



IDW Reports First Quarter Fiscal Year 2020 Results

IDW Entertainment Debuts Three New Series

NEWARK, NJ and LOS ANGELES, CA / March 12, 2020 / IDW Media Holdings, Inc. (OTC PINK: IDWM), an integrated media company, today reported a first quarter net loss per share of \$(0.91) on revenue of \$14.1 million for the three months ended January 31, 2020.

Media Highlights

- IDW Entertainment (IDWE)'s 'Locke & Key,' a supernatural horror drama based on the IDWP comic series by best-selling author and Eisner award winner Joe Hill, premiered on Netflix on February 7th. Following its debut, 'Locke & Key' quickly became one of Netflix's most popular shows and reached the #1 position on TV Time's *The Binge Report (Week of February 10, 2020)* based on viewership tracking.
- During 1Q20, IDWE's series 'V Wars' and 'October Faction' also premiered on Netflix. 'V Wars' was named the #1 *Show on the Rise* following its debut by TV Time. 'V Wars' was also the #4 show on TV Time's *The Binge Report (Week of December 2, 2019)*.
- Season four (S4) of IDWE's 'Wynonna Earp,' a live action Western horror drama and winner of the People's Choice Awards for Best Sci-Fi/Fantasy Show in 2018, starring E! Awards winner Melanie Scrofano and based on the IDWP comic series by Beau Smith, is now in production. Ms. Scrofano will direct one S4 episode for her directorial debut.
- IDW Games garnered over \$800 thousand in orders for 'Teenage Mutant Ninja Turtles Adventures: City Fall' through a Kickstarter campaign, and has received pledges of \$1.5 million to date for its campaign for 'Batman: The Animated Series Adventures.' Kickstarter is an online platform for creators to share and finance their creation. The highly successful campaigns reflect IDW's 360° approach to franchise development including games, merchandising and other offerings for global fanbases.
- IDW Publishing (IDWP) is preparing to release 'Sleeping Beauties,' in April. This captivating ten issue comic book series is based on the bestselling novel by Stephen King and Owen King. Author Rio Youers (*The Forgotten Girl*) and artist Alison Sampson (*Winnebago Graveyard*) inspired this wonderfully rich adaptation.
- Capitalizing on the success of 'Locke & Key,' IDWP announced a 'Locke & Key' crossover book initiative with DC Comics' popular 'Sandman Universe.' 'Locke & Key' creator Joe Hill and artist and artist Gabriel Rodríguez will lead the creative effort which is expected to debut in October, 2020.

Comments of IDW Chairman and CEO, Howard Jonas

"The first quarter was a momentous one for IDW, highlighted by the debuts of 'V-Wars,' 'October Faction,' and, following the quarter close, of 'Locke & Key' – all on Netflix. The three shows were very well received and I'm grateful to our authors, illustrators and the many creative members of our IDW team who worked so hard and successfully over the years on the comics and, more recently, these three shows. We have discussed potential renewals of the shows with Netflix and expect that Netflix will announce any decisions this summer.

“Financially, our topline results for the first quarter improved significantly compared to the prior year reflecting our delivery of the three remaining episodes of ‘October Faction’ in November. The bottom line was impacted primarily by the production financing deal for ‘October Faction’ while IDW Publishing delivered significantly improved results. The success of ‘Locke & Key’ on Netflix helped drive sales of ‘Locke & Key’ books, and IDW Games had a strong quarter propelled by early sales of its Teenage Mutant Ninja Turtles Adventures game.

“We expect that IDW Entertainment’s and IDW Publishing’s results will continue to improve this year. Most notably, in 2Q20 we will recognize the revenues and expenses of season one of ‘Locke & Key,’ which we expect to contribute positively to income from operations.

“Thanks to our shareholders, employees and management team - notably our media-savvy CFO, Ezra Rosensaft, IDW’s balance sheet and financial outlook have improved significantly over the past year. To further increase our visibility and provide our investors with enhanced liquidity and transparency, we intend to apply to list our Class B common stock on the NYSE American and again become an SEC reporting company.”

Consolidated P&L Highlights

(Numbers may not add up due to rounding)

<i>(in millions, except net loss per share, unaudited)</i>	1Q20	4Q19	1Q19
Revenue	\$14.1	\$33.9	\$9.3
Direct cost of revenue	\$13.3	\$42.0	\$5.1
Gross profit (loss)	\$0.8	\$(8.1)	\$4.2
SG&A including non-cash compensation	\$7.3	\$8.7	\$7.8
Non-cash compensation	\$0.3	\$0.6	\$1.0
Depreciation & amortization	\$0.3	\$0.4	\$0.4
Loss from operations	\$(6.8)	\$(17.2)	\$(4.0)
Net loss attributable to IDW Media Holdings	\$(6.8)	\$(17.1)	\$(4.1)
Net loss per share	\$(0.91)	\$(2.29)	\$(0.67)

Segment P&L Highlights

(Numbers may not correspond to consolidated totals due to rounding)

<i>(in millions, unaudited)</i>	1Q20	4Q19	1Q19
Revenue			
IDW Publishing*	\$6.3	\$5.8	\$5.2
IDW Entertainment	\$4.0	\$22.6	\$0.1
CTM	\$3.8	\$5.5	\$4.1
Income (loss) from operations			
IDW Publishing*	\$0.1	\$(0.8)	\$(1.5)
IDW Entertainment	\$(5.6)	\$(17.2)	\$(1.2)
CTM	\$(1.1)	\$0.8	\$(1.3)

* Results include Clover Press, which operates independently of IDW Publishing; excluding Clover results, IDW Publishing 1Q20 income from operations was \$0.3 million

Financial Take-Aways and Outlook

- **Revenue Increase:** After delivering seven of ten episodes of ‘October Faction’ to Netflix in 4Q19, IDWE delivered the remaining three in 1Q20 increasing consolidated revenue to \$14.1 million from \$9.3 million in 1Q19. Revenue and amortized production expenses for the series were recognized as episodes were delivered to the client.
- **Loss from Operations:** IDW’s consolidated loss from operations increased to (\$6.8) million from (\$4.0) million in 1Q19. The loss primarily reflects the production costs and related overages associated with the three episodes of “October Faction” that IDWE delivered in 1Q20 as well as a loss from operations of (\$1.1) million at CTM.
- **Return to Profitability:**
 - In the remainder of FY 2020, IDW expects to generate improved financial performance including positive operating contribution from the delivery of season one of “Locke & Key” in 2Q20.
 - In FY 2021, given reasonable macroeconomic conditions, IDW currently anticipates that the company and each of its three segments will operate profitably.
- **Balance Sheet Highlights:** IDW’s cash balance at January 31st was \$4.6 million. Related party debt was \$9.0 million. Working capital (current assets less current liabilities) was \$8.9 million. Following the quarter close, IDW completed a private placement of 2.050 million shares of its Class B common stock at a sale price of \$6.00 per share for aggregate gross proceeds of \$12.3 million inclusive of a \$4.0 million debt-to-equity conversion by IDW’s Chairman and CEO, Howard Jonas.

Earnings Conference Call

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

To listen to the call and participate in the Q&A, dial 1-877-300-8521 (toll free - U.S.) or 1-412-317-6026 (toll - international) and request the ‘IDW call.’

A replay of the conference call can be accessed approximately three hours after the call concludes through March 19, 2020 by dialing 1-844-512-2921 (toll free - U.S.) or 1-412-317-6671 (toll - international) and providing this replay number: 10139931. 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. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	January 31, 2020 (unaudited)	October 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,604	\$ 10,165
Trade accounts receivable, net	46,309	45,253
Inventory	3,582	3,313
Prepaid expenses	2,164	2,092
Total current assets	<u>56,659</u>	<u>60,823</u>
Property and equipment, net	2,216	3,078
Right-of-use assets, net	7,121	0
Non-current assets		
Trade accounts receivable – non-current portion	-	-
Taxes receivable – non-current	513	513
Intangible assets, net	380	455
Goodwill	2,309	2,309
Television costs	3,029	9,388
Other assets	692	571
Total non-current assets	<u>6,923</u>	<u>13,236</u>
Total assets	<u>\$ 72,919</u>	<u>\$ 77,137</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 2,018	\$ 2,625
Accrued expenses	4,868	4,173
Deferred revenue	2,083	2,255
Bank loans payable – current portion	36,430	29,242
Related party loans payable – current portion	50	4,550
Income taxes payable	76	73
Operating lease obligations – current portion	1,775	-
Finance lease obligations – current portion	390	396
Other current liabilities	83	2,068
Total current liabilities	<u>47,773</u>	<u>45,382</u>
Non-current liabilities		
Operating lease obligations – long term portion	4,797	-
Finance lease obligations – long term portion	569	683
Bank loans payable – long term portion	9,000	10,500
Related party loans payable – long term portion	-	4,500
Total non-current liabilities	<u>14,366</u>	<u>15,683</u>
Total liabilities	<u>62,139</u>	<u>61,065</u>
Stockholders' equity (see note 1):		
Preferred stock, \$.01 par value; authorized shares – 500; no shares issued at January 31, 2020 and October 31, 2019	-	-
Class B common stock, \$.01 par value; authorized shares – 12,000; 7,460 and 7,419 shares issued and 6,941 and 6,899 shares outstanding at January 31, 2020 and October 31, 2019, respectively	75	74
Class C common stock, \$.01 par value; authorized shares – 2,500; 545 shares issued and outstanding at January 31, 2020 and October 31, 2019	5	5
Stock subscription receivable	(500)	(1,000)
Additional paid-in capital	97,799	96,671
Accumulated other comprehensive loss	(109)	(60)
Retained deficit	(85,295)	(78,457)
Treasury stock, at cost, consisting of 519 shares of Class B common stock at January 31, 2020 and October 31, 2019	(1,196)	(1,196)
Total IDW Media Holdings Inc. stockholders' equity	<u>10,779</u>	<u>16,037</u>
Non-controlling interest	1	35
Total stockholders' equity	<u>10,780</u>	<u>16,072</u>
Total liabilities and stockholders' equity	<u>\$ 72,919</u>	<u>\$ 77,137</u>

IDW MEDIA HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)	Three Months Ended January 31,	
	2020	2019
Revenues		
Product revenue	6,299	5,212
Service revenue	7,846	4,137
Total Revenues	14,145	9,349
Costs and expenses:		
Direct cost of product revenue	3,527	3,148
Direct cost of service revenue	9,780	1,955
Selling, general and administrative (i)	7,285	7,820
Depreciation and amortization	338	403
Bad debt expense	51	16
Total costs and expenses	20,981	13,342
Loss from operations	(6,836)	(3,993)
Interest expense	(19)	(105)
Other (expense) income, net	(17)	5
(Loss) Income before income taxes	(6,872)	(4,093)
(Provision for) benefit from income taxes	-	-
Net loss	\$ (6,872)	\$ (4,093)
Net loss attributable to non-controlling interests	84	-
Net loss attributable to IDW Media Holdings, Inc.	(6,788)	(4,093)
Basic and diluted loss per share (note 3):		
Net loss per share	\$ (.91)	\$ (0.67)
Weighted-average number of shares used in the calculation of basic and diluted income per share:	7,455	6,098
Interest Expense	\$ 19	\$ 115
(i) Stock-based compensation included in selling, general and administrative expenses	\$ 341	\$ 998

IDW MEDIA HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three months ended January 31,
(in thousands)

	2020	2019
Operating activities:		
Net loss	\$ (6,872)	(4,093)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	420	403
Bad debt expense	51	16
Stock based compensation	341	998
Stock options	304	-
Other non-cash adjustments, net	26	-
Changes in assets and liabilities:		
Trade accounts receivable	(1,107)	5,578
Inventory	(269)	301
Prepaid expenses and other assets	(193)	(90)
Television costs	6,359	(15,741)
Trade accounts payable, accrued expenses and other current liabilities	(1,660)	(4,403)
Deferred revenue	(172)	287
Net cash used in operating activities	<u>(2,772)</u>	<u>(16,744)</u>
Investing activities:		
Business acquisitions	-	(12)
Capital expenditures	(307)	(126)
Net cash used in investing activities	<u>(307)</u>	<u>(138)</u>
Financing activities:		
Proceeds from issuance of common stock	783	-
Non-controlling interest investment in subsidiary	201	-
Repayments of finance lease obligations	(105)	-
Repayments of capital lease obligations	-	(105)
Proceeds of related party loans	-	9,000
Proceeds of bank loans	1,195	16,955
Repayments of related party loans	-	(11,000)
Repayments of bank loans	(4,507)	(3,688)
Net cash (used in) provided by financing activities	<u>(2,433)</u>	<u>11,162</u>
Effect of exchange rate changes on cash and cash equivalents	(49)	127
Net decrease in cash and cash equivalents	<u>(5,561)</u>	<u>(5,593)</u>
Cash and cash equivalents at beginning of period	<u>10,165</u>	<u>13,445</u>
Cash and cash equivalents at end of period	<u>\$ 4,604</u>	<u>7,852</u>

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