Loop Media, Inc. (LPTV – $2.91*)
Consumer: Media & Entertainment
Buy; $5.00 PT; $164.1M Market Cap
Coverage Initiated
Thursday, June 8, 2023

Throwing the Digital Out-of-Home Advertising Industry for a Loop—Initiating Coverage at Buy, $5 PT

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STOCK DATA	
Market Cap (mil)	$164.1
52-Week Range	$2.75–$14.50
3-Month ADTV	66,329
Shares Outstanding (mil)	56.4
Float (%)	55.5
Short Interest	482,054
Enterprise Val. (mil)	$166.8
Fiscal Year-End	December

FINANCIAL DATA

Rev. (mil)	2023E	2024E	2025E
1Q	$14.8A	$10.0	-
2Q	$5.4A	$9.8	-
3Q	$5.4	$11.8	-
4Q	$6.0	$13.9	-
FY	$31.7	$45.5	$62.4
Adj. EBITDA	2023E	2024E	2025E
1Q	$(1.6)A	$(1.8)	-
2Q	$(5.6)A	$(1.9)	-
3Q	$(4.6)	$(0.9)	-
4Q	$(3.6)	$0.2	-
FY	$(15.4)	$(4.4)	$4.1
EPS	2023E	2024E	2025E
1Q	$(0.09)A	$(0.10)	-
2Q	$(0.17)A	$(0.10)	-
3Q	$(0.15)	$(0.09)	-
4Q	$(0.13)	$(0.07)	-
FY	$(0.55)	$(0.35)	$(0.22)
P/E	NM	NM	NM

BALANCE SHEET DATA

	2Q23
Cash & Equivalents	$4.7
Accounts Receivable	$5.7
Accounts Payable	$13.5
Total Debt	$9.1
Shareholders' Equity	$(5.2)

$ in millions.

Summary and Recommendation

We are initiating coverage of Loop Media, Inc. (LPTV) with a Buy rating and a 12-month price target of $5 per share. We believe Loop Media is well positioned to benefit from the continued shift of advertising budgets from linear to digital options, with digital out-of-home (DOOH) advertising projected to see one of the strongest revenue growth rates in the coming years. While we acknowledge launching coverage in a period when advertising revenues have been pressured by macroeconomic uncertainty, we believe that this could represent an ARPU bottom for the company and that management is using this opportunity to further penetrate a relatively untapped addressable market and increase market share of DOOH venues. We believe this should put the company in a better position to capitalize on the longer-term opportunity when advertising demand recovers, DOOH venues become an increasing percentage of advertising budgets, and attractive operating leverage rematerializes. While we understand some investors may choose to wait until that demand pivot becomes more visible, we believe that the shares already price in that uncertainty and that a re-rating could be significant and quick. Lastly, we expect attention around Loop Media to grow in the coming quarters as investors seek out unique ways to play the DOOH advertising opportunity—especially as what we believe to be a recently financed "unicorn" is expected to move further into public view.

Key Points

- **Attractive outlook for digital out-of-home advertising.** While the out-of-home (OOH) category is projected to generate the second-strongest advertising revenue growth rate between 2021 and 2025, digital spending growth is expected to outpace physical spending over that period. With the notable growth in advertising video-on-demand (AVOD) in recent years, we believe consumers are increasingly accepting the trade-off of advertising for desired content—especially in non-traditional settings outside the home.
- **Untapped domestic total addressable market.** We estimate the total addressable market for DOOH advertising networks to be at least 3.2M locations domestically—including retail stores, gas stations, restaurants and bars, salons, gyms, and convenience stores. With Loop Media and other competitors penetrating only ~100,000 of those locations to date, we believe the market remains untapped, with room for multiple players to succeed—especially as management increasingly targets the top 20 demographic markets.
- **Dual growth strategy to drive penetration.** Our projections are primarily based on Loop Media providing Loop Players to businesses to integrate with existing audio/video systems and access the growing 200+ channel content library. In addition, with the recent launch of the Partner Program, the company can capitalize on installed networks of consumer-facing screens to accelerate penetration (e.g., retail point of sale, gas station pumps).
- **Projected pivot to positive AEBITDA in 4Q24.** With the combination of growth in the company's screen base, a conservative recovery in advertising spending, and improving margins on a content mix shift, we are projecting Loop Media to pivot to positive AEBITDA in 4Q24. We would view additional visibility on that pivot as potentially driving a positive mindset change with investors in an environment of capital-raising concerns.
- **Attractive valuation given relative growth rates, in our opinion.** We are arguing for a premium EV/S multiple relative to the peer group, as we believe that Loop Media's projected CY24 revenue growth rate is more than 8x the peer group average and that the projected pivot to positive AEBITDA warrants such a premium. In addition, a private peer company completed a financing round at a LTM revenue multiple of 18x earlier this year, and we expect Loop Media to benefit as investor awareness of the opportunity increases.

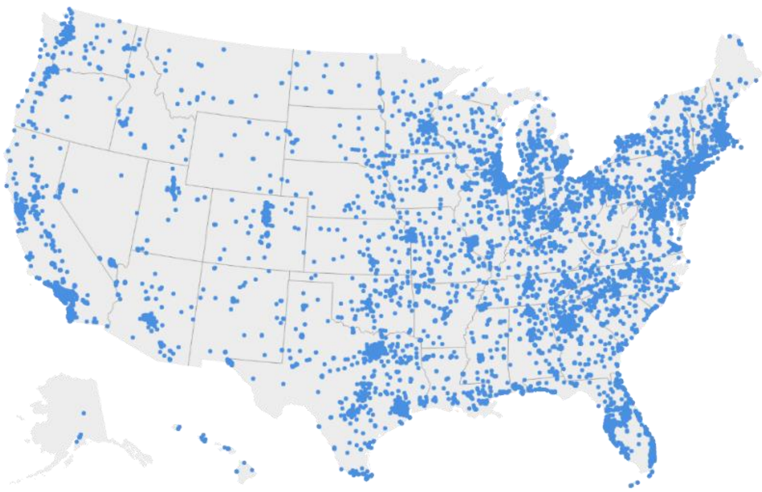
Loop Media at a Glance

In the roughly seven years since Loop Media, Inc. was founded in 2016 by CEO Jon Niermann, CPO/CTO Liam McCallum, and Head of Business Development Shawn Driscoll, the company has become what we believe to be a powerful force in the growing digital out-of-home (DOOH) advertising industry. Along with operating the second-highest number of traditional venue screen installations around the U.S., we view a second major Partner Platform expansion that occurred in March as positioning Loop Media as a leading player in the industry with nearly 57,000 total customer-facing screens.

In the DOOH advertising industry (as is the case with just about any other digital video platform), content is king. After initially taking a 20% minority stake in ScreenPlay in early 2016, while the company was still in "stealth mode," Loop Media announced that it had acquired the remaining 80% stake of ScreenPlay in February 2019. Although ScreenPlay had already been in operation for decades, what attracted Loop Media to the company was the library of more than 200,000 licensed music videos and trailers for films, games, and TV shows—mostly in short-form video formats. This was expected to provide the backbone of Loop Media, as that company's technology and delivery methodology would be updated to better serve a customer base that already included several major chains and brands, including Buffalo Wild Wings, Yard House, Hard Rock Cafes, and Norwegian Cruise Line.

In February 2020, Loop Media became a public company through a reverse merger with Interlink Plus, which traded on the OTC market under the symbol "ITRK" at the time. Then, for most of 2020 and 2021, management focused on the introduction and accelerated rollout of an advertising-supported revenue model into the DOOH market through the development of the Loop Player delivery technology. After ending September 2021 with only 5,791 Loop Players installed, the company accelerated the rollout with increased customer acceptance and increased the number of Loop Players by almost six times to 32,734 at the end of March 2023.

Figure 1: U.S. Locations of Loop Player Installations



Source: Company presentation

With our estimate of at least 3.2M potential venues to be targeted in the U.S. for DOOH advertising, including the Loop Player and other competing platforms, we believe the market is ripe for continued expansion in the coming years—with enough room for multiple companies to take market share. Furthermore, with the introduction of Loop Media's Partner Platform business model in May 2022, we see an opportunity to expand more quickly as the company's advertising inventory is placed on the screens of existing distribution platforms. In addition to these two domestic growth opportunities, management is beginning to target international markets—which we believe will be aided by the June 2021 acquisition of EON Media Group and access to the Asia Pop40 syndicated radio program and the opportunity to adapt this to television for an advertising-supported revenue model.

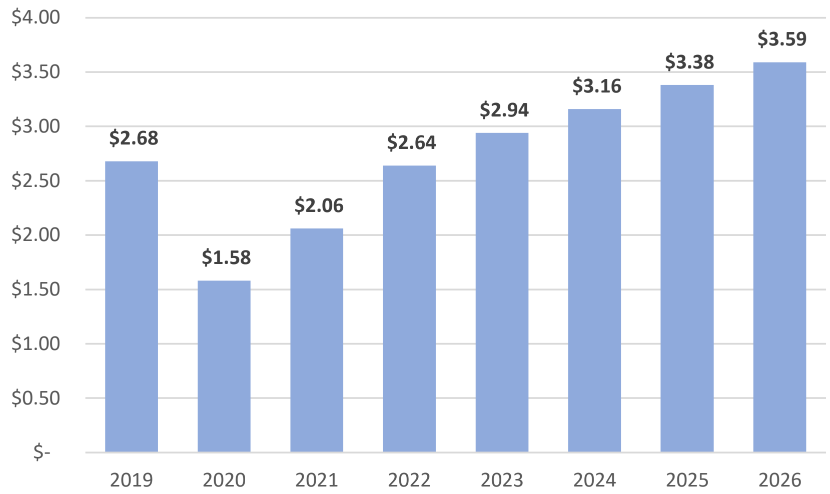
In September 2022, Loop Media completed a follow-on offering that raised $12M in gross proceeds, along with the approval for the uplisting of the shares to the NYSE American exchange under the "LPTV" ticker.

Attractive Outlook for Digital Out-of-Home Advertising

As the U.S. emerges from the spending impacts experienced during the pandemic, PricewaterhouseCoopers (PwC) is projecting a solid recovery and continued growth in advertising spending across all media markets—except for those advertising categories that had been struggling prior to the pandemic, namely newspaper and consumer magazine advertising. Baked into those projections is an estimate that the out-of-home (OOH) category could generate one of the strongest advertising spending growth rates between 2021 and 2025—with 44% projected growth over that four-year span, which is second only to the projected 60% growth for the podcast category. According to PwC, OOH advertising spending is projected to surpass spending on both newspapers and consumer magazines by 2025.

Along with an expected continued recovery for OOH advertising spending after that category was one that suffered the most during the pandemic (as consumers either stayed at home or businesses were forced to close due to health regulations), we also believe the DOOH subcategory is poised for attractive above-average growth rates in the coming years.

Figure 2: U.S. Digital Out-of-Home (DOOH) Advertising Spending ($ in Billions)



Source: eMarketer and InsiderIntelligence.com

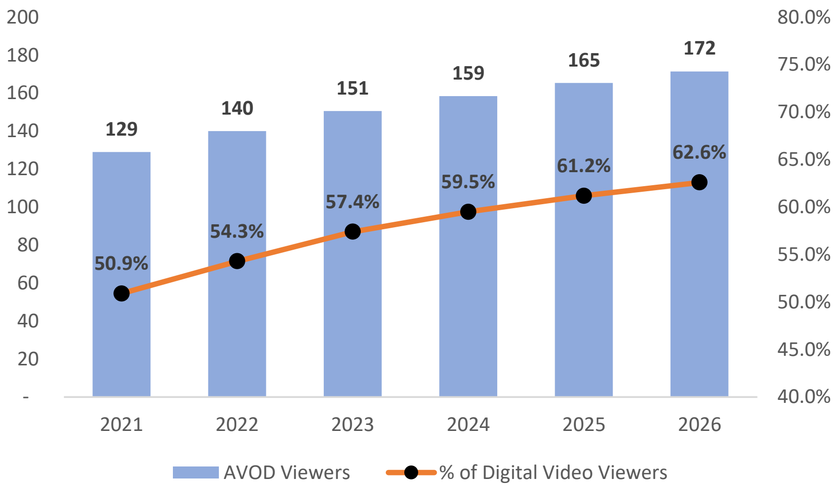
Not only does DOOH advertising enable advertisers and brands to be dynamic with their messaging, but it also increasingly provides an opportunity to target consumers where they are congregating or visiting on a recurring basis (restaurants, bars, grocery stores, convenience stores, etc.). PwC estimates that DOOH advertising spending will experience a 15.3% CAGR between 2020 and 2025, compared with a 9.6% CAGR for physical OOH advertising spending over the same five-year time frame.

In our opinion, there are three main drivers behind the expected surge in DOOH advertising spending in the coming years: (1) the increasing acceptance of non-linear advertising by consumers in exchange for content; (2) the inability of traditional cable or satellite platforms to provide short-form content; and (3) the opportunity for advertisers to target multiple consumers simultaneously.

After the surge in demand for subscription video-on-demand (SVOD) services with a meaningful number of new platforms launching into and during the pandemic, we believe there has been a notable shift in demand toward advertising video-on-demand (AVOD) services recently. With a recent study by Deloitte finding that the average U.S. household subscribes to four SVOD services, we believe consumers are searching for new ways to access exclusive or unique content without increasing monthly expenses—helping to drive, in our opinion, the acceptance of advertisements in the digital video environment. According to eMarketer, the number of AVOD viewers is projected to increase by ~23% between 2022 and 2026, with the AVOD viewer population reaching ~63% of all digital video viewers (after eclipsing 50% in 2021).

With traditional consumer streaming platforms and cable/satellite offerings (historically the video choice of the target market) focused on long-form content (i.e., more than 10 minutes in length) and videos that are reliant on audio or people narrating the content, we believe this creates an opportunity for Loop Media and others in the industry to take share with an offering that is more suited for both the venues and advertising customers. Lastly, we believe the attractiveness of DOOH advertising is enhanced by the ability of advertisers and brands to target specific demographics by location and daypart, along with reaching multiple sets of consumer eyeballs simultaneously through each screen operating at the business.

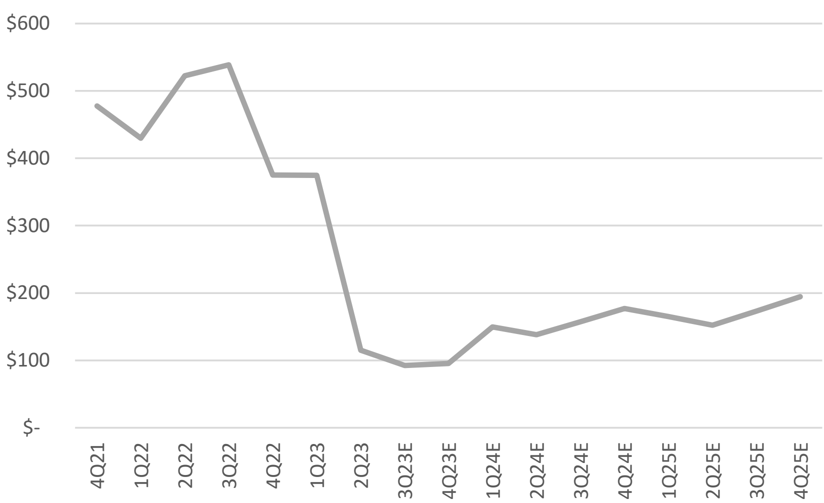
Figure 3: U.S. Advertising Video-on-Demand Viewers (Millions)



Source: eMarketer and InsiderIntelligence.com

Although we believe the longer-term outlook for the DOOH segment remains healthy as overall advertising budgets likely continue to shift in the coming years toward the various digital offerings, we acknowledge that overall advertising spending has experienced short-term pressure in recent months given the macroeconomic uncertainty. As shown in Figure 4, Loop Media has not been immune to these advertising spending headwinds, with reported revenue per screen declining materially in the past two quarters (both reported 2Q23 results and recent guidance provided for 3Q23).

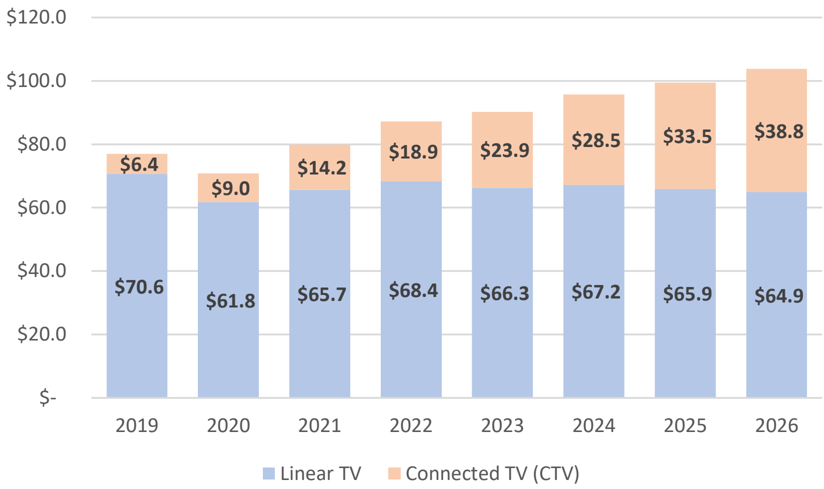
Figure 4: Loop Media's Projected ARPU on Total Screen Count



Source: Company reports and B. Riley Securities Research

We also understand that another potential headwind facing Loop Media's advertising subsector is the continued education needed with brands and advertisers as to the positioning of these DOOH screens within an overall spending budget. Given that this represents a relatively new and emerging advertising segment, Loop Media management has also been working to include these venue screens as a part of the larger connected TV (CTV) budgets, in addition to the smaller, but growing, DOOH budgets. These efforts include redirecting the company's sales efforts with new venues within the top 20 markets and specific venue types to ensure the demographic profile fits the needs of the advertisers. We believe that building this awareness ahead of the up-fronts and the setting of budgets into the coming year will help to boost overall demand for the Loop Media platform.

Figure 5: Combined Domestic Linear and Connected TV Advertising Spending ($ in Billions)



Source: eMarketer

Given the recent advertising weakness and the economic uncertainty persisting in the market, we take a more conservative approach to our modeled ARPU projections through FY25, awaiting strengthened visibility into underlying advertising demand trends and their likelihood of improving materially from current levels. However, we understand that management is using this opportunity to drive increased market share by locking in new customer venues and adding to the installed screen base with a further focus on those top 20 markets that it believes are likely to drive stronger interest from advertisers. In our opinion, this will better position the company for improving financial results and operating leverage when the market does recover—which, we believe, is a better strategy than waiting for that recovery to occur given the strong returns still available for venue installations even at current revenue levels. Loop Media management expects to see signs of an industry recovery in September and October of this year—along with increasing contributions from the internally developed direct sales team.

Untapped Domestic Total Addressable Market

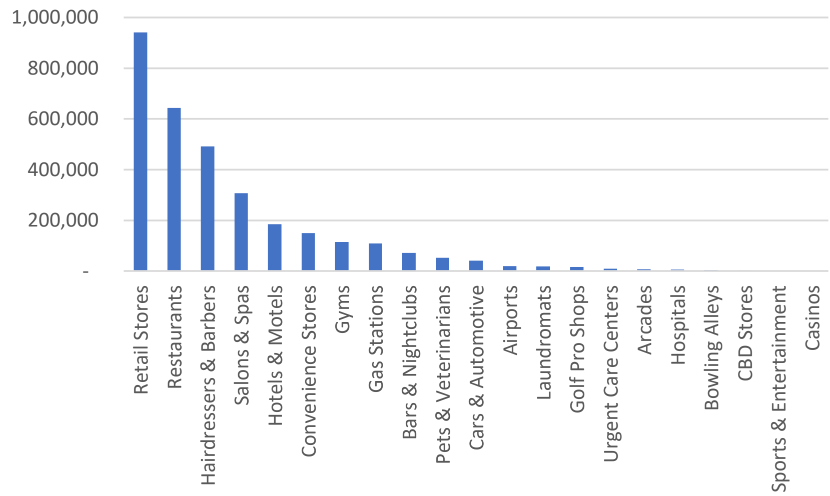
Although restaurants and bars are, we believe, the obvious target market for DOOH advertising—given the dominant ScreenPlay customer list at the time of the acquisition (Buffalo Wild Wings, Yard House, Hard Rock Cafes", etc.) and with these locations attracting numerous consumers at the same time—Loop Media (and others in the DOOH industry) have quickly proven that the addressable market goes well beyond those locations.

In our opinion, the addressable market for Loop Media would include any location where consumers have idle time on their hands (e.g., airports and waiting rooms), are sitting for lengthy periods (e.g., restaurants, bars, barbershops, and salons), or can be engaged with promotions or at the register or point of sale (e.g., retail stores, convenience stores, and gas stations).

We have analyzed the U.S. business landscape (adjusting downward for the size and revenue generation of certain categories) and estimate that the total addressable market for DOOH advertising networks could be at least 3.2M locations—with Loop Media and all other industry competitors currently penetrating less than 4% of this total opportunity. More importantly, Loop Media's business model provides an opportunity for multiple Loop Players to be installed within each location to allow for different content feeds to be played simultaneously on different screens—with each screen accessing a different target audience and enabling additional advertising inventory to be sold.

Along with Loop Players being provided to businesses at no charge, we see three additional benefits that could help to drive interest from a variety of sectors—especially as the domestic economy potentially moves into a period of weakness when operating expenses are closely scrutinized. First, while some businesses will continue to have a need for cable/satellite subscriptions (e.g., bars and restaurants that are dependent on showing sporting events to customers), a significant number of businesses may not have a need for that long-form programming (or the monthly bill). Therefore, the potential replacement of those subscriptions with a free content offering from Loop Media could represent meaningful operating expense savings without impacting the customer experience.

Figure 6: Estimated U.S. Addressable Market for DOOH Advertising Platforms



Source: U.S. Bureau of Labor Statistics, IBISWorld, and B. Riley Securities Research

Second, Loop Media allows its customers to occasionally utilize its technology platform for in-store signage and promotions on the screens—which not only puts these promotions where eyeballs are likely already focused but saves the business from utilizing other third-party services or platforms for this internal need.

Figure 7: Simple Examples of In-Store Digital Signage for Retail Stores and Bars/Restaurants

Source: Company presentation

Third, Loop Media also provides its customers with monthly bonuses for consistent uptime and streaming operating hours through the "Loop Rewards" program, which allows businesses to earn cash, pre-paid Visa cards, and gift cards, with the option of also funneling those monthly cash bonuses to the charities of their choice. The company recently refined the rewards program to be more targeted to those venues that were benefiting Loop Media the most in terms of usage and activity levels with the Loop Player portal.

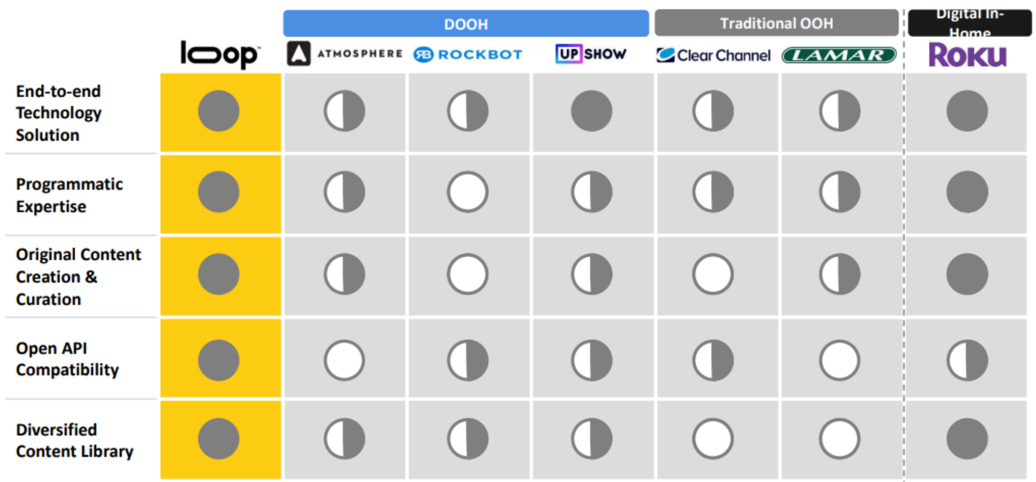
While a handful of direct competitors to Loop Media are targeting the DOOH advertising market in the U.S., we believe that the estimated remaining opportunity of potential business customers is large enough to support multiple players in the space and that the core competition remains expensive cable and satellite platforms that do not provide the needed flexibility (and incoming revenue stream) of these DOOH advertising platforms.

Direct competitors within the DOOH advertising market:

- **Atmosphere TV.** Atmosphere TV was spun out of the Chive Media Group in late 2018 to provide an opportunity for that business to grow and raise capital more efficiently. At the time of the spinout, the company was distributing content into about 4,000 locations and was expected to generate $10M in revenue in 2019. The company currently distributes content to more than 50,000 venues globally with at least 30,000 separate customers. While the company generated a reported ~$55M in revenue in 2022, the biggest headwind to profitability has been up-front customer acquisition costs—with management expecting to reach positive EBITDA by the end of 2023 or early 2024. To date, Atmosphere has raised $200M+ in equity financing (the most recent $65M completed in early 2023), with a valuation at the latest round reportedly at $1B.

- **UPshow.** UPshow was founded in 2015 and currently provides its advertising platform to 30,000+ screens globally. The company also recently adapted its platform to provide an opportunity for businesses to utilize the screens internally for features such as training, employee productivity tracking, and motivational videos under the UPshow SHIFT brand. To date, the company has raised $17M in equity financing, with the latest $14M round completed in late 2020.
- **Rockbot.** After being founded in 2009, Rockbot has completed total financing of $5.4M, with the latest funding round reportedly completed in May 2015.
- **ReachTV.** ReachTV has been focused on targeting travelers within airports for its content distribution platform—currently reaching consumers through 2,500+ screens at 90 commercial airports and 58 private airports domestically.

Figure 8: Out-of-Home Advertising Peer Group Offering Differentiation



Note: "Estimated Remaining Opportunity" equals the B. Riley Securities addressable market projection less current competitive installations.

Source: Company presentation

Dual Growth Strategy to Drive Penetration

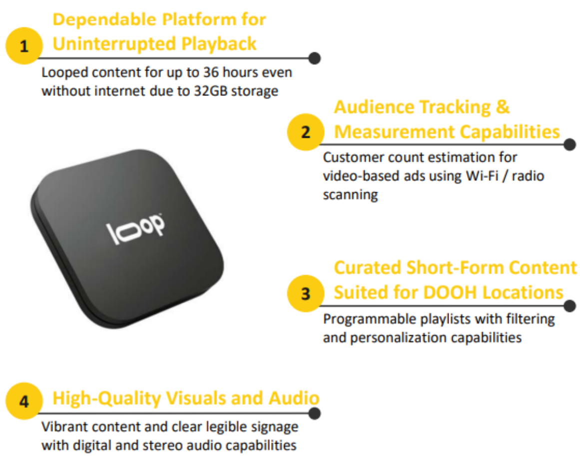
During the post-pandemic economic restart in early 2021, when most small businesses were looking for ways to reduce ongoing monthly expenses, Loop Media management made the decision to pivot from a predominantly subscription model to an advertising-based model. This new operating model increasingly reduces any expense burden on the business customers (i.e., no additional subscription cost and the opportunity to completely cut the cord from prior cable/satellite entertainment providers) and has the potential to generate incremental bonuses to the businesses through the Loop Rewards program.

The predominate business model driving Loop Media's recent and projected growth is the owned and operated (O&O) platform, where the company targets individual businesses through social media outreach and other online mediums, as well as multi-location businesses or franchise groups through an internal enterprise sales team.

The customized and reconfigured Loop Player costs the company roughly $50 out the door to the business customer, with an average location receiving two to four devices (allowing each screen at the location to show different content to viewers and representing incremental advertising revenue generation) and the total acquisition cost per venue estimated to be $400–$500. The customer can easily connect the Loop Player to the venue's existing audio system and installed TVs without requiring a visit from a Loop Media representative. When combining the up-front hardware cost with marketing and customer acquisition costs, we estimate that payback from each new location is currently possible within four to six months (and likely on the lower end of that range or better with a greater number of Loop Players at the location).

Loop Media provides its business customers with access to 200+ fully licensed content channels offering a variety of music videos, action sports programming (e.g., World Surf League, Pac-12 Football, GoPro TV), and lifestyle and news short-form programming (e.g., Hollywood Daily, Underwater Wonders, Cats Doing Things). Each Loop Player and associated TV screen can be programmed separately to show a variety of content offerings around the venue; certain content can also be restricted depending on the age of the audience within the establishment. Along with licensing a large content portfolio, Loop Media has longstanding nonexclusive licenses with the three major music labels (Universal Music Group, Sony Music, and Warner Music Group) to provide access to a large library of music videos that dates to the 1950s. Management has noted that these music channels drive a meaningful percentage of viewership at the venues, and management believes these licenses provide a competitive advantage in the industry. These license payments recur every two to three years, with those costs amortized over the life of the agreements.

Figure 9: Free-to-Use Loop Player



Source: Company presentation

Through Loop Media's proximity technology that utilizes the Wi-Fi and Bluetooth capabilities of the Loop Player, the company can determine the number of potential viewers that are within roughly a 10-foot range of each of the screens in a particular venue—to provide improved viewership data to advertising partners. While this potential "multiplier effect" on advertising revenue is still relatively early in the development of the DOOH advertising segment and currently benefits only about 10% of the advertisements that are displayed on the Loop Media platform, management sees this as a longer-term opportunity to drive revenue contributions from each venue, where this proximity technology is increasingly applicable (e.g., bars and restaurants). In our opinion, the value of this technology would be less related to attempting to patent its application but primarily to having more of the competitors in the DOOH segment adopt its use. We believe this could improve advertisers' acceptance of the technology and drive higher ARPUs throughout the industry.

In May 2022, the company launched a new Partner Platform to capitalize on the potential viewership reach of large networks of consumer-facing screens already installed that could provide an advertising option that is different (and incremental) from the traditional addressable market opportunity. For this market, we need to consider those businesses or venues with a dedicated networked point-of-sale (POS) system in place where customers are "captive" while completing their transactions or in conversations with store employees. These businesses may not be ripe for traditional TV screen installations with Loop Media around the venue but may, instead, be able to monetize the POS systems already in use—and change them from purely cost centers to income sources.

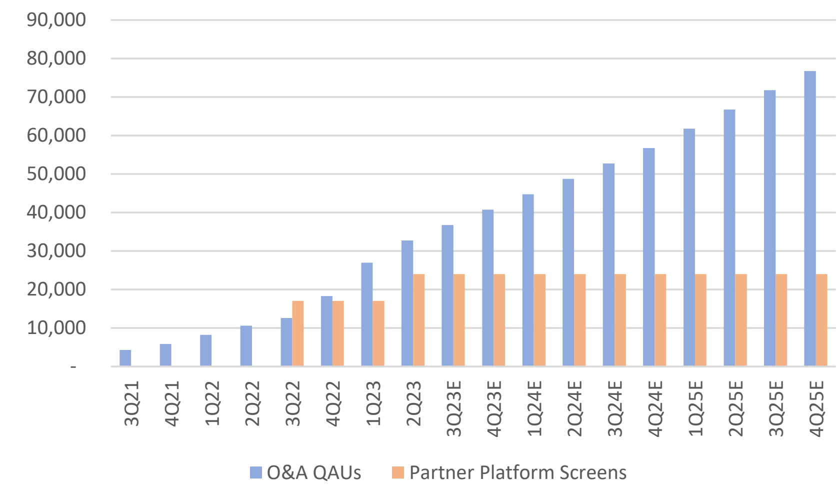
Figure 10: Example of LoopTV Broadcast on Chevron Gas Pump Screens (Partner Platform)

Source: B. Riley Securities Research

Given the large number of POS installations that can be accessed by Loop Media at once without the need for installing the traditional players, the company has a different model for this opportunity with revenue share as opposed to the normal Loop Rewards program. After announcing the Partner Platform in May 2022, the company's advertising technology was integrated into 17,000 partner screens by the end of that month, which eclipsed the number of traditional quarterly active units (QAUs) installed at the time. The company recently added another 7,000 screens with a second partner during the March 2023 quarter—taking the total number of screens installed under the Partner Platform to approximately 24,000.

Given the lumpiness of installations under the Partner Platform—with major multiyear exclusivity agreements involved—we are not assuming any additional Partner Platform installations in our model and will view those as incremental to the network growth rate that is assumed for the traditional QAU business. As shown in Figure 11, we are projecting the number of total screens to increase from 56,734 at 2Q23 to 80,734 by the end of FY24 and to 100,734 by the end of FY25.

Figure 11: Projections for QAUs and Partner Platform Screens



Source: Company reports and B. Riley Securities Research

Initial Estimates and Valuation Thoughts

Loop Media reported 2Q23 results on May 11, with revenue and AEBITDA of $5.4M and ($5.6M), compared with $4.9M and ($3.0M), respectively, reported during the year-ago period. Management attributed the weak quarterly results to the recent macroeconomic headwinds that have adversely impacted advertising spending across virtually all categories since late last year. Nevertheless, demand from venues for Loop Player installations remained robust with the second-highest number of QAU installations in the company's history at 5,831 screens. Note that Loop Media operates with a September fiscal year-end, and there are only two other analyst estimates included in the consensus estimates—which, we believe, is skewing the calculated averages.

On June 2, Loop Media provided 3Q23 guidance, which demonstrated that the macroeconomic uncertainty that has adversely impacted advertising spending has continued into the company's current quarter. Given our expectation that the company likely added a similar number of QAUs in 3Q23 as in the prior quarter, this would likely indicate further weakening in ARPU on a sequential basis. While revenue is expected to be relatively flattish from 2Q23 levels, the focus on improving the content mix is expected to boost the gross margin from 29.4% in 2Q23 to 30%–33% in 3Q23, while the expense reduction efforts will likely reduce cash operating costs by 20% sequentially. Although the flattish revenues could be seen as somewhat disappointing, we believe the efforts to boost margins and reduce overhead expenses will play out well for Loop Media in the quarters ahead, should advertising demand rebound.

- **3Q23 estimates.** Our initial 3Q23 revenue and AEBITDA estimates of $5.4M and ($4.6M) compare to the consensus estimates of $5.5M and ($4.4M), respectively. For the quarter, we are projecting the installation of 4,000 new QAUs under the O&O model and a Q/Q decline in ARPUs from the weakening economic conditions at the beginning of advertising budget periods.
- **FY23 estimates.** Our initial FY23 revenue and AEBITDA estimates of $31.7M and ($15.4M) compare to the consensus estimates of $32.0M and ($15.1M), respectively. For the year, we are projecting the installation of 22,494 new QAUs under the O&O model, along with ARPUs remaining relatively weak through the end of the year.

- **FY24 estimates.** Our initial FY24 revenue and AEBITDA estimates of $45.5M and ($4.4M) compare to the consensus estimates of $39.0M and ($10.2M), respectively. For the year, we are projecting the installation of 16,000 new QAUs under the O&O model, along with improving ARPUs beginning in 2Q24 and continuing to increase Y/Y through the remainder of the year. We are also projecting that the company can move into positive AEBITDA territory in 4Q24.
- **FY25 estimates.** Our initial FY25 estimates include revenue and AEBITDA of $62.4M and $4.1M (there are no consensus estimates prior to the publication of this initiation report). For the year, we are projecting the installation of 20,000 new QAUs under the O&O model, along with a low-double-digit percentage increase in ARPUs compared to FY24.

While we acknowledge that we are launching coverage in a period when advertising revenues have been pressured by economic uncertainty, this could, in our opinion, represent an ARPU bottom for the company and that management is using this opportunity to further penetrate an untapped addressable market and increase market share of DOOH venues. We expect this to put the company in a better position to capitalize on the longer-term opportunity when advertising demand recovers, DOOH venues become an increasing percentage of advertising budgets, and attractive operating leverage re-materializes. While we understand some investors may choose to wait until that demand pivot becomes more visible, we believe that LPTV shares already price in the uncertainty and that a re-rating on the shares could be significant and quick.

Although Loop Media completed an equity offering raising $12M in gross proceeds along with the uplisting to the NYSE American Exchange in September 2022, our model includes the assumption that the company will need to raise additional equity totaling $25M during FY23 and FY24, given our expectation for continued quarterly AEBITDA losses through most of FY24. With that in mind, the company announced an "at-the-market" ("ATM") program with B. Riley Securities on May 15 that could raise up to $50M in gross proceeds.

While we have assembled a comp table for Loop Media that includes leading players in the out-of-home advertising segment and a handful of companies that are driving the technology backbone of the space, we acknowledge that there may not be a true public comp for Loop Media at this time. In our opinion, the private company Atmosphere TV may represent the strongest valuation comp to Loop Media, given that the two companies have similar screen base and growth strategy, and Atmosphere TV just completed a financing round earlier this year at a valuation of approximately $1B.

Figure 12: Out-of-Home Advertising and Advertising Technology Comp Table

	Ticker	Share Price	Market Cap. ($M)	Enterprise Value ($M)	Sales ($M) CY23	Sales ($M) CY24	EV/Sales CY23	EV/Sales CY24	CY24E Sales Growth	EBITDA ($M) CY23	EBITDA ($M) CY24	EV/EBITDA CY23	EV/EBITDA CY24
Clear Channel Outdoor	CCO	$ 1.39	$ 700	$ 5,945	$ 2,543	$ 2,663	2.3x	2.2x	4.7%	$ 534	$ 591	11.1x	10.1x
Digital Turbine	APPS	$ 9.29	$ 945	$ 1,280	$ 635	$ 707	2.0x	1.8x	11.5%	$ 145	$ 180	8.8x	7.1x
Lamar Advertising	LAMR	$ 94.17	$ 9,601	$ 12,936	$ 2,125	$ 2,227	6.1x	5.8x	4.8%	$ 984	$ 1,048	13.1x	12.3x
Magnite	MGNI	$ 13.34	$ 2,032	$ 2,473	$ 558	$ 629	4.4x	3.9x	12.7%	$ 183	$ 221	13.5x	11.2x
National CineMedia	NCMI	$ 0.34	$ 74	$ 1,123	$ 272	$ 300	4.1x	3.7x	10.4%	$ 56	$ 67	19.9x	16.8x
OUTFRONT Media	OUT	$ 15.18	$ 2,548	$ 5,248	$ 1,873	$ 1,964	2.8x	2.7x	4.9%	$ 514	$ 543	10.2x	9.7x
PubMatic	PUBM	$ 18.22	$ 1,085	$ 911	$ 264	$ 298	3.4x	3.1x	12.9%	$ 80	$ 99	11.4x	9.2x
Medians							**3.4x**	**3.1x**	**10.4%**			**11.4x**	**10.1x**
Averages							**3.6x**	**3.3x**	**8.8%**			**12.6x**	**10.9x**
Loop Media	LPTV	$ 2.91	$ 164	$ 169	$ 27	$ 49	6.3x	3.4x	83.3%	$ (16)	$ (2)	N/M	N/M

Source: Company reports, FactSet, and B. Riley Securities Research

Although we would not be willing to assign a double-digit EV/sales multiple to Loop Media (as would be implied by the recently completed private market valuation round for Atmosphere TV), we are comfortable assigning a premium EV/sales multiple to the median multiples that are shown in Figure 12. Therefore, with an EV/sales multiple of 6.0x on our CY24 revenue estimate, we arrive at an initial price target for LPTV shares of $5.00—or the potential for more than 70% upside from current levels. Note that this price target accounts for our assumption for additional equity raises through the end of FY24 and the issuance of common shares into the market and progressively higher stock prices over the next 18 months.

Management and Board of Directors[1]

Jon M. Niermann, co-founder, chief executive officer, and chairman. Jon M. Niermann is a co-founder and has been chairman and chief executive officer of Loop Media since May 2016. Prior to founding Loop Media in 2016, Mr. Niermann founded FarWest Entertainment, a global platform bridging the Asia-Pacific region and the West through multimedia entertainment and strategic partnerships, and served as its chief executive officer and executive producer from 2010 to 2015. He served as president of Electronic Arts Asia from 2003 to 2010, where he helped move the game portfolio into online gaming, and spent 15 years, from 1988 to 2003, with The Walt Disney Company, including as managing director and president, Asia-Pacific, of Walt Disney International from 2001 to 2003. Mr. Niermann holds a Bachelor of Science and Arts in finance and marketing from the University of Denver and an M.B.A. from UCLA's Anderson School of Management.

Neil Watanabe, chief financial officer. Neil Watanabe has served as chief financial officer since September 2021. Prior to joining the company, Mr. Watanabe was most recently principal of Watanabe Associates, where he provided senior financial and accounting leadership to various companies, including Value Village Inc. (d.b.a. "Savers") and High Times Holding Corp. From 2015 to 2019, Mr. Watanabe was chief financial officer of CarParts.com, Inc., a publicly traded American online retailer of automotive parts and accessories for cars, vans, trucks, and sport utility vehicles. Mr. Watanabe also served as executive vice president and chief financial officer of PetSmart Inc. He previously worked in various financial and operational leadership roles at National Stores, Inc., Anna's Linens, Shoe Pavilion, and MacFrugal's Bargains – Closeouts Inc. (d.b.a. "Pic N' Sav"). Mr. Watanabe is currently a board member of the National Corvette Museum and Reality Venture International and received his CPA certification in the State of Illinois. Mr. Watanabe holds a Bachelor of Arts from the University of California, Los Angeles and a CPA Certification from the University of Illinois at Urbana-Champaign.

Liam McCallum, co-founder and chief product and technology officer. Liam McCallum is a co-founder and has been chief product and technology officer since May 2016. Mr. McCallum founded Encoder Farm, a video encoding software-as-a-service platform for developers, in 2017, and served as its chief executive officer from 2017 to 2020. He served as an advisor to Motorola Outdoor from 2015 to 2016, was the founder and chief technology officer of cloud media company Hive Cloud Ltd. from 2014 to 2015, and was a senior advisor to FarWest Entertainment from 2010 to 2015. Prior to 2015, Mr. McCallum was the founder and chief executive officer of QVIVO, a global enterprise cloud media platform backed by SingTel Innov8, from 2010 to 2014, and from 2000 to 2010, he was at Electronic Arts, eventually becoming Asia-Pacific's head of online technology.

Andy Schuon, head of Loop Media Studios. Andy Schuon has served as the head of Loop Media Studios since November 2020. Prior to joining Loop in 2020, in 2018, Mr. Schuon co-founded Spkr (acquired by Loop in 2020) and served as its chief executive officer, where he conceived and launched a platform to solve discovery and time-related issues with podcasting. Before forming Spkr, in 2011, Mr. Schuon co-founded and was the founding president of Revolt Media & TV, a music-focused television network. From 2011 to 2015, he was chief digital officer and president, Artist Services for LiveNation. He founded the International Music Feed Network for Universal Music Group in 2007 and served as its president and chief executive officer. From 2002 to 2004, Mr. Schuon was president of programming and marketing for CBS Radio. Prior to that, in 2001, he founded and served as chief executive officer of the Sony Music Group/Universal joint venture PressPlay, the first music subscription service, which was subsequently acquired and renamed Napster. Mr. Schuon was executive vice president and general manager for Warner Bros Records from 1988 to 2000, and from 1992 to 1998, he was the executive vice president of programming and production for MTV. He is currently a member of the boards of directors of Teach for America and CoFoundersLab.

Bob Gruters, chief revenue officer. Bob Gruters has served as chief revenue officer since May 2021. Mr. Gruters also concurrently serves as a strategic advisor for MetaVRSE, a universal interactive Web-based platform. Prior to this, from 2018 to 2021, he was chief revenue officer of the Digital Trends Media Group, leading all on-platform and off-platform revenue creation initiatives. From 2014 to 2018, he served as Facebook's group head of sales, emerging entertainment and technology. Mr. Gruters served as executive vice president, sales and marketing of REVOLT MEDIA & TV from 2013 to 2014 and spent four years, from 2009 to 2013, as senior vice president of client development at Univision Communications. From 2005 to 2009, Mr. Gruters served as vice president of business development for MTV Networks' Entertainment Group, which included Comedy Central, CMT, Spike TV, and TV Land. From 2002 to 2005, he was the director of marketing services for *The New Yorker* and spent three years as a media director of Sony Electronics from 1999 to 2002. Prior to 2002, Mr. Gruters led sales and marketing for JC Decaux's airport advertising division in the U.S. He holds a Bachelor of Arts in communications, advertising from Rowan University.

[1] *Source: Company reports*

James J. Cerna, head of capital markets. James J. Cerna, Jr. has 30 years of experience in public companies and over 20 years in the C-suite. Most recently, he was chief executive officer of FogChain Inc., a publicly traded software company headquartered in Silicon Valley. From 2014 to 2017, he was chief executive officer and chief financial officer of SauceLabs Inc., one of the largest software testing companies in the world. His prior C-suite roles include president and chief executive officer of Armada Oil, Inc., president and chief executive officer of Lucas Energy Resources, and founder and chief executive officer of NetCurrents, Inc.

Bruce A. Cassidy, director of Loop Media, chairman of the board of Ultimate Gamer, chairman of the board of Assisted 4 Living, Inc., chairman of the board of Segmint, chairman of the Sarasota Green Group, executive chairman of CelebYou LLC, executive chairman of CelebYou Productions, director of Selinsky Force LLC, founder of Excel Mining Systems, and president of The Concession Golf Club. Bruce A. Cassidy is a member of the board of directors of Loop Media. In addition to his role on Loop Media's board, Mr. Cassidy currently serves on the boards of various companies, including as chairman of the board of each of Ultimate Gamer, Assisted 4 Living, Inc., and Segmint. He serves as chairman of the Sarasota Green Group and as executive chairman of each of CelebYou LLC and CelebYou Productions and is on the board of directors of Selinsky Force LLC. He was also the founding investor and served on the board of directors of Ohio Legacy Corp. Previously, Mr. Cassidy was the founder and chief executive officer of Excel Mining Systems from 1991 until its sale in 2007 to Orica Mining Services and, from 2008 to 2009, served as president and chief executive officer of one of its subsidiaries, Minora North & South Americas. He is currently president of The Concession Golf Club in Sarasota, Florida.

Denise M. Penz, director of Loop Media; founder, president, and chief executive officer of The Preferred Legacy Trust Company; founder of Premier Bank & Trust/Ohio Legacy Corp.; and founder of Excel Financial/Excel Bancorp. Denise M. Penz is a member of the board of directors of Loop Media. In addition to her role on the board, Ms. Penz serves as president and chief executive officer of The Preferred Legacy Trust Company, a state-chartered trust company that Ms. Penz also founded. Ms. Penz served as founder, executive vice president, chief operating officer, and wealth manager of Premier Bank & Trust/Ohio Legacy Corp. from 2010 to 2019. From 2008 to 2010, Ms. Penz founded Excel Financial/Excel Bancorp and led a group of private equity investors to create a community bank and trust company. Lastly, Ms. Penz was the senior vice president and trust and investment services director of the Belmont National Bank/Sky Bank /Huntington Bank from 1996 to 2008, where she managed the trust and investment departments and developed strategic planning initiatives. Ms. Penz holds a Bachelor of Science in management and accounting from West Liberty State College and an M.B.A. from Wheeling Jesuit University.

Sonya Zilka, director of Loop Media, president and chair of The Beyond Benefits Life Sciences Board of Trustees, and senior vice president of human resources at Chan Zuckerberg Biohub. Sonya Zilka is a member of the board of directors of Loop Media. In addition to her role on the board, Ms. Zilka serves as president and chair of The Beyond Benefits Life Sciences Board of Trustees, a position she has held since 2020. Furthermore, since 2019, Ms. Zilka has served as senior vice president of human resources at Chan Zuckerberg Biohub, where she leads HR functions and spearheads internal communications. From 2013 through 2015, and again in 2018, Ms. Zilka was an executive coach and organizational development/human resource consultant at ZHR Consulting, a firm specializing in independent organizational development and human capital consulting. From 2013 to 2015, and again in 2018, Ms. Zilka served as vice president of human resources at Actelion Pharmaceuticals, where she led human resources, corporate communications, and facilities for U.S. operations. Ms. Zilka holds a Bachelor of Science in psychology from Washington State University and a master's degree in organizational psychology from Columbia University.

Valuation

We base our $5 PT on a target multiple of 6.0x our CY24 revenue estimate.

Risks

History of operating losses. Loop Media has a history of generating operating losses, these are projected to continue throughout our modeled projection period. There is no guarantee the company can reach profitability, and it may need to raise additional equity or debt capital (which may not come at attractive terms).

Competitive advertising environment. Loop Media's business model is based on generating advertising revenue within its customer locations. With a competitive advertising environment, the company may not secure enough advertisements or could see CPMs decline—with both potentially adversely impacting financial results.

Content licenses may not be renewed at attractive terms. Most of the content shown on Loop Media's systems is licensed from third-party holders or providers (which typically include minimum payment guarantees). If those licenses are not renewed or not renewed at attractive terms, the company's profitability could be adversely affected.

Risk of pandemic. Loop Media's Loop Players are installed at businesses that could be adversely impacted by any pandemic-driven restrictions on business hours, capacity, or operations in general.

Loop Media, Inc.

Consolidated Statements of Operations
($ in thousands except per share data)

Fiscal Year: September	2022 Q1 Dec	2022 Q2 Mar	2022 Q3 Jun	2022 Q4 Sep	2023E Q1A Dec	2023E Q2A Mar	2023E Q3E Jun	2023E Q4E Sep
Revenue	**$ 2,996**	**$ 4,880**	**$ 10,804**	**$ 12,153**	**$ 14,826**	**$ 5,393**	**$ 5,442**	**$ 5,998**
Cost of revenue								
Advertising and legacy	1,134	3,169	6,742	7,168	8,458	3,178	3,097	3,384
Depreciation and amortiztaion	311	346	276	304	682	631	631	631
Total cost of revenue	1,445	3,515	7,018	7,472	9,140	3,808	3,728	4,015
Gross profit	1,551	1,365	3,786	4,681	5,686	1,585	1,714	1,984
Operating expenses								
Selling, general and administrative	4,328	4,686	6,197	9,624	7,958	7,769	6,992	6,223
Stock-based compensation	1,549	1,173	1,226	5,040	1,791	2,476	2,488	2,501
Depreciation and amortization	32	32	131	160	188	235	247	259
Impairment of goodwill and intangibles	0	0	0	1,970	0	0	0	0
Total operating expenses	5,910	5,892	7,553	16,794	9,937	10,480	9,727	8,983
Income (loss) from operations	(4,359)	(4,527)	(3,768)	(12,114)	(4,251)	(8,895)	(8,013)	(6,999)
Adjusted EBITDA	**(2,466)**	**(2,976)**	**(2,135)**	**(12,042)**	**(1,590)**	**(5,556)**	**(4,648)**	**(3,609)**
Interest income (expense), net	(504)	(494)	(978)	(1,643)	(1,008)	(919)	(944)	(994)
Gain (loss) from extinguishment of debt, net	490	0	(945)	(1,153)	0	0	0	0
Change in fair value of derivatives	99	48	18	350	0	0	0	0
Inducement expense and other income (expense)	0	0	0	0	0	(3)	0	0
Income (loss) before income taxes	(4,274)	(4,974)	(5,672)	(14,560)	(5,258)	(9,817)	(8,958)	(7,994)
Income tax (expense) benefit	(0)	(1)	0	2	(1)	0	0	0
Net income (loss)	(4,274)	(4,975)	(5,672)	(14,558)	(5,259)	(9,817)	(8,958)	(7,994)
Diluted EPS	**($0.10)**	**($0.11)**	**($0.11)**	**($0.28)**	**($0.09)**	**($0.17)**	**($0.15)**	**($0.13)**
Shares outstanding (000)	44,490	45,532	51,173	51,452	56,381	56,381	58,048	60,905
Percent of revenue:								
Cost of revenue								
Advertising and legacy	37.8%	64.9%	62.4%	59.0%	57.0%	58.9%	56.9%	56.4%
Depreciation and amortiztaion	10.4%	7.1%	2.6%	2.5%	4.6%	11.7%	11.6%	10.5%
Total cost of revenue	48.2%	72.0%	65.0%	61.5%	61.6%	70.6%	68.5%	66.9%
Gross profit	51.8%	28.0%	35.0%	38.5%	38.4%	29.4%	31.5%	33.1%
Operating expenses								
Selling, general and administrative	144.5%	96.0%	57.4%	79.2%	53.7%	144.1%	128.5%	103.8%
Stock-based compensation	51.7%	24.0%	11.3%	41.5%	12.1%	45.9%	45.7%	41.7%
Depreciation and amortization	1.1%	0.7%	1.2%	1.3%	1.3%	4.4%	4.5%	4.3%
Impairment of goodwill and intangibles	0.0%	0.0%	0.0%	16.2%	0.0%	0.0%	0.0%	0.0%
Total operating expenses	197.3%	120.7%	69.9%	138.2%	67.0%	194.3%	178.8%	149.8%
Income (loss) from operations	-145.5%	-92.8%	-34.9%	-99.7%	-28.7%	-164.9%	-147.3%	-116.7%
Adjusted EBITDA	**-82.3%**	**-61.0%**	**-19.8%**	**-99.1%**	**-10.7%**	**-103.0%**	**-85.4%**	**-60.2%**
Interest income (expense), net	-16.8%	-10.1%	-9.1%	-13.5%	-6.8%	-17.0%	-17.4%	-16.6%
Gain (loss) from extinguishment of debt, net	16.4%	0.0%	-8.7%	-9.5%	0.0%	0.0%	0.0%	0.0%
Change in fair value of derivatives	3.3%	1.0%	0.2%	2.9%	0.0%	0.0%	0.0%	0.0%
Inducement expense and other income (expense)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Income (loss) before income taxes	-142.6%	-101.9%	-52.5%	-119.8%	-35.5%	-182.0%	-164.6%	-133.3%
Income tax (expense) benefit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income (loss)	-142.7%	-101.9%	-52.5%	-119.8%	-35.5%	-182.0%	-164.6%	-133.3%
Year-over-year growth								
Revenue	324.9%	514.6%	830.8%	404.4%	394.8%	10.5%	-49.6%	-50.6%
Adjusted EBITDA	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Diluted EPS	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Fiscal Year: September	2024E Q1E Dec	2024E Q2E Mar	2024E Q3E Jun	2024E Q4E Sep	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023E	Fiscal Year 2024E	Fiscal Year 2025E
Revenue	**$ 10,001**	**$ 9,778**	**$ 11,771**	**$ 13,927**	**$ 5,069**	**$ 30,833**	**$ 31,659**	**$ 45,477**	**$ 62,405**
Cost of revenue									
Advertising and legacy	5,542	5,321	6,288	7,300	3,065	18,213	18,117	24,451	32,298
Depreciation and amortiztaion	631	631	631	631	1,100	1,237	2,574	2,522	2,522
Total cost of revenue	6,173	5,951	6,918	7,931	4,165	19,450	20,690	26,974	34,820
Gross profit	3,828	3,826	4,853	5,996	904	11,382	10,968	18,503	27,585
Operating expenses									
Selling, general and administrative	6,303	6,315	6,370	6,429	20,333	34,179	28,943	25,417	26,046
Stock-based compensation	2,513	2,526	2,538	2,551	8,292	8,989	9,255	10,128	10,332
Depreciation and amortization	272	286	300	315	1,458	356	929	1,173	1,425
Impairment of goodwill and intangibles	0	0	0	0	11,207	1,970	0	0	0
Total operating expenses	9,088	9,126	9,208	9,295	41,290	45,494	39,127	36,718	37,803
Income (loss) from operations	(5,260)	(5,300)	(4,356)	(3,299)	(40,386)	(34,111)	(28,159)	(18,215)	(10,219)
Adjusted EBITDA	**(1,845)**	**(1,858)**	**(887)**	**197**	**(17,521)**	**(19,618)**	**(15,403)**	**(4,392)**	**4,061**
Interest income (expense), net	(919)	(919)	(919)	(919)	(1,680)	(3,620)	(3,866)	(3,678)	(3,678)
Gain (loss) from extinguishment of debt, net	0	0	0	0	564	(1,608)	0	0	0
Change in fair value of derivatives	0	0	0	0	159	515	0	0	0
Inducement expense and other income (expense)	0	0	0	0	3	0	(3)	0	0
Income (loss) before income taxes	(6,180)	(6,219)	(5,275)	(4,219)	(41,340)	(38,824)	(32,027)	(21,893)	(13,896)
Income tax (expense) benefit	0	0	0	0	615	1	(1)	0	0
Net income (loss)	(6,180)	(6,219)	(5,275)	(4,219)	(40,725)	(38,824)	(32,028)	(21,893)	(13,896)
Diluted EPS	**($0.10)**	**($0.10)**	**($0.09)**	**($0.07)**	**($1.00)**	**($0.81)**	**($0.55)**	**($0.35)**	**($0.22)**
Shares outstanding (000)	60,905	62,016	62,016	62,925	40,807	48,168	57,929	61,965	62,925
Percent of revenue:									
Cost of revenue									
Advertising and legacy	55.4%	54.4%	53.4%	52.4%	60.5%	59.1%	57.2%	53.8%	51.8%
Depreciation and amortiztaion	6.3%	6.4%	5.4%	4.5%	21.7%	4.0%	8.1%	5.5%	4.0%
Total cost of revenue	61.7%	60.9%	58.8%	56.9%	82.2%	63.1%	65.4%	59.3%	55.8%
Gross profit	38.3%	39.1%	41.2%	43.1%	17.8%	36.9%	34.6%	40.7%	44.2%
Operating expenses									
Selling, general and administrative	63.0%	64.6%	54.1%	46.2%	401.1%	110.9%	91.4%	55.9%	41.7%
Stock-based compensation	25.1%	25.8%	21.6%	18.3%	163.6%	29.2%	29.2%	22.3%	16.6%
Depreciation and amortization	2.7%	2.9%	2.5%	2.3%	28.8%	1.2%	2.9%	2.6%	2.3%
Impairment of goodwill and intangibles	0.0%	0.0%	0.0%	0.0%	221.1%	6.4%	0.0%	0.0%	0.0%
Total operating expenses	90.9%	93.3%	78.2%	66.7%	814.5%	147.5%	123.6%	80.7%	60.6%
Income (loss) from operations	-52.6%	-54.2%	-37.0%	-23.7%	-796.7%	-110.6%	-88.9%	-40.1%	-16.4%
Adjusted EBITDA	**-18.4%**	**-19.0%**	**-7.5%**	**1.4%**	**-345.6%**	**-63.6%**	**-48.7%**	**-9.7%**	**6.5%**
Interest income (expense), net	-9.2%	-9.4%	-7.8%	-6.6%	-33.2%	-11.7%	-12.2%	-8.1%	-5.9%
Gain (loss) from extinguishment of debt, net	0.0%	0.0%	0.0%	0.0%	11.1%	-5.2%	0.0%	0.0%	0.0%
Change in fair value of derivatives	0.0%	0.0%	0.0%	0.0%	3.1%	1.7%	0.0%	0.0%	0.0%
Inducement expense and other income (expense)	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Income (loss) before income taxes	-61.8%	-63.6%	-44.8%	-30.3%	-815.5%	-125.9%	-101.2%	-48.1%	-22.3%
Income tax (expense) benefit	0.0%	0.0%	0.0%	0.0%	-1.5%	0.0%	0.0%	0.0%	0.0%
Net income (loss)	-61.8%	-63.6%	-44.8%	-30.3%	-803.4%	-125.9%	-101.2%	-48.1%	-22.3%
Year-over-year growth									
Revenue	-32.5%	81.3%	116.3%	132.2%	70.9%	508.2%	2.7%	43.6%	37.2%
Adjusted EBITDA	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Diluted EPS	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Sources: Company reports and B. Riley Securities estimates

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Loop Media, Inc.

Balance Sheets

($ in 000s, except per share figures)

			2023 Quarterly Detail					2024 Quarterly Detail					
	2021	2022	Q1	Q2	Q3	Q4	2023	Q1	Q2	Q3	Q4	2024	2025
Assets													
Current assets:													
Cash	**$ 4,163**	**$ 14,072**	$ 7,754	$ 4,651	$ 4,572	$ 6,820	**$ 6,820**	$ 2,936	$ 5,256	$ 2,699	$ 6,121	**$ 6,121**	**$ 5,708**
Accounts receivable	**1,571**	**12,591**	15,474	5,694	5,442	5,998	**5,998**	9,501	9,289	11,183	13,230	**13,230**	**17,202**
Inventory	**223**	**18**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Prepaid expenses and other current assets	**1,663**	**1,479**	1,302	1,151	807	769	**769**	948	931	1,013	1,098	**1,098**	**1,316**
License content assets - current	**850**	**746**	1,864	2,700	2,700	2,700	**2,700**	2,700	2,700	2,700	2,700	**2,700**	**2,700**
Total current assets	**8,470**	**28,905**	26,393	14,196	13,522	16,287	**16,287**	16,085	18,176	17,594	23,150	**23,150**	**26,927**
Deposits	**34**	**64**	64	64	64	64	**64**	64	64	64	64	**64**	**64**
License content assets - non-current	**365**	**679**	1,635	1,112	1,112	1,112	**1,112**	1,112	1,112	1,112	1,112	**1,112**	**1,112**
Property and equipment, net	**39**	**1,633**	2,373	2,701	2,954	3,195	**3,195**	3,423	3,638	3,838	4,023	**4,023**	**4,597**
Operating lease right-of-use assets	**237**	**77**	34	17	17	17	**17**	17	17	17	17	**17**	**17**
Intangible assets, net	**703**	**590**	562	534	534	534	**534**	534	534	534	534	**534**	**534**
Goodwill	**1,970**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
TOTAL ASSETS	**11,819**	**31,948**	**31,061**	**18,624**	**18,203**	**21,209**	**21,209**	**21,235**	**23,541**	**23,159**	**28,900**	**28,900**	**33,251**
Liabilities and Stockholders' Equity													
Current liabilities:													
Accounts payable and accrued liabilities	**2,216**	**17,634**	18,081	13,481	11,099	10,568	**10,568**	13,030	12,799	13,924	15,102	**15,102**	**18,097**
Payable on acquisition	**250**	**250**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
License content liabilities - current	**985**	**1,093**	1,429	1,283	1,283	1,283	**1,283**	1,283	1,283	1,283	1,283	**1,283**	**1,283**
Note payable - current	**26**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Deferred income	**191**	**141**	143	0	0	0	**0**	0	0	0	0	**0**	**0**
Convertible debt related party - current	**530**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Non-revolving line of credit - current	**0**	**0**	1,652	1,810	1,810	1,810	**1,810**	1,810	1,810	1,810	1,810	**1,810**	**1,810**
Lease liability - current	**167**	**76**	30	18	18	18	**18**	18	18	18	18	**18**	**18**
Total current liabilities	**4,365**	**19,193**	21,336	16,592	14,209	13,679	**13,679**	16,141	15,910	17,035	18,213	**18,213**	**21,207**
Convertible debt related party	**1,619**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Convertible debt	**1,243**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Note payable	**461**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Derivative liability	**1,059**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Non-revolving line of credit, related party	**0**	**2,576**	2,873	3,089	5,289	3,089	**3,089**	3,089	3,089	3,089	3,089	**3,089**	**3,089**
Non-revolving line of credit	**0**	**1,494**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Revolving line of credit	**0**	**3,031**	4,666	4,185	4,185	4,185	**4,185**	4,185	4,185	4,185	4,185	**4,185**	**4,185**
Lease liability	**76**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Common stock	**13**	**6**	6	6	6	6	**6**	6	6	6	6	**6**	**6**
Additional paid-in capital	**69,825**	**101,970**	103,761	106,152	111,152	121,152	**121,152**	121,152	126,152	126,152	131,152	**131,152**	**131,152**
Accumulated deficit	**(66,842)**	**(96,322)**	(101,581)	(111,398)	(116,638)	(120,901)	**(120,901)**	(123,337)	(125,800)	(127,307)	(127,744)	**(127,744)**	**(126,388)**
Total stockholders' equity	**2,996**	**5,654**	2,185	(5,241)	(5,480)	257	**257**	(2,180)	357	(1,150)	3,413	**3,413**	**4,770**
TOTAL LIABILITIES AND S.E.	**$ 11,819**	**$ 31,948**	**$ 31,061**	**$ 18,624**	**$ 18,203**	**$ 21,209**	**$ 21,209**	**$ 21,235**	**$ 23,541**	**$ 23,159**	**$ 28,900**	**$ 28,900**	**$ 33,251**

Sources: Company reports and B. Riley Securities estimates

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Loop Media, Inc.
Statements of Cash Flows
($ in 000s, except per share figures)

			2023 Quarterly Detail					2024 Quarterly Detail					
	2021	2022	Q1	Q2	Q3	Q4	2023	Q1	Q2	Q3	Q4	2024	2025
Cash flows from operating activities:													
Net income (loss)	$ (30,974)	$ (29,479)	$ (5,259)	$ (9,817)	$ (8,958)	$ (7,994)	$ (32,028)	$ (6,180)	$ (6,219)	$ (5,275)	$ (4,219)	$ (21,893)	$ (13,896)
Amortization of debt discount	1,070	2,692	661	583	583	583	2,410	583	583	583	583	2,332	2,332
Depreciation and amortization expense	1,458	356	188	235	247	259	929	272	286	300	315	1,173	1,425
Amortization of license content assets	1,100	1,237	682	631	631	631	2,574	631	631	631	631	2,522	2,522
Amortization of right-of-use assets	145	160	43	17	17	17	93	17	17	17	17	67	67
Bad debt expense	324	441	0	0	0	0	0	0	0	0	0	0	0
Gain on extinguishment of debt	(579)	663	0	0	0	0	0	0	0	0	0	0	0
Loss on early extinguishment of convertible debt	0	945	0	0	0	0	0	0	0	0	0	0	0
Change in fair value of derivative	(159)	(515)	0	0	0	0	0	0	0	0	0	0	0
Warrants issued for consulting services	729	367	0	0	0	0	0	0	0	0	0	0	0
Warrants issued for severance	82	0	0	0	0	0	0	0	0	0	0	0	0
Stock-based compensation	8,292	8,989	1,791	2,476	2,488	2,501	9,255	2,513	2,526	2,538	2,551	10,128	10,332
Payment in kind for interest stock issuance	0	177	0	0	0	0	0	0	0	0	0	0	0
Gain on settlement of obligations	(14)	0	0	0	0	0	0	0	0	0	0	0	0
Loss on settlement of obligations	15	0	0	0	0	0	0	0	0	0	0	0	0
Impairment of intangible assets	10,490	1,970	0	0	0	0	0	0	0	0	0	0	0
Change in operating assets and liabilities:													
Accounts receivable	(1,006)	(11,461)	(2,883)	9,780	253	(556)	6,593	(3,503)	212	(1,894)	(2,048)	(7,232)	(3,972)
Prepaid income tax	102	(4)	0	0	0	0	0	0	0	0	0	0	0
Inventory	(184)	205	12	(2)	0	0	10	0	0	0	0	0	0
Prepaid expenses	(314)	(1,062)	252	316	344	39	951	(179)	17	(82)	(86)	(330)	(218)
Deposit	(14)	(30)	0	(0)	0	0	(0)	0	0	0	0	0	0
Accounts payable and accrued liabilities	1,353	14,983	154	(4,918)	(2,382)	(531)	(7,677)	2,462	(231)	1,125	1,178	4,534	2,994
License content liability	(1,311)	(1,160)	(2,420)	(1,037)	0	0	(3,457)	0	0	0	0	0	0
Operating lease liabilties	(146)	(167)	(45)	(12)	0	0	(57)	0	0	0	0	0	0
Deferred income	13	(51)	2	(143)	0	0	(141)	0	0	0	0	0	0
Net cash provided by operating activities	(9,529)	(10,744)	(6,823)	(1,892)	(6,778)	(5,052)	(20,546)	(3,384)	(2,180)	(2,057)	(1,078)	(8,699)	1,587
Cash flows from investing activities:													
Cash paid for acquisition of EON Media Group	(1,500)	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of property and equipment	(22)	(2,015)	(618)	(429)	(500)	(500)	(2,047)	(500)	(500)	(500)	(500)	(2,000)	(2,000)
Collection of note receivable	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash provided by investing activities	(1,522)	(2,015)	(618)	(429)	(500)	(500)	(2,047)	(500)	(500)	(500)	(500)	(2,000)	(2,000)
Cash flows from financing activities:													
Proceeds from issuance of common stock	10,352	12,625	0	0	5,000	10,000	15,000	0	5,000	0	5,000	10,000	0
Proceeds from PPP loan	487	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from issuance of convertible debt	2,950	2,080	0	0	0	0	0	0	0	0	0	0	0
Proceeds from non-revolving line of credit	0	10,767	1,429	(669)	2,200	(2,200)	761	0	0	0	0	0	0
Repayment of convertible debt	0	(2,716)	0	0	0	0	0	0	0	0	0	0	0
Repayment of stockholder loans	(547)	0	0	0	0	0	0	0	0	0	0	0	0
Shares issued for cash	0	0	0	0	0	0	0	0	0	0	0	0	0
Share issuance costs	0	0	0	1	0	0	1	0	0	0	0	0	0
Payment of acquisition related consideration	0	0	0	(250)	0	0	(250)	0	0	0	0	0	0
Deferred offering costs	0	(88)	(306)	136	0	0	(171)	0	0	0	0	0	0
Net cash provided by financing activities	13,242	22,669	1,123	(782)	7,200	7,800	15,341	0	5,000	0	5,000	10,000	0
Effect of exchange rate changes on cash	0	0	0	0	0	0	0	0	0	0	0	0	0
Net increase (decrease) in cash and cash equivalents	2,191	9,909	(6,318)	(3,103)	(78)	2,248	(7,252)	(3,884)	2,320	(2,557)	3,422	(699)	(413)
Cash and cash equivalents at beginning of period	1,972	4,163	14,072	7,754	4,651	4,572	14,072	6,820	2,936	5,256	2,699	6,820	6,121
Cash and cash equivalents at end of period	$ 4,163	$ 14,072	$ 7,754	$ 4,651	$ 4,572	$ 6,820	$ 6,820	$ 2,936	$ 5,256	$ 2,699	$ 6,121	$ 6,121	$ 5,708

Sources: Company reports and B. Riley Securities estimates

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*Closing price of last trading day immediately prior to the date of this publication unless otherwise indicated.

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