



IDW Reports Second Quarter Fiscal Year 2020 Results

'Locke & Key' Season 2 Ordered

IDW Entertainment and IDW Publishing Deliver Strong Financial Results Despite COVID-19

NEWARK, NJ and LOS ANGELES, CA / June 15, 2020 / IDW Media Holdings, Inc. (OTC PINK: IDWM), an integrated media company, today reported a second quarter net loss per share of \$(0.04) on revenue of \$11.6 million for the three months ended April 30, 2020.

Operational Highlights

- Netflix ordered a second season of IDW Entertainment (IDWE)'s *Locke & Key*, a supernatural horror series that premiered on the service to popular and critical acclaim.
- IDW Publishing (IDWP)'s imprints were honored with an industry-leading 15 nominations for the prestigious Will Eisner Comic Industry Awards. Eisner Award winners will be announced in July.
- IDWE's live-action series *Wynonna Earp* has completed filming and production of episodes 1-6 of season 4. The balance of production -- episodes 7-12 -- is expected to resume as COVID-19 related restrictions are relaxed.
- IDWP was able to significantly offset the suspension of direct market comic distribution (see COVID-19 impacts below) by re-focusing on the library market, digital comic market, the book market, web store and foreign sales. Demand strengthened for backlisted titles such as *Locke & Key* and coloring books, licensed titles, and puzzles and board games. Direct market comic distribution and comic releases resumed in a reduced capacity in May. Since then, re-orders have been stronger than expected. Notable upcoming releases include *Sleeping Beauties* by Stephen and Owen King and the first titles in IDWP's Spanish-language graphic novel program.

COVID-19: Overview of Impacts

- **IDW Media:** Through its subsidiaries, IDW received Paycheck Protection Program (PPP) loans of \$3.0 million in aggregate comprising \$1.2 million related to core IDWE and IDWP operations, and \$1.8 million for CTM. The latter was received shortly after the quarter close and is not reflected in second quarter financials. The company intends to utilize the substantial majority of proceeds to compensate furloughed personnel and in other expense categories eligible for forgiveness.
- **IDWE:** Industry-wide production suspensions halted filming and production of *Wynonna Earp* Season 4 after the completion of six of twelve episodes. IDWE continued developing, packaging and pitching from its pipeline on a remote basis.
- **IDWP:** Halted most new product releases through the direct comic market in late March when Diamond, the comic industry's sole direct market distributor, suspended operations. IDWP pivoted to focus on back catalog, digital sales, direct-to-consumer sales, foreign sales, and book market channels. IDWP has extended full returnability on all new direct-market releases through July to encourage orders from retailers. IDWP furloughed or laid off approximately 20% of its workforce during the quarter. The majority of furloughed employees have since been recalled.
- **CTM:** Suspended operations and furloughed approximately 90% of its workforce in March as most clients closed and travel and tourism came to a halt. CTM has since resumed operations in both the U.S. and Canada on a limited basis.

Comments of IDW Chairman, Howard Jonas

“Netflix’s decision to renew *Locke & Key* for a second season was very gratifying and Season 2 promises to be even more exciting. Congratulations to Joe Hill and Gabriel Rodriguez whose creativity and story-telling genius conceived and guided the series, and to the IDW Entertainment team. There is more to come at IDW Entertainment as we continue to pursue additional deals from our development slate.

“IDW’s overall financial results significantly improved compared to recent quarters - despite the COVID-19 pandemic - and our balance sheet continues to strengthen. IDW Publishing adapted to the suspension of its direct comic market with increased sales of backlisted titles, games and digital offerings through the non-direct market and direct-to-consumer channels, while IDW Entertainment benefitted from recognition of *Locke & Key* -derived revenue. The pandemic forced CTM to suspend operations during the second quarter. However, certain of its key markets are beginning to re-open, and we have begun what we expect will be a gradual rebound.

“If operations continue to normalize in the coming weeks and months as anticipated, we are positioned to pursue the tremendous opportunities for original content producers in the global entertainment market. We remain committed to moving towards an SEC registration and exchange listing to increase IDW’s visibility in the capital markets.”

Consolidated P&L Highlights

(Numbers may not foot due to rounding)

<i>(in millions, except net loss per share, unaudited)</i>	2Q20	1Q20	2Q19
Revenue	\$11.6	\$14.1	\$7.8
Direct cost of revenue	\$4.5	\$13.3	\$4.1
SG&A including non-cash compensation	\$6.5	\$7.3	\$7.0
Non-cash compensation	\$0.2	\$0.3	\$0.7
Depreciation & amortization	\$0.4	\$0.3	\$0.4
Bad debt expense	\$0.4	\$0.1	-
Loss from operations	\$(0.3)	\$(6.8)	\$(3.6)
Net loss	\$(0.4)	\$(6.8)	\$(3.7)
Net loss per share	\$(0.04)	\$(0.91)	\$(0.61)

Segment P&L Highlights

(Does not include corporate overhead.)

<i>(in millions, unaudited)</i>	2Q20	1Q20	2Q19
Revenue			
IDW Publishing	\$4.7	\$6.3	\$3.7
IDW Entertainment	\$4.6	\$4.0	\$-
CTM	\$2.3	\$3.8	\$4.0
Income (loss) from operations			
IDW Publishing	\$(0.6)	\$0.1	\$(1.6)
IDW Entertainment	\$2.2	\$(5.6)	\$(0.7)
CTM	\$(1.6)	\$(1.1)	\$(1.3)

Financial Take-Aways

- **Revenue:** The increase in consolidated revenue was driven primarily by delivery of IDWE's *Locke & Key* Season 1 episodes. The increase in IDWP revenue resulted from increased sales of backlisted comics and books through Amazon and other non-direct market channels, digital offerings and games, partially offset by a decrease in direct market sales. The decrease in CTM revenues reflects the pandemic-related closing of many clients, including Broadway shows, and CTM's suspension of operations in March.
- **Loss from Operations:** IDW's consolidated loss from operations narrowed substantially on the receipt of high margin revenue from *Locke & Key* and, at IDWP, on increased demand for backlisted titles – notably *The Beauty of Horror* coloring book line.
- **Balance Sheet Highlights:** At April 30th, IDW's cash balance increased to \$15.9 million from \$4.6 million at January 31st. The increase includes receipt of \$1.2 million in cash from PPP loans prior to the quarter close and the proceeds of the equity placement (see below). IDW Media plans on utilizing the substantial majority of the PPP loan proceeds on qualified expenses in order to qualify for "forgiveness" for a substantial majority of its PPP loan. Working capital (current assets less current liabilities) increased to \$18.7 million from \$8.9 million, while related party debt decreased to \$5.0 million from \$9.0 million.
- **Equity Placement:** As previously announced, IDW completed a private placement of 2.05 million shares of its Class B common stock at a sale price of \$6.00 per share during the quarter. Aggregate gross proceeds were \$12.3 million inclusive of a \$4.0 million debt-to-equity conversion by IDW's Chairman, 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 1-877-705-6003 (toll free - U.S.) or 1-201-493-6725 (toll - international) and request the 'IDW Media call.'

A replay of the conference call can be accessed approximately three hours after the call concludes through June 22, 2020 by dialing 1-844-512-2921 (toll free - U.S.) or 1-412-317-6671 (toll - international) and providing this replay PIN number: 13702673. 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.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	April 30, 2020 (unaudited)	October 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,867	\$ 10,165
Trade accounts receivable, net	36,180	45,253
Inventory	4,133	3,313
Prepaid expenses	1,798	2,092
Total current assets	57,978	60,823
Property and equipment, net	2,117	3,078
Right-of-use assets, net	6,398	0
Non-current assets		
Taxes receivable	513	513
Intangible assets, net	312	455
Goodwill	2,309	2,309
Television costs	2,516	9,388
Other assets	750	571
Total non-current assets	6,400	13,236
Total assets	\$ 72,893	\$ 77,137
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 2,688	\$ 2,625
Accrued expenses	3,431	4,173
Deferred revenue	3,509	2,255
Bank loans payable – current portion	27,031	29,242
Related party loans payable – current portion	-	4,550
Government loans- current portion	393	-
Income taxes payable	67	73
Operating lease obligations – current portion	1,694	-
Finance lease obligations – current portion	389	396
Other current liabilities	51	2,068
Total current liabilities	39,253	45,382
Non-current liabilities		
Operating lease obligations – long term portion	4,168	-
Finance lease obligations – long term portion	524	683
Bank loans payable – long term portion	-	10,500
Government loans – long term portion	803	-
Related party loans payable – long term portion	5,000	4,500
Total non-current liabilities	10,495	15,683
Total liabilities	49,748	61,065
Stockholders' equity (see note 3):		
Preferred stock, \$.01 par value; authorized shares – 500; no shares issued at April 30, 2020 and October 31, 2019	-	-
Class B common stock, \$0.01 par value; authorized shares – 12,000; 9,570 and 7,419 shares issued and 9,050 and 6,899 shares outstanding at April 30, 2020 and October 31, 2019, respectively	89	74
Class C common stock, \$0.01 par value; authorized shares – 2,500; 545 shares issued and outstanding at April 30, 2020 and October 31, 2019	5	5
Stock subscription receivable	-	(1,000)
Additional paid-in capital	109,777	96,671
Accumulated other comprehensive loss	(105)	(60)
Accumulated deficit	(85,425)	(78,457)
Treasury stock, at cost, consisting of 519 shares of Class B common stock at April 30, 2020 and October 31, 2019	(1,196)	(1,196)
Total IDW Media Holdings Inc. stockholders' equity	23,145	16,037
Non-controlling interest	-	35
Total stockholders' equity	23,145	16,072
Total liabilities and stockholders' equity	\$ 72,893	\$ 77,137

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)	Three Months Ended April 30,		Six Months Ended April 30,	
	2020	2019	2020	2019
Revenues				
Product revenue	4,681	3,740	10,981	8,953
Service revenue	6,874	4,069	14,719	8,205
Total Revenues	11,555	7,809	25,700	17,158
Costs and expenses:				
Direct cost of product revenue	2,506	2,470	6,032	5,618
Direct cost of service revenue	2,025	1,605	11,806	3,316
Selling, general and administrative (i)	6,538	6,977	13,823	15,040
Depreciation and amortization	354	365	692	768
Bad debt expense	431	25	482	41
Total costs and expenses	11,854	11,442	32,835	24,783
Loss from operations	(299)	(3,633)	(7,135)	(7,625)
Interest expense, net	(19)	(78)	(39)	(183)
Other income (expense), net	(36)	(18)	(53)	(13)
Loss before income taxes	(354)	(3,729)	(7,227)	(7,821)
(Provision for) benefit from income taxes	-	(18)	-	(18)
Net loss	\$ (354)	\$ (3,747)	\$ (7,227)	\$ (7,839)
Basic and diluted loss per share (note 3):				
Net loss per share continuing operations	\$ (.04)	\$ (0.61)	\$ (.89)	\$ (1.28)
Weighted-average number of shares used in the calculation of basic and diluted loss per share:	8,845	6,172	8,143	6,135
Dividend declared per common share:	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest Expense	\$ 9	\$ 92	\$ 18	\$ 207
(i) Stock-based compensation included in selling, general and administrative expenses	\$ 178	\$ 734	\$ 520	\$ 1,732

IDW MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Six months ended April 30,
(in thousands)

	2020	2019
Operating activities:		
Net loss	\$ (7,227)	(7,839)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	527	768
Amortization of finance leases	165	
Bad debt expense	482	41
Stock based compensation	520	1,732
Stock options	333	-
Amortization of right-of-use asset	995	-
Loss on deconsolidation of subsidiary	35	-
Changes in assets and liabilities:		
Trade accounts receivable	8,591	9,742
Related party receivable	-	(4,000)
Inventory	(820)	(3,258)
Prepaid expenses and other assets	115	(568)
Television costs	6,872	(13,390)
Right-of-use assets	(814)	-
Trade accounts payable, accrued expenses and other current liabilities	(2,702)	(6,740)
Deferred revenue	1,254	1,433
Deconsolidation of subsidiary	339	-
Net cash provided by (used in) operating activities	<u>8,665</u>	<u>(22,079)</u>
Investing activities:		
Disposition of subsidiary, net of cash received	(115)	(12)
Capital expenditures	(299)	(403)
Net cash used in investing activities	<u>(414)</u>	<u>(415)</u>
Financing activities:		
Proceeds from issuance of common stock	13,268	19,005
Non-controlling interest investment in subsidiary	-	-
Repayments of finance lease obligations	(207)	8
Repayments of capital lease obligations	-	(206)
Proceeds of related party loans	-	9,000
Proceeds of bank loans	2,217	17,463
Repayments of related party loans	(4,050)	(19,000)
Repayments of bank loans	(13,732)	(8,231)
Net cash (used in) provided by financing activities	<u>(2,504)</u>	<u>18,039</u>
Effect of exchange rate changes on cash and cash equivalents	(45)	119
Net increase (decrease) in cash and cash equivalents	5,702	(4,336)
Cash and cash equivalents at beginning of period	10,165	13,445
Cash and cash equivalents at end of period	<u>\$ 15,867</u>	<u>9,109</u>
Supplemental schedule of investing and financing activities		
Cash paid for interest	\$ 18	207
Cash paid for income taxes	\$ -	18

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