pressure driven by market leaders, as well as the timing of significant major brand titles that are expected to release in the second through fourth quarters of fiscal 2018. IDW changed its book channel distributor on April 1, 2017, a significant and strategic change for IDW. As expected, this resulted in decreased sales in the transitional months from April 1, 2017 to October 31, 2017. IDW expects sales to increase in fiscal 2018 and in the long term, significantly increase the Company's presence in the book market. IDW also experienced decreases in IDW Games revenue of ($750,000), principally due to the effect of a specialty order in fiscal 2016 over fiscal 2017, and the timing of multiple new titles that were released in the comparative quarter in fiscal 2016. IDW also experienced a decrease in digital publishing and licensing revenue totaling ($272,000) related to the timing of its revenue sources in these categories, and other net changes of ($140,000).

IDW's revenues decreased by ($3,343,000) in the fiscal year ended October 31, 2017 compared to the fiscal year ended October 31, 2016, due to a net decrease in publishing revenue of ($1,087,000) as a result principally due to industry cyclical downward pressure driven by market leaders, as well as the timing of significant major brand titles, a decrease in licensing revenue of ($770,000), principally due to exceptional crossover title licensing in the previous fiscal year and television option revenue, a decrease in games revenue of ($1,095,000) principally due to specialty sales in fiscal 2016 over fiscal 2017, along with differences in game release timing, and decreased digital publishing revenue of ($307,000) principally due to the change in IDW's digital distribution arrangements, along with other net changes of ($84,000).

Direct Cost of Revenues. Direct cost of revenues consists primarily of printing expenses and costs of artists and writers. Direct costs of revenues decreased in the three months ended October 31, 2017 compared to the three months ended October 31, 2016 by ($750,000) principally driven by lower revenue.

Direct costs of revenues decreased by ($129,000) in the fiscal year ended October 31, 2017, compared to the fiscal year ended October 31, 2016. The decrease was disproportionate to the revenue decrease principally due to effect of the higher printing costs related to greater use of domestic U.S. printers and vendor decreases in discount terms for the fiscal year ended October 31, 2017 compared to the fiscal year ended October 31, 2016.

IDW's gross margin for the three months ended October 31, 2017 decreased to 36.1% from 46.3% for the three months ended October 31, 2016. Gross profit is based on product mix and the rapid success of a book series that applied upward pressure on printing costs to meet demand, as well as higher overall printing costs.

IDW's gross margin for the fiscal year ended October 31, 2017 decreased to 38.7% from 45.5% for the fiscal year ended October 31, 2016 due primarily to product mix with higher printing and royalty costs, overall higher print costs due to the use of domestic printers, as well as the success of a book series that applied upward pressure on printing costs.

Selling, General and Administrative. Selling, general and administrative expenses increased by $215,000 in the three months ended October 31, 2017, compared to the three months ended October 31, 2016 due primarily to an increase in non-cash compensation of $271,000, and other net changes of ($56,000).

Selling, general and administrative expenses increased by $1,758,000 in the fiscal year ended October 31, 2017, compared to the fiscal year ended October 31, 2016. Components of the increase were an increase of $1,042,000 in non-cash compensation, an increase in parent company overhead allocations of $261,000, an increase of $301,000 in marketing expense related to increased conventions, co-op advertising and marketing campaigns, an increase of $188,000 due to a charitable contribution, and other net increases of $34,000.

As a percentage of IDW's revenues, selling, general and administrative expenses in the three months and fiscal year ended October 31, 2017 were 41.7% and 49.5%, respectively, compared to 32.1% and 37.3% for the three months and fiscal year ended October 31, 2016, respectively.

IDW Entertainment

(in thousands) (unaudited)							
					Change		
Three months ended October 31,		**2017**		**2016**		**$**	**%**
Revenues	**$**	**7,635**	$	8,324	**$**	(689)	(8.3%)
Direct cost of revenues		**5,817**		6,808		(991)	(14.6%)
Selling, general and administrative		**972**		696		276	39.7%
Income from operations	**$**	**846**	$	820	**$**	26	3.2%

(in thousands) (unaudited)							
					Change		
Fiscal year ended October 31,		**2017**		**2016**		**$**	**%**
Revenues	**$**	**16,152**	$	15,964	**$**	188	1.2%
Direct cost of revenues		**11,598**		12,389		(791)	(6.4%)
Selling, general and administrative		**3,261**		1,977		1,284	64.9%
Income from operations	**$**	**1,293**	$	1,598	**$**	(305)	(19.1%)

Revenues. Revenues decreased by $689,000 in the three months ended October 31, 2017 compared to the three months ended October 31, 2016 due to the timing of the deliveries of television episodes principally related to the company's foreign licensing contracts.

Revenues increased by $188,000 in the fiscal year ended October 31, 2017 compared to the fiscal year ended October 31, 2016 due to an increase in foreign licensing revenue of $2,113,000 offset by a decrease in television licensing revenue of ($2,065,000), related to the difference in the airing schedules of television episodes and timing of foreign licensing contracts in the fiscal year ended October 31, 2017 compared to the fiscal year ended October 31, 2016, and other net changes of $140,000.

IDW Entertainment is committed to additional productions in 2018, including a recent production slated for delivery in 2018, and third season of one of its popular television productions.

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 recognized during related periods.

Direct costs of revenues in the three months ended October 31, 2017 decreased by 991,000 compared to the three months ended October 31, 2016. These costs reflect revenue related participation costs and the amortization of capitalized production costs based on the delivery of completed television episodes.

Direct costs of revenues in the fiscal year ended October 31, 2017 decreased by $791,000 compared to the fiscal year ended October 31, 2016 as a result of the increase in related revenue, net of lower participation costs in 2017.

IDW Entertainment's gross margin for the three months and fiscal year ended October 31, 2017 were 23.8% compared to 18.2%, and 28.2% compared to 22.4% for the three months and fiscal year ended October 31, 2016, respectively. These changes were directly related to the production and participation costs of episodes delivered during the periods.

Selling, General and Administrative. Selling, general and administrative expenses increased by $276,000 in the three months ended October 31, 2017 compared to the three months ended October 31, 2016. The increase reflects an increase in non-cash compensation of $106,000, compensation and benefits of $87,000, due to an increase in employees, higher overhead allocations of $50,000, and other net changes of $33,000.

Selling, general and administrative expenses increased by $1,284,000 in the fiscal year ended October 31, 2017 compared to the fiscal year ended October 31, 2016. The increase reflects an increase compensation and benefits of $400,000 due to an increase in employees, an increase in non-cash compensation of $395,000, an increase in marketing expenses of $139,000 due to an increase in the marketing costs for IDW Entertainment's television shows, overhead allocations of $263,000, and other net changes of $87,000.

As a percentage of IDW Entertainment's revenues, selling, general and administrative expenses in the three months and fiscal year ended October 31, 2017 were 12.7% and 20.2%, respectively, compared to 8.4% and 12.4% for the three months and fiscal year ended October 31, 2016, respectively.

CTM

(in thousands) (unaudited) Three months ended October 31,	**2017**	**2016**	**Change $**	**%**
Revenues	**$ 5,582**	$ 5,859	$ (277)	(4.7%)
Direct cost of revenues	**1,698**	1,812	(114)	(6.3%)
Selling, general and administrative	**2,729**	2,386	343	14.4%
Depreciation and amortization	**340**	315	25	7.9%
Bad debt expense	**-**	71	(71)	(100.0%)
Income from operations	**$ 815**	$ 1,275	$ (460)	(36.1%)

(in thousands) (unaudited) Fiscal year ended October 31,	**2017**	**2016**	**Change $**	**%**
Revenues	**$ 19,667**	$ 21,419	$ (1,752)	(8.2%)
Direct cost of revenues	**6,598**	6,873	(275)	(4.0%)
Selling, general and administrative	**11,083**	10,351	732	7.1%
Depreciation and amortization	**1,245**	1,195	50	4.2%
Bad debt expense	**20**	191	(171)	(89.5%)
Income (loss) from operations	**$ 721**	$ 2,809	$ (2,088)	(74.3%)

Revenues. CTM's revenues decreased in the three months ended October 31, 2017 compared to the three months ended October 31, 2016 by ($277,000) primarily due to softness in distribution revenue in the New York/Broadway market, principally related to the decrease in a distribution channel, show closings and major accounts' insolvencies aggregating ($188,000), a decrease in digital revenue of ($40,000), principally related to digital hardware sales in 2016, and other net changes of ($49,000).

CTM's revenues decreased in the fiscal year ended October 31, 2017 compared to the fiscal year ended October 31, 2016 by ($1,752,000) primarily due to lower distribution revenue in the New York/Broadway market and major city distribution areas, principally due to major accounts' insolvencies, a decrease in a distribution channel, Broadway show closings and volatility in the major cities ($1,165,000). Other factors were a decrease in digital revenue ($422,000), principally related to digital hardware sales in 2016, and a decrease in publishing revenue due to attrition from a recent acquisition ($132,000), and other net changes of ($33,000).

Historical and seasonal trends in travel and tourism marketing budgets that affect CTM's revenue and its client's buying patterns have shown to be cyclical period over period and year over year. As a result, downward revenue pressure decreased through the end of the current fiscal year and is expected to recover throughout CTM's next fiscal year.

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 October 31, 2017 decreased by ($114,000) compared to the three months ended October 31, 2016, principally due to lower ExploreBoard hardware costs of ($50,000) related to the reduced special revenue, lower payroll costs ($60,000) and other net changes of ($4,000).

Direct cost of revenues for the fiscal year ended October 31, 2017 decreased by ($275,000) compared to the fiscal year ended October 31, 2016, principally due to lower ExploreBoard hardware costs ($174,000), resulting from the reduced special hardware sales, lower payroll costs ($59,000), lower publishing costs ($44,000) and other net changes of $2,000.

CTM's gross margin for the three months and fiscal year ended October 31, 2017 were 69.6% and 66.5% compared to 69.1% and 67.9% for the three months and fiscal year ended October 31, 2016, respectively. The changes were due primarily to changes in product mix.

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 in the three months ended October 31, 2017 compared to the three months ended October 31, 2016 by $343,000. The increase was principally due to an increase in an increase in overhead allocations of $186,000, non-cash compensation of $89,000, salaries and benefits $48,000 and other net changes of $20,000.

Selling, general and administrative expenses increased in the fiscal year ended October 31, 2017 compared to the fiscal year ended October 31, 2016 by $732,000. The increase was principally due to an increase in non-cash compensation of $357,000, an increase in overhead allocations of $415,000, offset and other net changes of ($40,000).

As a percentage of CTM's revenues, selling, general and administrative expenses in the three months and fiscal year ended October 31, 2017 were 48.9% and 56.4% compared to 40.7% and 48.3% for the three months and fiscal year ended October 31, 2016, respectively, reflecting the changes in revenue for the related periods.

Bad Debt Expense. Bad debt expense for the three months ended October 31, 2017 decreased by $171,000 compared to the three months ended October 31, 2016, reflecting decreased expense due to major account bad debt reserves in 2016 not repeated in 2017, and overall collection experience.

LIQUIDITY AND CAPITAL RESOURCES

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

(in thousands) (unaudited)	Fiscal year ended October 31, 2017	2016
Cash flows provided by (used in):		
Operating activities	**$ (11,601)**	$ (1,738)
Investing activities	**(1,030)**	(1,819)
Financing activities	**15,582**	3,164
Net increase in cash and cash equivalents	**$ 2,951**	$ (393)

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 used in operating activities based on these factors amounting to approximately ($11,601,000) and ($1,738,000) for the fiscal year ended October 31, 2017 and 2016, respectively.

Investing Activities. Our capital expenditures were approximately $1,274,000 and $1,509,000 in the fiscal year ended October 31, 2017 and 2016, respectively. We currently anticipate that total capital expenditures for all of our segments in fiscal 2017 will be approximately $2,000,000. We expect to fund our capital expenditures with our cash and cash equivalents on hand.

Financing Activities. During the fiscal year ended October 31, 2017 and October 31, 2016, we received the proceeds from the private placement of our Class B common stock in the amounts of approximately $10,551,000 and $4,075,000, respectively. We repaid capital lease obligations in the amounts of $438,000 and $316,000 and repaid bank loans in the amounts of $4,266,000 and $455,000, respectively. We received funds from our lines of credit and bank loans in the amounts of $9,149,000 and $0 for the fiscal year ended October 31, 2017 and October 31, 2016, respectively. In addition, we paid dividends of $0 and $844,000 in the fiscal year ended October 31, 2017 and 2016, respectively.

CHANGES IN TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Gross trade accounts receivable (net of returns allowance) increased to approximately $17,755,000 at October 31, 2017 compared to $14,171,000 at October 31, 2016 principally due to changes in the collection of IDW Entertainment revenue, as well as the timing of receipts of payments of other receivable balances. The allowance for doubtful accounts as a percentage of gross trade accounts receivable was 0.26% at October 31, 2017 compared to 0.71% at October 31, 2016, reflecting the decrease in receivable balances and our collectible receivable experience, principally related to CTM segment receivables.

OTHER SOURCES AND USES OF RESOURCES

Where appropriate, we evaluate 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. In the fiscal year ended October 31, 2016 CTM purchased the New England distribution network, as discussed in the Overviews above. Subsequent to CTM's transactions, CTM secured bank 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 2018 operations, the balance of cash and cash equivalents that we held as of October 31, 2017, a $3,000,000 IDW line of credit and a $1,000,000 CTM line of credit with our primary bank, 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 fiscal years ended October 31, 2017 and 2016, proceeds of the issuance of Class B Common Stock in the amounts of $10,551,000 and $4,075,000, in connection with the Company's private placements, provided a portion of the funding for IDW Entertainment's operations, in addition to the Company's other working capital needs. In addition, we secured a bank loan to fund new production in the third quarter of fiscal 2017. 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. Beginning in the second quarter of fiscal 2016, and in light of the current growth initiatives of the Company, particularly the television property development of IDW Entertainment, the Board of Directors determined to suspend the payment of cash dividends. 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 2.82% and 2.76% of our consolidated revenues for the three months ended October 31, 2017 and October 31, 2016, 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.

Item 10 Certifications.

I, Theodore B. Adams, certify that:

1. I have reviewed this annual 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: January 29, 2018

/s/ Theodore B. Adams

Chief Executive Officer

I, Leslie B. Rozner, certify that:

1. I have reviewed this annual 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: January 29, 2018

/s/ Leslie B. Rozner

Chief Financial Officer