UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2024**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: **001-41508**

LOOP MEDIA, INC.
(Exact name of registrant as specified in its charter)

Nevada	**47-3975872**
(State or other jurisdiction of incorporation)	(IRS Employer Identification Number)

2600 West Olive Avenue, Suite 5470, Burbank, CA 91505
(Address of principal executive offices) (Zip Code)

(213) 436-2100
(Registrant's telephone number, including area code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	**LPTV**	**The NYSE American, LLC**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

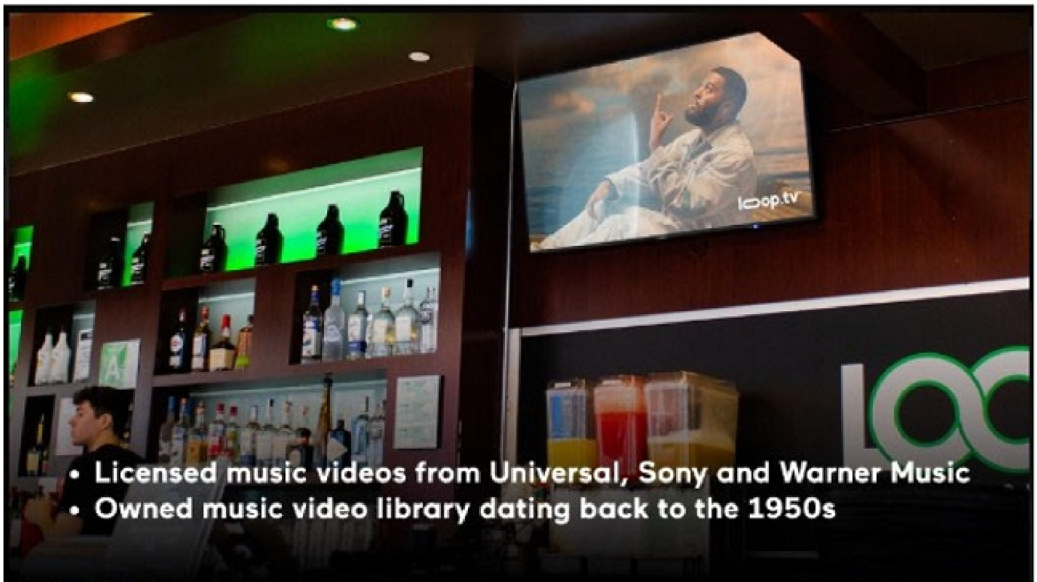
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Accelerated filer ☐
Non-accelerated filer ☒
Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of August 6, 2024, the registrant had 80,825,910 shares of common stock issued and outstanding.



Where is loop's DOOH audience?

The entire Loop Platform includes out-of-home Loop Players and screens across the United States.

Approximately 81,000 active Loop Players / Partner Screens across the Loop Platform, which includes 30,486 quarterly active Loop Players (or QUAs) across our O&O Platform and approximately 51,000 Partner Screens across our Partner Platform.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

LOOP MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2024 (UNAUDITED)	September 30, 2023
ASSETS		
Current assets		
Cash	$ 1,546,088	$ 3,068,696
Accounts receivable, net	3,541,592	6,211,815
Prepaid expenses and other current assets	443,045	987,605
Content assets, current	997,508	2,218,894
Total current assets	6,528,233	12,487,010
Deposits	9,954	12,054
Content assets, non-current	211,661	448,726
Deferred costs, non-current	503,123	744,408
Property and equipment, net	2,507,776	2,711,558
Right-of-use assets	189,650	—
Intangible assets, net	393,556	477,889
Total non-current assets	3,815,720	4,394,635
Total assets	$ 10,343,953	$ 16,881,645
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 5,501,995	$ 4,978,920
Accrued liabilities	1,866,161	3,546,338
Accrued royalties and revenue share	7,829,892	4,930,329
Equipment financing liability, current	131,348	—
License content liability, current	708,567	489,157
Deferred income	26,278	—
Lease liability, current	67,689	—
Revolving line of credit, current	2,175,456	2,985,298
Non-revolving line of credit - related party, current	1,000,000	—
Non-revolving line of credit, current	1,329,750	2,124,720
Total current liabilities	20,637,136	19,054,762
License content liability, non-current	129,000	208,000
Equipment financing liability, non-current	229,846	—
Lease liability, non-current	121,961	—
Non-revolving line of credit	—	475,523
Non-revolving line of credit, related party	—	1,959,693
Revolving line of credit, related party	1,679,226	—
Total non-current liabilities	2,160,033	2,643,216
Total liabilities	22,797,169	21,697,978
Stockholders' equity (deficit)		
Common Stock, $0.0001 par value, 150,000,000 shares authorized, 79,048,736 and 65,620,151 shares issued and outstanding as of June 30, 2024, and September 30, 2023, respectively	7,904	6,562
Additional paid in capital	134,132,075	123,462,648
Accumulated deficit	(146,593,195)	(128,285,543)
Total stockholders' equity (deficit)	(12,453,216)	(4,816,333)
Total liabilities and stockholders' equity (deficit)	$ 10,343,953	$ 16,881,645

See the accompanying notes to the consolidated financial statements

LOOP MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended June 30,		Nine months ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue	$ 4,350,570	$ 5,734,976	$ 18,524,289	$ 25,954,038
Cost of revenue				
Cost of revenue - Advertising and Legacy and other revenue	2,641,779	3,132,568	11,214,512	14,767,807
Cost of revenue - depreciation and amortization	798,434	779,165	2,356,717	2,091,876
Total cost of revenue	3,440,213	3,911,733	13,571,229	16,859,683
Gross profit	910,357	1,823,243	4,953,060	9,094,355
Operating expenses				
Sales, general and administrative	4,116,186	6,284,514	16,022,857	22,011,961
Stock-based compensation	931,571	2,592,369	3,371,933	6,858,983
Depreciation and amortization	422,882	295,008	1,217,955	717,733
Restructuring costs	220,053	146,672	220,053	146,672
Total operating expenses	5,690,692	9,318,563	20,832,798	29,735,349
Loss from Operations	(4,780,335)	(7,495,320)	(15,879,738)	(20,640,994)
Other income (expense)				
Interest expense	(670,981)	(962,718)	(2,402,444)	(2,889,745)
Loss on extinguishment of debt	—	—	(25,424)	—
Employee retention credits	—	648,543	—	648,543
Other expense	34	(65,643)	289	(68,267)
Total Other income (expense)	(670,947)	(379,818)	(2,427,579)	(2,309,469)
Loss before income taxes	$ (5,451,282)	$ (7,875,138)	$ (18,307,317)	$ (22,950,463)
Income tax expense	(335)	(394)	(335)	(1,624)
Net loss	$ (5,451,617)	$ (7,875,532)	$ (18,307,652)	$ (22,952,087)
Basic and diluted net loss per common share (Note 2)	$ (0.07)	$ (0.14)	$ (0.26)	$ (0.41)
Weighted average number of common shares outstanding	75,146,980	56,604,812	70,966,475	56,455,743

See the accompanying notes to the consolidated financial statements

LOOP MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE NINE MONTHS ENDED June 30, 2024, and 2023
(UNAUDITED)

	Common Stock		Additional Paid	Accumulated	
	Shares	Amount	in Capital	Deficit	Total
Balances, September 30, 2023	**65,620,151**	**$ 6,562**	**$ 123,462,648**	**$ (128,285,543)**	**$ (4,816,333)**
Stock-based compensation	—	—	1,328,225	—	1,328,225
Warrants issued for debt	—	—	1,003,269	—	1,003,269
Shares issued for consulting fees	311,889	31	124,101	—	124,132
Shares issued for debt conversion	3,037,895	304	2,455,437	—	2,455,741
Shares issued for capital raise costs	30,405	3	22,497	—	22,500
Shares issued upon warrant exercises	1,850,874	185	1,480,514	—	1,480,699
Net loss	—	—	—	(5,285,402)	(5,285,402)
Balances, December 31, 2023	**70,851,214**	**$ 7,085**	**$ 129,876,691**	**$ (133,570,945)**	**$ (3,687,169)**
Stock-based compensation	—	—	1,112,137	—	1,112,137
Warrants issued for debt	—	—	214,978	—	214,978
Shares issued for vested RSUs	292,117	29	(56,045)	—	(56,016)
Shares issued for capital raise costs	30,405	3	22,497	—	22,500
Net loss	—	—	—	(7,570,633)	(7,570,633)
Balances, March 31, 2024	**71,173,736**	**$ 7,117**	**$ 131,170,258**	**$ (141,141,578)**	**$ (9,964,203)**
Stock-based compensation	—	—	931,571	—	931,571
Pre-funded warrants issued for cash	—	—	1,269,877	—	1,269,877
Shares issued for cash	7,875,000	787	1,180,463	—	1,181,250
Shares issuance cost	—	—	(420,094)	—	(420,094)
Net loss	—	—	—	(5,451,617)	(5,451,617)
Balances, June 30, 2024	79,048,736	$ 7,904	$ 134,132,075	$ (146,593,195)	$ (12,453,216)

	Common Stock		Additional Paid	Accumulated	
	Shares	Amount	in Capital	Deficit	Total
Balances, September 30, 2022	**56,381,209**	**$ 5,638**	**$ 101,970,318**	**$ (96,321,864)**	**$ 5,654,092**
Stock-based compensation	—	—	1,790,807	—	1,790,807
Net loss	—	—	—	(5,259,439)	(5,259,439)
Balances, December 31, 2022	**56,381,209**	**$ 5,638**	**$ 103,761,125**	**$ (101,581,303)**	**$ 2,185,460**
Stock-based compensation	—	—	2,475,807	—	2,475,807
Short swing profit recovery	—	—	1,201	—	1,201
Issuance costs from uplist of stock	—	—	(86,330)	—	(86,330)
Net loss	—	—	—	(9,817,117)	(9,817,117)
Balances, March 31, 2023	**56,381,209**	**$ 5,638**	**$ 106,151,803**	**$ (111,398,420)**	**$ (5,240,979)**
Stock-based compensation	—	—	2,547,799	—	2,547,799
Warrants issued for consulting fees	—	—	44,569	—	44,569
Warrants issued in conjunction with debt	—	—	136,103	—	136,103
Shares issued for cash under ATM, net	2,779,997	278	8,224,782	—	8,225,060
Shares issued upon option exercises	22,462	2	38,408	—	38,410
Net loss	—	—	—	(7,875,532)	(7,875,532)
Balances, June 30, 2023	**59,183,668**	**$ 5,918**	**$ 117,143,464**	**$ (119,273,952)**	**$ (2,124,570)**

See the accompanying notes to the consolidated financial statements

LOOP MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended June 30, 2024	Nine months ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (18,307,652)	$ (22,952,087)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	1,635,218	1,842,003
Depreciation and amortization expense, PPE	1,037,319	700,097
Amortization of deferred costs, ATM	180,635	17,636
Amortization of content assets	2,356,717	2,091,876
Amortization of right-of-use assets	26,274	76,696
Bad debt expense	284,065	—
Loss on extinguishment of debt converted to equity	25,424	—
Stock-based compensation	3,371,933	6,858,983
Stock option exercise	—	38,410
Shares issued for consulting fees	124,135	—
Change in operating assets and liabilities:		
Accounts receivable	2,386,158	7,090,558
Inventory	7,400	4,397
Prepaid expenses	537,162	78,632
Deposit	2,100	(147)
Accounts payable	830,107	(2,605,012)
Accrued liabilities	(1,571,597)	(2,899,246)
Accrued royalties and revenue share	2,899,563	(748,226)
License content liability	(1,135,673)	(4,132,894)
Operating lease liabilities	(26,274)	(75,529)
Equipment financing liability	361,194	—
Deferred income	26,278	(140,764)
NET CASH USED IN OPERATING ACTIVITIES	(4,949,514)	(14,754,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(754,543)	(1,483,498)
NET CASH USED IN INVESTING ACTIVITIES	(754,543)	(1,483,498)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, registered direct offering	1,181,250	—
Proceeds from issuance of pre-funded warrants	1,269,877	—
Proceeds from issuance of common stock, ATM	—	8,318,110
Proceeds from exercise of warrants	1,480,699	—
Proceeds from lines of credit	24,294,104	37,974,347
Repayments on lines of credit	(23,705,000)	(36,262,546)
Value of shares withheld for taxes	(56,016)	—
Common stock issuance costs for uplist	—	(179,380)
Deferred costs	136,629	(646,840)
Shares issuance costs	(420,094)	—
Payment of acquisition related consideration	—	(250,125)
Debt issuance costs	—	(402,278)
Short swing profit recovery	—	1,201
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,181,449	8,552,489
Change in cash and cash equivalents	(1,522,608)	(7,685,626)
Cash, beginning of period	3,068,696	14,071,914
Cash, end of period	$ 1,546,088	$ 6,386,288
SUPPLEMENTAL DISCLOSURES OF CASH FLOW STATEMENTS		
Cash paid for interest	$ 641,227	$ 945,939
Cash paid for income taxes	$ —	$ 1,624
SUPPLEMENTAL DISCLOSURES OF NON CASH INVESTING AND FINANCING ACTIVITIES		
Shares issued for debt conversion	$ 2,455,741	$ —
Deferred costs for warrants issued for debt	$ 1,003,269	$ 136,103
Unpaid additions to licensed content and internally-developed content	$ 174,004	$ —
Unpaid deferred costs	$ 76,122	$ 157,731
Unpaid additions to property and equipment	$ 314,357	$ 412,256
Leased assets obtained in exchange for new operating lease liabilities	$ 215,924	—

See the accompanying notes to the consolidated financial statements

NOTE 1 – BUSINESS

Loop Media, Inc., a Nevada corporation, (collectively, "Loop Media," the "Company," "we," "us" or "our") is a multichannel digital video platform media company that uses marketing technology, or "MarTech," to generate our revenue and offer our services. Our technology and vast library of videos and licensed content enable us to curate and distribute short-form videos to connected televisions ("CTV") in out-of-home ("OOH") dining, hospitality and retail establishments, convenience stores and other locations and venues to enable them to inform, entertain and engage their customers. Our technology also provides businesses the ability to promote and advertise their products via digital signage and provides third-party advertisers with a targeted marketing and promotional tool for their products and services. We also allow our business clients to access our service without advertisements by paying a monthly subscription fee. In the second and third quarters of fiscal year 2024, we have continued to work toward the expansion of our subscription offerings, including toward the introduction of a two-tier music video service offering, which will include a "primary tier" consisting of fewer than ten music video channels provided under a free ad-based service, and a "premium tier" of the full library of curated music video channels provided under a subscription service. We also recently announced a non-music subscription offering that includes a number of live channels ranging from live sports events to news and culture offerings.

We offer hand-curated music video content licensed from major and independent record labels, including Universal Music Group ("Universal"), Sony Music Entertainment ("Sony"), and Warner Music Group ("Warner" and collectively with Universal and Sony, the "Music Labels"), as well as non-music video content. Our non-music video content is predominantly licensed or acquired from third parties, including action sports clips, drone and nature footage, trivia, news headlines, lifestyle channels and kid-friendly videos, as well as movie, television and video game trailers, amongst other content. We distribute our content and advertising inventory to digital screens located in OOH locations primarily through (i) our owned and operated platform (the "O&O Platform") of Loop Media-designed "small-box" streaming Android media players ("Loop Players") and legacy ScreenPlay (as defined below) computers and (ii) through screens ("Partner Screens") on digital platforms owned and operated by third parties (each a "Partner Platform" and collectively, the "Partner Platforms," and together with the O&O Platform, the "Loop Platform").

As of June 30, 2024, we had approximately 81,000 active Loop Players and Partner Screens across the Loop Platform, which include 30,486 quarterly active Loop Players, or QAUs (as defined below) across our O&O Platform, a decrease of 2,172 over the quarter ended March 31, 2024, and approximately 51,000 Partner Screens across our Partner Platforms, an increase of approximately 1,000 Partner Screens over the quarter ended March 31, 2024.

We define an "active unit" as (i) an ad-supported Loop Player or digital out-of-home ("DOOH") location using our ad- supported service through our "Loop for Business" application or using a DOOH venue-owned computer screening our content, that is online, used on our O&O Platform, playing content and has checked into the Loop Media analytics system at least once in the 90-day period ending on the date of measurement, or (ii) a DOOH location customer using our subscription service on our O&O Platform at any time during the 90-day period. We use "QAU" to refer to the number of such active units during such period. We do not count towards our QAUs any Loop Players or screens used on our Partner Platform.

<u>Liquidity and management's plan</u>

As shown in the accompanying consolidated financial statements, we have incurred recurring losses resulting in an accumulated deficit. We anticipate further losses in the foreseeable future. We also had negative cash flows used in operations. These factors raise substantial doubt about our ability to continue as a going concern. Our primary source of operating funds since inception has been cash proceeds from the sale of our common stock, par value $0.0001 per share (the "Common Stock") and debt and equity financing transactions. Our ability to continue as a going concern is dependent upon our ability to generate sufficient revenue and our ability to raise additional funds by way of our debt and equity financing efforts.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. These unaudited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary if we are unable to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to supplement our cash from revenues with additional cash raised from equity investment or debt transactions while maintaining reduced spending levels. As previously disclosed, we have continued to explore potential strategic alternatives to maximize shareholder value and to evaluate potential financing opportunities.

Shelf Registration ($50 Million ATM)

On December 22, 2022, we filed a Shelf Registration Statement on Form S-3 that has been declared effective by the SEC. On May 12, 2023, we entered into an At-the-Market ("ATM") Issuance Sales Agreement (the "ATM Sales Agreement") with B. Riley Securities, Inc. (the "Agent") pursuant to which we may offer and sell, from time to time through the Agent, shares of our Common Stock, for aggregate gross proceeds of up to $50,000,000.

As previously disclosed, effective May 31, 2024, the Company and the Agent terminated the ATM Sales Agreement. We are not subject to any termination penalties related to the termination of the ATM Sales Agreement.

During the nine months ended June 30, 2024, we did not raise any funds through sales under the ATM Sales Agreement.

GemCap Revolving Line of Credit

Effective as of July 29, 2022, we entered into a Loan and Security Agreement with Industrial Funding Group, Inc. (the "Initial Lender") for a revolving loan credit facility for the initial principal sum of up to $4,000,000, and through the exercise of an accordion feature, a total sum of up to $10,000,000 (the "GemCap Revolving Line of Credit Agreement"), evidenced by a Revolving Loan Secured Promissory Note (the "Revolving Loan Note"), also effective as of July 29, 2022 (the "GemCap Revolving Line of Credit"). In connection with the GemCap Revolving Line of Credit Agreement and the Revolving Loan Note, we also executed and delivered to the Initial Lender the Loan Agreement Schedule dated as of July 29, 2022 (the "Loan Agreement Schedule") and other Loan Documents (as defined in the GemCap Revolving Line of Credit Agreement). Shortly after the effective date of the GemCap Revolving Line of Credit Agreement, the Initial Lender assigned the GemCap Revolving Line of Credit Agreement, and the Loan Documents, to GemCap Solutions, LLC ("GemCap" or the "Senior Lender").

Effective as of October 27, 2022, we entered into Amendment Number 1 to the Loan and Security Agreement and to the Revolving Loan Agreement Schedule, and the Amended and Restated Secured Promissory Note (Revolving Loans) with the Senior Lender to increase the principal sum available under the GemCap Revolving Line of Credit Agreement from $4,000,000 to $6,000,000.

Effective July 29, 2024, we entered into Amendment Number 2 to the Loan and Security Agreement, the Loan Agreement Schedule, the Revolving Loan Note and to the other Loan Documents to amend certain material terms, including to (i) extend the maturity date of the GemCap Revolving Line of Credit Agreement by one (1) year, from July 29, 2024, to July 29, 2025, and (ii) to make Retail Media TV, Inc., our wholly-owned subsidiary, a co-borrower thereunder.

The GemCap Revolving Line of Credit had an original maturity date of July 29, 2024, and began accruing interest on the unpaid principal balance of advances, payable monthly in arrears, on September 7, 2022, at an annual rate equal to the greater of (I) the sum of (i) the "Prime Rate" as reported in the "Money Rates" column of The Wall Street Journal, adjusted as and when such Prime Rate changes, plus (ii) zero percent (0.00%), and (II) four percent (4.00%). Availability for borrowing under the GemCap Revolving Line of Credit is dependent upon our assets in certain eligible accounts and measures of revenue, subject to reduction for reserves that the Senior Lender may require in its discretion, and the accordion feature is a provision whereby we may request that the Senior Lender increase availability under the GemCap Revolving Line of Credit, subject to its sole discretion.

Under the GemCap Revolving Line of Credit Agreement, we have granted to the Senior Lender a first-priority security interest in all of our present and future property and assets, including products and proceeds thereof. In connection with the loan, our existing secured lenders, some of whom are the RAT Lenders under our RAT Non-Revolving Line of Credit (each as defined below) (collectively, the "Subordinated Lenders") delivered subordination agreements (the "GemCap Subordination Agreements") to the Senior Lender. We are permitted to make regularly scheduled payments, including payments upon maturity, to such subordinated lenders and potentially other payments subject to a measure of cash flow and receiving certain financing activity proceeds, in accordance with the terms of the GemCap Subordination Agreements. In connection with the delivery of the GemCap Subordination Agreements by the Subordinated Lenders, on July 29, 2022, we issued warrants to each Subordinated Lender on identical terms for an aggregate of up to 296,329 shares of our Common Stock (each, a "Subordination Agreement Warrant"). Each Subordination Agreement Warrant has an exercise price of $5.25 per share, expires on July 29, 2025, and is exercisable at any time prior to such date. One warrant for 191,570 warrant shares was issued to Eagle Investment Group, LLC, an entity managed by Bruce Cassidy, Executive Chairman of our Board of Directors ("Mr. Cassidy"), as directed by its affiliate, Excel Family Partners, LLLP ("Excel"), an entity also managed by Mr. Cassidy, one of the Subordinated Lenders. The Subordinated Lenders receiving warrants for the remaining 104,759 warrant shares were also entitled to receive a cash payment of $22,000 six months from the date of the GemCap Subordination Agreements, representing one percent (1.00%) of the outstanding principal amount of the loan held by such Subordinated Lenders. This cash payment was made to those Subordinated Lenders on January 25, 2023.

As of June 30, 2024, the GemCap Revolving Line of Credit had a balance, including accrued interest, amounting to $2,279,596. See "Note 8 – *Debt*."

The Registered Offering and the Concurrent Private Placement Offering

On May 31, 2024, we entered into a Securities Purchase Agreement (the "Institutional Purchase Agreement") with the purchaser named therein (the "Institutional Investor") and a Securities Purchase Agreement (the "Private Placement Purchase Agreement," and together with the Institutional Purchase Agreement, the "Purchase Agreements") with Excel (the "Private Placement Entity," together with the Institutional Investor, the "Investors").

Pursuant to the Institutional Purchase Agreement, we agreed to sell and issue, in a registered direct offering (the "Registered Offering") 7,875,000 shares (the "Registered Shares") of our Common Stock at a purchase price per share of $0.15 and pre-funded warrants (the "Registered Pre-Funded Warrants") to purchase up to an aggregate of 1,777,174 shares of Common Stock (the "Registered Pre-Funded Warrant Shares") at a purchase price per Registered Pre-Funded Warrant of $0.1499, for aggregate gross proceeds to the Company of approximately $1.45 million, before deducting placement agent fees and offering expenses payable by the Company.

Pursuant to the Private Placement Purchase Agreement, in a concurrent private placement (the "Concurrent Private Placement Offering," together with the Registered Offering, the "Offerings"), we agreed to sell and issue to the Private Placement Entity pre-funded warrants (the "Private Pre-Funded Warrants") to purchase up to an aggregate of 4,347,826 shares of Common Stock (the "Private Pre-Funded Warrant Shares") at a purchase price of $0.2308 per Private Pre-Funded Warrant, for aggregate gross proceeds to the Company of approximately $1.0 million, before deducting offering expenses payable by the Company. The Private Pre-Funded Warrants are immediately exercisable at an exercise price of $0.0001 per share and will expire when the Private Pre-Funded Warrants are fully exercised. The Concurrent Private Placement Offering closed on June 10, 2024.

The Purchase Agreements contain customary representations, warranties and agreements of the Company and the Investors and customary indemnification rights and obligations of the parties. Pursuant to the terms of the Institutional Purchase Agreement, we have agreed to certain restrictions, subject to certain exceptions, on the issuance and sale of its Common Stock and securities convertible into shares of Common Stock during the 90-day period following the closing of the Registered Offering. We also agreed not to effect or enter into an agreement to effect any issuance of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock involving a variable rate transaction (as defined in the Institutional Purchase Agreement), subject to certain exceptions, until the six-month anniversary of the closing of the Registered Offering.

In addition, until the date that is the eighteen-month anniversary of the closing of the Registered Offering, the Institutional Investor is entitled to a participation right in any subsequent financing (as defined in the Institutional Purchase Agreement) effected by the Company or any of its subsidiaries of Common Stock or Common Stock equivalents for cash consideration, or a combination of units thereof, up to an amount equal to 35% of such subsequent financing on the same terms, conditions and price provided for in the subsequent financing, subject to certain carve-outs as set forth in the Institutional Purchase Agreement.

In connection with the Offerings, on May 31, 2024, we also entered into a placement agency agreement (the "Placement Agency Agreement") with Roth Capital Partners, LLC (the "Placement Agent"). Pursuant to the terms of the Placement Agency Agreement, the Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the Registered Shares, the Registered Pre-Funded Warrants, the Registered Pre-Funded Warrant Shares, the Private Pre-Funded Warrants and the Private Pre-Funded Warrant Shares (the "Securities"). We paid the Placement Agent a cash fee equal to 6.5% of the gross proceeds generated from the Offerings and agreed to reimburse the Placement Agent for certain of its expenses in an amount up to $50,000. The Placement Agent did not receive cash placement agent fees on the sale of the Private Pre-Funded Warrants and the Private Pre-Funded Warrant Shares. The Placement Agency Agreement contains customary representations, warranties and agreements of the Company and the Placement Agent and customary indemnification rights and obligations of the parties.

Pursuant to the terms of the Placement Agency Agreement, we issued to the Placement Agent warrants ("Placement Agent Warrants") to purchase up to 700,000 shares of Common Stock, or 5.0% of the aggregate shares of Common Stock (or Common Stock equivalents) issued in the Offerings, exercisable at a price per share of $0.25399. The Placement Agent Warrants are exercisable commencing six months after the closing date of the Registered Offering and expire May 31, 2029.

The Registered Offering closed on June 3, 2024, and on July 1, 2024, the Institutional Investor delivered a Notice of Exercise to us to purchase the Registered Pre-Funded Warrant Shares.

The Registered Shares and the Registered Pre-Funded Warrants were offered pursuant to our effective Shelf Registration Statement on Form S-3 (File No. 333-268957), which was previously filed and declared effective by the SEC, the accompanying base prospectus dated January 11, 2023, and a prospectus supplement dated May 31, 2024.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Interim Financial Statements</u>

The following (a) condensed consolidated balance sheet as of September 30, 2023, which has been derived from our audited financial statements, and (b) our unaudited condensed consolidated interim financial statements for the nine months ended June 30, 2024, have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X of the Securities Act of 1933. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended June 30, 2024, are not necessarily indicative of results that may be expected for the year ending September 30, 2024.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended September 30, 2023, included in our Annual Report on Form 10-K filed with the SEC on December 19, 2023.

Basis of presentation

The consolidated financial statements include our accounts and our wholly-owned subsidiaries, EON Media Group Pte. Ltd. and Retail Media TV, Inc. The unaudited condensed consolidated financial statements are prepared using the accrual basis of accounting in accordance with US GAAP. All inter-company transactions and balances have been eliminated on consolidation.

Use of estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include assumptions used in the revenue recognition of performance obligations, allowance for doubtful accounts, fair value of stock-based compensation awards, income taxes and going concern.

Segment reporting

We report as one reportable segment. Our business activities, revenues and expenses are evaluated by management as one reportable segment.

Cash

Cash and cash equivalents include all highly liquid monetary instruments with original maturities of three months or less when purchased. These investments are carried at cost, which approximates fair value. Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash deposits. We maintain our cash in institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, our cash and cash equivalent balances may be uninsured or in amounts that exceed the FDIC insurance limits. We have not experienced any losses on such accounts. On June 30, 2024, and September 30, 2023, we had no cash equivalents.

As of June 30, 2024, and September 30, 2023, approximately $628,658 and $2,818,696 of cash exceeded the FDIC insurance limits, respectively.

Accounts receivable

Accounts receivable represent amounts due from customers. We assess the collectability of receivables on an ongoing basis. A provision for the impairment of receivables involves significant management judgment and includes the review of individual receivables based on individual customers, current economic trends and analysis of historical bad debts. As of June 30, 2024, and September 30, 2023, we had recorded an allowance for doubtful accounts of $284,065 and $630,629, respectively.

Concentration of credit risk

During the nine months ended June 30, 2024, we had two customers that each individually comprised greater than 10% of net revenue, representing 22% and 15% respectively. No other customer accounted for more than 10% of net revenue during the periods presented.

During the nine months ended June 30, 2023, we had two customers that each individually comprised greater than 10% of net revenue, representing 16% and 14% respectively. No other customer accounted for more than 10% of net revenue during the periods presented.

As of June 30, 2024, two customers accounted for a total of 20% of our accounts receivable balance or 10% and 10%, respectively. No other customer accounted for more than 10% of total accounts receivable.

As of June 30, 2023, one customer accounted for a total of 15% of our accounts receivable balance. No other customer accounted for more than 10% of total accounts receivable.

We grant credit in the normal course of business to our customers. Periodically, we review past due accounts and make decisions about future credit on a customer-by-customer basis. Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

Prepaid expenses

Expenditures paid in one accounting period which will not be consumed until a future period such as insurance premiums and annual subscription fees are accounted for on the balance sheet as a prepaid expense. When the asset is eventually consumed, it is charged to expense.

Content Assets

We capitalize the fixed content fees and corresponding liability when the license period begins, the cost of the content is known, and the content is accepted and available for streaming. If the licensing fee is not determinable or reasonably estimable, no asset or liability is recorded, and licensing costs are expensed as incurred. We amortize licensed content assets into cost of revenue, using the straight-line method over the contractual period of availability. The liability is paid in accordance with the contractual terms of the arrangement. Internally-developed content costs are capitalized in the same manner as licensed content costs, when the cost of the content is known and the content is ready and available for streaming. We amortize internally-developed content assets into cost of revenue, using the straight-line method over the estimated period of streaming.

Long-lived assets

We evaluate the recoverability of long-lived assets, including intangible assets, for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner that an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. For long-lived assets to be held and used, we recognize an impairment loss only if their carrying amount is not recoverable through the undiscounted cash flows. The impairment loss is based on the difference between the carrying amount and estimated fair value as determined by discounted future cash flows. Our finite long-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from two to nine years.

Property and equipment, net

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the asset's estimated useful life. Our capitalization policy is to capitalize property and equipment purchases greater than $3,000, as well as internally-developed software enhancements. Expenditures for maintenance and repairs are expensed as incurred. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition is reflected in earnings.

Loop Players are capitalized as fixed assets and depreciated over the estimated period of use.

See below for estimated useful lives:

Loop Players	3 years
Equipment	3-5 years
Software	3 years

Operating leases

We determine if an arrangement is a lease at inception. Operating lease right-of-use assets ("ROU assets") and short-term and long-term lease liabilities are included on the face of the consolidated balance sheet.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components, which are accounted for as a single lease component. For lease agreements with terms less than twelve months, we have elected the short-term lease measurement and recognition exemption, and we recognize such lease payments on a straight-line basis over the lease term.

Fair value measurement

We determine the fair value of our assets and liabilities using a hierarchy established by the accounting guidance that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

- Level 2 inputs to the valuation methodology included quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in inactive markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 inputs to the valuation methodology is one or more unobservable inputs which are significant to the fair value measurement.

The carrying amount of our financial instruments, including cash, accounts receivable, deposits, short-term portion of notes receivable and notes payable, and current liabilities approximate fair value due to their short-term nature. We do not have financial assets or liabilities that are required under US GAAP to be measured at fair value on a recurring basis. We have not elected to use fair value measurement option for any assets or liabilities for which fair value measurement is not presently required.

We record assets and liabilities at fair value on a nonrecurring basis as required by US GAAP. Assets recognized or disclosed at fair value in the condensed consolidated financial statements on a nonrecurring basis include items such as property and equipment, operating lease assets, goodwill, and other intangible assets, which are measured at fair value if determined to be impaired.

On September 26, 2022, our convertible debentures converted to Common Stock as part of our public offering and uplist to The NYSE American, LLC (the "NYSE American"), in accordance with the terms of the original debt agreements. As of September 30, 2022, the remaining balance of the Derivative Liability was written off as part of the conversion to equity. Thus, there is no fair value measurement of the Derivative Liability balance as of June 30, 2024.

Advertising costs

We expense all advertising costs as incurred.

Advertising and marketing costs for the three months ended June 30, 2024, and 2023, were $957,727 and $2,743,194, respectively.

Advertising and marketing costs for the nine months ended June 30, 2024, and 2023, were $4,883,946 and $8,647,738, respectively.

Revenue recognition

We recognize revenue in accordance with ASC 606*, Revenue from Contracts with Customers*, when it satisfies a performance obligation by transferring control over a product to a customer. Revenue is measured based on the consideration we expect to receive in exchange for those products. In instances where final acceptance of the product is specified by the client, revenue is deferred until all acceptance criteria have been met. For example, we bill subscription services in advance of when the service is performed and revenue is treated as deferred revenue until the service is performed and/or the performance obligation is satisfied. Revenues are recognized under Topic 606 in a manner that reasonably reflects the delivery of our products and services to clients in return for expected consideration and includes the following elements:

- executed contracts with our customers that we believe are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- allocation of the transaction price to each performance obligation; and
- recognition of revenue only when we satisfy each performance obligation.

Our revenue can be categorized into two revenue streams: Advertising revenue and Legacy and other revenue.

The following table disaggregates our revenue by major type for each of the periods indicated:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Advertising revenue	$ 3,997,054	$ 5,079,922	$ 16,936,810	$ 23,687,817
Legacy and other revenue	353,516	655,054	1,587,479	2,266,221
Total	$ 4,350,570	$ 5,734,976	$ 18,524,289	$ 25,954,038

Performance obligations and significant judgments

Our performance obligations and recognition patterns for each revenue stream are as follows:

Advertising revenue

For the three months ended June 30, 2024, and 2023, advertising revenue accounted for 92% and 89%, respectively, of our revenue and includes revenue from direct programmatic and local advertising as well as sponsorships.

For the nine months ended June 30, 2024, and 2023, advertising revenue accounted for 91% and 91%, respectively, of our revenue and includes revenue from direct programmatic and local advertising as well as sponsorships.

For all advertising revenue sources, we evaluate whether we should be considered the principal (i.e., report revenues on a gross basis) or an agent (i.e., report revenues on a net basis). Our role as principal or agent differs based on our performance obligation for each revenue share arrangement.

For both the O&O and Partner Platforms businesses, advertising inventory provided to advertisers through the use of an advertising demand partner or agency, with whose fees or commission is calculated based on a stated percentage of gross advertising spending, we are considered the agent and our revenues are reported net of agency fees and commissions. We are considered the agent because the demand partner or agency controls all aspects of the transaction (pricing risk, inventory risk, obligation for fulfillment) except for the devices used to show the advertisements, therefore we report this advertising revenue net of agency fees and commissions.

We are considered the principal in our arrangements with content providers in our O&O Platform business and with our arrangements with our third-party partners in our Partner Platforms business and thus report revenues on a gross basis (net of agency fees and commissions), wherein the amounts billed to our advertising demand partners, advertising agencies, and direct advertisers and sponsors are recorded as revenues, and amounts paid to content providers and third-party partners are recorded as expenses. We are considered the principal because we control the advertising space, are primarily responsible to our advertising demand partners and other parties filling our advertising inventory, have discretion in pricing and advertising fill rates and typically have an inventory risk.

For advertising revenue, we recognize revenue at the time the digital advertising impressions are filled and the advertisements are played and, for sponsorship revenue, we generally recognize revenue ratably over the term of the sponsorship arrangement as the sponsored advertisements are played.

Legacy and other business revenue

For the three months ended June 30, 2024, and 2023, legacy and other business revenue accounted for the remaining 8% and 11%, respectively, of total revenue and includes streaming services, subscription content services, and hardware delivery, as described below.

For the nine months ended June 30, 2024, and 2023, legacy and other business revenue accounted for the remaining 9% and 9%, respectively, of total revenue and includes streaming services, subscription content services, and hardware delivery, as described below:

- Delivery of streaming services including content encoding and hosting. We recognize revenue over the term of the service based on bandwidth usage. Revenue from streaming services is insignificant.

- Delivery of subscription content services in customized formats. We recognize revenue straight-line over the term of the service.

- Delivery of hardware for ongoing subscription content delivery through software. We recognize revenue at the point of hardware delivery. Revenue from hardware sales is insignificant.

Transaction prices for performance obligations are explicitly outlined in relevant agreements; therefore, we do not believe that significant judgments are required with respect to the determination of the transaction price, including any variable consideration identified.

Customer acquisition costs

Customer acquisition costs consist of marketing costs and affiliate fees associated with the O&O Platform business. They are included in operating expenses and expensed as incurred.

Cost of revenue

Cost of revenue for the O&O Platform and legacy businesses represents the amortized cost of ongoing licensing and hosting fees, which is recognized over time based on usage patterns. The depreciation expense associated with the Loop Players is not included in cost of sales.

Cost of revenue for the Partner Platform business represents hosting fees, amortized costs of internally-developed content, and the revenue share with third party partners (after deduction of allocated infrastructure costs). The cost of revenue is higher with partners within the Partner Platform versus those within the O&O Platform because we leverage our Partner Platform partners' network of customers and their screens to deliver content and advertising inventory, rather than using our own Loop Players.

Deferred income

Deferred income represents our accounting for the timing difference between when fees are received and when the performance obligation is satisfied.

Net loss per share

We account for net loss per share in accordance with ASC subtopic 260-10, *Earnings Per Share* ("ASC 260-10"), which requires presentation of basic and diluted earnings per share ("EPS") on the face of the statement of operations for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS.

Basic net loss per share is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of Common Stock outstanding during each period. It excludes the dilutive effects of any potentially issuable common shares.

Diluted net loss per share is calculated by including any potentially dilutive share issuances in the denominator.

The following securities are excluded from the calculation of weighted average diluted shares at June 30, 2024, and September 30, 2023, respectively, because their inclusion would have been anti-dilutive.

	June 30, 2024	**September 30, 2023**
Options to purchase common stock	7,845,881	8,849,305
Warrants to purchase common stock	6,866,699	5,592,573
Restricted Stock Units (RSUs)	4,326,259	1,156,397
Series A preferred stock	—	—
Series B preferred stock	—	—
Convertible debentures	—	—
Total common stock equivalents	19,038,839	15,598,275

On December 14, 2023, we entered into Warrant Reprice Letter Agreements with certain holders to amend the exercise price of existing exercisable warrants to $0.80 per share and to exercise warrants for 1,850,874 shares of our Common Stock for an aggregate exercise price of $1,480,699. The impact of the amendment resulted in a deemed dividend in the amount of $419,939, which was calculated based on the change in fair value.

On May 31, 2024, we entered into a Securities Purchase Agreement (the "Institutional Purchase Agreement") with the purchaser named therein (the "Institutional Investor") and a Securities Purchase Agreement (the "Private Placement Purchase Agreement," and together with the Institutional Purchase Agreement, the "Purchase Agreements") with Excel (the "Private Placement Entity," together with the Institutional Investor, the "Investors").

Pursuant to the Institutional Purchase Agreement, we agreed to sell and issue, in a registered direct offering (the "Registered Offering") 7,875,000 shares (the "Registered Shares") of our Common Stock at a purchase price per share of $0.15 and pre-funded warrants (the "Registered Pre-Funded Warrants") to purchase up to an aggregate of 1,777,174 shares of Common Stock (the "Registered Pre-Funded Warrant Shares") at a purchase price per Registered Pre-Funded Warrant of $0.1499, for aggregate gross proceeds to the Company of approximately $1.45 million, before deducting placement agent fees and offering expenses payable by the Company. Beginning with their issuance date, these pre-funded warrants were included in the weighted average number of common shares outstanding in the computation of basic net loss per share as their stated exercise price of $0.0001 was non-substantive and their exercise was virtually assured.

Pursuant to the Private Placement Purchase Agreement, in a concurrent private placement (the "Concurrent Private Placement Offering," together with the Registered Offering, the "Offerings"), we agreed to sell and issue to the Private Placement Entity pre-funded warrants (the "Private Pre-Funded Warrants") to purchase up to an aggregate of 4,347,826 shares of Common Stock (the "Private Pre-Funded Warrant Shares") at a purchase price of $0.2308 per Private Pre-Funded Warrant, for aggregate gross proceeds to the Company of approximately $1.0 million, before deducting offering expenses payable by the Company. The Private Pre-Funded Warrants are immediately exercisable at an exercise price of $0.0001 per share and will expire when the Private Pre-Funded Warrants are fully exercised. The Concurrent Private Placement Offering closed on June 10, 2024. Beginning with their issuance date, these pre-funded warrants were included in the weighted average number of common shares outstanding in the computation of basic net loss per share as their stated exercise price of $0.0001 was non-substantive and their exercise was virtually assured.

The Purchase Agreements contain customary representations, warranties and agreements of the Company and the Investors and customary indemnification rights and obligations of the parties. Pursuant to the terms of the Institutional Purchase Agreement, we have agreed to certain restrictions, subject to certain exceptions, on the issuance and sale of its Common Stock and securities convertible into shares of Common Stock during the 90-day period following the closing of the Registered Offering. We also agreed not to effect or enter into an agreement to effect any issuance of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock involving a variable rate transaction (as defined in the Institutional Purchase Agreement), subject to certain exceptions, until the six-month anniversary of the closing of the Registered Offering.

In addition, until the date that is the eighteen-month anniversary of the closing of the Registered Offering, the Institutional Investor is entitled to a participation right in any subsequent financing (as defined in the Institutional Purchase Agreement) effected by the Company or any of its subsidiaries of Common Stock or Common Stock equivalents for cash consideration, or a combination of units thereof, up to an amount equal to 35% of such subsequent financing on the same terms, conditions and price provided for in the subsequent financing, subject to certain carve-outs as set forth in the Institutional Purchase Agreement.

In connection with the Offerings, on May 31, 2024, we also entered into a placement agency agreement (the "Placement Agency Agreement") with Roth Capital Partners, LLC (the "Placement Agent"). Pursuant to the terms of the Placement Agency Agreement, the Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the Registered Shares, the Registered Pre-Funded Warrants, the Registered Pre-Funded Warrant Shares, the Private Pre-Funded Warrants and the Private Pre-Funded Warrant Shares (the "Securities"). We paid the Placement Agent a cash fee equal to 6.5% of the gross proceeds generated from the Offerings and agreed to reimburse the Placement Agent for certain of its expenses in an amount up to $50,000. The Placement Agent did not receive cash placement agent fees on the sale of the Private Pre-Funded Warrants and the Private Pre-Funded Warrant Shares. The Placement Agency Agreement contains customary representations, warranties and agreements of the Company and the Placement Agent and customary indemnification rights and obligations of the parties.

Pursuant to the terms of the Placement Agency Agreement, we issued to the Placement Agent warrants ("Placement Agent Warrants") to purchase up to 700,000 shares of Common Stock, or 5.0% of the aggregate shares of Common Stock (or Common Stock equivalents) issued in the Offerings, exercisable at a price per share of $0.25399. The Placement Agent Warrants are exercisable commencing six months after the closing date of the Registered Offering and expire May 31, 2029.

The Registered Offering closed on June 3, 2024, and on July 1, 2024, the Institutional Investor delivered a Notice of Exercise to us to purchase the Registered Pre-Funded Warrant Shares.

The Registered Shares and the Registered Pre-Funded Warrants were offered pursuant to our effective Shelf Registration Statement on Form S-3 (File No. 333-268957), which was previously filed and declared effective by the SEC, the accompanying base prospectus dated January 11, 2023, and a prospectus supplement dated May 31, 2024.

For the three and nine months ended June 30, 2024, a reconciliation of the numerator and denominator used in the calculation of basic and diluted net loss per share of our Common Stock is as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss	$ (5,451,617)	$ (7,875,532)	$ (18,307,652)	$ (22,952,087)
Plus: Deemed dividend on warrants	—	—	(419,939)	—
Net loss attributable to common stockholders	$ (5,451,617)	$ (7,875,532)	$ (18,749,850)	$ (22,952,087)
Denominator:				
Weighted average number of common shares outstanding	75,146,980	56,604,812	70,966,475	56,455,743
Basic and diluted net loss per common share	(0.07)	(0.14)	$ (0.26)	$ (0.41)

Shipping and handling costs

Loop Players are provided free to our customers. Loop Media absorbs any associated costs of shipping and handling and records as an operational expense at the time of service.

Income taxes

We account for income taxes in accordance with ASC Topic 740, *Income Taxes* ("ASC 740"). ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. We have no material uncertain tax positions for any of the reporting periods presented.

We recognize accrued interest and penalties related to unrecognized tax benefits as part of income tax expense. We have also made a policy election to treat the income tax with respect to global intangible low-tax income as a period expense when incurred.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU are effective for fiscal years beginning after December 15, 2020, including interim periods therein. The adoption of this standard in the first quarter of 2022 had no impact on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 will be effective for us in the annual period beginning October 1, 2025, though early adoption is permitted. We are still evaluating the presentational effect that ASU 2023-09 will have on our consolidated financial statements, but we expect considerable changes to our income tax footnote.

Stock-based compensation

Stock-based compensation issued to employees is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period. We measure the fair value of the stock-based compensation issued to non-employees using the stock price observed in the trading market (for stock transactions) or the fair value of the award (for non-stock transactions), which were more reliably determinable measures of fair value than the value of the services being rendered.

Deferred financing costs

Deferred financing costs represent legal, accounting and other direct costs related to our efforts to raise capital through a public or private sale of our Common Stock. Costs related to the public sale of our Common Stock are deferred until the completion of the applicable offering, at which time such costs are reclassified to additional paid-in-capital as a reduction of the proceeds. Costs related to the private sale of our Common Stock are deferred until the completion of the applicable offering, at which time such costs are amortized over the term of the applicable purchase agreement.

Employee retention credits

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act was signed into law, providing numerous tax provisions and other stimulus measures, including the Employee Retention Credit ("ERC"): a refundable tax credit against certain employment taxes. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021 extended and expanded the availability of the ERC. We qualified for the ERC in the third and fourth quarters of 2020 and the first, second and third quarters of 2021. During the nine months ended June 30, 2024, we recorded no aggregate benefit in our condensed combined income statement to reflect the ERC.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications have no effect on the previously reported financial position, results of operations, or cash flows.

Restructuring costs

As previously disclosed, we began taking steps in fiscal year 2023 to increase efficiency and cut costs, while still maintaining our focus on, and dedication to, the continued growth of our business. These cuts and adjustments across several aspects of our business, including reductions in headcount and organizational restructuring, continued in the first three quarters of fiscal year 2024 and continue as of the date of this Report.

Recently adopted accounting pronouncements

In September 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This guidance requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. This guidance also requires enhanced disclosures regarding significant estimates and judgments used in estimating credit losses. The new guidance is effective for fiscal years beginning after December 15, 2022. We are currently evaluating the impact of this standard on our condensed consolidated financial statements and related disclosures. We adopted this ASU as of October 1, 2023, and there is no material impact to our financial statements as of June 30, 2024.

Recent accounting pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, that would enhance disclosures for significant segment expenses for all public entities required to report segment information in accordance with ASC 280. ASC 280 requires a public entity to report for each reportable segment a measure of segment profit or loss that its chief operating decision maker (“CODM”) uses to assess segment performance and to make decisions about resource allocations. The amendments in ASU 2023-07 improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more useful financial analyses. Currently, Topic 280 requires that a public entity disclose certain information about its reportable segments. For example, a public entity is required to report a measure of segment profit or loss that the CODM uses to assess segment performance and make decisions about allocating resources. ASC 280 also requires other specified segment items and amounts such as depreciation, amortization and depletion expense to be disclosed under certain circumstances. The amendments in ASU 2023-07 do not change or remove those disclosure requirements. The amendments in ASU 2023-07 also do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments in ASU 2023-07 retrospectively to all prior periods presented in the financial statements. We are currently evaluating the impact of this standard on our condensed consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 will be effective for us in the annual period beginning October 1, 2025, though early adoption is permitted. We are still evaluating the presentational effect that ASU 2023-09 will have on our consolidated financial statements, but we expect considerable changes to our income tax footnote.

NOTE 3 – CONTENT ASSETS

Content Assets

The content we stream to our users is generally acquired by securing the intellectual property rights to the content through licenses from, and paying royalties or other consideration to, rights holders or their agents. The licensing can be for a fixed fee or can be a revenue sharing arrangement. The licensing arrangements specify the period when the content is available for streaming, the territories, the platforms, the fee structure and other standard content licensing terms defining the rights and/or restrictions for how the licensed content can be used by Loop Media. We also develop original content internally, which is capitalized when the content is ready and available for streaming, and generally amortized over a period of two to three years.

As of June 30, 2024, content assets were $997,508 recorded as Content asset, net – current and $211,661 recorded as Content asset, net – noncurrent, of which $86,217 was internally-developed content asset, net.

We recorded amortization expense in cost of revenue, in the consolidated statements of operations, related to capitalized content assets:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Licensed content assets	$ 780,219	$ 760,951	$ 2,302,072	$ 2,045,794
Internally-developed assets	18,215	18,215	54,645	46,082
Total	$ 798,434	$ 779,166	$ 2,356,717	$ 2,091,876

Our content license contracts are typically two to three years. The amortization expense for the next three years for capitalized content assets as of June 30, 2024:

	Remaining in Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Licensed content assets	$ 555,088	$ 470,463	$ 97,401
Internally-developed assets	18,215	59,440	8,562
Total	$ 573,303	$ 529,903	$ 105,963

License Content Liabilities

As of June 30, 2024, we had $1,011,571 of obligations comprised of $708,567 in License content liability – current, $129,000 in License content liability - noncurrent and $174,004 in accounts payable on our consolidated balance sheets. Payments for content liabilities for the nine months ended June 30, 2024, were $649,307. The expected timing of payments for these content obligations is $389,071 payable in fiscal year 2024, $345,500 payable in fiscal year 2025 and $110,000 payable in fiscal year 2026.

NOTE 4. PROPERTY AND EQUIPMENT

Our property and equipment, net consisted of the following as of June 30, 2024, and September 30, 2023:

	June 30, 2024	September 30, 2023
Loop Players	$ 3,334,030	$ 2,536,937
Equipment	712,536	801,301
Software	895,846	854,966
	4,942,413	4,193,204
Less: accumulated depreciation	(2,434,637)	(1,481,646)
Total, equipment net	$ 2,507,776	$ 2,711,558

For the three months ended June 30, 2024, and 2023, depreciation expense, calculated using straight line method, charged to operations amounted to $331,191 and $249,256, respectively.

For the nine months ended June 30, 2024, and 2023, depreciation expense, calculated using straight line method, charged to operations amounted to $952,986 and $ 615,764, respectively.

NOTE 5. INTANGIBLE ASSETS

Our intangible assets, each definite lived assets, consisted of the following as of June 30, 2024, and September 30, 2023:

	Useful life	June 30, 2024	September 30, 2023
Customer relationships	nine years	$ 1,012,000	$ 1,012,000
Content library	two years	198,000	198,000
Total intangible assets, gross		1,210,000	1,210,000
Less: accumulated amortization		(816,444)	(732,111)
Total		(816,444)	(732,111)
Total intangible assets, net		$ 393,556	$ 477,889

Amortization expense charged to operations amounted to $28,111 and $28,111, for the three months ended June 30, 2024, and 2023, respectively.

Amortization expense charged to operations amounted to $84,333 and $84,333, for the nine months ended June 30, 2024, and 2023, respectively.

Annual amortization expense for the next five years and thereafter is estimated to be $28,111 (remaining in fiscal year 2024), $112,444, $112,444, $112,444, and $28,113, respectively. The weighted average life of the intangible assets subject to amortization is 3.5 years as of June 30, 2024.

NOTE 6 – OPERATING LEASES

Operating leases

We have operating leases for office space and office equipment. Many of our leases include one or more options to renew, some of which included options to extend the leases for a long-term period, and some leases included options to terminate the leases within 30 days. In certain of our lease agreements, the rental payments were adjusted periodically to reflect actual charges incurred for capital area maintenance, utilities, inflation and/or changes in other indexes.

Our lease liability consisted of the following as of June 30, 2024, and September 30, 2023:

	June 30, 2024	September 30, 2023
Short term portion	$ 67,689	$ —
Long term portion	121,961	—
Total lease liability	$ 189,650	$ —

Maturity analysis under these lease agreements are as follows:

2024	$ 20,902
2025	83,607
2026	83,607
2027	20,499
Total undiscounted cash flows	208,615
Less: 10% Present value discount	(18,965)
Lease liability	$ 189,650

We recorded lease expense in sales, general and administrative expenses in the consolidated statement of operations:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Operating lease expense	$ 20,902	$ 17,495	$ 34,836	$ 79,434
Short-term lease expense	2,400	34,828	41,643	69,659
Total lease expense	$ 23,302	$ 52,323	$ 76,479	$ 149,093

For the three months ended June 30, 2024, and 2023, cash payments against lease liabilities totalled $20,902 and $18,792 and accretion on lease liability of $5,007 and $309.

For the nine months ended June 30, 2024, and 2023, cash payments against lease liabilities totalled $34,836 and $77,929 and accretion on lease liability of $8,563 and $2,737.

Weighted-average remaining lease term and discount rate for operating leases are as follows:

Weighted-average remaining lease term	2.59 years
Weighted-average discount rate	10%

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of June 30, 2024, and September 30, 2023:

	June 30, 2024	September 30, 2023
Accounts payable	$ 5,501,995	$ 4,978,920
Performance bonuses	300,000	1,262,000
Interest payable	209,057	175,094
Professional fees	669,186	449,944
Marketing	357,123	800,165
Insurance liabilities	12,166	552,000
Other accrued liabilities	318,629	307,135
Accrued Liabilities	1,866,161	3,546,338
Accrued royalties and revenue share	7,829,892	4,930,329
Total accounts payable and accrued expenses	$ 15,198,048	$ 13,455,587

NOTE 8 – DEBT

Lines of Credit as of June 30, 2024:

Related party lines of credit:	Net Carrying Value Current	Net Carrying Value Long Term	Unpaid Principal Balance	Contractual Interest Rates	Contractual Maturity Date	Warrants issued
$2,500,000 revolving line of credit, December 14, 2023	$ —	$ 1,679,226	$ 2,500,000	10%	12 months prior written notice	3,125,000
$1,000,000 non-revolving line of credit, March 28, 2024	1,000,000	—	1,000,000	12%	9/24/2024	—
Total related party non-revolving lines of credit, net	$ 1,000,000	$ 1,679,226	$ 3,500,000			
Lines of credit:						
$2,200,000 non-revolving line of credit, May 13, 2022	$ 735,740	$ —	$ 770,000	12%	08/13/24	314,286
$6,000,000 revolving line of credit, July 29, 2022	2,175,456	—	2,250,018	Greater of Prime + 0, or 4%	07/29/24	—
$4,000,000 non-revolving line of credit, May 10, 2023	594,010	—	800,000	12%	05/10/25	83,142
Total lines of credit, net	$ 3,505,206	$ —	$ 3,820,018			

Lines of Credit as of September 30, 2023:

Related party lines of credit:	Net Carrying Value Current	Net Carrying Value Long Term	Unpaid Principal Balance	Contractual Interest Rates Cash	Contractual Maturity Date	Warrants issued
$4,000,000 non-revolving line of credit, May 10, 2023	$ —	$ 1,959,693	$ 2,266,733	12%	5/10/2025	209,398
Total related party lines of credit, net	$ —	$ 1,959,693	$ 2,266,733			
Lines of credit:						
$2,200,000 non-revolving line of credit, May 13, 2022	$ 2,124,720	$ —	$ 2,200,000	12%	11/13/2023	314,286
$6,000,000 revolving line of credit, July 29, 2022	2,985,298	—	3,730,914	Greater of Prime +0, or 4%	7/29/2024	—
$4,000,000 revolving line of credit, May 10, 2023	—	475,523	900,000	12%	5/10/2025	83,142
Total lines of credit, net	$ 5,110,018	$ 475,523	$ 6,830,914			

The following table presents the interest expense related to the contractual interest coupon and the amortization of debt discounts on the lines of credit:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Interest expense	$ 225,329	$ 364,604	$ 738,773	$ 1,037,499
Amortization of debt discounts	435,177	597,674	1,635,218	1,842,003
Total	$ 660,506	$ 962,278	$ 2,373,991	$ 2,879,502

Maturity analysis under the line of credit agreements for the fiscal years ended September 30,

For the fiscal years ended September 30,	
2024	$ 4,020,018
2025	3,300,000
2026	—
2027	—
2028	—
2029	—
Lines of credit, related and non-related party	7,320,018
Less: Debt discount on lines of credit payable	(1,135,586)
Total Lines of credit payable, related and non-related party, net	$ 6,184,432

Revolving Lines of Credit

Excel Revolving Line of Credit

Effective as of December 14, 2023, we entered into a Revolving Line of Credit Loan Agreement with Excel Family Partners, LLLP, an entity managed by Bruce Cassidy, Executive Chairman of our Board of Directors, (“Excel” and the “Excel Revolving Line of Credit Agreement”) for up to a principal sum of $2,500,000, under which we may pay down and re-borrow up to the maximum amount of the $2,500,000 limit (the “Excel Revolving Line of Credit”). Our drawdown on the Excel Revolving Line of Credit is limited to no more than twenty-five percent (25%) of the last three full months’ revenue, not to exceed $1,250,000 in any quarter, and not to exceed in aggregate the outstanding debt amount of $2,500,000.The Excel Revolving Line of Credit is a perpetual loan, with a maturity date that is twelve (12) months from the date of formal notice of termination by Excel, and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to ten percent (10%) per year. Under the Excel Revolving Line of Credit Agreement, we granted to Excel a security interest in all of our present and future assets and properties, real or personal, tangible or intangible, wherever located, including products and proceeds thereof, which security interest is *pari passu* with the RAT Non-Revolving Line of Credit Agreement and the May 2023 Secured Line of Credit (each as described below), but is subordinate in rights to GemCap under the GemCap Revolving Line of Credit Agreement (as defined below).

Under the terms of the Excel Revolving Line of Credit Agreement, on December 14, 2023, we issued to Excel a warrant to purchase up to an aggregate of 3,125,000 shares of our Common Stock. The warrant has an exercise price of $0.80 per share, which was the closing price of our Common Stock on December 14, 2023, expires on December 14, 2026, and is exercisable at any time prior to such date, to the extent that after giving effect to such exercise, Excel and its affiliates would beneficially own, for purposes of Section 13(d) of the Exchange Act, no more than 29.99% of the outstanding shares of our Common Stock.

The Excel Revolving Line of Credit had a balance, including accrued interest, amounting to $2,582,590 and $0 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the Excel Revolving Line of Credit in the amount of $146,800 and $0 for the three months ended June 30, 2024, and 2023, and $256,084 and $0 for the nine months ended June 30, 2024, and 2023, respectively.

GemCap Revolving Line of Credit Agreement

Effective as of July 29, 2022, we entered into a Loan and Security Agreement with Industrial Funding Group, Inc. (the "Initial Lender") for a revolving loan credit facility for the initial principal sum of up to $4,000,000, and through the exercise of an accordion feature, a total sum of up to $10,000,000 (the "GemCap Revolving Line of Credit Agreement"), evidenced by a Revolving Loan Secured Promissory Note (the "Revolving Loan Note"), also effective as of July 29, 2022 (the "GemCap Revolving Line of Credit"). In connection with the GemCap Revolving Line of Credit Agreement and the Revolving Loan Note, we also executed and delivered to the Initial Lender the Loan Agreement Schedule dated as of July 29, 2022 (the "Loan Agreement Schedule") and other Loan Documents (as defined in the GemCap Revolving Line of Credit Agreement). Shortly after the effective date of the GemCap Revolving Line of Credit, the Initial Lender assigned the GemCap Revolving Line of Credit Agreement, and the Loan Documents, to GemCap Solutions, LLC ("GemCap" or "Senior Lender"). Effective as of October 27, 2022, we entered into Amendment Number 1 to the Loan and Security Agreement and to the Revolving Loan Agreement Schedule, and the Amended and Restated Secured Promissory Note (Revolving Loans) with the Senior Lender to increase the principal sum available under the GemCap Revolving Line of Credit Agreement from $4,000,000 to $6,000,000.

Effective July 29, 2024, we entered into Amendment Number 2 to the Loan and Security Agreement, the Loan Agreement Schedule, the Revolving Loan Note and to the other Loan Documents to amend certain material terms, including to (i) extend the maturity date of the GemCap Revolving Line of Credit Agreement by one (1) year, from July 29, 2024, to July 29, 2025, and (ii) to make Retail Media TV, Inc., our wholly-owned subsidiary, a co-borrower thereunder.

The GemCap Revolving Line of Credit had an original maturity date of July 29, 2024, and began accruing interest on the unpaid principal balance of advances, payable monthly in arrears, on September 7, 2022, at an annual rate equal to the greater of (I) the sum of (i) the "Prime Rate" as reported in the "Money Rates" column of The Wall Street Journal, adjusted as and when such Prime Rate changes, plus (ii) zero percent (0.00%), and (II) four percent (4.00%). Availability for borrowing under the GemCap Revolving Line of Credit is dependent upon our assets in certain eligible accounts and measures of revenue, subject to reduction for reserves that the Senior Lender may require in its discretion, and the accordion feature is a provision whereby we may request that the Senior Lender increase availability under the GemCap Revolving Line of Credit, subject to its sole discretion.

Under the GemCap Revolving Line of Credit Agreement, we have granted to the Senior Lender a first-priority security interest in all of our present and future property and assets, including products and proceeds thereof. In connection with the loan, our existing secured lenders, some of whom are the RAT Lenders under our RAT Non-Revolving Line of Credit (each as defined below) (collectively, the "Subordinated Lenders") delivered subordination agreements (the "GemCap Subordination Agreements") to the Senior Lender. We are permitted to make regularly scheduled payments, including payments upon maturity, to such subordinated lenders and potentially other payments subject to a measure of cash flow and receiving certain financing activity proceeds, in accordance with the terms of the GemCap Subordination Agreements. In connection with the delivery of the GemCap Subordination Agreements by the Subordinated Lenders, on July 29, 2022, we issued warrants to each Subordinated Lender on identical terms for an aggregate of up to 296,329 shares of our Common Stock (each, a "Subordination Agreement Warrant"). Each Subordination Agreement Warrant has an exercise price of $5.25 per share, expires on July 29, 2025, and is exercisable at any time prior to such date. One warrant for 191,570 warrant shares was issued to Eagle Investment Group, LLC, an entity managed by Bruce Cassidy, Executive Chairman of our Board of Directors ("Mr. Cassidy"), as directed by its affiliate, Excel Family Partners, LLLP ("Excel"), an entity also managed by Mr. Cassidy, one of the Subordinated Lenders. The Subordinated Lenders receiving warrants for the remaining 104,759 warrant shares were also entitled to receive a cash payment of $22,000 six months from the date of the GemCap Subordination Agreements, representing one percent (1.00%) of the outstanding principal amount of the loan held by such Subordinated Lenders. This cash payment was made to those Subordinated Lenders on January 25, 2023.

The GemCap Revolving Line of Credit had a balance, including accrued interest, amounting to $2,279,596 and $3,757,074 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the GemCap Revolving Line of Credit in the amount of $304,038 and $353,684 for the three months ended June 30, 2024, and 2023, and $1,012,000 and $1,068,425 for the nine months ended June 30, 2024, and 2023, respectively.

Non-Revolving Lines of Credit

RAT Non-Revolving Line of Credit

Effective as of May 13, 2022, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the "RAT Non-Revolving Line of Credit Agreement") with several institutions and individuals (each a "RAT Lender" and collectively, the "RAT Lenders") and RAT Investment Holdings, LP, as administrator of the loan (the "Loan Administrator") for an aggregate principal amount of $2,200,000 (the "RAT Non-Revolving Line of Credit"), evidenced by a Non-Revolving Line of Credit Promissory Note (the "RAT Note"), also effective as of May 13, 2022. Pursuant to the terms of the RAT Non-Revolving Line of Credit Agreement, the RAT Non-Revolving Line of Credit matured eighteen (18) months from the effective date of the RAT Non-Revolving Line of Credit (the "Original RAT Line of Credit Maturity Date") and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve percent (12%) per year. Under the RAT Non-Revolving Line of Credit Agreement, we granted to the RAT Lenders a security interest in all of our present and future assets and properties, real or personal, tangible or intangible, wherever located, including products and proceeds thereof, which security interest is *pari passu* with the Excel Revolving Line of Credit Agreement (as defined above) and the May 2023 Secured Line of Credit Agreement (as defined below) and (each of which are subordinated in connection with our GemCap Revolving Line of Credit Agreement (as defined above)).

In connection with the RAT Non-Revolving Line of Credit Agreement, on May 13, 2022, we issued a warrant (collectively, the "RAT Loan Warrants") to each RAT Lender for an aggregate of up to 209,522 shares of our Common Stock. Each RAT Loan Warrant had an exercise price of $5.25 per share, expires on May 13, 2025, and is exercisable at any time prior to the expiration date.

Effective as of November 13, 2023, we entered into a Non-Revolving Line of Credit Loan Agreement Amendment (the "RAT Non-Revolving Line of Credit Agreement Amendment") with the RAT Lenders to: (i) extend the Original RAT Line of Credit Maturity Date from eighteen (18) months to twenty-seven (27) months from the date of the RAT Non-Revolving Line of Credit Agreement, or August 13, 2024 (the "First Extended RAT Line of Credit Maturity Date"); and (ii) amend the payment terms of the RAT Non-Revolving Line of Credit such that payments of interest or principal under the RAT Non-Revolving Line of Credit Agreement and the RAT Note will be due and payable from November 13, 2023, to the First Extended RAT Line of Credit Maturity Date, as follows (a) one payment of $374,000 (comprised of accrued interest of $132,000 due through November 13, 2023, an initial payment of principal of $220,000 and $22,000 as consideration to extend the Original RAT Line of Credit Maturity Date) due on November 13, 2023; and (b) nine (9) monthly payments of principal of $220,000 plus accrued interest, commencing December 13, 2023. In consideration for the extension of the Original RAT Line of Credit Maturity Date, we agreed to amend the terms of the RAT Loan Warrants as well as the Subordination Agreement Warrants issued to the RAT Lenders in connection with the GemCap Subordination Agreements described above to reduce the warrant exercise price to $1.00. *See "—GemCap Revolving Line of Credit."* We also agreed to apply one-third (1/3) of the net proceeds of any capital raise that takes place subsequent to the date of the RAT Non-Revolving Line of Credit Agreement Amendment, other than proceeds from an equity offering under any at-the-market ("ATM" program or from an affiliate or insider, toward paying down the then outstanding principal amount due under the RAT Non-Revolving Line of Credit. Pursuant to the RAT Non-Revolving Line of Credit Agreement Amendment #1, each RAT Lender agreed to enter into a lock-up agreement restricting the disposal of any shares of our Common Stock that are issued in connection with the exercise of the RAT Loan Warrants or the Subordination Agreement Warrants for a period of twelve (12) months from the date of the RAT Non-Revolving Line of Credit Agreement Amendment #1. Effective as of November 13, 2023, we issued an Amended and Restated Non-Revolving Line of Credit Promissory Note Amendment to the Lenders reflecting the extension of the Original RAT Line of Credit Maturity Date.

On April 18, 2024, we entered into that certain Non-Revolving Line of Credit Loan Agreement Amendment #2 (the "RAT Non-Revolving Line of Credit Agreement Amendment #2") with the RAT Lenders to: (i) extend the Original RAT Line of Credit Maturity Date from eighteen (18) months to thirty-two (32) months from the date of the RAT Non-Revolving Line of Credit Agreement, or January 13, 2025 (the "Second Extended RAT Line of Credit Maturity Date"); and (ii) amend the payment terms of the RAT Non-Revolving Line of Credit such that payments of interest and principal under the RAT Non-Revolving Line of Credit Agreement and the RAT Note are due and payable from April 13, 2024, to the Second Extended RAT Line of Credit Maturity Date, as follows: (a) one payment of $121,000, comprised of accrued interest of $11,000 through April 13, 2024, and an initial payment of principal of $110,000, due on April 13, 2024; and (b) nine (9) monthly payments of principal of $110,000, plus accrued interest, commencing on May 13, 2024. We issued a Second Amended and Restated Non-Revolving Line of Credit Promissory Note, effective April 13, 2024, to the RAT Lenders reflecting the extension of the Original RAT Line of Credit Maturity Date.

On May 31, 2024, we entered into a Non-Revolving Line of Credit Waiver and Consent Agreement (the "Waiver and Consent"), with the Loan Administrator, effective as of and contingent upon the closing of the Offerings (each as defined and described below), waiving certain provisions of the RAT Non-Revolving Line of Credit Agreement Amendment #1, pursuant to which the RAT Lenders agreed to irrevocably waive their rights to receive one-third (1/3) of the net proceeds of any non-affiliate capital raise, including the Offerings, and consent to us not paying any of such proceeds to the RAT Lenders. In consideration for entering into the Waiver and Consent, we agreed to reduce the exercise price of the RAT Loan Warrants and the Subordination Agreement Warrants held by the RAT Lenders to purchase an aggregate of 314,281 shares of Common Stock from $1.00 to $0.24. See "Note 11 – *The Registered Offering and the Concurrent Private Placement Offering*" below.

The RAT Non-Revolving Line of Credit had a balance, including accrued interest, amounting to $774,222 and $2,300,899 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the RAT Non-Revolving Line of Credit in the amount of $99,156 and $223,382 for the three months ended June 30, 2024, and 2023, and $409,165 and $670,146 for the nine months ended June 30, 2024, and 2023, respectively.

May 2023 Secured Loan

Effective as of May 10, 2023, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the "May 2023 Secured Line of Credit Agreement") with several individuals and institutional lenders for aggregate loans of up to $4.0 million (the "May 2023 Secured Line of Credit"), evidenced by Secured Non-Revolving Line of Credit Promissory Notes (each a "May 2023 Secured Note" and collectively, the "May 2023 Secured Notes"), also effective as of May 10, 2023. The May 2023 Secured Line of Credit matures twenty-four (24) months from the date of the May 2023 Secured Line of Credit Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve percent (12%) per year. We granted to the lenders under the May 2023 Secured Line of Credit Agreement a security interest in all of our present and future assets and properties, real or personal, tangible or intangible, wherever located, including products and proceeds thereof, which security interest is *pari passu* with the RAT Non-Revolving Line of Credit Agreement and the Excel Revolving Line of Credit Agreement, but is subordinate in rights to GemCap under the GemCap Revolving Line of Credit Agreement. *See "— GemCap Revolving Line of Credit Agreement."*

In connection with the May 2023 Secured Line of Credit, on May 10, 2023, we agreed to issue to each lender under the May 2023 Secured Line of Credit Agreement, upon drawdown, a warrant to purchase up to an aggregate of 369,517 shares of our Common Stock. The warrants have an exercise price of $4.33 per share, expire on May 10, 2026, and is exercisable at any time prior to such date.

As of May 10, 2023, Excel, an entity managed by Mr. Cassidy, had committed to be a lender under the May 2023 Secured Line of Credit Agreement for an aggregate loan of $2.65 million, and as of September 11, 2023, Excel had not loaned any funds under the May 2023 Secured Line of Credit. On May 31, 2023, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the "Excel $2.2M Secured Line of Credit Agreement") with Excel for an aggregate principal amount of up to $2,200,000 (the "Excel $2.2M Line of Credit"), evidenced by a Non-Revolving Line of Credit Promissory Note (the "Excel $2.2M Note"). Pursuant to the terms of a Pay Off Letter Agreement with Excel dated September 12, 2023, we refinanced the outstanding principal and interest of the Excel $2.2M Line of Credit to be included as part of the obligations of the May 2023 Secured Line of Credit Agreement. As a result of such refinancing, as of September 12, 2023, no principal or interest remained outstanding under the Excel $2.2M Secured Line of Credit, and the Excel $2.2M Secured Line of Credit Agreement was terminated, and as of September 12, 2023, Excel had loaned $2,266,733 under the May 2023 Secured Line of Credit Agreement and received a warrant to purchase 209,398 shares of our Common Stock.

As of December 14, 2023, the outstanding principal and interest on Excel's portion of the May 2023 Secured Line of Credit was $2,328,617 (the "Excel May 2023 Secured Line of Credit Pay Off-Amount") of the total aggregate principal and interest outstanding under the May 2023 Secured Line of Credit of $3,262,817. On December 14, 2023, Excel agreed to convert the Excel May 2023 Secured Line of Credit Pay-Off Amount owed under the May 2023 Secured Line of Credit Agreement into 2,910,771 shares of our Common Stock at a conversion price per share of $0.80. In addition, in connection with the Warrant Repricing (as defined below), on December 14, 2023, Excel agreed to the reprice the per share warrant exercise price of the warrant for 209,398 shares of our Common Stock to $0.80 per warrant share and immediately exercised the warrant, delivering the net proceeds of $167,518.40 to us. *See "—Repricing and Exercise of Certain Warrants."*

On December 31, 2023, one of the remaining lenders under the May 2023 Secured Line of Credit converted $101,699.83 in outstanding principal and interest into 127,124 shares of our Common Stock at a conversion price per share of $0.80. As of June 30, 2024, a total principal amount of $800,000 remained outstanding on the May 2023 Secured Line of Credit and warrants for a total of 83,142 warrant shares had been issued to the remaining lenders in connection with the May 2023 Secured Line of Credit and remained outstanding.

The May 2023 Secured Loan had a principal balance, including accrued interest, amounting to $861,333 and $3,214,769 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the 2023 Secured Loan in the amount of $80,179 and $40,736 for the three months ended June 30, 2024, and 2023, and $293,520 and $40,736 for the nine months ended June 30, 2024, and 2023, respectively.

Excel $1.0M Line of Credit

On March 28, 2024, we entered into a Secured Non-Revolving Line of Credit Loan Agreement with Excel ("Excel $1.0M Secured Line of Credit Agreement") for an aggregate principal amount of up to $1,000,000 (the "Excel $1.0M Line of Credit"), evidenced by a Secured Non-Revolving Line of Credit Promissory Note (the "Excel $1.0M Note"). The Excel $1.0M Line of Credit matures one hundred eighty (180) days from the date of the Excel $1.0M Secured Line of Credit Agreement (the "Excel $1.0M Line of Maturity Date") and accrues interest, payable in arrears on the Excel $1.0M Line of Credit Maturity Date, at a fixed rate of interest equal to twelve percent (12%) per year.

Under the Excel $1.0M Secured Line of Credit Agreement, we granted to Excel a security interest in all of our present and future assets and properties, real or personal, tangible or intangible, wherever located, including products and proceeds thereof, which security interest is subordinate in rights to GemCap under the GemCap Revolving Line of Credit Agreement.

On May 31, 2024, we entered into a Waiver and Consent Letter Agreement with Excel (the "Excel Waiver Agreement"), effective as of and contingent upon the closing of the Registered Offering (as defined and described below), waiving certain provisions of the Excel $1.0M Secured Line of Credit Agreement, pursuant to which Excel irrevocably agreed to waive its rights to receive five hundred thousand dollars ($500,000) of the net proceeds of any non-affiliate capital raise, including the Registered Offering, and consented to us not paying any of such proceeds to it, contingent upon the closing of such a non-affiliate capital raise, including the Registered Offering. See "Note 11 – *The Registered Offering and the Concurrent Private Placement Offering*" below.

The Excel $1.0M Line of Credit had a balance, including accrued interest, amounting to $1,031,333 and $0 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the Excel $1.0M Line of Credit in the amount of $30,333 and $0 for the three months ended, and $31,333 and $0 for the nine months ended June 30, 2024, and 2023, respectively.

See Note 12 – Stock Options, Restricted Stock Units (RSUs) and Warrants for discussion on the repricing of certain existing warrants and the issuance of prefunded warrants.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

We may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. There are no such loss contingencies that are included in the financial statements as of June 30, 2024.

NOTE 10 – RELATED PARTY TRANSACTIONS

Related parties are natural persons or other entities that have the ability, directly or indirectly, to control another party or exercise significant influence over the party making financial and operating decisions. Related parties include other parties that are subject to common control or that are subject to common significant influences.

500 Limited

For the nine months ended June 30, 2024, and 2023, we paid 500 Limited $145,500 and $307,000, respectively, for programming services provided to Loop Media. 500 Limited is an entity controlled by Liam McCallum, our former Chief Product and Technology Officer.

Excel

On May 31, 2024, we entered into a Securities Purchase Agreement (the "Private Placement Purchase Agreement") with Excel.

Pursuant to the Private Placement Purchase Agreement, in a private placement (the "Concurrent Private Placement Offering"), we agreed to sell and issue to Excel pre-funded warrants (the "Private Pre-Funded Warrants") to purchase up to an aggregate of 4,347,826 shares of Common Stock (the "Private Pre-Funded Warrant Shares") at a purchase price of $0.2308 per Private Pre-Funded Warrant, for aggregate gross proceeds to the Company of approximately $1.0 million, before deducting offering expenses payable by the Company. The Private Pre-Funded Warrants are immediately exercisable at an exercise price of $0.0001 per share and will expire when the Private Pre-Funded Warrants are fully exercised. The Concurrent Private Placement Offering closed on June 10, 2024. See Note 11 – *The Registered Offering and the Concurrent Private Placement Offering*.

On May 31, 2024, we also entered into the Excel Waiver Agreement, effective as of and contingent upon the closing of the Registered Offering, with Excel, waiving certain provisions of the Excel $1.0M Secured Line of Credit Agreement, pursuant to which Excel irrevocably agreed to waive its rights to receive five hundred thousand dollars ($500,000) of the net proceeds of any non-affiliate capital raise, including the Registered Offering, and consented to us not paying any of such proceeds to it, contingent upon the closing of such a non-affiliate capital raise, including the Registered Offering.

See Note 8 – Debt for discussion on the following:

- GemCap Revolving Line of Credit Agreement and Warrants
- Excel Revolving Line of Credit
- May 2023 Secured Loan
- Excel $1.0M Line of Credit

See Note 12 – Stock Options, Restricted Stock Units (RSUs) and Warrants for discussion on the repricing of certain existing warrants and the issuance of prefunded warrants.

NOTE 11 –STOCKHOLDERS' EQUITY (DEFICIT)

Change in Number of Authorized and Outstanding Shares

On August 15, 2023, the Loop stockholders voted at our 2023 Annual Meeting of Stockholders to approve an amendment to our Restated Articles of Incorporation to increase the number of shares of common stock, par value of $0.0001 per share ("Common Stock"), authorized for issuance thereunder from 105,555,556 shares to 150,000,000 shares.

On September 21, 2022, a 1 for 3 reverse stock split of our Common Stock became effective. All share and per share information in the accompanying consolidated financial statements and footnotes has been retroactively adjusted for the effects of the reverse split for all periods presented.

Common Stock

Our authorized capital stock consists of 150,000,000 shares of Common Stock, $0.0001 par value per share, and 3,333,334 shares of preferred stock, $0.0001 par value per share.

As of June 30, 2024, and 2023, there were 79,048,736 and 59,183,668, respectively, shares of Common Stock issued and outstanding.

The Registered Offering and the Concurrent Private Placement Offering

On May 31, 2024, we entered into a Securities Purchase Agreement (the “Institutional Purchase Agreement”) with the purchaser named therein (the “Institutional Investor”) and a Securities Purchase Agreement (the “Private Placement Purchase Agreement,” together with the Institutional Purchase Agreement, the “Purchase Agreements”) with Excel (the “Private Placement Entity,” together with the Institutional Investor, the “Investors”).

Pursuant to the Institutional Purchase Agreement, we agreed to sell and issue, in a registered direct offering (the “Registered Offering”) 7,875,000 shares (the “Registered Shares”) of our Common Stock at a purchase price per share of $0.15 and pre-funded warrants (the “Registered Pre-Funded Warrants”) to purchase up to an aggregate of 1,777,174 shares of Common Stock (the “Registered Pre-Funded Warrant Shares”) at a purchase price per Registered Pre-Funded Warrant of $0.1499, for aggregate gross proceeds to the Company of approximately $1.45 million, before deducting placement agent fees and offering expenses payable by the Company.

Pursuant to the Private Placement Purchase Agreement, in a concurrent private placement (the “Concurrent Private Placement Offering,” together with the Registered Offering, the “Offerings”), we agreed to sell and issue to the Private Placement Entity pre-funded warrants (the “Private Pre-Funded Warrants”) to purchase up to an aggregate of 4,347,826 shares of Common Stock (the “Private Pre-Funded Warrant Shares”) at a purchase price of $0.2308 per Private Pre-Funded Warrant, for aggregate gross proceeds to the Company of approximately $1.0 million, before deducting offering expenses payable by the Company. The Private Pre-Funded Warrants are immediately exercisable at an exercise price of $0.0001 per share and will expire when the Private Pre-Funded Warrants are fully exercised. The Concurrent Private Placement Offering closed on June 10, 2024.

The Purchase Agreements contain customary representations, warranties and agreements of the Company and the Investors and customary indemnification rights and obligations of the parties. Pursuant to the terms of the Institutional Purchase Agreement, we have agreed to certain restrictions, subject to certain exceptions, on the issuance and sale of its Common Stock and securities convertible into shares of Common Stock during the 90-day period following the closing of the Registered Offering. We also agreed not to effect or enter into an agreement to effect any issuance of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock involving a variable rate transaction (as defined in the Institutional Purchase Agreement), subject to certain exceptions, until the six-month anniversary of the closing of the Registered Offering.

In addition, until the date that is the eighteen-month anniversary of the closing of the Registered Offering, the Institutional Investor is entitled to a participation right in any subsequent financing (as defined in the Institutional Purchase Agreement) effected by the Company or any of its subsidiaries of Common Stock or Common Stock equivalents for cash consideration, or a combination of units thereof, up to an amount equal to 35% of such subsequent financing on the same terms, conditions and price provided for in the subsequent financing, subject to certain carve-outs as set forth in the Institutional Purchase Agreement.

In connection with the Offerings, on May 31, 2024, we also entered into a placement agency agreement (the "Placement Agency Agreement") with Roth Capital Partners, LLC (the "Placement Agent"). Pursuant to the terms of the Placement Agency Agreement, the Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the Registered Shares, the Registered Pre-Funded Warrants, the Registered Pre-Funded Warrant Shares, the Private Pre-Funded Warrants and the Private Pre-Funded Warrant Shares (the "Securities"). We paid the Placement Agent a cash fee equal to 6.5% of the gross proceeds generated from the Offerings and agreed to reimburse the Placement Agent for certain of its expenses in an amount up to $50,000. The Placement Agent did not receive cash placement agent fees on the sale of the Private Pre-Funded Warrants and the Private Pre-Funded Warrant Shares. The Placement Agency Agreement contains customary representations, warranties and agreements of the Company and the Placement Agent and customary indemnification rights and obligations of the parties.

Pursuant to the terms of the Placement Agency Agreement, we issued to the Placement Agent warrants ("Placement Agent Warrants") to purchase up to 700,000 shares of Common Stock, or 5.0% of the aggregate shares of Common Stock (or Common Stock equivalents) issued in the Offerings, exercisable at a price per share of $0.25399. The Placement Agent Warrants are exercisable commencing six months after the closing date of the Registered Offering and expire May 31, 2029.

The Registered Offering closed on June 3, 2024, and on July 1, 2024, the Institutional Investor delivered a Notice of Exercise to us to purchase the Registered Pre-Funded Warrant Shares.

The Registered Shares and the Registered Pre-Funded Warrants were offered pursuant to our effective Shelf Registration Statement on Form S-3 (File No. 333-268957), which was previously filed and declared effective by the SEC, the accompanying base prospectus dated January 11, 2023, and a prospectus supplement dated May 31, 2024.

Nine months ended June 30, 2024

During the nine months ended June 30, 2024, we issued 7,875,000 shares of common stock through a Registered Direct Offering.

During the nine months ended June 30, 2024, we issued 1,850,874 shares of common stock upon the exercise of warrants.

During the nine months ended June 30, 2024, we issued 2,910,771 shares of common stock to a board member upon the conversion of non-revolving line of credit plus accrued interest.

During the nine months ended June 30, 2024, we issued 127,124 shares of common stock upon the conversion of non-revolving line of credit plus accrued interest.

During the nine months ended June 30, 2024, we issued 60,810 shares of common stock for capital raise costs.

During the nine months ended June 30, 2024, we issued 311,889 shares of common stock for consulting fees.

During the nine months ended June 30, 2024, we issued 292,117 shares of common stock for vested RSUs.

See Note 12 – Stock Options and Warrants for stock compensation discussion.

Nine months ended June 30, 2023

We filed a Shelf Registration Statement on Form S-3 that has been declared effective by the SEC. On May 12, 2023, we entered into an At Market ("ATM") Issuance Sales Agreement (the "ATM Sales Agreement") with B. Riley Securities, Inc. (the "Agent") pursuant to which we may offer and sell, from time to time through the Agent, shares of our Common Stock, for aggregate gross proceeds of up to $50,000,000. During the nine months ended June 30, 2023, we issued 2,779,997 shares of Common Stock under the Sales Agreement, resulting in cash proceeds of $8,317,936, net of placement agent's commission and related fees of $257,435 but before deducting offering costs.

During the nine months ended June 30, 2023, we issued 22,462 shares of Common Stock upon the exercise of stock options.

See Note 12 – Stock Options and Warrants for stock compensation discussion.

NOTE 12 – STOCK OPTIONS, RESTRICTED STOCK UNITS (RSUs) AND WARRANTS

Options

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from using our historical stock prices. We account for the expected life of options based on the contractual life of options for non-employees. For employees, we account for the expected life of options in accordance with the "simplified" method, which is used for "plain-vanilla" options, as defined in the accounting standards codification. The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options.

The following table summarizes the stock option activity for the nine months ended June 30, 2024:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at September 30, 2023	8,849,305	$ 3.84	6.35	$ —
Grants	201,666	0.23		—
Exercised	—	—		—
Expired	(805,854)	3.50		—
Forfeited	(399,236)	2.92		—
Outstanding at June 30, 2024	7,845,881	$ 3.83	5.76	$ —
Exercisable at June 30, 2024	7,067,471	$ 3.79	5.45	$ —

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on options with an exercise price less than our stock price of $0.10 as of June 30, 2024, and $2.39 as of June 30, 2023, which would have been received by the option holders had those option holders exercised their options as of that date.

We recognize compensation expense for all stock options granted using the fair value-based method of accounting. During the nine months ended June 30, 2024, we issued 201,666 options valued at $0.23 per option. As of June 30, 2024, the total compensation cost related to nonvested awards not yet recognized is $1,917,278 and the weighted average period over which expense is expected to be recognized is 24.9 months.

We calculated the fair value of options issued using the Black-Scholes option pricing model, with the following assumptions:

	June 30, 2024
Weighted average fair value of options granted	$ 0.23
Expected life	5.68 years
Risk-free interest rate	4.45%
Expected volatility	53.63%
Expected dividends yield	—
Forfeiture rate	—

The stock-based compensation expense related to option grants was $2,018,579 and $5,319,045, for the nine months ended June 30, 2024, and 2023, respectively.

Restricted Stock Units

On September 18, 2022, the Compensation Committee of our Board of Directors approved Restricted Stock Unit ("RSU") awards to certain officers and key employees pursuant to the terms of the Loop Media, Inc. Amended and Restated 2020 Equity Incentive Compensation Plan (the "2020 Plan").

On September 22, 2022, we granted an aggregate of 890,000 RSUs, which vest over time subject to continued service. Each RSU was valued at the public offering price during our initial public offering of $5.00 per share, and twenty-five percent (25%) of the RSUs vest on the one-year anniversary of the grant date and the remainder in equal quarterly installments over the following three-year period.

On January 3, 2023, the Compensation Committee of our Board of Directors approved RSU awards as compensation to members of our Board of Directors pursuant to the 2020 Plan.

On January 3, 2023, we granted an aggregate of 212,004 RSUs which vest over time subject to continued service. Each RSU was valued at $6.23 per share. Twenty-five percent (25%) of 130,464 RSUs vest on the one-year anniversary of the grant date and the remainder in equal quarterly installments over the following three-year period. One hundred percent (100%) of 81,540 RSUs vested on the day after the end of the fiscal year in which the grant was made.

On July 1, 2023, we granted an aggregate of 54,393 RSUs which vested one hundred percent (100%) on the grant date. Each RSU was valued at $2.39 per share.

On January 1, 2024, we granted an aggregate of 140,000 RSUs which will vest in equal semi-annual installments over a two-year term, beginning on the six (6) month anniversary of the grant date until all RSUs are fully vested. Each RSU was valued at $1.00 per share.

On March 15, 2024, we granted an aggregate of 3,065,000 RSUs which will vest over a two-year period with fifty percent (50%) vesting on the one (1) year anniversary of the grant date and the remainder at twelve and a half percent (12.5%) on a quarterly basis thereafter until all RSUs are fully vested. Each RSU was valued at $0.50 per share.

On March 15, 2024, we granted 600,000 RSUs, which will vest over a four-year period, with one quarter (1/4) of the shares subject to the RSUs vesting on the one (1) year anniversary of the grant date and the remaining shares vesting equally on a quarterly basis beginning three (3) months after the one-year anniversary until all RSUs are fully vested. Each RSU was valued at $0.50 per share.

On April 1, 2024, we granted 75,000 RSUs, which will vest over a year and four months period, with fifty percent (50%) of the shares subject to the RSUs vesting on the one (1) year anniversary of the grant date and the remaining shares vesting equally on a quarterly basis beginning three (3) months after the one-year anniversary until all RSUs are fully vested. Each RSU was valued at $0.32 per share.

The following table summarizes the RSU activity for the nine months ended June 30, 2024:

	Number of RSUs	Weighted Average Fair Value	Aggregate Intrinsic Value
Outstanding at September 30, 2023	860,754	$ 5.30	$ 427,795
Granted	3,880,000		
Vested	(284,495)		
Expired	—		
Forfeited	(130,000)		
Outstanding at June 30, 2024	4,326,259	$ 1.14	$ 436,952

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on our stock price of $0.10 as of June 30, 2024, and $2.39 as of June 30, 2023, which would have been received by the RSU holders as of that date.

The stock-based compensation expense related to RSU grants was $1,239,713 and $1,263,635, for the nine months ended June 30, 2024, and 2023, respectively.

As of June 30, 2024, the total compensation cost related to nonvested RSU awards not yet recognized was $4,560,326 and the weighted average period over which expense is expected to be recognized in months was 26.3.

Warrants

The following table summarizes the warrant activity for the nine months ended June 30, 2024:

	Number of shares	Weighted average exercise price per share
Outstanding at September 30, 2023	5,592,573	$ 5.74
Issued*	3,125,000	0.41
Exercised	(1,850,874)	0.80
Expired	—	—
Outstanding at June 30, 2024	6,866,699	$ 2.19

* Excludes pre-funded warrants

We record all warrants granted using the fair value-based method of accounting.

During the nine months ended June 30, 2024, we issued 3,125,000 warrants in conjunction with a revolving line of credit. We allocated the fair value of the warrants at inception as deferred costs.

During the nine months ended June 30, 2024, we recorded debt discount of $1,003,125 for the warrants issued in conjunction with lines of credit and recorded the straight-line amortization ratably over the life of the debt as interest expense.

During the nine months ended June 30, 2024, we recorded consulting expense of $113,640 as a result of current period vesting of previously issued warrants to various companies for consulting services.

We calculated the fair value of warrants issued using the Black-Scholes option pricing model, with the following assumptions:

	June 30, 2024
Weighted average fair value of warrants granted	$ 0.80
Expected life	3.00 years
Risk-free interest rate	4.09%
Expected volatility	46.56%
Expected dividends yield	—%
Forfeiture rate	—%

Repricing and Exercise of Certain Existing Warrants

On December 14, 2023, we agreed to offer to amend certain existing warrants exercisable for an aggregate of up to 4,055,240 shares of our Common Stock (each such warrant an “Existing Warrant”) to reduce the respective exercise prices thereof to $0.80 per share (such new price being referred to as the “Amended Warrant Exercise Price”), which was the closing price per share of our common stock as quoted on the NYSE American on December 13, 2023, on the condition that the holder of each Existing Warrant would commit to exercise the Existing Warrant within a certain period of time, paying the aggregate Amended Warrant Exercise Price of each respective Existing Warrant in cash to us (the “Warrant Repricing”). As of December 14, 2023, Existing Warrants exercisable for an aggregate of up to 786,482 shares of our common stock were held by Excel and Eagle Investment Group, LLC, entities managed by Bruce Cassidy, Sr., Executive Chairman of our Board of Directors, and Existing Warrants exercisable for an aggregate of up to 443,332 shares of our Common Stock were held by Denise Penz, a member of our Board of Directors. In connection with the Warrant Repricing, each of Mr. Cassidy and Ms. Penz exercised their Existing Warrants, resulting in net proceeds to us of $983,851.

As of June 30, 2024, holders of Existing Warrants (including those held by Mr. Cassidy and Ms. Penz) had exercised warrants for 1,850,874 shares for an aggregate exercise price of $1,480,699. No other Existing Warrants have been repriced or exercised under the Warrant Repricing.

RAT Warrant Repricing

On May 31, 2024, we entered into a Non-Revolving Line of Credit Waiver and Consent Agreement (the "Waiver and Consent"), with the Loan Administrator, effective as of and contingent upon the closing of the Offerings, waiving certain provisions of the RAT Non-Revolving Line of Credit Agreement Amendment #1, pursuant to which the RAT Lenders agreed to irrevocably waive their rights to receive one-third (1/3) of the net proceeds of any non-affiliate capital raise, including the Offerings, and consent to us not paying any of such proceeds to the RAT Lenders. In consideration for entering into the Waiver and Consent, we agreed to reduce the exercise price of the RAT Loan Warrants and the Subordination Agreement Warrants held by the RAT Lenders to purchase an aggregate of 314,281 shares of Common Stock from $1.00 to $0.24. See "Note 11 – *The Registered Offering and the Concurrent Private Placement Offering*" above.

Pre-Funded Warrants

During the nine months ended June 30, 2024, we issued 1,777,174 pre-funded warrants in conjunction with a registered direct offering as well as 4,347,826 pre-funded warrants in conjunction with a private placement.

See Note 11 - *The Registered Offering and the Concurrent Private Placement Offering* for the discussion on pre-funded warrants.

NOTE 13 – SUBSEQUENT EVENTS

We have evaluated all subsequent events through the date of this quarterly report on Form 10-Q with the SEC, to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of June 30, 2024, and events that occurred after June 30, 2024, but which were not recognized in the financial statements.

Exercise of Pre-Funded Warrants

On July 1, 2024, the Institutional Investor delivered a Notice of Exercise to us to purchase the Registered Pre-Funded Warrant Shares. See Note 11 - *The Registered Offering and the Concurrent Private Placement Offering* for the discussion on pre-funded warrants.

NYSE American Listing Requirements

As previously disclosed, on April 23, 2024, we received a deficiency letter from the NYSE American LLC (the "NYSE American") indicating that we were not in compliance with the NYSE American continued listing standards set forth in Sections 1003(a)(i), (ii) and (iii) of the NYSE American Company Guide (the "Company Guide"), and were given until May 23, 2024 (the "Deadline"), to submit a plan to regain such compliance with the continued listing standards (a "Plan").

We submitted a Plan by the Deadline, and on July 16, 2024, we received notification (the "Acceptance Letter") from the NYSE American that our Plan was accepted. In the Acceptance Letter, the NYSE American granted us until October 23, 2025 (the "Plan Period"), to regain compliance with the continued listing standards.

During the Plan Period, we will be subject to periodic review by the NYSE American on its progress with the goals and initiatives outlined in the Plan. We intend to regain compliance with Sections 1003(a)(i), (ii) and (iii) of the Company Guide during the Plan Period; however, if we do not regain compliance with the NYSE American listing standards by October 25, 2025, or if we do not make sufficient progress consistent with the Plan during the Plan Period, then NYSE American may initiate delisting proceedings.

The Acceptance Letter has no immediate impact on the listing of our shares of common stock, par value $0.0001 per share (the "Common Stock"), which will continue to be listed and traded on the NYSE American during the Plan Period, subject to our compliance with the other listing requirements of the NYSE American. The Acceptance Letter does not affect our ongoing business operations or our reporting requirements with the Securities and Exchange Commission (the "SEC").

We can provide no assurances that we will be able to make progress with respect to the Plan that the NYSE American will determine to be satisfactory, that it will regain compliance with Section 1003(a)(i), (ii) and (iii) of the Company Guide on or before the expiration of the Plan Period, or that developments and events occurring subsequent to our formulation of the Plan or its acceptance by the NYSE American will not adversely affect our ability to make sufficient progress and/or regain compliance with these continuing listing standards on or before the expiration of the Plan Period or result in our failure to be in compliance with other NYSE American continued listing standards.

Amendment to Loan Agreement

Effective as of July 29, 2022, we entered into a Loan and Security Agreement (the "Loan Agreement") with Industrial Funding Group, Inc. (the "Initial Lender"), for a revolving loan credit facility for the principal sum of up to four million dollars ($4,000,000.00), and through the exercise of an accordion feature, a total sum of up to ten million dollars ($10,000,000.00) (the "Loan"), evidenced by a Revolving Loan Secured Promissory Note (the "Revolving Loan Note"), also effective as of July 29, 2022. In connection with the Loan Agreement and the Revolving Loan Note, we also executed and delivered to the Initial Lender the Loan Agreement Schedule dated as of July 29, 2022 (the "Loan Agreement Schedule") and other Loan Documents, as defined in the Loan Agreement.

Shortly thereafter, the Initial Lender assigned the Loan Agreement, and the loan documents related thereto, to GemCap Solutions, LLC ("GemCap" or "Senior Lender"). As previously disclosed, on October 27, 2022, the Loan Agreement was amended by Amendment Number 1 to the Loan and Security Agreement and to the Loan Agreement Schedule to increase the maximum availability and maximum credit of the loan from four million dollars ($4,000,000.00) to six million dollars ($6,000,000.00), evidenced by an Amended and Restated Secured Promissory Note (Revolving Loans), also dated October 27, 2022.

Effective July 29, 2024, we entered into Amendment Number 2 to the Loan and Security Agreement, the Loan Agreement Schedule, the Revolving Loan Note and to the other Loan Documents (the "Loan Agreement Amendment No. 2") to amend certain material terms, including (i) to extend the maturity date of the Loan Agreement by one (1) year, from July 29, 2024, to July 29, 2025, and (ii) to make Retail Media TV, Inc., the Company's wholly-owned subsidiary, a co-borrower thereunder.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

STATEMENT ON FORWARD-LOOKING INFORMATION

This report ("Report") on Form 10-Q contains certain forward-looking statements. All statements other than statements of historical fact are "forward-looking statements" for purposes of these provisions, including any projections of earnings, revenues, or other financial items; any statements of the plans, strategies, and objectives of management for future operations; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; statements of belief; and any statement of assumptions underlying any of the foregoing. Such forward-looking statements are subject to inherent risks and uncertainties, and actual results could differ materially from those anticipated by the forward-looking statements.

These forward-looking statements involve significant risks and uncertainties, including, but not limited to, the following: competition, promotional costs and risk of declining revenues. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of a number of factors. These forward-looking statements are made as of the date of this filing, and we assume no obligation to update such forward-looking statements. The following discusses our financial condition and results of operations based upon our financial statements which have been prepared in conformity with accounting principles generally accepted in the United States of America. It should be read in conjunction with our financial statements and the notes thereto included elsewhere herein.

The following discussion and analysis provides information which our management believes to be relevant to an assessment and understanding of our results of operations and financial condition. The discussion should be read together with our financial statements and the notes to the financial statements, which are included in this Report.

Overview

We are a multichannel digital video platform media company that uses marketing technology, or "MarTech," to generate our revenue and offer our services. Our technology and vast library of videos and licensed content enable us to curate and distribute short-form videos to connected televisions ("CTV") and other screens; in out-of-home ("OOH") dining, hospitality and retail establishments, convenience stores and other locations and venues to enable the operators of those locations to inform, entertain and engage their customers. Our technology also provides businesses the ability to promote and advertise their products via digital signage and provides third-party advertisers with a targeted marketing and promotional tool for their products and services. We also allow our business clients to access our service without advertisements by paying a monthly subscription fee. In the second and third quarters of fiscal year 2024, we have continued to work toward the expansion of our subscription offerings, including toward the introduction of a two-tier music video service offering, which will include a "primary tier" consisting of fewer than ten music video channels provided under a free ad-based service, and a "premium tier" of the full library of curated music video channels provided under a subscription service. We also recently announced a non-music subscription offering that includes a number of live channels ranging from live sports events to news and culture offerings.

We offer hand-curated music video content licensed from major and independent record labels, including Universal Music Group ("Universal"), Sony Music Entertainment ("Sony"), and Warner Music Group ("Warner" and collectively with Universal and Sony, the "Music Labels"), as well as non-music video content. Our non-music video content is predominantly licensed or acquired from third parties, including action sports clips, drone and nature footage, trivia, news headlines, lifestyle channels and kid-friendly videos, as well as movie, television and video game trailers, amongst other content. We distribute our content and advertising inventory to digital screens located in OOH locations primarily through (i) our owned and operated platform (the "O&O Platform") of Loop Media-designed "small-box" streaming Android media players ("Loop Players") and legacy ScreenPlay (as defined below) computers and (ii) through screens ("Partner Screens") on digital platforms owned and operated by third parties (each a "Partner Platform" and collectively the "Partner Platforms," and together with the O&O Platform, the "Loop Platform").

As of June 30, 2024, we had approximately 81,000 active Loop Players and Partner Screens across the Loop Platform, which included 30,486 quarterly active Loop Players, or QAUs (as defined below) across our O&O Platform, a decrease of 13% (or 4,412 QAUs) from the 34,898 QAUs for the quarter ended June 30, 2023, and a decrease of 2,172 from the 32,658 QAUs for the quarter ended March 31, 2024, and approximately 51,000 Partner Screens across our Partner Platforms, an increase of 38% (or approximately 14,000) over approximately 37,000 Partner Screens for the quarter ended June 30, 2023, and an increase of approximately 1,000 Partner Screens over approximately 50,000 Partner Screens for quarter ended March 31, 2024. *See "— Key Performance Indicators."*

We have two primary constituents that are included in our customer base: the OOH locations we service and the advertisers who purchase advertising inventory on the Loop Platform. We earn revenue from these customers primarily by selling advertising inventory on the Loop Platform and by collecting subscription fees from our O&O Platform owners and operators that are streaming advertising-free content.

The O&O Platform

The foundation of our business model is built around the OOH experience, with a focus on distributing licensed music videos and other content to public-facing business venues and locations. Our OOH offering has supported hospitality and retail businesses for over 20 years, originally through ScreenPlay, Inc. ("ScreenPlay"), which we fully acquired in 2019. Since the acquisition of ScreenPlay, we have primarily focused on acquiring OOH clients throughout the United States. We have sought very limited expansion into Canada, New Zealand and Australia.

We deliver content across our O&O Platform to the owners and operators of OOH locations who sign up for our media service. We sell advertising impressions contained in the content streams to demand sources, including demand-side platforms ("DSPs"), supply-side platforms ("SSPs") and advertisers, who pay us to fill those impressions and have their ads delivered into the OOH locations that utilize our services. We also allow OOH locations on our O&O Platform to access our content without advertisements by paying a monthly subscription fee.

From a business operations standpoint, for the O&O Platform business, we view our customers as the owners and operators of the OOH locations that use our content services to engage and entertain the customers that visit the OOH locations. Our customer services team works with the owners and operators of OOH locations in our O&O Platform business to ensure our customers are being properly serviced and addressing any questions about the service, content, advertising performance and other matters.

From an accounting standpoint, for the O&O Platform business, our customers are considered to be those persons that provide revenue to us, which includes the owners and operators of the OOH locations that utilize a subscription-based service, and the advertising demand sources (including DSPs, SSPs and advertisers) that purchase our advertising inventory on the O&O Platform. From an accounting standpoint, the owners and operators of the OOH locations utilizing a free advertising-based service on our O&O Platform are not our customers. Instead, it is the advertising demand sources that are our customers because they are providing revenue to us (by way of purchasing advertising inventory) for the streaming of content to those OOH locations utilizing an ad-free service.

We record as cost of revenue in the O&O Platform business certain costs and expenses associated with operating such business, including the cost of content, streaming costs, and content hosting fees. We procure content from third parties though licensing fees or by purchasing the content outright. Certain of our content, including our music video and certain third-party non-music content, are under licenses that contain a revenue share arrangement. We and the licensor of the content negotiate and pre-agree the percentage of revenue to which each party is entitled. The cost of content, including any payments to licenses under a revenue share license, is the single largest component of the cost of revenue associated with the O&O Platform business.

The Partner Platform

The screens in our Partner Platform business may deliver content that we curate and deliver or content that is provided by the owners and operators of third-party digital platforms. We make available to our Partner Platforms clients' channels of original content developed using licensed or purchased content that is then reformatted into short-form content suitable for commercial use.

We provide advertising demand services to third parties by selling ad impressions available on the Partner Platform to advertising demand sources (including DSPs, SSPs and advertisers) who pay us to fill those impressions and have ads delivered across the Partner Platform. If the advertising impressions are filled with advertisements, we will fulfill our obligation and be paid as the publisher of the advertisement. If advertising impressions are not purchased, the content will play without advertisements and no revenue will be earned by us.

From a business operations standpoint, for our Partner Platform services, we view as our customers the owners and operators of the third-party digital platforms that utilize our content and advertising services and enable such third parties to better monetize the screens on their digital platforms. We may, in certain instances, also provide content across the Partner Platform.

Our customer services team works with the owners and operators of the third-party digital platforms in our Partner Platform business to ensure our customers are being properly serviced and address any questions about the service, content, advertising performance and other matters.

From an accounting standpoint, for the Partner Platform business, our customers are the advertising demand sources (including DSPs, SSPs and advertisers) because they are providing revenue to us (by way of purchasing advertising inventory) for the streaming of content across the Partner Platform. The Partner Platform business operates a free ad-supported business model and has no subscription fees.

The revenue share arrangements in the O&O Platform business are included in the cost of revenue. The content streamed on the Partner Platforms is content we procure on licenses that do not contain an element of revenue share or content provided by the third-party partner who owns and operates the screens on the Partner Platform. As such, there are no content partner revenue share arrangements on the Partner Platform. There is, however, a revenue share arrangement with the third-party partner who owns and operates the screens on the Partner Platform. We deduct from the revenue we generate in the Partner Platform business certain costs and expenses associated with operating such business (including streaming costs and content hosting) and then allocate the remaining revenue between us and the third-party digital platform provider, based on pre-agreed negotiated percentages. The percentage of revenue we pass along to third-party digital platform providers is recorded as cost of revenue and is our single largest cost of revenue component for the Partner Platform business.

Recent Developments

NYSE American Listing Requirements

As previously disclosed, on April 23, 2024, we received a deficiency letter from the NYSE American LLC (the "NYSE American") indicating that we were not in compliance with the NYSE American continued listing standards set forth in Sections 1003(a)(i), (ii) and (iii) of the NYSE American Company Guide (the "Company Guide"), and were given until May 23, 2024 (the "Deadline"), to submit a plan to regain such compliance with the continued listing standards (a "Plan").

We submitted a Plan by the Deadline, and on July 16, 2024, we received notification (the "Acceptance Letter") from the NYSE American that our Plan was accepted. In the Acceptance Letter, the NYSE American granted us until October 23, 2025 (the "Plan Period"), to regain compliance with the continued listing standards.

During the Plan Period, we will be subject to periodic review by the NYSE American on its progress with the goals and initiatives outlined in the Plan. We intend to regain compliance with Sections 1003(a)(i), (ii) and (iii) of the Company Guide during the Plan Period; however, if we do not regain compliance with the NYSE American listing standards by October 25, 2025, or if we do not make sufficient progress consistent with the Plan during the Plan Period, then NYSE American may initiate delisting proceedings.

The Acceptance Letter has no immediate impact on the listing of our shares of common stock, par value $0.0001 per share (the "Common Stock"), which will continue to be listed and traded on the NYSE American during the Plan Period, subject to our compliance with the other listing requirements of the NYSE American. The Acceptance Letter does not affect our ongoing business operations or our reporting requirements with the Securities and Exchange Commission (the "SEC").

We can provide no assurances that we will be able to make progress with respect to the Plan that the NYSE American will determine to be satisfactory, that it will regain compliance with Section 1003(a)(i), (ii) and (iii) of the Company Guide on or before the expiration of the Plan Period, or that developments and events occurring subsequent to our formulation of the Plan or its acceptance by the NYSE American will not adversely affect our ability to make sufficient progress and/or regain compliance with these continuing listing standards on or before the expiration of the Plan Period or result in our failure to be in compliance with other NYSE American continued listing standards.

Exercise of Pre-Funded Warrants

On July 1, 2024, the Institutional Investor delivered a Notice of Exercise to us to purchase the Registered Pre-Funded Warrant Shares. See – "*Future Capital Requirements – The Registered Offering and the Concurrent Private Placement Offering*."

Key Performance Indicators

We review our quarterly active units (“QAUs”) and average revenue per unit player (“ARPU”), among other key performance indicators, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

Quarterly Active Units

We define an “active unit” as (i) an ad-supported Loop Player or DOOH (defined below) location using our ad- supported service through our “Loop for Business” application or using a DOOH venue-owned computer screening our content that is online, used on our O&O Platform, playing content and has checked into the Loop Media analytics system at least once in the 90-day period ending on the date of measurement, or (ii) a DOOH location customer using our subscription service on our O&O Platform at any time during the 90-day period. We use “QAU” to refer to the number of such active units during such period. We do not count towards our QAUs any Loop Players or screens used on our Partner Platform.

Digital out-of-home (“DOOH”) is a form of media that is delivered digitally outside of the home on billboards, signage, displays, televisions, and other devices in OOH locations, including restaurants, retail shops, healthcare facilities, sports and entertainment venues, and other public or non-residential spaces.

As of June 30, 2024, we had approximately 81,000 active Loop Players and Partner Screens across the Loop Platform, which includes 30,486 QAUs across our O&O Platform, a decrease of 13% (or 4,412 QAUs) from the 34,898 QAUs for the quarter ended June 30, 2023, and a decrease of 7% (or 2,172 QAUs) from the 32,658 QAUs for the quarter ended March 31, 2024, and approximately 51,000 Partner Screens across our Partner Platforms, an increase of 38% (or approximately 14,000 Partner Screens) over approximately 37,000 Partner Screens for the quarter ended June 30, 2023, and an increase of 2% (or 1,000 Partner Screens) over approximately 50,000 Partner Screens for the quarter ended March 31, 2024.

Our QAU footprint for the third quarter of fiscal 2024 was reduced from the prior periods as a result of natural attrition of Loop Players that were not immediately replaced, as we continued to revamp our distribution strategy and investments surrounding new Loop Players. Previously, we transitioned to a more targeted distribution model, pivoting our focus to certain designated advertising markets and geographies, as well as more desirable out-of-home locations and venues, including convenience stores, restaurants, bars, and other retail establishments. This more targeted distribution plan helped us to understand where we could actually achieve the greatest revenue opportunities in terms of geographies as well as venue types, and that those opportunities were not necessarily in the larger advertising markets, which generally experience greater competition, resulting in slower distribution growth in those markets, as compared to the potential for growth in smaller markets. As such, our growth has been flat in recent periods. We believe this will change as we increase our distribution efforts with our extensive affiliate network beginning in the fourth quarter of fiscal 2024, with a goal of growing our QAUs quarter on quarter, providing a more robust distribution platform for our advertising partners going forward.

Average Revenue Per Unit

We define a “unit player” as (i) an ad-supported Loop Player (or a DOOH location using our ad- supported service through our “Loop for Business” application or using a DOOH location-owned computer screening our content) that is online, used on our O&O Platform, playing content and has checked into the Loop Media analytics system at least once in the 90-day period or (ii) a DOOH location customer using our paid subscription service on our O&O Platform at any time during the 90-day period. A unit player that is supported by our advertising-based revenue model is an ad-supported unit player and a unit player that is supported by a subscription-based revenue model is a subscription unit player. We calculate advertising ARPU (“AD ARPU”) by dividing quarterly revenues from our DOOH ad-supported service on our O&O Platform for the period by QAUs for our ad-supported unit players on our O&O Platform. We calculate subscription ARPU (“SUB ARPU”) by dividing quarterly revenues from our DOOH subscription-supported service on our O&O Platform for the period by QAUs for our subscription-supported unit players on our O&O Platform. We do not include in our unit players count, AD ARPU or SUB ARPU any Loop Players or screens used on our Partner Platform.

Our AD ARPU fluctuates based on a number of factors, including the length of time in a quarter that a unit player is activated and operating, the cost-per-thousand ad impressions ("CPMs") we are able to achieve for our advertising impressions, and the advertising fill rates that we are able to achieve. Our SUB ARPU fluctuates based on a number of factors, including the timing of the start of a customer subscription for a subscription-supported unit player, the number of ad-supported unit players we have, and the price clients pay for those subscriptions. An increase in the number of unit players over the course of a quarterly period may have the effect of decreasing quarterly ARPU, particularly if such players are added towards the end of the quarterly period. Increases or decreases in ARPU may not correspond with increases or decreases in our revenue, and ARPU may be calculated in a manner different than any similar key performance indicator used by other companies.

For the quarter ended June 30, 2024, AD ARPU was $84, compared to $64 for the quarter ended March 31, 2024, a 31% increase. AD ARPU was $142 for the quarter ended December 31, 2023, $90 for the quarter ended September 30, 2023, and $114 for the quarter ended June 30, 2023.

For the quarter ended June 30, 2024, SUB ARPU was $561, compared to $554 for the quarter ended March 31, 2024, a 1% increase. SUB ARPU was $426 for the quarter ended December 31, 2023, $353 for the quarter ended September 30, 2023, and $222 for the quarter ended June 30, 2023.

Components of Results of Operations

Revenue

The majority of our revenue is generated from ad sales, which is recognized at the time the digital advertising impressions are filled and the advertisements are played. Revenue generated from content subscription services in customized formats is recognized over the term of the service. The revenue generated from hardware for ongoing subscription content delivery is recognized at the point of the hardware delivery. Revenue generated from content and streaming services, including content encoding and hosting, are recognized over the term of the service based on bandwidth usage.

Cost of Revenue

Cost of revenue for the O&O Platform and legacy businesses represents the amortized cost of ongoing licensing and hosting fees, which is recognized over time based on usage patterns. Licensing fees include fees paid under both our revenue share and fixed-fee arrangements. The depreciation expense associated with the Loop players is not included in cost of sales.

Cost of revenue for the Partner Platforms business represents hosting fees, amortized costs of internally-developed content, and the revenue share with third party partners (after deduction of allocated infrastructure costs). The cost of revenue is higher with partners within the Partner Platform versus those within the O&O Platform because we leverage our Partner Platforms clients' network of customers and their screens to deliver content and advertising inventory, rather than using our own Loop players.

Total Operating Expenses

Operating expenses are attributable to the general overhead related to all the products and services that we provide to our clients and, as a result, they are presented in an aggregate total. Our operating expenses include sales, general and administrative expenses and restructuring costs.

Sales, General and Administrative Expenses

Sales and marketing expenses consist primarily of employee compensation and related costs associated with our sales and marketing staff, including salaries, benefits, bonuses and commissions as well as costs relating to our marketing and business development. We intend to continue to invest resources in our sales and marketing initiatives to drive growth and extend our market position.

General and administrative expenses consist of employee compensation and related costs for executive, finance/accounting, legal, human resources, recruiting, and employee-related information technology and administrative personnel, including salaries, benefits, and bonuses, as well as depreciation, facilities, recruiting and other corporate services.

Restructuring Costs

As previously disclosed, we began taking steps in fiscal year 2023 to increase efficiency and cut costs, while still maintaining our focus on, and dedication to, the continued growth of our business. These cuts and adjustments across several aspects of our business, including reductions in headcount and organizational restructuring, continued in the first three quarters of fiscal year 2024 and continue as of the date of this Report. As a result, we have seen a decrease of 35% in our SG&A costs in the three months ended June 30, 2024, over the same period in fiscal 2023, and a decrease of 27% in our SG&A costs in the nine months ended June 30, 2024, over the same period in fiscal 2023.

Other Income/Expense

Interest Expense

Interest expense consists of interest expense on our outstanding indebtedness and amortization of debt issuance costs.

Other Income (Expense)

Other income consists of employee retention credits, foreign currency translation adjustment, realized foreign current gains/losses and unrealized gains/losses.

Income Taxes

We account for income taxes in accordance with ASC Topic 740, Income Taxes (“ASC 740”). ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination.

For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. We have no material uncertain tax positions for any of the reporting periods presented.

We recognize accrued interest and penalties related to unrecognized tax benefits as part of income tax expense. We have also made a policy election to treat the income tax with respect to global intangible low-tax income as a period expense when incurred.

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-12, Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU are effective for fiscal years beginning after December 15, 2020, including interim periods therein. The adoption of this standard in the first quarter of 2022 had no impact on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 will be effective for us in the annual period beginning October 1, 2025, though early adoption is permitted. We are still evaluating the presentational effect that ASU 2023-09 will have on our consolidated financial statements, but we expect considerable changes to our income tax footnote.

Consolidated Results of Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

For the three months ended June 30, 2024, compared to the three months ended June 30, 2023:

	Three months ended June 30,			
	2024	**2023**	**$ variance**	**% variance**
Revenue	$ 4,350,570	$ 5,734,976	$ (1,384,406)	(24)%
Cost of revenue	3,440,213	3,911,733	(471,520)	(12)%
Gross profit	910,357	1,823,243	(912,886)	(50)%
Total operating expenses	5,690,692	9,318,563	(3,627,871)	(39)%
Loss from operations	(4,780,335)	(7,495,320)	2,714,985	(36)%
Other income (expense):				
Interest expense	(670,981)	(962,718)	291,737	(30)%
Other income (expense)	34	(65,643)	65,677	(100)%
Employee retention credits	—	648,543	(648,543)	(100)%
Total other income (expense)	(670,947)	(379,818)	(291,129)	77%
Income tax (expense)/benefit	(335)	(394)	59	(15)%
Net loss	$ (5,451,617)	$ (7,875,532)	$ 2,423,915	(31)%

Revenue

Our revenue for the three months ended June 30, 2024, was $4,350,570, a decrease of $1,384,406, or 24%, from $5,734,976 for the three months ended June 30, 2023. This decrease was primarily driven by a challenging ad market environment in the second and third quarters of fiscal year 2024 due to one of the largest ad demand participants changing their terms of business with ad publishers, including us, which resulted in a material negative impact on our ad demand partner revenue.

During the latter part of the second quarter and through the third quarter of fiscal year 2024, we worked with our demand partners and successfully integrated those changes and believe we restored demand from this ad demand participant, although their new algorithms do not allow for the same historical frequency of ad calls and ad fills. As a result, we do not expect to experience the same levels of absolute revenue previously recognized by this ad-demand participant unless and until we significantly increase our distribution footprint.

Finally, our decrease in revenue for the three months ended June 30, 2024, from the three months ended June 30, 2023, was also a result of the reduction in ad demand partners in the third quarter of fiscal year 2024 that view our Loop Platform as a CTV platform on which CTV ad budgets can be spent, as compared to the number of ad partners that viewed us as a CTV platform in the third quarter of fiscal year 2023. CTV advertising budgets are generally significantly higher and thus CTV ad demand is generally associated with higher fill rates and CPMs, as compared to DOOH ad budgets and DOOH ad demand.

Cost of Revenue

Our cost of revenue for the three months ended June 30, 2024, was $3,440,213, a decrease of $471,520, or 12%, from $3,911,733 for the three months ended June 30, 2023. This decrease in cost of revenue was primarily due to decreased revenue, which results in lower variable costs, offset by fixed fee and minimum fee licensing costs.

During the third quarter of fiscal year 2024 we continued the cost-cutting review we began earlier in fiscal year 2024, which we believed would provide the framework to making us more competitive in the CTV for business/DOOH industry and would accelerate our potential path to break even and achieve operating profitability. These measures have included: (1) discussions with certain of our third-party content providers and other licensors with a view to (i) restructuring existing or new license agreements and (ii) eliminating certain fixed fee content licenses, in each case to more closely align payments to content licensors with revenue associated with such content; (2) the development and promotion of lower cost channels to reduce or eliminate third-party content license fees, where possible; and (3) a continued review of existing third-party vendor products and services with a view to eliminating approximately $750,000 in ongoing yearly costs and expenses beginning in the first quarter of fiscal year 2025.

These efforts are ongoing and as these initiatives and changes continue to take effect, we believe we will see improved margins for the business. There can be no assurances, however, that we will be able to effect all changes that we have identified or that any such changes will achieve the desired results.

Gross Profit Margin

Our gross profit margin for the three months ended June 30, 2024, was $910,357, a decrease of $912,886, or 50%, from $1,823,243 for the three months ended June 30, 2023. Our gross profit margin as a percentage of total revenue for the three months ended June 30, 2024, was approximately 20.9% compared to 31.8% for the three months ended June 30, 2023. The percentage decrease was primarily driven by decreased revenue.

Certain of our content license agreements provide for license fees to be paid at the greater of a percentage of revenue or some other non-revenue metric, based on the breadth of the Loop Platform and the amount of streaming done across the Loop platform. In times of reduced revenue, our ability to match more closely revenue and expenses is reduced, as our license fees may not be paid out as a percentage of revenue, but instead on other less advantageous metrics. In addition, our fixed fee content license agreements may reduce our gross profit margins, as the fixed fees paid are a greater percentage of lower revenue than they would be on higher revenue.

The relative contributions to total revenue of our O&O Platform and Partner Platforms businesses will impact our gross profit margin as a percentage of total revenue in future periods. Each of these businesses have different cost of revenue components with a lower gross profit margin in our Partner Platforms business, offset by lower operating and selling costs.

Total Operating Expenses

Our operating expenses for the three months ended June 30, 2024, were $5,690,692, a decrease of $3,627,871, or 39%, from $9,318,563 for the three months ended June 30, 2023. This decrease in operating expenses was primarily due to a decrease in sales, general and administrative expenses as well as stock-based compensation as follows:

Sales, General and Administrative Expenses

Our Sales, General and Administrative Expenses for the three months ended June 30, 2024, were $4,116,186, a decrease of $2,168,328, or 35%, from $6,284,514 for the three months ended June 30, 2023. This decrease in Sales, General and Administrative expenses was primarily due to reductions in marketing costs, professional and administration fees, headcount and sales commissions in the third quarter of fiscal 2024.

More specifically:

- Our payroll costs for the three months ended June 30, 2024, were $2,048,920, a decrease of $439,970 or 18% from $2, 488,890 for the three months ended June 30, 2023, primarily driven by a reduction in headcount, sales commissions and corporate bonuses.

- Our marketing costs for the three months ended June 30, 2024, were $957,727, a decrease of $1,785,467, or 65%, from $2,743,194 for the three months ended June 30, 2023, primarily due to a reduction in affiliate fees, brand marketing and digital advertising spend.

- Our professional fees for the three months ended June 30, 2024, were $398,346, a decrease of $86,750, or 18%, from $485,096 for the three months ended June 30, 2023, primarily due to a decrease in legal and accounting fees, offset slightly by music license reporting costs.

- Our administration fees for the three months ended June 30, 2024, were $253,165, a decrease of $91,257, or 26%, from $344,422 for the three months ended June 30, 2023, primarily due to a decrease in insurance premiums.

Sales, General and Administrative Expenses as a percentage of total revenue for the three months ended June 30, 2024, was 94.6% compared to 109.6% for the three months ended June 30, 2023.

As a result of the cost-cutting measures that we have undertaken in fiscal year 2024, we have realized a quarter-on-quarter reduction in our Sales, General and Administrative Expenses of $1,619,508, or 28%, from $5,735,694 in the second quarter ended March 31, 2024, to $4,116,186 in the third quarter ended June 30, 2024. We do not expect to achieve similar reductions in future periods, as we are focused on sustaining our SG&A costs at approximately this level per quarter for the remainder of fiscal year 2024 and through fiscal year 2025.

Stock-Based Compensation

Our stock compensation (non-cash) for the three months ended June 30, 2024, was $931,571, a decrease of $1,660,798, or 64%, from $2,592,369 for the three months ended June 30, 2023, primarily due to a decrease in stock compensation expense driven by the decrease in stock awards granted and a lower stock price.

Restructuring Costs

Our restructuring costs for the three months ended June 30, 2024, was $220,053 compared to $146,672 for the three months ended June 30, 2023, due to higher costs related to the reduction of headcount in the third quarter of fiscal year 2024 as compared to the lower costs related to the dismantling of our former Loop Media Studios division and its integration into other areas of our business in the same period the previous year.

Board Cash Compensation Deferral

As part of the cost-cutting measures being undertaken across the Company, effective as of May 3, 2024, our Board of Directors agreed to defer all cash compensation due to them for the remainder of fiscal year 2024 until October 1, 2024, at which time deferred payments are expected to be paid and regular quarterly payments are scheduled to resume.

Total Other Expense

Our total other expenses for the three months ended June 30, 2024, were $670,947, an increase of $291,129, or 77%, from $379,818 total other expenses for the three months ended June 30, 2023. This increase in other expenses was due to an employee retention credit of $648,543 for the three months ended June 30, 2023, that was not credited in the corresponding period of 2024, partially offset by a reduction in interest expense for the three months ended June 30, 2024, which was primarily driven by the paydown of debt and the conversion of debt to equity.

For the nine months ended June 30, 2024, compared to the nine months ended June 30, 2023:

	Nine months ended June 30, 2024	Nine months ended June 30, 2023	$ variance	% variance
Total revenue	$ 18,524,289	$ 25,954,038	$ (7,429,749)	(29)%
Cost of revenue	13,571,229	16,859,683	(3,288,454)	(20)%
Gross profit	4,953,060	9,094,355	(4,141,295)	(46)%
Total operating expenses	20,832,798	29,735,349	(8,902,551)	(30)%
Loss from operations	(15,879,738)	(20,640,994)	4,761,256	(23)%
Other income (expense):				
Interest expense	(2,402,444)	(2,889,745)	487,301	(17)%
Other income (expense)	289	(68,267)	68,556	(100)%
Loss on extinguishment of debt	(25,424)	—	(25,424)	N/A
Employee retention credits	—	648,543	(648,543)	(100)%
Total other income (expense)	(2,427,579)	(2,309,469)	(118,110)	5%
Income tax (expense)/benefit	(335)	(1,624)	1,289	(79)%
Net loss	$ (18,307,652)	$ (22,952,087)	$ 4,644,435	(20)%

Revenue

Our revenue for the nine months ended June 30, 2024, was $18,524,289, a decrease of $7,429,749, or 29%, from $25,954,038 for the nine months ended June 30, 2023. This decrease was primarily driven by (i) a lack of political ad placements in the first quarter of fiscal 2024, as compared to those in the first quarter of fiscal 2023, during which period there was significant political ad spend in connection with the U.S. congressional and local elections, and (ii) a slowdown in digital advertising spend in the first quarter of fiscal 2024, as compared to the same period in the previous fiscal year, due to the more challenging macroeconomic environment in the first quarter of fiscal 2024.

We also saw a slowdown in ad spending in the last couple of weeks of our first quarter of fiscal year 2024 due to one of the largest ad demand participants changing their terms of business with ad publishers, including us. This change had a material adverse impact on our ad demand partner revenue for the last weeks of December 2023 and through the current period.

During the latter half of the second quarter of fiscal year 2024 we worked with our demand partners and successfully integrated those changes and believe we restored demand from this ad demand participant, although their new algorithms do not allow for the same historical frequency of ad calls and ad fills. As a result, we will need to increase our distribution footprint to experience the levels of absolute revenue previously recognized by this ad demand participant.

Cost of Revenue

Our cost of revenue for the nine months ended June 30, 2024, was $13,571,229, a decrease of $3,288,454, or 20%, from $16,859,683 for the nine months ended June 30, 2023. This decrease in cost of revenue was primarily due to decreased revenue, which results in lower variable costs, offset by fixed fee and minimum fee licensing costs.

During the second and third quarters of fiscal year 2024, we have undertaken an operational and cost-cutting review across the Company, which has included: (1) discussions with certain of our third-party content providers and other licensors with a view to (i) restructuring existing or new license agreements and (ii) eliminating certain fixed fee content licenses, in each case to more closely align payments to content licensors with revenue associated with such content; (2) the development and promotion of lower cost channels to reduce or eliminate third-party content license fees, where possible; and (3) a continued review of existing third-party vendor products and services with a view to eliminating approximately $750,000 in ongoing yearly costs and expenses beginning in the first quarter of fiscal year 2025. These are ongoing efforts and as these initiatives and changes continue to take effect, we believe we will see improved margins for the business. There can be no assurances, however, that we will be able to effect all changes that we have identified or that any such changes will achieve the desired results.

Gross Profit Margin

Our gross profit margin for the nine months ended June 30, 2024, was $4,953,060, a decrease of $4,141,295, or 46%, from $9,094,355 for the nine months ended June 30, 2023. Our gross profit margin as a percentage of total revenue for the nine months ended June 30, 2024, was approximately 26.7% compared to 35% for the nine months ended June 30, 2023. The percentage decrease was primarily driven by decreased revenue and revenue mix, as the year-ago period included a smaller portion of our Partner Platform business which carries lower gross margin, offset by lower operating costs resulting in higher operating margin.

Certain of our content license agreements provide for license fees to be paid at the greater of a percentage of revenue or some other non-revenue metric, based on the breadth of the Loop Platform and the amount of streaming done across that platform. In times of reduced revenue, our ability to match more closely revenue and expenses is reduced, as our license fees may not be paid out as a percentage of revenue, but on other less advantageous metrics. In addition, our fixed fee content license agreements may reduce our gross profit margins, as the fixed fees paid are a greater percentage of lower revenue than they would be on higher revenues.

The relative contributions to total revenue of our O&O Platform and Partner Platforms businesses will impact our gross profit margin as a percentage of total revenue in future periods. Each of these businesses have different cost of revenue components with a lower gross profit margin in our Partner Platforms business.

Total Operating Expenses

Our operating expenses for the nine months ended June 30, 2024, were $20,832,798, a decrease of $8,902,551, or 30%, from $29,735,349 for the nine months ended June 30, 2023. This decrease in operating expenses was primarily due to a decrease in sales, general and administrative expenses as well as a reduction in stock-based compensation, as follows:

Sales, General and Administrative Expenses

Our Sales, General and Administrative Expenses for the nine months ended June 30, 2024, were $16,022,857, a decrease of $5,989,103, or 27%, from $22,011,962 for the nine months ended June 30, 2023. This decrease in Sales, General and Administrative expenses was primarily due to a reduction in payroll costs, marketing costs and administration fees resulting in lower expenditures and decreased payroll expenses.

More specifically:

- Our payroll costs for the nine months ended June 30, 2024, were $7,021,814, a decrease of $2,748,412, or 28%, from $9,770,226 for the nine months ended June 30, 2023, primarily driven by a reduction in headcount, sales commissions and corporate bonuses.

- Our marketing costs for the nine months ended June 30, 2024, were $4,883,946, a decrease of $3,763,792, or 44%, from $8,647,738 for the nine months ended June 30, 2023, primarily due to a reduction in affiliate fees, brand marketing and digital advertising spend resulting in lower marketing expenditures.

- Our administration fees for the nine months ended June 30, 2024, were $755,505, a decrease of $338,859, or 31%, from $1,094,364 for the nine months ended June 30, 2023, primarily due to a decrease in insurance premiums and board fees.

Sales, General and Administrative Expenses as a percentage of total revenue for the nine months ended June 30, 2024, was 86.5% compared to 84.8% for the nine months ended June 30, 2023.

Stock-Based Compensation

Our stock compensation (non-cash) for the nine months ended June 30, 2024, was $3,371,933, a decrease of $3,487,050, or 51%, from $6,858,983 for the nine months ended June 30, 2023, primarily driven by the decrease in stock award grants and our stock price.

Restructuring Costs

Our restructuring costs for the nine months ended June 30, 2024, were $220,053 compared to $146,672 for the nine months ended June 30, 2023, due to higher costs related to the reduction of headcount in this period in fiscal 2024 as compared to the lower costs related to the dismantling of our former Loop Media Studios division and its integration into other areas of our business in the same period the previous fiscal year.

Total Other Expense

Our total other expenses for the nine months ended June 30, 2024, were $2,427,579, an increase of $118,110 or 5% from $2,309,469 for the nine months ended June 30, 2023. This increase in other expenses was primarily due to increased interest expense from rising interest rates and increased borrowing offset by employee retention credits as described below.

The employee retention credits we received from the Internal Revenue Service include refundable credits recognized under the provisions of the CARES Act and extension thereof. During the nine months ended June 30, 2024, we received and recorded credits in the amount of $0 compared to $648,543 for the nine months ended June 30, 2023.

Non-GAAP EBITDA

We believe that the presentation of EBITDA (as defined below), a financial measure that is not part of U.S. Generally Accepted Accounting Principles, or U.S. GAAP, provides investors with additional information about our financial results. EBITDA is an important supplemental measure used by our Board of Directors and management to evaluate our operating performance from period-to-period on a consistent basis and as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations. We define EBITDA as earnings before interest expense (income), income tax (expense)/benefit, depreciation and amortization.

EBITDA is not measured in accordance with, or an alternative to, measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP measure is not based on any comprehensive set of accounting rules or principles. As a non-GAAP measure, EBITDA has limitations in that it does not reflect all of the amounts associated with our results of operations as determined in accordance with U.S. GAAP. In particular:

- EBITDA does not reflect the amounts we paid in interest expense on our outstanding debt;
- EBITDA does not reflect the amounts we received in interest income on our investments;
- EBITDA does not reflect the amounts we paid in taxes or other components of our tax provision;
- EBITDA does not include depreciation expense from fixed assets; and
- EBITDA does not include amortization expense.

Because of these limitations, you should consider EBITDA alongside other financial performance measures including net income (loss) and our financial results presented in accordance with U.S. GAAP.

The following table provides a reconciliation of net loss to EBITDA for each of the periods indicated:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
GAAP net loss	$ (5,451,617)	$ (7,875,532)	$ (18,307,652)	$ (22,952,087)
Adjustments to reconcile to EBITDA:				
Interest expense	670,981	962,718	2,402,444	2,889,745
Depreciation and Amortization expense*	1,221,316	1,074,173	3,574,672	2,809,609
Income Tax expense/(benefit)	335	394	335	1,624
EBITDA	$ (3,558,985)	$ (5,838,247)	$ (12,330,201)	$ (17,251,109)

* Includes amortization of content assets and cost of revenue and operating expenses.

Non-GAAP Adjusted EBITDA

We believe that the presentation of Adjusted EBITDA, a financial measure that is not part of U.S. GAAP, provides investors with additional information about our financial results. Adjusted EBITDA is an important supplemental measure used by our Board of Directors and management to evaluate our operating performance from period-to-period on a consistent basis and as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations.

We define Adjusted EBITDA as: EBITDA, as further adjusted for stock-based compensation, non-recurring income and expenses, if any, restructuring costs, loss on the extinguishment of debt, employee retention credits and other income, including foreign currency translation adjustments, realized foreign currency gains/losses and unrealized gains/losses.

Adjusted EBITDA is not measured in accordance with, or an alternative to, measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP measure is not based on any comprehensive set of accounting rules or principles. As a non-GAAP measure, Adjusted EBITDA has limitations in that it does not reflect all of the amounts associated with our results of operations as determined in accordance with U.S. GAAP. In particular:

- Adjusted EBITDA does not reflect the amounts we paid in interest expense on our outstanding debt;
- Adjusted EBITDA does not reflect the amounts we paid in taxes or other components of our tax provision;
- Adjusted EBITDA does not include depreciation expense from fixed assets;
- Adjusted EBITDA does not include amortization expense;
- Adjusted EBITDA does not include the impact of stock-based compensation;
- Adjusted EBITDA does not include the impact of non-recurring expense;
- Adjusted EBITDA does not include the impact of restructuring costs;
- Adjusted EBITDA does not include the impact of the loss on the extinguishment of debt;
- Adjusted EBITDA does not include the impact of employee retention credits; and
- Adjusted EBITDA does not include the impact of other income including foreign currency translation adjustments, realized foreign currency gains/losses and unrealized gains/losses.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures including net income (loss) and our financial results presented in accordance with U.S. GAAP.

The following table provides a reconciliation of net loss to Adjusted EBITDA for each of the periods indicated:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
GAAP net loss	$ (5,451,617)	$ (7,875,532)	$ (18,307,652)	$ (22,952,087)
Adjustments to reconcile to Adjusted EBITDA:				
Interest expense	670,981	962,718	2,402,444	2,889,745
Depreciation and Amortization expense*	1,221,316	1,074,173	3,574,672	2,809,609
Income Tax expense/(benefit)	335	394	335	1,624
Stock-based compensation**	931,571	2,592,369	3,371,933	6,858,983
Non-recurring expense	159,425	62,615	437,838	62,615
Restructuring costs	220,053	146,672	220,053	146,672
Loss on extinguishment of debt	—	—	25,424	—
Employee retention credits	—	(648,543)	—	(648,543)
Other Income (expense)	(34)	3,028	(289)	5,652
Adjusted EBITDA	$ (2,247,970)	$ (3,682,106)	$ (8,275,242)	$ (10,825,730)

*Includes amortization content assets.
**Stock-based compensation includes options, RSUs and warrants

Liquidity and Capital Resources

As of June 30, 2024, we had cash of $1,546,088.

The following table provides a summary of our net cash flows from operating, investing, and financing activities.

	Nine months ended June 30,	
	2024	2023
Net cash used in operating activities	$ (4,949,514)	$ (14,754,617)
Net cash used in investing activities	(754,543)	(1,483,498)
Net cash provided by (used in) financing activities	4,181,449	8,552,489
Change in cash	(1,522,608)	(7,685,626)
Cash, beginning of period	3,068,696	14,071,914
Cash, end of period	$ 1,546,088	$ 6,386,288

Historically, our principal sources of cash have included revenues from our operations, proceeds from the issuance of shares of our common stock (“Common Stock”), preferred stock and warrants as well as proceeds from the issuance of debt.

Although historically we have reported significant recurring losses as well as negative cash flows used in operations, we intend to meet future cash requirements and maintain operations by continuing to reduce overall operating expenses, continuing to focus on increasing the scope and size of the Partner Platforms and explore alternative revenue generating sources to generate cash through operations while continuing to fund through financing activities and through the use of equity and debt instruments available to us.

For the next twelve months, we anticipate that we will need to supplement our cash from revenues with additional cash raised from equity investment or debt transactions, while maintaining reduced spending levels, to ensure that we will have adequate cash to support our minimum operating cash requirements and thus to continue as a going concern.

There can be no guarantee or assurance that we can raise adequate capital from outside sources. If we are unable to raise funds when required or on acceptable terms, we may have to significantly reduce, or discontinue our operations.

Cash Flows for the Nine Months Ended June 30, 2024, and 2023

Net Cash Flow Used in Operating Activities

Our net cash used in operating activities during the nine months ended June 30, 2024, was $4,949,514, a decrease of $9,805,103, or 66%, from $14,754,617 for the nine months ended June 30, 2023, primarily driven by decreased SG&A expenditures and stock-based compensation expense partially offset by increased depreciation and amortization expense as well as bad debt expense.

Net Cash Flow Used in Investing Activities

Our net cash used in investing activities during the nine months ended June 30, 2024, was $754,543, a decrease of $728,955, or 49%, from $1,483,498 for the nine months ended June 30, 2023, primarily driven by a decrease in the purchase of property and equipment.

Net Cash Flow Provided by Financing Activities

Our net cash provided by financing activities during the nine months ended June 30, 2024, was $4,181,449, a decrease of $4,371,040, or 51%, from $8,552,489 for the nine months ended June 30, 2023, primarily due to no proceeds from the issuance of common stock through the ATM Sales Agreement partially offset by proceeds from the issuance of Common Stock and pre-funded warrants in the Registered Offering (as defined below), the issuance of pre-funded warrants in the Private Placement (as defined below) and the exercise of warrants.

As a result of the above activities, for the nine months ended June 30, 2024, we recorded a cash balance of $1,546,088, a decrease of $4,840,200, or 76%, from $6,386,288 for the nine months ended June 30, 2023.

Future Capital Requirements

We have generated limited revenue, and as of June 30, 2024, our cash totalled $1,546,088, and we had an accumulated deficit of $146,593,195. We anticipate further losses as well as negative cash flows used in operations in the foreseeable future. These factors raise substantial doubt about our ability to continue as a going concern for a period of at least one year from the date of issuance of the accompanying consolidated financial statements.

Historically, our principal sources of cash have included proceeds from the issuance of Common Stock, preferred stock and warrants and proceeds from the issuance of debt. Our principal uses of cash have included cash used in operations, payments for license rights and payments relating to purchases of property and equipment. We expect that the principal uses of cash in the future will be for continuing operations, and general working capital requirements. We expect that as our operations continue to grow, we will need to raise additional capital to sustain operations and growth.

Our primary source of operating funds since inception has been cash proceeds from the sale of our Common Stock and debt and equity financing transactions. Our ability to continue as a going concern is dependent upon our ability to generate sufficient revenue and our ability to raise additional funds by way of our debt and equity financing efforts. As previously disclosed, we have continued to explore potential strategic alternatives to maximize shareholder value, and to evaluate potential financing opportunities.

Revolving Lines of Credit

Excel Revolving Line of Credit

Effective as of December 14, 2023, we entered into a Revolving Line of Credit Loan Agreement with Excel Family Partners, LLLP ("Excel" and the "Excel Revolving Line of Credit Agreement") for up to a principal sum of $2,500,000, under which we may pay down and re-borrow up to the maximum amount of the $2,500,000 limit (the "Excel Revolving Line of Credit"). Our drawdown on the Excel Revolving Line of Credit is limited to no more than twenty-five percent (25%) of the last three full months' revenue, not to exceed $1,250,000 in any quarter, and not to exceed in aggregate the outstanding debt amount of $2,500,000.The Excel Revolving Line of Credit is a perpetual loan, with a maturity date that is twelve (12) months from the date of formal notice of termination by Excel, and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to ten percent (10%) per year. Under the Excel Revolving Line of Credit Agreement, we granted to Excel a security interest in all of our present and future assets and properties, real or personal, tangible or intangible, wherever located, including products and proceeds thereof, which security interest is *pari passu* with the RAT Non-Revolving Line of Credit Agreement and the May 2023 Secured Line of Credit (each as defined below), but is subordinate in rights to GemCap under the GemCap Revolving Line of Credit Agreement (each as defined below).

Under the terms of the Excel Revolving Line of Credit Agreement, on December 14, 2023, we issued to Excel a warrant to purchase up to an aggregate of 3,125,000 shares of our Common Stock. The warrant has an exercise price of $0.80 per share, which was the closing price of our Common Stock on December 13, 2023, expires on December 14, 2026, and is exercisable at any time prior to such date, to the extent that after giving effect to such exercise, Excel and its affiliates would beneficially own, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), no more than 29.99% of the outstanding shares of our Common Stock.

The Excel Revolving Line of Credit had a balance, including accrued interest, amounting to $2,582,590 and $0 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the Excel Revolving Line of Credit in the amount of $256,084 and $0 for the nine months ended June 30, 2024, and 2023, respectively.

GemCap Revolving Line of Credit

Effective as of July 29, 2022, we entered into a Loan and Security Agreement with Industrial Funding Group, Inc. (the "Initial Lender") for a revolving loan credit facility for the initial principal sum of up to $4,000,000, and through the exercise of an accordion feature, a total sum of up to $10,000,000 (the "GemCap Revolving Line of Credit Agreement"), evidenced by a Revolving Loan Secured Promissory Note (the "Revolving Loan Note"), also effective as of July 29, 2022 (the "GemCap Revolving Line of Credit"). In connection with the GemCap Revolving Line of Credit Agreement and the Revolving Loan Note, we also executed and delivered to the Initial Lender the Loan Agreement Schedule dated as of July 29, 2022 (the "Loan Agreement Schedule") and other Loan Documents (as defined in the GemCap Revolving Line of Credit Agreement). Shortly after the effective date of the GemCap Revolving Line of Credit Agreement, the Initial Lender assigned the GemCap Revolving Line of Credit Agreement, and the Loan Documents, to GemCap Solutions, LLC ("GemCap" or the "Senior Lender").

Effective as of October 27, 2022, we entered into Amendment Number 1 to the Loan and Security Agreement and to the Revolving Loan Agreement Schedule, and the Amended and Restated Secured Promissory Note (Revolving Loans) with the Senior Lender to increase the principal sum available under the GemCap Revolving Line of Credit Agreement from $4,000,000 to $6,000,000.

Effective July 29, 2024, we entered into Amendment Number 2 to the Loan and Security Agreement, the Loan Agreement Schedule, the Revolving Loan Note and to the other Loan Documents to amend certain material terms, including to (i) extend the maturity date of the GemCap Revolving Line of Credit Agreement by one (1) year, from July 29, 2024, to July 29, 2025, and (ii) to make Retail Media TV, Inc., our wholly-owned subsidiary, a co-borrower thereunder.

The GemCap Revolving Line of Credit had an original maturity date of July 29, 2024, and began accruing interest on the unpaid principal balance of advances, payable monthly in arrears, on September 7, 2022, at an annual rate equal to the greater of (I) the sum of (i) the “Prime Rate” as reported in the “Money Rates” column of The Wall Street Journal, adjusted as and when such Prime Rate changes, plus (ii) zero percent (0.00%), and (II) four percent (4.00%). Availability for borrowing under the GemCap Revolving Line of Credit is dependent upon our assets in certain eligible accounts and measures of revenue, subject to reduction for reserves that the Senior Lender may require in its discretion, and the accordion feature is a provision whereby we may request that the Senior Lender increase availability under the GemCap Revolving Line of Credit, subject to its sole discretion.

Under the GemCap Revolving Line of Credit Agreement, we have granted to the Senior Lender a first-priority security interest in all of our present and future property and assets, including products and proceeds thereof. In connection with the loan, our existing secured lenders, some of whom are the RAT Lenders under our RAT Non-Revolving Line of Credit (each as defined below) (collectively, the “Subordinated Lenders”) delivered subordination agreements (the “GemCap Subordination Agreements”) to the Senior Lender. We are permitted to make regularly scheduled payments, including payments upon maturity, to such subordinated lenders and potentially other payments subject to a measure of cash flow and receiving certain financing activity proceeds, in accordance with the terms of the GemCap Subordination Agreements. In connection with the delivery of the GemCap Subordination Agreements by the Subordinated Lenders, on July 29, 2022, we issued warrants to each Subordinated Lender on identical terms for an aggregate of up to 296,329 shares of our Common Stock (each, a “Subordination Agreement Warrant”). Each Subordination Agreement Warrant has an exercise price of $5.25 per share, expires on July 29, 2025, and is exercisable at any time prior to such date. One warrant for 191,570 warrant shares was issued to Eagle Investment Group, LLC, an entity managed by Bruce Cassidy, Executive Chairman of our Board of Directors (“Mr. Cassidy”), as directed by its affiliate, Excel Family Partners, LLLP (“Excel”), an entity also managed by Mr. Cassidy, one of the Subordinated Lenders. The Subordinated Lenders receiving warrants for the remaining 104,759 warrant shares were also entitled to receive a cash payment of $22,000 six months from the date of the GemCap Subordination Agreements, representing one percent (1.00%) of the outstanding principal amount of the loan held by such Subordinated Lenders. This cash payment was made to those Subordinated Lenders on January 25, 2023.

The GemCap Revolving Line of Credit had a balance, including accrued interest, amounting to $2,279,596 and $3,757,074 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the GemCap Revolving Line of Credit in the amount of $1,012,000 and $1,068,425 for the nine months ended June 30, 2024, and 2023, respectively.

Non-Revolving Lines of Credit

RAT Non-Revolving Line of Credit

Effective as of May 13, 2022, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the “RAT Non-Revolving Line of Credit Agreement”) with several institutions and individuals (each a “RAT Lender” and collectively, the “RAT Lenders”) and RAT Investment Holdings, LP, as administrator of the loan (the “Loan Administrator”) for an aggregate principal amount of $2,200,000 (the “RAT Non-Revolving Line of Credit”), evidenced by a Non-Revolving Line of Credit Promissory Note (the “RAT Note”), also effective as of May 13, 2022. Pursuant to the terms of the RAT Non-Revolving Line of Credit Agreement, the RAT Non-Revolving Line of Credit matured eighteen (18) months from the effective date of the RAT Non-Revolving Line of Credit Agreement (the “Original RAT Line of Credit Maturity Date”) and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve percent (12%) per year. Under the RAT Non-Revolving Line of Credit Agreement, we granted to the RAT Lenders a security interest in all of our present and future assets and properties, real or personal, tangible or intangible, wherever located, including products and proceeds thereof, which security interest is *pari passu* with the Excel Revolving Line of Credit Agreement (as defined above) and the May 2023 Secured Line of Credit Agreement (as defined below) and (each of which are subordinated in connection with our GemCap Revolving Line of Credit Agreement (as defined above)).

In connection with the RAT Non-Revolving Line of Credit Agreement, on May 13, 2022, we issued a warrant to each RAT Lender (collectively, the “RAT Loan Warrants”) for an aggregate of up to 209,522 shares of our Common Stock. Each RAT Loan Warrant had an exercise price of $5.25 per share, expires on May 13, 2025, and is exercisable at any time prior to the expiration date.

Effective as of November 13, 2023, we entered into a Non-Revolving Line of Credit Loan Agreement Amendment (the “RAT Non-Revolving Line of Credit Agreement Amendment #1”) with the RAT Lenders to: (i) extend the Original RAT Line of Credit Maturity Date from eighteen (18) months to twenty-seven (27) months from the date of the RAT Non-Revolving Line of Credit Agreement, or August 13, 2024 (the “First Extended RAT Line of Credit Maturity Date”); and (ii) amend the payment terms of the RAT Non-Revolving Line of Credit such that payments of interest or principal under the RAT Non-Revolving Line of Credit Agreement and the RAT Note will be due and payable from November 13, 2023, to the First Extended RAT Line of Credit Maturity Date as follows: (a) one payment of $374,000 (comprised of accrued interest of $132,000 due through November 13, 2023, an initial payment of principal of $220,000 and $22,000 as consideration to extend the Original RAT Line of Credit Maturity Date) due on November 13, 2023; and (b) nine (9) monthly payments of principal of $220,000 plus accrued interest, commencing December 13, 2023. In consideration for the extension of the Original RAT Line of Credit Maturity Date, we agreed to amend the terms of the RAT Loan Warrants as well as the Subordination Agreement Warrants issued to the RAT Lenders in connection with the GemCap Subordination Agreements described above to reduce the respective exercise prices thereof to $1.00. *See “—GemCap Revolving Line of Credit.”* We also agreed to apply one-third (1/3) of the net proceeds of any capital raise that takes place subsequent to the date of the RAT Non-Revolving Line of Credit Agreement Amendment #1, other than proceeds from an equity offering under any at-the-market (“ATM”) program or from an affiliate or insider, toward paying down the then outstanding principal amount due under the RAT Non-Revolving Line of Credit. Pursuant to the RAT Non-Revolving Line of Credit Agreement Amendment #1, each RAT Lender agreed to enter into a lock-up agreement restricting the disposal of any shares of our Common Stock that are issued in connection with the exercise of the RAT Loan Warrants or the Subordination Agreement Warrants for a period of twelve (12) months from the date of the RAT Non-Revolving Line of Credit Agreement Amendment #1. Effective as of November 13, 2023, we issued an Amended and Restated Non-Revolving Line of Credit Promissory Note Amendment to the Lenders reflecting the extension of the Original RAT Line of Credit Maturity Date.

On April 18, 2024, we entered into that certain Non-Revolving Line of Credit Loan Agreement Amendment #2 (the “RAT Non-Revolving Line of Credit Agreement Amendment #2”) with the RAT Lenders to: (i) extend the Original RAT Line of Credit Maturity Date from eighteen (18) months to thirty-two (32) months from the date of the RAT Non-Revolving Line of Credit Agreement, or January 13, 2025 (the “Second Extended RAT Line of Credit Maturity Date”); and (ii) amend the payment terms of the RAT Non-Revolving Line of Credit such that payments of interest and principal under the RAT Non-Revolving Line of Credit Agreement and the RAT Note are due and payable from April 13, 2024, to the Second Extended RAT Line of Credit Maturity Date, as follows: (a) one payment of $121,000, comprised of accrued interest of $11,000 through April 13, 2024, and an initial payment of principal of $110,000, due on April 13, 2024; and (b) nine (9) monthly payments of principal of $110,000, plus accrued interest, commencing on May 13, 2024. We issued a Second Amended and Restated Non-Revolving Line of Credit Promissory Note, effective April 13, 2024, to the RAT Lenders reflecting the extension of the Original RAT Line of Credit Maturity Date.

On May 31, 2024, we entered into a Non-Revolving Line of Credit Waiver and Consent Agreement (the “Waiver and Consent”), with the Loan Administrator, effective as of and contingent upon the closing of a non-affiliate capital raise, waiving certain provisions of the RAT Non-Revolving Line of Credit Agreement Amendment #1, pursuant to which the RAT Lenders agreed to irrevocably waive their rights to receive one-third (1/3) of the net proceeds of any non-affiliate capital raise, including the Offerings (as defined below), and consented to us not paying any of such proceeds to the RAT Lenders. In consideration for entering into the Waiver and Consent, we agreed to reduce the exercise price of the RAT Loan Warrants and the Subordination Agreement Warrants held by the RAT Lenders to purchase an aggregate of 314,281 shares of Common Stock from $1.00 to $0.24. See “ *– The Registered Offering and the Concurrent Private Placement Offering*” below.

The RAT Non-Revolving Line of Credit had a balance, including accrued interest, amounting to $774,222 and $2,300,899 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the RAT Non-Revolving Line of Credit in the amount of $409,165 and $670,146 for the nine months ended June 30, 2024, and 2023, respectively.

May 2023 Secured Loan

Effective as of May 10, 2023, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the "May 2023 Secured Line of Credit Agreement") with several individuals and institutional lenders for aggregate loans of up to $4.0 million (the "May 2023 Secured Line of Credit"), evidenced by the Secured Non-Revolving Line of Credit Promissory Notes (each a "May 2023 Secured Note" and collectively, the "May 2023 Secured Notes"), also effective as of May 10, 2023. The May 2023 Secured Line of Credit matures twenty-four (24) months from the date of the May 2023 Secured Line of Credit and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve percent (12%) per year. We granted to the lenders under the May 2023 Secured Line of Credit Agreement a security interest in all of our present and future assets and properties, real or personal, tangible or intangible, wherever located, including products and proceeds thereof, which security interest is *pari passu* with the RAT Non-Revolving Line of Credit Agreement and the Excel Revolving Line of Credit Agreement, but is subordinate in rights to GemCap under the GemCap Revolving Line of Credit Agreement. *See "— GemCap Revolving Line of Credit Agreement."*

In connection with the May 2023 Secured Line of Credit, on May 10, 2023, we agreed to issue to each lender under the May 2023 Secured Line of Credit Agreement, upon a drawdown, a warrant to purchase up to an aggregate of 369,517 shares of our Common Stock. Each warrant has an exercise price of $4.33 per share, expires on May 10, 2026, and is exercisable at any time prior to such date.

As of May 10, 2023, Excel, an entity managed by Mr. Cassidy, had committed to be a lender under the May 2023 Secured Line of Credit Agreement for an aggregate loan of $2.65 million, and as of September 11, 2023, Excel had not loaned any funds under the May 2023 Secured Line of Credit. On May 31, 2023, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the "Excel $2.2M Secured Line of Credit Agreement") with Excel for an aggregate principal amount of up to $2,200,000 (the "Excel $2.2M Line of Credit"), evidenced by a Non-Revolving Line of Credit Promissory Note (the "Excel $2.2M Note"). Pursuant to the terms of a Pay Off Letter Agreement with Excel dated September 12, 2023, we refinanced the outstanding principal and interest of the Excel $2.2M Line of Credit to be included as part of the obligations of the May 2023 Secured Line of Credit Agreement. As a result of such refinancing, as of September 12, 2023, no principal or interest remained outstanding under the Excel $2.2M Secured Line of Credit, and the Excel $2.2M Secured Line of Credit Agreement was terminated, and as of September 12, 2023, Excel had loaned $2,266,733 under the May 2023 Secured Line of Credit Agreement and received a warrant to purchase 209,398 shares of our Common Stock.

As of December 14, 2023, the outstanding principal and interest on Excel's portion of the May 2023 Secured Line of Credit was $2,328,617 (the "Excel May 2023 Secured Line of Credit Pay Off-Amount") of the total aggregate principal and interest outstanding under the May 2023 Secured Line of Credit of $3,262,817. On December 14, 2023, Excel agreed to convert the Excel May 2023 Secured Line of Credit Pay-Off Amount owed under the May 2023 Secured Line of Credit Agreement into 2,910,771 shares of our Common Stock at a conversion price per share of $0.80. In addition, in connection with the Warrant Repricing (as defined below), on December 14, 2023, Excel agreed to reprice the per share warrant exercise price of the warrant for 209,398 shares of our Common Stock to $0.80 per warrant share and immediately exercised the warrant, delivering the net proceeds of $167,518.40 to us. *See "—Repricing and Exercise of Certain Warrants."*

On December 31, 2023, one of the remaining lenders under the May 2023 Secured Line of Credit converted $101,699.83 in outstanding principal and interest into 127,124 shares of our Common Stock at a conversion price per share of $0.80. As of June 30, 2024, a total principal amount of $800,000 remained outstanding on the May 2023 Secured Line of Credit and warrants for a total of 83,142 warrant shares had been issued to the remaining lenders in connection with the May 2023 Secured Line of Credit and remained outstanding.

The May 2023 Secured Loan had a principal balance, including accrued interest, amounting to $861,333 and $3,214,769 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the May 2023 Secured Loan in the amount of $293,520 and $40,736 for the nine months ended June 30, 2024, and 2023, respectively.

Excel $1.0M Line of Credit

On March 28, 2024, we entered into a Secured Non-Revolving Line of Credit Loan Agreement with Excel, an entity managed by Bruce Cassidy, Executive Chairman of our Board of Directors (the "Excel $1.0M Secured Line of Credit Agreement"), for an aggregate principal amount of up to $1,000,000 (the "Excel $1.0M Line of Credit"), evidenced by a Secured Non-Revolving Line of Credit Promissory Note (the "Excel $1.0M Note"). The Excel $1.0M Line of Credit matures one hundred eighty (180) days from the date of the Excel $1.0M Secured Line of Credit Agreement (the "Excel $1.0M Line of Credit Maturity Date") and accrues interest, payable in arrears on the Excel $1.0M Line of Credit Maturity Date, at a fixed rate of interest equal to twelve percent (12%) per year.

Under the Excel $1.0M Secured Line of Credit Agreement, we granted to Excel a security interest in all of our present and future assets and properties, real or personal, tangible or intangible, wherever located, including products and proceeds thereof, which security interest is subordinate in rights to GemCap under the GemCap Revolving Line of Credit Agreement.

On May 31, 2024, we entered into a Waiver and Consent Letter Agreement with Excel (the "Excel Waiver Agreement"), effective as of and contingent upon the closing of the Registered Offering (as defined and described below), waiving certain provisions of the Excel $1.0M Secured Line of Credit Agreement, pursuant to which Excel irrevocably agreed to waive its rights to receive five hundred thousand dollars ($500,000) of the net proceeds of any non-affiliate capital raise, including the Registered Offering, and consented to us not paying any of such proceeds to it, contingent upon the closing of such a non-affiliate capital raise, including the Registered Offering. See " – *The Registered Offering and the Concurrent Private Placement Offering*" below.

The Excel $1.0M Line of Credit had a balance, including accrued interest, amounting to $1,031,333 and $0 as of June 30, 2024, and September 30, 2023, respectively. We incurred interest expense for the Excel $1.0M Line of Credit in the amount of $31,333 and $0 for the nine months ended June 30, 2024, and 2023, respectively.

Repricing and Exercise of Certain Existing Warrants

On December 14, 2023, we agreed to offer to amend certain existing warrants exercisable for an aggregate of up to 4,055,240 shares of our Common Stock (each such warrant an "Existing Warrant") to reduce the respective exercise prices thereof to $0.80 per share (such new price being referred to as the "Amended Warrant Exercise Price"), which was the closing price per share of our common stock as quoted on the NYSE American on December 13, 2023, on the condition that the holder of each Existing Warrant would commit to exercise the Existing Warrant within a certain period of time, paying the aggregate Amended Warrant Exercise Price of each respective Existing Warrant in cash to us (the "Warrant Repricing"). As of December 14, 2023, Existing Warrants exercisable for an aggregate of up to 786,482 shares of our common stock were held by Excel and Eagle Investment Group, LLC, entities managed by Bruce Cassidy, Sr., Executive Chairman of our Board of Directors, and Existing Warrants exercisable for an aggregate of up to 443,332 shares of our Common Stock were held by Denise Penz, a member of our Board of Directors. In connection with the Warrant Repricing, each of Mr. Cassidy and Ms. Penz exercised their Existing Warrants, resulting in net proceeds to us of $983,851.

As of June 30, 2024, holders of Existing Warrants (including those held by Mr. Cassidy and Ms. Penz) had exercised warrants for 1,850,874 shares for an aggregate exercise price of $1,480,699. No other Existing Warrants have been repriced or exercised under the Warrant Repricing.

The Registered Offering and the Concurrent Private Placement Offering

On May 31, 2024, we entered into a Securities Purchase Agreement (the "Institutional Purchase Agreement") with the purchaser named therein (the "Institutional Investor") and a Securities Purchase Agreement (the "Private Placement Purchase Agreement," and together with the Institutional Purchase Agreement, the "Purchase Agreements") with Excel (the "Private Placement Entity," together with the Institutional Investor, the "Investors").

Pursuant to the Institutional Purchase Agreement, we agreed to sell and issue, in a registered direct offering (the "Registered Offering") 7,875,000 shares (the "Registered Shares") of our Common Stock at a purchase price per share of $0.15 and pre-funded warrants (the "Registered Pre-Funded Warrants") to purchase up to an aggregate of 1,777,174 shares of Common Stock (the "Registered Pre-Funded Warrant Shares") at a purchase price per Registered Pre-Funded Warrant of $0.1499, for aggregate gross proceeds to the Company of approximately $1.45 million, before deducting placement agent fees and offering expenses payable by the Company.

Pursuant to the Private Placement Purchase Agreement, in a concurrent private placement (the "Concurrent Private Placement Offering," together with the Registered Offering, the "Offerings"), we agreed to sell and issue to the Private Placement Entity pre-funded warrants (the "Private Pre-Funded Warrants") to purchase up to an aggregate of 4,347,826 shares of Common Stock (the "Private Pre-Funded Warrant Shares") at a purchase price of $0.2308 per Private Pre-Funded Warrant, for aggregate gross proceeds to the Company of approximately $1.0 million, before deducting offering expenses payable by the Company. The Private Pre-Funded Warrants are immediately exercisable at an exercise price of $0.0001 per share and will expire when the Private Pre-Funded Warrants are fully exercised. The Concurrent Private Placement Offering closed on June 10, 2024.

The Purchase Agreements contain customary representations, warranties and agreements of the Company and the Investors and customary indemnification rights and obligations of the parties. Pursuant to the terms of the Institutional Purchase Agreement, we have agreed to certain restrictions, subject to certain exceptions, on the issuance and sale of its Common Stock and securities convertible into shares of Common Stock during the 90-day period following the closing of the Registered Offering. We also agreed not to effect or enter into an agreement to effect any issuance of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock involving a variable rate transaction (as defined in the Institutional Purchase Agreement), subject to certain exceptions, until the six-month anniversary of the closing of the Registered Offering.

In addition, until the date that is the eighteen-month anniversary of the closing of the Registered Offering, the Institutional Investor is entitled to a participation right in any subsequent financing (as defined in the Institutional Purchase Agreement) effected by the Company or any of its subsidiaries of Common Stock or Common Stock equivalents for cash consideration, or a combination of units thereof, up to an amount equal to 35% of such subsequent financing on the same terms, conditions and price provided for in the subsequent financing, subject to certain carve-outs as set forth in the Institutional Purchase Agreement.

In connection with the Offerings, on May 31, 2024, we also entered into a placement agency agreement (the "Placement Agency Agreement") with Roth Capital Partners, LLC the "Placement Agent"). Pursuant to the terms of the Placement Agency Agreement, the Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the Registered Shares, the Registered Pre-Funded Warrants, the Registered Pre-Funded Warrant Shares, the Private Pre-Funded Warrants and the Private Pre-Funded Warrant Shares (the "Securities"). We paid the Placement Agent a cash fee equal to 6.5% of the gross proceeds generated from the Offerings and agreed to reimburse the Placement Agent for certain of its expenses in an amount up to $50,000. The Placement Agent did not receive cash placement agent fees on the sale of the Private Pre-Funded Warrants and the Private Pre-Funded Warrant Shares. The Placement Agency Agreement contains customary representations, warranties and agreements of the Company and the Placement Agent and customary indemnification rights and obligations of the parties.

Pursuant to the terms of the Placement Agency Agreement, we issued to the Placement Agent warrants ("Placement Agent Warrants") to purchase up to 700,000 shares of Common Stock, or 5.0% of the aggregate shares of Common Stock (or Common Stock equivalents) issued in the Offerings, exercisable at a price per share of $0.25399. The Placement Agent Warrants are exercisable commencing six months after the closing date of the Registered Offering and expire May 31, 2029.

The Registered Offering closed on June 3, 2024, and on July 1, 2024, the Institutional Investor delivered a Notice of Exercise to us to purchase the Registered Pre-Funded Warrant Shares.

The Registered Shares and the Registered Pre-Funded Warrants were offered pursuant to our effective Shelf Registration Statement on Form S-3 (File No. 333-268957), which was previously filed and declared effective by the SEC, the accompanying base prospectus dated January 11, 2023, and a prospectus supplement dated May 31, 2024.

Shelf Registration ($50 Million ATM)

On December 22, 2022, we filed a Shelf Registration Statement on Form S-3 that has been declared effective by the SEC. On May 12, 2023, we entered into an At-the-Market ("ATM") Issuance Sales Agreement (the "ATM Sales Agreement") with B. Riley Securities, Inc. (the "Agent") pursuant to which we may offer and sell, from time to time through the Agent, shares of our Common Stock, for aggregate gross proceeds of up to $50,000,000.

As previously disclosed, effective May 31, 2024, the Company and the Agent terminated the ATM Sales Agreement. We are not subject to any termination penalties related to the termination of the ATM Sales Agreement.

During the nine months ended June 30, 2024, we did not raise any funds through sales under the ATM Sales Agreement.

Future Use of Operating Cash and Capital Requirements

Our future use of operating cash and capital requirements will depend on many forward-looking factors, including the following:

- our ability to raise capital when needed and on acceptable terms and conditions;
- our ability to regain and maintain compliance with the continued listing requirements NYSE American;
- our ability to attract and retain management with experience in digital media including digital video music streaming, and similar emerging technologies;
- our ability to negotiate, finalize and maintain economically feasible agreements with the major and independent music labels, publishers and performance rights organizations;
- our ability to attract prospective users and to retain existing users;
- our expectations regarding market acceptance of our products in general, and our ability to penetrate digital video music streaming in particular;
- volatility in digital programmatic advertising spend which can affect our revenues;
- the scope, validity and enforceability of our and third-party intellectual property rights;
- our ability to comply with governmental regulations and changes in legislation or governmental regulations affecting us;
- the intensity of competition in the markets in which we operate and those that we may seek to enter;
- changes in the political and regulatory environment and in business and fiscal conditions in the United States and overseas;
- our dependence upon third-party licenses for sound recordings and musical compositions;
- our lack of control over the providers of our content and their effect on our access to music and other content;
- our ability to comply with the many complex license agreements to which we are a party;
- our ability to accurately estimate the amounts payable under our license agreements;
- the limitations on our ability to reduce operating costs due to the minimum guarantees required under certain of our license agreements;
- our ability to obtain accurate and comprehensive information about music compositions in order to obtain necessary licenses or perform obligations under our existing license agreements;
- potential breaches of our security systems;
- assertions by third parties of infringement or other violations by us of their intellectual property rights;

- competition for users and user listening time;
- our ability to generate sufficient revenue to be profitable or to generate positive cash flow on a sustained basis;
- our ability to continue as a going concern;
- our ability to accurately estimate our user metrics;
- the manipulation of stream counts and user accounts and unauthorized access to our services;
- our ability to hire and retain key personnel;
- our ability to maintain, protect and enhance our brand;
- risks associated with our potential international expansion, including difficulties obtaining rights to stream music on favorable terms;
- risks relating to the acquisition, investment and disposition of companies or technologies;
- dilution resulting from additional share issuances;
- tax-related risks;
- the concentration of voting power among our founders who have and will continue to have substantial control over our business;
- international, national, or local economic, social or political conditions; and
- risks associated with accounting estimates, currency fluctuations and foreign exchange controls.

We have evaluated and expect to continue to evaluate a wide array of strategic transactions as part of our plan to acquire or license and develop additional products and services to augment our current business operations. Strategic transaction opportunities that we may pursue could materially affect our liquidity and capital resources and may require us to incur additional indebtedness, seek equity capital or both. Accordingly, we expect to continue to opportunistically seek access to additional capital to license or acquire additional products, services or companies to expand our operations or for general corporate purposes. Strategic transactions may require us to raise additional capital through one or more public or private debt or equity financings or could be structured as a collaboration or partnering arrangement. We have no arrangements, agreements, or understandings in place at the present time to enter into any acquisition, licensing or similar strategic business transaction.

If we raise additional funds by issuing equity securities, our stockholders will experience dilution. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences that are not favorable to us or our stockholders.

As of June 30, 2024, our cash totalled $1,546,088. During the nine months ended June 30, 2024, we incurred a net loss of $18,307,652 and used $4,949,514 of cash in operations. We have incurred significant operating losses in the past and, as of June 30, 2024, we had an accumulated deficit of $146,593,195. We do not expect to experience positive cash flows from operations in the near future as we continue to invest in the distribution of our Loop Players and the expansion of our Partner Platform business. We also expect to incur significant additional legal and financial expenditures in meeting the regulatory requirements of an NYSE American listed public company.

There is uncertainty regarding our ability to grow our business without additional financing. Our long-term future growth and success are dependent upon our ability to continue selling our services, generate cash from operating activities and obtain additional financing. We may be unable to continue selling our products and services, generate sufficient cash from operations, sell additional shares of Common Stock or borrow additional funds. Our inability to obtain additional cash could have a material adverse effect on our ability to grow our business to a greater extent than we can with our existing financial resources.

Critical Accounting Policies and Use of Estimates

Use of Estimates and Assumptions

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include assumptions used in the revenue recognition of performance obligations, fair value of stock-based compensation awards and income taxes.

Revenue Recognition

We recognize revenue in accordance with ASC 606*, Revenue from Contracts with Customers* ("ASC 606"). Our revenue recognition disclosure reflects our updated accounting policies that are affected by this new standard. We applied the "modified retrospective" transition method for open contracts for the implementation of Topic 606. As sales are and have been primarily from delivery of streaming services, delivery of subscription content services in customized formats, and delivery of hardware and ongoing content delivery through software and we have no significant post-delivery obligations, this new standard did not result in a material recognition of revenue on our consolidated financial statements for the cumulative impact of applying this new standard. Therefore, there was no cumulative effect adjustment required.

We recognize revenue when it satisfies a performance obligation by transferring control over a product to a customer. Revenue is measured based on the consideration we expect to receive in exchange for those products. In instances where final acceptance of the product is specified by the customer, revenue is deferred until all acceptance criteria have been met. For example, we bill subscription services in advance of when the service is performed and revenue is treated as deferred revenue until the service is performed and/or the performance obligation is satisfied. Revenues are recognized under Topic 606 in a manner that reasonably reflects the delivery of our products and services to clients in return for expected consideration and includes the following elements:

- executed contracts with our clients that we believe are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- allocation the transaction price to each performance obligation; and
- recognition of revenue only when we satisfy each performance obligation.

Our revenue can be categorized into two revenue streams: Advertising revenue and Legacy and other revenue.

The following table disaggregates our revenue by major type for each of the periods indicated:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
Advertising revenue	$ 3,997,054	$ 5,079,922	$ 16,936,810	$ 23,687,817
Legacy and other revenue	353,516	655,054	1,587,479	2,266,221
Total	$ 4,350,570	$ 5,734,976	$ 18,524,289	$ 25,954,038

We generate advertising revenue by selling advertising impressions on the Loop Platform, which consists of both the O&O Platform and the Partner Platform. Our advertising sales team works across both platforms, selling ad impressions for both platforms to the same DSPs and other demand sources. Revenue recognition for both Platforms is the same.

Legacy and other revenue includes streaming services, subscription content services, and hardware delivery, as further described below.

We consider ourselves the principal on all advertising transactions in which we sell ad impressions, and thus report revenues on a gross basis (net of advertising agency fees and commissions retained by advertising demand sources). We have evaluated ASC 606-10-50-5 and determined that there are no significant differences in the type of goods or services, geographical region, market or type of customer, contract type, contract duration, timing of transfer and sales channel between the O&O Platform and Partner Platform, and therefore would not require additional disaggregation of advertising revenue.

Performance Obligations and Significant Judgments

Our performance obligations and recognition patterns for each revenue stream are as follows:

Advertising Revenue

For the nine months ended June 30, 2024, and 2023, advertising revenue accounted for 91% and 91%, respectively, of our revenue and includes revenue from direct programmatic and local advertising as well as sponsorships.

For all advertising revenue sources, we evaluate whether we should be considered the principal (i.e., report revenues on a gross basis) or an agent (i.e., report revenues on a net basis). Our role as principal or agent differs based on our performance obligation for each revenue share arrangement.

For both the O&O and Platform Partner businesses, advertising inventory provided to advertisers through the use of an advertising demand partner or agency, with whose fees or commission is calculated based on a stated percentage of gross advertising spending, we are considered the agent and our revenues are reported net of agency fees and commissions. We are considered the agent because the demand partner or agency controls all aspects of the transaction (pricing risk, inventory risk, obligation for fulfillment) except for the devices used to show the advertisements, therefore we report this advertising revenue net of agency fees and commissions.

We are considered the principal in our arrangements with content providers in our O&O Platform business and with our arrangements with our third-party partners in our Partner Platforms business and thus report revenues on a gross basis (net of agency fees and commissions), wherein the amounts billed to our advertising demand partners, advertising agencies, and direct advertisers and sponsors are recorded as revenues, and amounts paid to content providers and third-party partners are recorded as expenses. We are considered the principal because we control the advertising space, are primarily responsible to our advertising demand partners and other parties filling our advertising inventory, have discretion in pricing and advertising fill rates and typically have an inventory risk.

For advertising revenue, we recognize revenue at the time the digital advertising impressions are filled and the advertisements are played, and for sponsorship revenue, we generally recognize revenue ratably over the term of the sponsorship arrangement as the sponsored advertisements are played.

Legacy and Other Business Revenue

For the nine months ended June 30, 2024, and 2023, legacy and other business revenue accounted for the remaining 9% and 9%, respectively, of total revenue and includes streaming services, subscription content services, and hardware delivery, as described below:

- Delivery of streaming services including content encoding and hosting. We recognize revenue over the term of the service based on bandwidth usage. Revenue from streaming services is insignificant.

- Delivery of subscription content services in customized formats. We recognize revenue straight-line over the term of the service.

- Delivery of hardware for ongoing subscription content delivery through software. We recognize revenue at the point of hardware delivery. Revenue from hardware sales is insignificant.

Transaction prices for performance obligations are explicitly outlined in relevant contractual agreements; therefore, we do not believe that significant judgments are required with respect to the determination of the transaction price, including any variable consideration identified.

Stock-Based Compensation

Stock-based compensation awarded to employees is measured at the award date, based on the fair value of the award, and is recognized as an expense over the requisite vesting period. We measure the fair value of the stock-based compensation issued to non-employees using the stock price observed in the trading market (for stock transactions) or the fair value of the award (for non-stock transactions), which were more reliably determinable measures of fair value than the value of the services being rendered. The measurement date is the earlier of (1) the date at which commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty's performance is complete.

Content Assets

On January 1, 2020, we adopted the guidance in Accounting Standards Update ("ASU") 2019-02, *Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment—Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials*, on a prospective basis. We capitalize the fixed content fees and our corresponding liability when the license period begins, the cost of the content is known, and the content is accepted and available for streaming. If the licensing fee is not determinable or reasonably estimable, no asset or liability is recorded, and licensing costs are expenses as incurred. We amortize licensed content assets into cost of revenue, using the straight-line method over the contractual period of availability. The liability is paid in accordance with the contractual terms of the arrangement. Internally-developed content costs are capitalized in the same manner as licensed content costs, when the cost of the content is known and the content is ready and available for streaming. We amortize internally-developed content assets into cost of revenue, using the straight-line method over the estimated period of streaming.

Income Taxes

We account for income taxes in accordance with ASC 740. ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. We have no material uncertain tax positions for any of the reporting periods presented.

We recognize accrued interest and penalties related to unrecognized tax benefits as part of income tax expense. We have also made a policy election to treat the income tax with respect to global intangible low-tax income as a period expense when incurred.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU are effective for fiscal years beginning after December 15, 2020, including interim periods therein. The adoption of this standard in the first quarter of 2022 had no impact on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 will be effective for us in the annual period beginning October 1, 2025, though early adoption is permitted. We are still evaluating the presentational effect that ASU 2023-09 will have on our consolidated financial statements, but we expect considerable changes to our income tax footnote.

Recently Adopted Accounting Pronouncements

In September 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This guidance requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. This guidance also requires enhanced disclosures regarding significant estimates and judgments used in estimating credit losses. The new guidance is effective for fiscal years beginning after December 15, 2022. We are currently evaluating the impact of this standard on our condensed consolidated financial statements and related disclosures. We adopted this ASU as of October 1, 2023, and there is no material impact to our financial statements as of June 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), consisting of controls and other procedures designed to give reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding such required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our Chief Executive Officer and Chief Financial Officer have evaluated such disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q and have determined that such disclosure controls and procedures are effective.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of our executive officers, threatened against or affecting us, or our Common Stock, in which an adverse decision could have a material adverse effect.

Item 1A. Risk Factors

Factors that could cause our actual results to differ materially from those in this Quarterly Report on Form 10-Q are any of the risks described in our Annual Report on Form 10-K filed with the SEC on December 19, 2023, and our Quarterly Report on Form 10-Q filed with the SEC on May 3, 2024. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

There have been no material changes from the risk factors previously disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K filed with the SEC on December 19, 2023, or our Quarterly Report on Form 10-Q filed with the SEC on May 3, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

There were no material defaults regarding payments of principal and interest that exceeded 5% of our total assets.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.

(b) None.

(c) None of our directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during our fiscal quarter ended June 30, 2024 (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934, as amended).

Item 6. Exhibits

Exhibit No.	Exhibit Description
4.1	Form of Registered Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 3, 2024).
4.2	Form of Private Pre-Funded Warrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on June 3, 2024).
4.3	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on June 3, 2024).
10.1	Non-Revolving Line of Credit Loan Agreement Amendment #2, dated April 18, 2024, by and between the Company, RAT Investment Holdings, LP, as administrator of the loan, and the institutions and individuals identified as lenders therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 24, 2024).
10.2	Second Amended and Restated Non-Revolving Line of Credit Promissory Note, effective as of April 13, 2024, executed by the Company for the benefit of the lenders under the Non-Revolving Line of Credit Loan Agreement Amendment #2, effective as of the same date (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 24, 2024).
10.3	CEO Employment Letter Agreement Amendment between the Company and Justis Kao, effective May 3, 2024 (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, filed on May 3, 2024).
10.4	Form of Securities Purchase Agreement, dated May 31, 2024, by and between the Company and the Institutional Investor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 3, 2024).
10.5	Form of Securities Purchase Agreement, dated May 31, 2024, by and between the Company and the Private Placement Entity (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 3, 2024).
10.6	Placement Agency Agreement, dated May 31, 2024, by and between the Company and the Placement Agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 3, 2024).
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document -the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** This certification is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the registrant specifically incorporates it by reference.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

	Loop Media, Inc., a Nevada corporation (Registrant)
Date: August 7, 2024	By: */s/ Justis Kao* Justis Kao Chief Executive Officer (Principal Executive Officer)
Date: August 7, 2024	By: */s/ Neil Watanabe* Neil Watanabe Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Justis Kao, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Loop Media, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: August 7, 2024

/s/ Justis Kao
Justis Kao
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Neil Watanabe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Loop Media, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: August 7, 2024

/s/ Neil Watanabe
Neil Watanabe
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Loop Media, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Justis Kao, Interim Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2024

/s/ Justis Kao
Justis Kao
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Loop Media, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neil Watanabe, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2024

/s/ Neil Watanabe
Neil Watanabe
Chief Financial Officer