

QUARTERLY REPORT OF IDW MEDIA HOLDINGS, INC.
FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017

Item 3 Interim Financial Statements

IDW MEDIA HOLDINGS, INC.

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(Unaudited)

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IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	January 31, 2018 (Unaudited)	October 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,399	\$ 9,154
Trade accounts receivable, net	15,773	14,630
Inventory – print and production costs	34,360	29,354
Prepaid expenses	2,520	2,292
Total current assets	<u>61,052</u>	<u>55,430</u>
Property and equipment, net	<u>3,295</u>	<u>3,479</u>
Non-current assets		
Trade accounts receivable – non-current portion	1,746	3,078
Deferred taxes	6,368	10,391
Intangible Assets, net	1,067	1,164
Goodwill	2,272	2,272
Other assets	524	416
Total non-current assets	<u>11,977</u>	<u>17,321</u>
Total assets	<u>\$ 76,324</u>	<u>\$ 76,230</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	1,866	\$ 2,809
Accrued expenses	7,294	9,880
Deferred revenue	2,228	4,677
Bank loans payable – current portion	6,957	5,409
Contingent liability (see note 10)	7,827	-
Income taxes payable	247	249
Capital lease obligations – current portion	393	397
Other current liabilities	218	162
Total current liabilities	<u>27,030</u>	<u>23,583</u>
Non-current liabilities		
Accrued liabilities – non-current	1,285	1,602
Capital lease obligations – long term portion	823	923
Bank loans payable – long term portion	1,495	649
Total non-current liabilities	<u>3,603</u>	<u>3,174</u>
Total liabilities	<u>30,633</u>	<u>26,757</u>
Commitments and contingencies (see note 11)	-	-
Stockholders' equity (see note 1):		
Preferred stock, \$0.01 par value; authorized shares – 500; no shares issued at January 31, 2018 and October 31, 2017	-	-
Class B common stock, \$0.01 par value; authorized shares – 12,000; 6,085 shares and shares issued and outstanding at January 31, 2018 and October 31, 2017	61	61
Class C common stock, \$0.01 par value; authorized shares – 2,500; 545 shares issued and outstanding at January 31, 2018 and October 31, 2017	5	5
Additional paid-in capital	67,475	66,694
Accumulated other comprehensive loss	(258)	(183)
Accumulated deficit	(20,396)	(15,908)
Treasury stock, at cost, consisting of 519 shares of Class B common stock at January 31, 2018 and October 31, 2017	(1,196)	(1,196)
Total stockholders' equity	<u>45,691</u>	<u>49,473</u>
Total liabilities and stockholders' equity	<u>\$ 76,324</u>	<u>\$ 76,230</u>

See accompanying notes to condensed consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)	Three Months Ended January 31,	
	2018	2017
Revenues	\$ 15,640	\$ 14,765
Costs and expenses:		
Direct cost of revenues	8,878	7,733
Selling, general and administrative (i)	6,630	6,348
Depreciation and amortization	404	382
Bad debt expense	24	11
Total costs and expenses	15,936	14,474
Income (loss) from operations	(296)	291
Interest expense, net	(138)	(16)
Other (expense) income, net	1	(1)
Income (loss) before income taxes	(433)	274
Provision for benefit from income taxes	(4,055)	(147)
Net income (loss)	\$ (4,488)	\$ 127
Basic and diluted income (loss) per share (see note 3):		
Net income (loss) per share	\$ (.73)	\$ 0.02
Weighted-average number of shares used in the calculation of basic and diluted income per share:	6,111	5,702
Dividend declared per common share:	\$ 0.00	\$ 0.00
Interest Expense	\$ 142	\$ 18
(i) Stock-based compensation included in selling, general and administrative expenses	\$ 781	\$ 647

See accompanying notes to condensed consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in thousands)	Three Months Ended January 31,	
	2018	2017
Net income (loss)	\$ (4,488)	127
Foreign currency translation adjustments	(75)	8
Comprehensive income (loss)	<u>\$ (4,563)</u>	<u>\$ 135</u>

See accompanying notes to condensed consolidated financial statements

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three months ended January 31,
(in thousands)

	2018	2017
Operating activities:		
Net (loss) income	\$ (4,488)	\$ 127
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	404	382
Bad debt expense	24	11
Stock based compensation	781	647
Changes in assets and liabilities:		
Trade accounts receivable	165	3,442
Inventory, prepaid expenses and other current assets	(5,342)	(806)
Deferred taxes	4,023	302
Trade accounts payable, accrued expenses and other current liabilities	3,960	(4,288)
Deferred revenue	(2,449)	(134)
Net cash used in operating activities	(2,922)	(317)
Investing activities:		
Capital expenditures	(123)	(59)
Payments received from notes receivable on sale of assets	-	93
Net cash provided by (used in) investing activities	(123)	34
Financing activities:		
Repayments of capital lease obligations	(104)	(146)
Proceeds of bank loans	8,276	-
Repayments of bank loans	(5,882)	(106)
Net cash provided by (used in) financing activities	2,290	(252)
Net decrease in cash and cash equivalents	(755)	(535)
Cash and cash equivalents at beginning of period	9,154	6,203
Cash and cash equivalents at end of period	\$ 8,399	\$ 5,668
Supplemental schedule of investing and financing activities		
Cash paid for interest	\$ 142	\$ 18
Cash paid for income taxes	\$ 26	\$ 470

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

See accompanying notes to condensed consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017

(Unaudited)

Note 1—Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of IDW Media Holdings, Inc. and its subsidiaries (the “Company”) have been prepared by Management in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting principally of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended January 31, 2018 are not necessarily indicative of the results that may be expected for the full fiscal year ended October 31, 2018. The balance sheet at October 31, 2017 has been derived from the Company’s audited financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, please refer to the Company’s annual report for the fiscal year ended October 31, 2017 filed on January 29, 2018 with the OTC Markets Group: OTCQX : IDWM.

Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal 2018 refers to the fiscal year ending October 31, 2018).

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.

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. 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 condensed consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017
(Unaudited)**

Note 2—Dividends

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 annual report to the OTC Markets Group for the fiscal year ended October 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 ended January 31, 2018 and January 31, 2017, there were no shares that were potentially dilutive. As a result, basic earnings per share and diluted earnings per share were the same.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017
(Unaudited)

Note 4—Equity

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

(in thousands)	Three Months Ended January 31, 2018
Balance, October 31, 2017	49,473
Stock based compensation	781
Comprehensive income (loss):	
Net (loss)	(4,488)
Other comprehensive (loss)	(75)
Total comprehensive income (loss)	(4,563)
Balance, January 31, 2018	\$ 45,691

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.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017

(Unaudited)

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:

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

On September 3, 2009, the Company's Compensation Committee ratified the Company's 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 January 31, 2018, 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.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017

(Unaudited)

Note 6—Notes Payable and Lines of Credit

On November 1, 2017, IDW Entertainment through a 100% owned LLC entered into a loan agreement with a bank that provides for a production financing commitment in the amount of \$4,103,000. 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 March 1, 2020. On January 31, 2018, \$3,290,000 was outstanding under the commitment.

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 January 31, 2018, \$2,950,000 was outstanding under the commitment.

On May 2, 2017, IDW Entertainment through a 100% owned 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 January 31, 2018, \$1,570,000 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 January 31, 2018, 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 January 31, 2018, 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 January 31, 2018, \$642,000 was outstanding under the CTM term loans.

Future maturities under the term loans are as follows:

Date	Amount
01/31/19	\$ 6,957,000
01/31/20	1,495,000
Total	\$ 8,452,000

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017

(Unaudited)

Note 7—Business Segment Information

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

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 January 31, 2018				
Revenues	\$ 6,076	\$ 5,575	\$ 3,989	\$ 15,640
Income (loss) from operations	\$ (337)	\$ 968	\$ (927)	\$ (296)
Net income (loss)	\$ (217)	\$ 566	\$ (4,837)	\$ (4,488)
Total assets at January 31, 2018	\$ 14,429	\$ 44,603	\$ 17,292	\$ 76,324
Three months ended January 31, 2017				
Revenues	\$ 7,464	\$ 3,296	\$ 4,005	\$ 14,765
Income (loss) from operations	\$ 111	\$ 686	\$ (506)	\$ 291
Net income (loss)	\$ 58	\$ 384	\$ (315)	\$ 127
Total assets at January 31, 2017	\$ 12,601	\$ 16,207	\$ 21,430	\$ 50,238

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017

(Unaudited)

Note 8—Inventory

Inventory consists of the following:

(in thousands)	January 31, 2018	October 31, 2017
Print	\$ 3,677	\$ 4,046
Production and pre-production costs	30,683	25,308
Total	\$ 34,360	\$ 29,354

Note 9—Income Taxes

On December 22, 2017, the U.S. government enacted “An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018”, which is commonly referred to as “The Tax Cuts and Jobs Act” (the “Tax Act”). The Tax Act provides for comprehensive tax legislation that reduces the U.S. federal statutory corporate tax rate from 35.0% to 21.0% effective January 1, 2018, broadens the U.S. federal income tax base, requires companies to pay a one-time repatriation tax on earnings of certain foreign subsidiaries that were previously tax deferred (“transition tax”), and creates new taxes on certain foreign sourced earnings.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”), expressing its views regarding the FASB’s Accounting Standards Codification 740, Income Taxes, in the reporting period that includes the enactment date of the Tax Act. SAB 118 recognizes that a registrant’s review of certain income tax effects of the Tax Act may be incomplete at the time financial statements are issued for the reporting period that includes the enactment date, including interim periods therein. Specifically, SAB 118 allows a company to report provisional estimates in the reporting period that includes the enactment date if the company does not have the necessary information available, prepared, or fully analyzed for certain income tax effects of the Tax Act. The provisional estimates would be adjusted during a measurement period not to exceed 12 months from the enactment date of the Tax Act, at which time the accounting for the income tax effects of the Tax Act is required to be completed.

The Company has not completed its accounting for the income tax effects of the enactment of the Tax Act; however, the Company has made a reasonable estimate of the effect on its existing deferred tax assets and book a reduction of \$4.1 million. Because of the Company’s fiscal year, the rate reduction will be factored in and will use a blended rate of 23.2%

The transition tax is based on total post-1986 earnings and profits which were previously deferred from U.S. income taxes. At December 31, 2017, the Company did not have significant undistributed earnings of our foreign subsidiaries. As a result, any additional income or withholding will not be significant. The Company continues to review the anticipated impacts of the global intangible low taxed income (“GILTI”) and base erosion anti-abuse tax (“BEAT”). The Company has not recorded any impact associated with either GILTI or BEAT.

The Company anticipates that its assumptions and estimates may change as a result of future guidance and interpretation from the Internal Revenue Service, the SEC, the FASB, and various other taxing jurisdictions. In particular, the Company anticipates that the U.S. state jurisdictions will continue to determine and announce their conformity or decoupling from the Tax Act, either in its entirety or with respect to specific provisions. Legislative and interpretive actions could result in adjustments to the Company’s provisional estimates when the accounting for the income tax effects of the Tax Act is completed. The Company will continue to evaluate the impact of the Tax Act on its financial statements, and will record the effect of any reasonable changes in its estimates and adjustments

Income tax expense increased for the three months ended January 31, 2018 compared to the three months ended January 31, 2017 by approximately \$3,900,000 which mainly reflects the adjustment detailed above.

IDW MEDIA HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JANUARY 31, 2018 AND 2017

(Unaudited)

Note 10—Contingent Liability

The Company, through a wholly owned subsidiary, is obligated under a licensing agreement with a customer for reimbursement of license fees and other amounts received in the event the Company re-licenses the rights contained in the agreement. The liability has been established based upon management’s plans to re-license the rights within the next twelve months.

Note 11—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	<u>\$ 6,105</u>	<u>1,322</u>
Less amount representing interest		(2)
Less current portion principal		(397)
Capital lease obligations—long-term portion principal		<u>\$ 923</u>

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 12— Subsequent events

Management has evaluated subsequent events through March 19, 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:

The Company has executed an extension of an employment agreement with an executive that provides for a grant of 50,000 restricted shares of the Company’s Class B common stock and further, beginning in September 2018, provides for a grant of an additional 10,000 restricted shares of the Company’s Class B common stock each year through September 2, 2022. All stock grants will vest annually in equal installments over four years.

Item 4. 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

IDW's revenues represented 38.8% and 50.6% of our consolidated revenues in the three months ended January 31, 2018 and 2017, 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 35.6% and 22.3% of our consolidated revenues for the three months ended January 31, 2018 and 2017, 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, VisitorFun Card (formerly 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.

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 25.5% and 27.1% of our consolidated revenues in the three months ended January 31, 2018 and 2017, 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 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 \$116,000 and \$106,000 for the three months ended January 31, 2018 and January 31, 2017, respectively.

The restricted shares vest as follows:

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

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 ended January 31, 2018 and 2017, 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 three months ended January 31, 2018 and January 31, 2017.

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	
	January 31,	
	2018	2017
Net income (loss)	\$ (4,488)	127
Depreciation and amortization	404	382
Provision for income taxes	4,055	147
Interest expense, net	138	16
EBITDA	<u>109</u>	<u>672</u>
Non-cash compensation	781	647
Adjusted EBITDA	<u>\$ 890</u>	<u>1,319</u>

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)

Three months ended January 31,	2018	2017	Change	
			\$	%
Income from operations	\$ (296)	\$ 291	\$ (587)	(201.7%)
Interest expense, net	(138)	(16)	(122)	(762.9%)
Other income (expense), net	1	(1)	2	200.0%
Provision for income taxes	(4,055)	(147)	(3,908)	(2658.5%)
Net income (loss)	<u>\$ (4,488)</u>	<u>\$ 127</u>	<u>\$ (4,615)</u>	<u>(3633.9%)</u>

Income from operations. Income from operations decreased by (\$587,000) for the three months ended January 31, 2018 compared to the three months ended January 31, 2017 due to several factors. Changes in operating income from IDW, IDW Entertainment and CTM in the amounts of (\$448,000), \$282,000 and (\$421,000), respectively, due to lower gross profit in IDW offset by an increase in IDW Entertainment, aggregating (\$271,000), more fully described below, and an increase in selling, general and administrative expenses of (\$282,000), principally due to an increase in health insurance, filling in of vacant positions and recruiting costs, rebranding and digital maintenance in the CTM segment, among other net changes.

Interest expense, net. Interest expense increased by \$122,000 in the three months ended January 31, 2018 compared to January 31, 2017 principally due to bank financing of operations in the IDW Entertainment segment.

Income Taxes. On December 22, 2017, the U.S. government enacted “An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018”, which is commonly referred to as “The Tax Cuts and Jobs Act” (the “Tax Act”). The Tax Act provides for comprehensive tax legislation that reduces the U.S. federal statutory corporate tax rate from 35.0% to 21.0% effective January 1, 2018, broadens the U.S. federal income tax base, requires companies to pay a one-time repatriation tax on earnings of certain foreign subsidiaries that were previously tax deferred (“transition tax”), and creates new taxes on certain foreign sourced earnings.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”), expressing its views regarding the FASB’s Accounting Standards Codification 740, Income Taxes, in the reporting period that includes the enactment date of the Tax Act. SAB 118 recognizes that a registrant’s review of certain income tax effects of the Tax Act may be incomplete at the time financial statements are issued for the reporting period that includes the enactment date, including interim periods therein. Specifically, SAB 118 allows a company to report provisional estimates in the reporting period that includes the enactment date if the company does not have the necessary information available, prepared, or fully analyzed for certain income tax effects of the Tax Act. The provisional estimates would be adjusted during a measurement period not to exceed 12 months from the enactment date of the Tax Act, at which time the accounting for the income tax effects of the Tax Act is required to be completed.

The Company has not completed its accounting for the income tax effects of the enactment of the Tax Act; however, the Company has made a reasonable estimate of the effect on its existing deferred tax assets and book a reduction of \$4.1 million. Because of the Company’s fiscal year, the rate reduction will be factored in and will use a blended rate of 23.2%

The transition tax is based on total post-1986 earnings and profits which were previously deferred from U.S. income taxes. At December 31, 2017, the Company did not have significant undistributed earnings of our foreign subsidiaries. As a result, any additional income or withholding will not be significant. The Company continues to review the anticipated impacts of the global intangible low taxed income (“GILTI”) and base erosion anti-abuse tax (“BEAT”). The Company has not recorded any impact associated with either GILTI or BEAT.

The Company anticipates that its assumptions and estimates may change as a result of future guidance and interpretation from the Internal Revenue Service, the SEC, the FASB, and various other taxing jurisdictions. In particular, the Company anticipates that the U.S. state jurisdictions will continue to determine and announce their conformity or decoupling from the Tax Act, either in its entirety or with respect to specific provisions. Legislative and interpretive actions could result in adjustments to the Company’s provisional estimates when the accounting for the income tax effects of the Tax Act is completed. The Company will continue to evaluate the impact of the Tax Act on its financial statements, and will record the effect of any reasonable changes in its estimates and adjustments

Income tax expense increased for the three months ended January 31, 2018 compared to the three months ended January 31, 2017 by approximately \$3,900,000 which mainly reflects the adjustment detailed above.

IDW

(in thousands) (unaudited)

Three months ended January 31,	2018	2017	Change	
			\$	%
Revenues	\$ 6,076	\$ 7,464	\$ (1,388)	(18.6%)
Direct cost of revenues	3,530	4,158	(628)	(15.1%)
Selling, general and administrative	2,798	3,110	(312)	(10.0%)
Depreciation and amortization	85	85	-	0.0%
Income (loss) from operations	<u>\$ (337)</u>	<u>\$ 111</u>	<u>\$ (448)</u>	(403.6%)

Revenues. IDW's revenues decreased by (\$1,388,000) in the three months ended January 31, 2018 compared to the three months ended January 31, 2017. Publishing revenue decreased by (\$1,396,000), principally due to continued 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 through January 31, 2018. IDW expects sales to increase in the remainder of fiscal 2018 and in the long term, significantly increase the Company's presence in the book market. IDW experienced an increase in digital publishing of \$151,000 related to the timing of its digital revenue sources, decreases in IDW Games revenue of (\$154,000), principally due to the effect of the timing of new titles that were released in the comparative quarter in fiscal 2017, along with other net changes of \$11,000.

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 January 31, 2018 compared to the three months ended January 31, 2017 by (\$628,000) principally driven by lower revenue.

IDW's gross margin for the three months ended January 31, 2018 decreased to 41.9% from 44.3% for the three months ended January 31, 2017 principally due to IDW's product mix as well as higher overall printing costs.

Selling, General and Administrative. Selling, general and administrative expenses decreased by (\$312,000) in the three months ended January 31, 2018, compared to the three months ended January 31, 2017 due primarily to a decrease in overhead allocations of (\$294,000), and other net changes of (\$18,000).

As a percentage of IDW's revenues, selling, general and administrative expenses in the three months ended January 31, 2018 were 46.1% compared to 41.7% for the three months ended January 31, 2017.

IDW Entertainment

(in thousands) (unaudited)

Three months ended January 31,

	2018	2017	Change	
			\$	%
Revenues	\$ 5,575	\$ 3,296	\$ 2,279	69.1%
Direct cost of revenues	3,795	2,000	1,795	89.8%
Selling, general and administrative	812	610	202	33.1%
Income from operations	<u>\$ 968</u>	<u>\$ 686</u>	<u>\$ 282</u>	41.1%

Revenues. Revenues increased by \$2,279,000 in the three months ended January 31, 2018 compared to the three months ended January 31, 2017 due to the timing of the deliveries of television episodes. During the quarter, IDW Entertainment's increase in revenue consisted principally of television licensing revenue of \$2,269,000.

IDW Entertainment is committed to additional productions during the remainder of fiscal 2018, including a recent production slated for delivery in 2018, and a 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 January 31, 2018 increased by \$1,795,000 compared to the three months ended January 31, 2017. These costs reflect revenue related participation costs and the amortization of capitalized production costs and are based on the delivery of completed television episodes.

IDW Entertainment's gross margin for the three months and fiscal year ended January 31, 2018 was 31.9% compared to 39.3% for the three months ended January 31, 2017. This change was 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 \$202,000 in the three months ended January 31, 2018 compared to the three months ended January 31, 2017. The increase reflects an increase in legal fees of \$39,000, marketing and business development of \$51,000, non-cash compensation of \$29,000, higher overhead allocations of \$21,000, Travel and entertainment of \$15,000 compensation and benefits of \$10,000, and other net changes of \$37,000.

As a percentage of IDW Entertainment's revenues, selling, general and administrative expenses in the three months and fiscal year ended January 31, 2018 were 14.6% compared to 18.5% for the three months ended January 31, 2017.

CTM

(in thousands) (unaudited)

Three months ended January 31,	2018	2017	Change	
			\$	%
Revenues	\$ 3,990	\$ 4,005	\$ (15)	(0.4%)
Direct cost of revenues	1,554	1,575	(21)	(1.3%)
Selling, general and administrative	3,020	2,628	392	14.9%
Depreciation and amortization	319	297	22	7.4%
Bad debt expense	24	11	13	118.2%
Income from operations	\$ (927)	\$ (506)	\$ (421)	(83.2%)

Revenues. CTM's revenues were relatively flat in the three months ended January 31, 2018 compared to the three months ended January 31, 2017 decreasing by (\$15,000) due to increases in distribution, print and publishing revenue \$29,000 offset by digital revenue (\$33,000) due to CTM's elimination of non-profitable digital products, and other net changes (\$11,000).

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 in the first quarter of the current fiscal year and is expected to continue throughout fiscal 2018.

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 January 31, 2018 decreased by (\$21,000) compared to the three months ended January 31, 2017, principally due to lower distribution costs due to open positions (\$23,000) and other net changes of \$2,000.

CTM's gross margin for the three months ended January 31, 2018 was 61.1% compared to 60.7% for the three months ended January 31, 2017. The change was 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 January 31, 2018 compared to the three months ended January 31, 2017 by \$392,000. The increase was principally due to an increase in salaries, benefits and recruiting of \$240,000 as CTM filled positions that were vacant in the comparative fiscal quarter, an increase in health insurance expense of \$100,000 due to changes in CTM health insurance plans that now contain upfront costs, which will reduce costs over the remaining 2018 fiscal year, rebranding and digital maintenance costs of \$26,000, and other net changes of \$26,000.

As a percentage of CTM's revenues, selling, general and administrative expenses in the three months ended January 31, 2018 were 75.7% compared to 65.6% for the three months and fiscal year ended January 31, 2017, reflecting the changes in revenue and expense for the periods.

Bad Debt Expense. Bad debt expense for the three months ended January 31, 2018 increased by \$13,000 compared to the three months ended January 31, 2017, reflecting CTM's 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)	Three months ended January 31,	
	2018	2017
Cash flows provided by (used in):		
Operating activities	\$ (2,922)	\$ (317)
Investing activities	(123)	34
Financing activities	2,290	(252)
Net decrease in cash and cash equivalents	\$ (755)	\$ (535)

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 (\$2,922,000) and (\$317,000) for the three months ended January 31, 2018 and 2017, respectively.

Investing Activities. Our capital expenditures were approximately \$123,000 and \$59,000 in the three months ended January 31, 2018 and 2017, respectively. We currently anticipate that total capital expenditures for all of our segments in fiscal 2018 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 three months ended January 31, 2018 and January 31, 2017 we repaid capital lease obligations in the amounts of \$104,000 and \$146,000 and repaid bank loans in the amounts of \$5,822,000 and \$106,000, respectively. We received funds from our lines of credit and bank loans in the amounts of \$8,276,000 and \$0 for the three months ended January 31, 2018 and 2017, respectively.

CHANGES IN TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Gross trade accounts receivable (net of returns allowance) increased to approximately \$17,566,000 at January 31, 2018 compared to \$17,755,000 at October 31, 2017 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 0.49% at January 31, 2018 compared to 0.26% at October 31, 2017, 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 additions to its New England distribution network. 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 January 31, 2018, 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 bank loan commitments to fund new production in the third and fourth quarters 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 1.81% and 2.03% of our consolidated revenues for the three months ended January 31, 2018 and January 31, 2017, 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 quarterly disclosure statement of IDW Media Holdings, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 19, 2018

/s/ Theodore B. Adams

Chief Executive Officer

I, Leslie B. Rozner, certify that:

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

Date: March 19, 2018

/s/ Leslie B. Rozner

Chief Financial Officer