



IDW Reports Fourth Quarter and Full Fiscal Year 2019 Results

Fourth Quarter Revenue Surges on Deliveries of “V Wars” and “October Faction” to Netflix

NEWARK, NJ AND LOS ANGELES, CA / January 23, 2020 / IDW Media Holdings, Inc. (OTC PINK: IDWM), an integrated media company, today reported a fourth quarter net loss per share of \$2.29 on revenue of \$33.9 million and a full fiscal year net loss per share of \$3.90 on revenue of \$62.6 million for the three months and twelve months ended October 31, 2019, respectively.

Media Highlights

- IDW Entertainment’s (IDWE) “V Wars,” a vampire science fiction horror series starring Ian Somerhalder and Adrian Holmes based on the IDW Publishing (IDWP) graphic novels by five-time Bram Stoker award-winning author Jonathan Maberry, debuted December 5, 2019 on Netflix.
- IDWE’s “October Faction,” a science fiction drama starring Tamara Taylor and J.C. MacKenzie based on the IDWP comic series by Steve Niles - author of “30 Days of Night” - and digital artist Damien Worm, premieres this evening, January 23rd on Netflix. The “October Faction” season one trailers can be seen [here](#).
 - “V Wars” and “October Faction” were both produced by High Park Entertainment in Toronto, Canada, maximizing local credits and incentives that minimized the series’ net production budgets and out-of-pocket expenses.
- IDWE’s “Locke & Key,” a supernatural horror drama based on the IDWP comic series by best-selling author and Eisner award winner Joe Hill, is scheduled to premiere on Netflix on February 7th. The “Locke & Key” season one trailer can be seen [here](#).
- Season four of IDWE’s “Wynonna Earp,” a live action Western horror drama and winner of the People’s Choice Awards in 2018, starring E! Awards winner Melanie Scrofano and based on the IDWP comic series by Beau Smith, is now in production. Season four is expected to debut on SyFy during the second half of CY 2020.
- IDWP announced a multi-year agreement with the Smithsonian Institution to jointly develop and publish graphic novels leveraging the Smithsonian’s unique cultural and scientific history and expertise. The Smithsonian is the world’s largest museum, educational and research complex.
- IDWP announced a Spanish language initiative to bring graphic novels to Spanish speakers throughout North America. To launch the initiative, IDWP is planning to release a Spanish translation of George Takei’s best-selling memoir, “They Called Us Enemy” in June 2020.

Comments of IDW's Chairman and CEO, Howard Jonas

“The unprecedented demand from streaming networks for fresh, innovative shows provides IDW with a tremendous market opportunity. Our IP portfolio, strong relationships with renowned creators and holistic approach to franchise development strategically positions IDW for near and long-term growth.

“With three new shows premiering on Netflix in a sixty-day span - and a fourth season of ‘Wynonna Earp’ debuting later this year on SyFy, IDW has come a very long way since entering the entertainment space just a few years ago. It has taken a lot of hard work and effort to build out these capabilities, and our team deserves tremendous credit for getting us here so quickly. With this foundation now in place, I am extremely excited about our ability to capitalize on this huge market opportunity. Our outlook has never been brighter.

“In the fourth quarter of fiscal 2019, revenue was boosted by delivery of ‘V Wars’ and the majority of the ‘October Faction’ episodes to Netflix, while the legacy production finance agreements utilized for these shows and production cost overages resulted in significant losses. The remaining impact of these legacy deals will be recognized in the first quarter fiscal 2020 results reflecting the delivery of the balance of ‘October Faction’ episodes to Netflix.

“Looking ahead, IDW Entertainment is delivering season one of ‘Locke & Key’ to Netflix and we expect that it will contribute to our bottom line in the first half of fiscal 2020.

“IDW is on track to attain steadily profitable operations in 2021 and beyond with prospective upside from potential renewals of IDW Entertainment’s current line-up, from our previously announced deal with Cineflix and SyFy for distribution of ‘Wynonna Earp’, from new deals that the IDW Entertainment team is developing from its IP pipeline and from our focus on complete franchise monetization through merchandising, games, video on demand, and other fandom-driven channels. We are working to ensure that all divisions of IDW operate profitably by fiscal 2021.

“With our improving financial and operational outlook, we are exploring listing IDW on a national stock exchange to enhance our visibility, increase liquidity in the market for our stock, and broaden our shareholder base. In conjunction with the up-list, we intend to raise additional growth capital to further strengthen our balance sheet and to pursue the abundant growth opportunities afforded by the intensifying competition among streaming services for original content.

“Buckle your seat belt and stay tuned for exciting news during fiscal 2020, and don’t forget to check out the ‘October Faction’ premiere tonight on Netflix.”

Consolidated P&L Highlights

<i>(in millions, except net loss per share, unaudited)</i>	<u>4Q19</u>	<u>3Q19</u>	<u>4Q18</u>		<u>FY 2019</u>	<u>FY 2018</u>
Revenue	\$33.9	\$11.5	\$20.1		\$62.6	\$58.7
Direct cost of revenue	\$42.0	\$5.2	\$33.7		\$56.2	\$54.8
Gross (loss) profit	\$(8.1)	\$6.3	\$(13.6)		\$6.4	\$3.9
SG&A	\$8.7	\$7.4	\$7.7		\$31.2	\$27.8
Depreciation & amortization	\$0.4	\$0.4	\$0.4		\$1.5	\$1.6
Non-cash compensation	\$0.6	\$0.8	\$0.7		\$3.1	\$3.0
(Loss) from operations	\$(17.2)	\$(1.5)	\$(21.7)		\$(26.4)	\$(25.6)
Net (loss) attributable to IDW Media Holdings	\$(17.1)	\$(1.5)	\$(28.8)		\$(26.4)	\$(36.0)
Net loss per share	\$(2.29)	\$(0.20)	\$(4.69)		\$(3.90)	\$(5.88)

Segment P&L Highlights

<i>(in thousands, unaudited)</i>	<u>4Q19</u>	<u>3Q19</u>	<u>4Q18</u>		<u>FY 2019</u>	<u>FY 2018</u>
Revenue						
IDW Publishing*	\$5.8	\$5.3	\$5.8		\$20.1	\$21.9
IDW Entertainment	\$22.6	-	\$8.6		\$22.7	\$16.9
CTM	\$5.5	\$6.2	\$5.7		\$19.8	\$19.8
(Loss) income from operations						
IDW Publishing*	\$(0.8)	\$(0.8)	\$(0.8)		\$(5.2)	\$(3.4)
IDW Entertainment	\$(17.2)	\$(0.8)	\$(21.4)		\$(19.8)	\$(21.8)
CTM	\$0.8	\$1.0	\$0.5		\$(1.3)	\$(0.5)

* Results include Clover Press, which operates independently of IDW Publishing

Financial Take-Aways and Outlook

- Revenue Increase:** IDWE delivered season one of “V Wars” and seven of ten episodes of season one of “October Faction” to Netflix during the fourth quarter driving an increase in consolidated revenue to \$33.9 million in 4Q19 from \$20.1 million in 4Q18, and to \$62.6 million in FY 2019 from \$58.7 million in FY 2018. Note that revenue and amortized production expenses for each series are recognized upon delivery of episodes to the client.

- **Loss from Operations:** IDW’s consolidated loss from operations decreased to \$17.2 million in 4Q19 from \$21.7 million in 4Q18. The 4Q19 loss primarily reflects the production costs and related overages of “V Wars” and of the seven episodes of “October Faction” IDW delivered in the quarter as well as a write-down of the carrying value of Dirk Gently, which was not renewed. The full fiscal year loss from operations increased to \$26.4 million in 2019 from \$25.6 million in 2018.
- **Legacy Impacts in FY 2020:**
 - In 1Q20, IDW expects to realize a loss of approximately \$2.6 million on the delivery of the remaining three episodes of “October Faction” to Netflix.
 - In 2H20, IDW expects to invest in certain distribution rights to enhance its international franchise sales effort.
 - Finally, IDW may incur restructuring expense in FY 2020 as it seeks to attain consistently profitable operations in each of its three operating divisions.
- **Return to Profitability:**
 - In FY 2020, IDW expects to generate improved financial performance inclusive of the legacy impacts noted above and the positive EBITDA contribution from the delivery of season one of “Locke & Key.”
 - In FY 2021, IDW anticipates that the company and each of its three businesses will operate profitably.
- **Balance Sheet Highlights:** IDW’s cash balance at October 31st was \$10.2 million. Related party debt was \$9.1 million. Following the quarter close, the terms of the \$4.6 million current portion of this debt were modified and the entire balance will be reported as long-term debt in 1Q20. Bank loans of \$39.7 million (the balance of ‘bank loans payable’ including current and non-current liabilities) that financed ‘V Wars’ and ‘October Faction’ production costs will be paid in full from license fees during CY 2020.

Earnings Conference Call

IDW’s management will host an earnings conference call beginning at 5:00 PM Eastern today to present results, outlook and strategy followed by Q&A with investors.

To listen to the call and participate in the Q&A, dial toll-free 1-877-705-6003 (toll free - U.S.) or 1-201-493-6725 (toll - international) and request the ‘IDW call’.

A replay of the conference call can be accessed approximately three hours after the call concludes through January 30, 2020 by dialing 1-844-512-2921 (toll free - U.S.) or 1-412-317-6671 (toll - international) and providing this replay number: 13697805. A replay will also be available via streaming audio through the [IDW investor relations website](#).

About IDW

IDW Media Holdings, Inc. (OTC PINK: IDWM) is an integrated media company. IDW's businesses include IDW Publishing – a leading publisher of comic books and graphic novels, IDW Entertainment – a producer and distributor of franchise content through television and other media, and CTM Media Group – one of North America's largest distributors of information for tourists and travelers.

Investor Contact

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IDW MEDIA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	October 31, 2019 (unaudited)	October 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,165	\$ 13,445
Trade accounts receivable, net	45,253	15,998
Inventory – print and production costs	12,701	41,525
Prepaid expenses	2,092	1,757
Total current assets	<u>70,211</u>	<u>72,725</u>
Property and equipment, net	<u>3,078</u>	<u>3,167</u>
Non-current assets		
Trade accounts receivable – non-current portion	-	408
Taxes receivable – non-current	513	513
Intangible assets, net	455	766
Goodwill	2,430	2,297
Other assets	571	463
Total non-current assets	<u>3,969</u>	<u>4,447</u>
Total assets	<u>\$ 77,258</u>	<u>\$ 80,339</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 2,625	\$ 2,150
Accrued expenses	4,173	10,116
Deferred revenue	2,255	1,540
Bank loans payable – current portion	29,242	19,238
Related party loans payable – current portion	4,550	14,500
Income taxes payable	73	79
Capital lease obligations – current portion	396	402
Other current liabilities	2,068	95
Total current liabilities	<u>45,382</u>	<u>48,120</u>
Non-current liabilities		
Capital lease obligations – long term portion	683	727
Bank loans payable – long term portion	10,500	10,500
Related party loans payable – long term portion	4,500	4,500
Total non-current liabilities	<u>15,683</u>	<u>15,727</u>
Total liabilities	<u>61,065</u>	<u>63,847</u>
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, 2019 and October 31, 2018	-	-
Class B common stock, \$.01 par value; authorized shares – 12,000; 7,419 and 6,072 shares issued and 6,899 and 5,553 shares outstanding at October 31, 2019 and October 31, 2018, respectively	74	61
Class C common stock, \$.01 par value; authorized shares – 2,500; 545 shares issued and outstanding at October 31, 2019 and 2018	5	5
Stock subscription receivable	(1,000)	-
Additional paid-in capital	96,671	69,780
Accumulated other comprehensive loss	(60)	(228)
Accumulated deficit	(78,359)	(51,930)
Treasury stock, at cost, consisting of 519 shares of Class B common stock at October 31, 2019 and 2018	(1,196)	(1,196)
Total IDW Media Holdings Inc. stockholders' equity	<u>16,135</u>	<u>16,492</u>
Non-controlling interest	58	-
Total stockholders' equity	<u>16,193</u>	<u>16,492</u>
Total liabilities and stockholders' equity	<u>\$ 77,258</u>	<u>\$ 80,339</u>

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	Three Months Ended October 31,		Fiscal Years Ended October 31,	
	2019	2018	2019	2018
	(unaudited)		(unaudited)	
Revenues	\$ 33,901	\$ 20,073	\$ 62,599	\$ 58,680
Costs and expenses:				
Direct cost of revenues	42,002	33,684	56,184	54,838
Selling, general and administrative (i)	8,718	7,673	31,152	27,772
Depreciation and amortization	369	420	1,513	1,625
Bad debt expense	31	38	113	69
Total costs and expenses	51,120	41,815	88,964	84,304
Loss from operations	(17,219)	(21,742)	(26,363)	(25,624)
Interest expense, net	(17)	(220)	(208)	(524)
Other income (expense), net	39	(2)	41	10
Loss before income taxes	(17,197)	(21,964)	(26,530)	(26,138)
Benefit from (provision for) income taxes	57	(6,883)	38	(9,884)
Net loss	\$ (17,140)	\$ (28,847)	\$ (26,492)	\$ (36,022)
Net (loss) attributable to non-controlling interests	35	-	63	-
Net loss attributable to IDW Media Holdings, Inc.	(17,105)	(28,847)	(26,429)	(36,022)
Basic and diluted loss per share (note 3):				
Net loss per share	\$ (2.29)	\$ (4.69)	\$ (3.90)	\$ (5.88)
Weighted-average number of shares used in the calculation of basic and diluted income per share:				
	7,444	6,153	6,768	6,130
Interest Expense	\$ 17	\$ 172	\$ 228	\$ 551
(i) Stock-based compensation included in selling, general and administrative expenses	\$ 605	\$ 672	\$ 3,123	\$ 2,960

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal years ended October 31, (in thousands)	2019 (unaudited)	2018
Operating activities:		
Net loss	\$ (26,492)	(36,022)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,513	1,625
Bad debt expense	113	69
Warrants issued	118	126
Stock based compensation	3,123	2,960
Changes in assets and liabilities:		
Trade accounts receivable	(28,960)	1,233
Inventory	28,824	(12,171)
Prepaid expenses and other assets	(443)	(26)
Deferred taxes	-	10,391
Trade accounts payable, accrued expenses and other liabilities	(3,501)	(2,262)
Deferred revenue	715	(3,137)
Net cash used in operating activities	<u>(24,990)</u>	<u>(37,214)</u>
Investing activities:		
Business acquisitions	(12)	(28)
Capital expenditures	(1,113)	(911)
Net cash used in investing activities	<u>(1,125)</u>	<u>(939)</u>
Financing activities:		
Proceeds from issuance of common stock	22,663	-
Financing under capital leases	360	241
Repayments of capital lease obligations	(410)	(432)
Proceeds of related party loan	9,050	19,000
Proceeds of bank loans	19,382	34,314
Repayments of related party loans	(19,000)	-
Repayments of bank loans	(9,378)	(10,634)
Net cash provided by financing activities	<u>22,667</u>	<u>42,489</u>
Effect of exchange rate changes on cash and cash equivalents	168	(45)
Net increase in cash and cash equivalents	<u>(3,280)</u>	<u>4,291</u>
Cash and cash equivalents at beginning of period	13,445	9,154
Cash and cash equivalents at end of period	<u>\$ 10,165</u>	<u>13,445</u>
Supplemental schedule of investing and financing activities		
Cash paid for interest	\$ 228	551
Cash paid for income taxes	\$ 25	159
Purchases of property and equipment through capital lease obligations	\$ 360	241

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