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

FORM 10-Q

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

For the quarterly period ended **March 31, 2023**
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)

700 N. Central Avenue, Suite 430, Glendale, CA	**91203**
(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. [X] 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). [X] 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 ☐
Non-accelerated filer ☒
Emerging growth company ☐

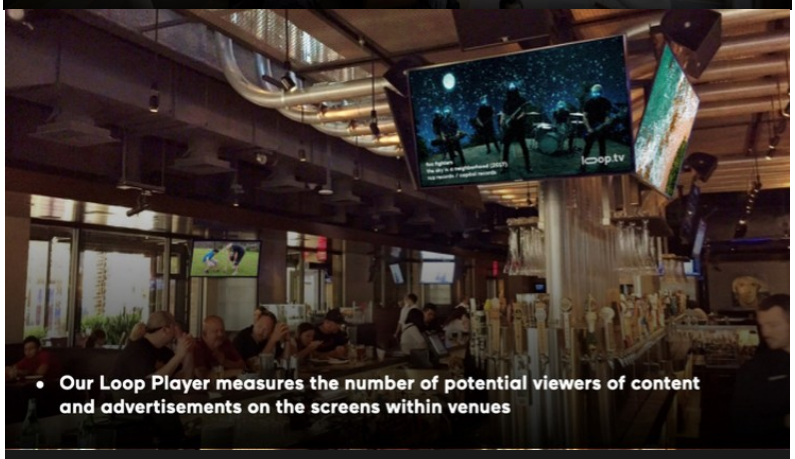
Accelerated filer ☐
Smaller reporting company ☒

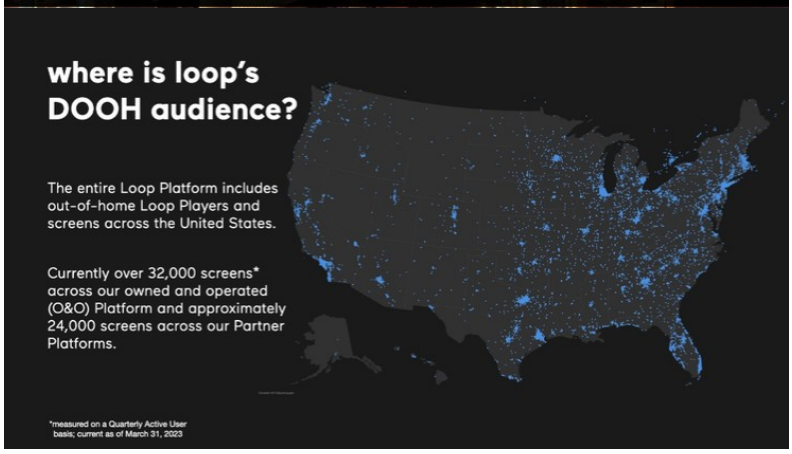
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 May 10, 2023, the registrant had 56,381,209 shares of common stock issued and outstanding.


Silk Sonic
Leave the Door Open
loop.tv
• Licensed music videos from Universal, Sony and Warner Music
• Owned music video library dating back to the 1950s


loop.tv
• Our Loop Player measures the number of potential viewers of content and advertisements on the screens within venues


where is loop's DOOH audience?
The entire Loop Platform includes out-of-home Loop Players and screens across the United States.
Currently over 32,000 screens* across our owned and operated (O&O) Platform and approximately 24,000 screens across our Partner Platforms.
*measured on a Quarterly Active User basis; current as of March 31, 2023

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PART I — FINANCIAL INFORMATION

Item 1 Financial Statements.

LOOP MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2023 (UNAUDITED)	September 30, 2022
ASSETS		
Current assets		
Cash	$ 4,650,763	$ 14,071,914
Accounts receivable, net	5,694,321	12,590,970
Prepaid expenses and other current assets	918,175	1,496,566
Deferred offering costs	232,845	—
Content assets - current	2,700,232	745,633
Total current assets	14,196,336	28,905,083
Non-current assets		
Deposits	64,090	63,889
Content assets - non current	1,111,580	678,659
Property and equipment, net	2,701,130	1,633,169
Operating lease right-of-use assets	17,185	76,696
Intangible assets, net	534,111	590,333
Total non-current assets	4,428,096	3,042,746
Total assets	$ 18,624,432	$ 31,947,829
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 6,883,215	$ 7,453,801
Accrued liabilities	3,413,038	5,620,873
Accrued royalties and revenue share	3,184,604	4,559,088
Payable on acquisition	—	250,125
License content liabilities - current	1,282,655	1,092,819
Deferred Income	—	140,764
Lease liability - current	18,483	75,529
Non-revolving line of credit	1,809,594	—
Total current liabilities	16,591,589	19,192,999
Non-current liabilities		
Non-revolving line of credit	—	1,494,469
Non-revolving line of credit, related party	3,088,753	2,575,753
Revolving line of credit	4,185,069	3,030,516
Total non-current liabilities	7,273,822	7,100,738
Total liabilities	23,865,411	26,293,737
Commitments and contingencies (Note 9)	—	—
Stockholders' equity		
Common Stock, $0.0001 par value, 105,555,556 shares authorized, 56,381,209 and 56,381,209 shares issued and outstanding as of March 31, 2023, and September 30, 2022, respectively	5,638	5,638
Additional paid in capital	106,151,803	101,970,318
Accumulated deficit	(111,398,420)	(96,321,864)
Total stockholders' equity	(5,240,979)	5,654,092
Total liabilities and stockholders' equity	$ 18,624,432	$ 31,947,829

See the accompanying notes to the consolidated financial statements

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

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Revenue	$ 5,393,231	$ 4,879,839	$ 20,219,062	$ 7,875,873
Cost of revenue				
Cost of revenue - Advertising and Legacy and other revenue	3,177,607	3,169,059	11,635,240	4,302,981
Cost of revenue - depreciation and amortization	630,543	346,158	1,312,710	657,213
Total cost of revenue	3,808,150	3,515,217	12,947,950	4,960,194
Gross profit	1,585,081	1,364,622	7,271,112	2,915,679
Operating expenses				
Sales, general and administrative	7,769,314	4,686,326	15,727,448	9,014,197
Stock-based compensation	2,475,807	1,173,106	4,266,614	2,722,512
Depreciation and amortization	235,009	32,399	422,725	64,802
Total operating expenses	10,480,130	5,891,831	20,416,787	11,801,511
Loss from operations	(8,895,049)	(4,527,209)	(13,145,675)	(8,885,832)
Other income (expense)				
Interest income	_	—	_	200
Interest expense	(919,444)	(494,389)	(1,927,027)	(998,506)
Gain (Loss) on extinguishment of debt, net	_	—	_	490,051
Change in fair value of derivatives	_	47,568	_	146,313
Other income	(2,624)	—	(2,624)	—
Total other income (expense)	(922,068)	(446,821)	(1,929,651)	(361,942)
Loss before income taxes	(9,817,117)	(4,974,030)	(15,075,326)	(9,247,774)
Income tax (expense)/benefit	_	(800)	(1,230)	(1,051)
Net loss	$ (9,817,117)	$ (4,974,830)	$ (15,076,556)	$ (9,248,825)
Basic and diluted net loss per common share	(0.17)	$ (0.11)	(0.27)	$ (0.21)
Weighted average number of basic and diluted common shares outstanding	56,381,209	45,531,995	56,381,209	45,005,276

See the accompanying notes to the consolidated financial statements

LOOP MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED MARCH 31, 2023, and 2022
(UNAUDITED)

	Preferred Stock Series B		Common Stock		Additional Paid	Accumulated	
	Shares	Amount	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)**

	Preferred Stock Series B		Common Stock		Additional Paid	Accumulated	
	Shares	Amount	Shares	Amount	in Capital	Deficit	Total
Balances, September 30, 2021	**200,000**	**$ 20**	**44,490,003**	**$ 4,449**	**$ 69,833,650**	**$ (66,842,416)**	**$ 2,995,703**
Stock-based compensation	—	—	—	—	1,549,406	—	1,549,406
Net loss	—	—	—	—	—	(4,273,995)	(4,273,995)
Balances, December 31, 2021	**200,000**	**$ 20**	**44,490,003**	**$ 4,449**	**$ 71,383,056**	**$ (71,116,411)**	**$ 271,114**
Stock-based compensation	—	—	—	—	1,116,318	—	1,116,318
Warrants issued to consultants	—	—	—	—	56,788	—	56,788
Payment in kind interest stock issuance	—	—	12,378	1	88,499	—	88,500
Conversion of series B convertible stock to common stock	(200,000)	(20)	6,666,666	667	(647)	—	—
Net loss	—	—	—	—	—	(4,974,830)	(4,974,830)
Balances, March 31, 2022	**—**	**$ —**	**51,169,047**	**$ 5,117**	**$ 72,644,014**	**$ (76,091,241)**	**$ (3,442,110)**

See the accompanying notes to the consolidated financial statements

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

	Six months ended March 31,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (15,076,556)	$ (9,248,825)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	1,244,329	713,197
Depreciation and amortization expense	422,725	64,802
Amortization of content assets	1,312,710	657,213
Amortization of right-of-use assets	59,511	78,114
Bad debt expense	—	20,000
Gain on extinguishment of debt, net	—	(490,051)
Change in fair value of derivative	—	(146,313)
Stock-based compensation	4,266,614	2,722,512
Payment in kind for interest stock issuance	—	88,500
Change in operating assets and liabilities:		
Accounts receivable	6,896,649	(3,075,632)
Prepaid income tax	—	(1,842)
Inventory	10,252	160,965
Prepaid expenses	568,138	(11,720)
Deposit	(201)	(29,590)
Accounts payable	(1,181,952)	871,866
Accrued liabilities	(2,207,835)	1,033,139
Accrued royalties and revenue share	(1,374,484)	1,964,214
Licensed content liability	(3,457,477)	(853,500)
Operating lease liabilities	(57,046)	(80,877)
Deferred income	(140,764)	(34,392)
NET CASH USED IN OPERATING ACTIVITIES	(8,715,387)	(5,598,220)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,046,876)	—
NET CASH USED IN INVESTING ACTIVITIES	(1,046,876)	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	—	1,250,000
Proceeds from credit facility	—	1,500,000
Proceeds from line of credit	28,087,249	—
Payments on line of credit	(27,326,600)	—
Debt issuance costs	(22,300)	—
Issuance costs for stock uplist	(86,330)	—
Deferred offering costs	(61,983)	(123,498)
Payment of acquisition related consideration	(250,125)	—
Repayment of stockholder loans	—	(552,832)
Short swing profit recovery	1,201	—
NET CASH PROVIDED BY FINANCING ACTIVITIES	341,112	2,073,670
Change in cash and cash equivalents	(9,421,151)	(3,524,550)
Cash, beginning of period	14,071,914	4,162,548
Cash, end of period	$ 4,650,763	$ 637,998
SUPPLEMENTAL DISCLOSURES OF CASH FLOW STATEMENTS		
Cash paid for interest	$ 665,309	$ 101,186
Cash paid for income taxes	$ 1,230	$ 1,051
SUPPLEMENTAL DISCLOSURES OF NON CASH INVESTING AND FINANCING ACTIVITIES		
Payment in kind common stock payment	$ —	$ 88,496
Conversion of Preferred Class B stock to common stock	$ —	$ 1,980
Unpaid deferred offering costs	$ 170,862	$ 247,023
Unpaid additions to property and equipment	$ 387,588	$ —
Unpaid additions to licensed and internally developed content	$ 52,916	$ —

See the accompanying notes to the consolidated financial statements

LOOP MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
(UNAUDITED)

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 out-of-home ("OOH") dining, hospitality, retail, convenience stores and other locations and venues to enable them to inform, entertain and engage their customers. Our technology provides third-party advertisers with a targeted marketing and promotional tool for their products and services and, in certain instances, allows us to measure the number of potential viewers of such advertising and promotional materials. We also allow our OOH clients to access our service without advertisements by paying a monthly subscription fee.

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, which is predominantly licensed or acquired from third parties, including action sports clips, drone and atmospheric 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 computers and (ii) through 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 March 31, 2023, we had 32,734 QAUs (described below) operating on our O&O Platform. We launched our Partner Platforms business in May 2022 and have a total of approximately 24,000 screens across our Partner Platforms as of March 31, 2023.

We define an "active unit" as (i) an ad-supported Loop Player (or DOOH location using our ad- supported service through our "Loop for Business" application or using an DOOH venue-owned computer screening our content) that is online, used on our O&O Platform, playing content, and has checked into the Loop analytics system at least once in the 90-day period 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.

Liquidity and management's plan

As shown in the accompanying consolidated financial statements, we have incurred significant 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.

We filed a shelf Registration Statement on Form S-3 that has been declared effective by the Securities and Exchange Commission ("SEC"). On May 12, 2023, we entered into an At Market Issuance Sales Agreement (the "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, par value $0.0001 per share ("Common Stock"), for aggregate gross proceeds of up to $50,000,000. Since May 12, 2023, we have not had any sales under the Sales Agreement.

In addition, on May 10, 2023, we entered into a Non-Revolving Line of Credit Loan Agreement with several institutions and individuals for aggregate loans of up to $4.0 million.

Based on the available cash balance at March 31, 2023, and these new sources of funding, we believe that we will have sufficient resources to fund our operations for at least twelve months from the date these financial statements were issued and that the substantial doubt in connection with our ability to continue as a going concern is alleviated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The following (a) condensed consolidated balance sheet as of September 30, 2022, which has been derived from our audited financial statements, and (b) our unaudited condensed consolidated interim financial statements for the six months ended March 31, 2023, 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 six months ended March 31, 2023, are not necessarily indicative of results that may be expected for the year ending September 30, 2023.

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, 2022, included in our Annual Report on Form 10-K filed with the SEC on December 20, 2022.

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 because we do not have more than one operating 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 March 31, 2023, and September 30, 2022, we had no cash equivalents.

As of March 31, 2023, and September 30, 2022, approximately $4,400,763 and $13,821,914 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 March 31, 2023, and September 30, 2022, we had recorded an allowance for doubtful accounts of $778,370 and $646,013, respectively.

Concentration of credit risk

During the six months ended March 31, 2023, we had two customers which each individually comprised greater than 10% of net revenue. These customers represented 17% and 15% respectively. No other customer accounted for more than 10% of net revenue during the periods presented.

As of March 31, 2023, three customers accounted for a total of 45% of our accounts receivable balance or 20%, 15%, and 10%, respectively. 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 stock exchange, and 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 March 31, 2023.

The following table summarizes changes in fair value measurements of the Derivative Liability during the six months ended March 31, 2022:

Balance as of September 30, 2021	$	1,058,633
Derivative liability issued with convertible debentures		—
Change in fair value		(146,313)
Balance as of March 31, 2022	$	912,320

Advertising costs

We expense all advertising costs as incurred. Advertising and marketing costs for the six months ended March 31, 2023, and 2022, were $5,835,275 and $2,435,811, 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.

Performance obligations and significant judgments

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 the three and six months ended March 31, 2023, and 2022.

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Advertising revenue	$ 4,648,390	$ 3,499,791	$ 18,607,895	$ 4,936,878
Legacy and other revenue	744,841	1,380,048	1,611,167	2,938,995
Total	$ 5,393,231	$ 4,879,839	$ 20,219,062	$ 7,875,873

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

Advertising revenue

For the three and six months ended March 31, 2023, advertising revenue accounts for 86% and 92%, respectively, of our revenue and includes revenue from direct and programmatic 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 three and six months ended March 31, 2023, legacy and other business revenue accounts for the remaining 14% and 8%,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 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 the Company leverages its Partner Platform partners' network of customers and their screens to deliver content and advertising inventory, rather than using its own Loop players.

Deferred income

As of March 31, 2023, we no longer bill subscription services in advance of when the service period is performed. The deferred income recorded at September 30, 2022, represents our accounting for the timing difference between when the subscription 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 March 31, 2023, and September 30, 2022, respectively, because their inclusion would have been anti-dilutive.

	March 31, 2023	September 30, 2022
Options to purchase common stock	8,605,814	8,174,583
Warrants to purchase common stock	5,300,033	5,300,033
Restricted Stock Units (RSUs)	1,102,004	890,000
Series A preferred stock	—	—
Series B preferred stock	—	—
Convertible debentures	—	—
Total common stock equivalents	15,007,851	14,364,616

Shipping and handling costs

Loop players are provided free to our customers. Loop 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 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.

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. 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.

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. Previously reported accounts payable and accrued liabilities have now been disaggregated into accounts payable, accrued liabilities, and accrued royalty. Further, stock-based compensation and depreciation and amortization expenses have now been segregated from sales, general and administrative expenses and separately reported within operating expenses.

Recently adopted accounting pronouncements

In August 2020, the FASB issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)*. This ASU reduces the number of accounting models for convertible debt instruments and convertible preferred stock. As well as amend the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. In addition, this ASU improves and amends the related EPS guidance. The ASU is effective for interim and annual periods beginning after December 15, 2021, with early adoption permitted for periods beginning after December 15, 2020. Adoption of the ASU can either be on a modified retrospective or full retrospective basis. We adopted this ASU as of October 1, 2022, and there is no material impact as of March 31, 2023.

Recent 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.

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. 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 March 31, 2023, content assets were $2,700,232 recorded as Content asset, net – current and $1,111,580 recorded as Content asset, net – noncurrent, of which $177,292 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 March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Licensed Content Assets	$ 615,165	$ 346,158	$ 1,284,843	$ 657,213
Internally-Developed Assets	15,378	—	27,867	—
Total	$ 630,543	$ 346,158	$ 1,312,710	$ 657,213

Our content license contracts are typically two to three years. The amortization expense for the next three years for capitalized content assets as of March 31, 2023:

	Remaining in Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Licensed Content Assets	$ 1,447,223	$ 2,068,907	$ 115,726	$ 2,664
Internally-Developed Assets	36,430	72,860	59,440	8,562
Total	$ 1,483,653	$ 2,141,767	$ 175,166	$ 11,226

License Content Liabilities

On March 31, 2023, we had $1,335,571 of obligations comprised of $1,282,655 in License content liability – current and $52,916 in accounts payable on the Consolidated Balance Sheets. Payments for content liabilities for the six months ended March 31, 2023, were $3,483,019. The expected timing of payments for these content obligations is $1,282,655 payable in fiscal year 2023.

NOTE 4. PROPERTY AND EQUIPMENT

Our property and equipment, net consisted of the following as of March 31, 2023, and September 30, 2022:

	March 31, 2023	September 30, 2022
Loop Players	$ 2,145,929	$ 1,259,402
Equipment	1,066,782	703,341
Software	588,553	404,058
	3,801,264	2,366,801
Less: accumulated depreciation	(1,100,134)	(733,632)
Total property and equipment, net	$ 2,701,130	$ 1,633,169

For the three months ended March 31, 2023, and 2022, depreciation expense, calculated using straight line method, charged to operations amounted to $206,897 and $4,288, respectively.

For the six months ended March 31, 2023, and 2022, depreciation expense, calculated using straight line method, charged to operations amounted to $366,502 and $8,580, respectively.

NOTE 5. INTANGIBLE ASSETS

Our intangible assets, each definite lived assets, consisted of the following as of March 31, 2023, and September 30, 2022:

	Useful life	March 31, 2023	September 30, 2022
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		(675,889)	(619,667)
Total		(675,889)	(619,667)
Total intangible assets, net		$ 534,111	$ 590,333

Amortization expense charged to operations amounted to $28,111 and $28,111, for the three months ended March 31, 2023, and 2022, respectively.

Amortization expense charged to operations amounted to $56,222 and $56,222, respectively, for the six months ended March 31, 2023, and 2022.

Annual amortization expense for the next five years and thereafter is estimated to be $56,222 (remaining in fiscal year 2023), $112,444, $112,444, $112,444, $112,444, and $28,113, respectively. The weighted average life of the intangible assets subject to amortization is 4.8 years on March 31, 2023.

NOTE 6 – OPERATING LEASES

Operating leases

We have operating leases for office space and office equipment. Many leases include one or more options to renew, some of which include options to extend the leases for a long-term period, and some leases include options to terminate the leases within 30 days. In certain of our lease agreements, the rental payments are 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 March 31, 2023, and September 30, 2022:

	March 31, 2023	September 30, 2022
Short term portion	$ 18,483	$ 75,529
Long term portion	—	—
Total lease liability	$ 18,483	$ 75,529

Maturity analysis under these lease agreements are as follows:

2023	$ 20,331
Total undiscounted cash flows	20,331
Less: 10% Present value discount	(1,848)
Lease liability	$ 18,483

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

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Operating lease expense	$ 17,495	$ 44,444	$ 61,939	$ 88,888
Short-term lease expense	32,431	2,100	34,831	4,200
Total lease expense	$ 49,926	$ 46,544	$ 96,770	$ 93,088

For the six months ended March 31, 2023, cash payments against lease liabilities totaled $59,138, and accretion on lease liability of $2,428.

For the six months ended March 31, 2022, cash payments against lease liabilities totaled $45,238, accretion on lease liability of $5,889.

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

Weighted-average remaining lease term	0.17 years
Weighted-average discount rate	10 %

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of March 31, 2023, and September 30, 2021:

	March 31, 2023	September 30, 2022
Accounts payable	$ 6,883,215	$ 7,453,801
Performance bonuses	1,889,315	2,970,000
Professional fees	390,058	505,169
Interest payable	355,737	348,150
Marketing	339,895	344,309
Insurance liabilities	83,744	602,970
Commissions	54,995	425,321
Other accrued liabilities	299,295	424,954
Accrued liabilities	3,413,038	5,620,873
Accrued royalties and revenue share	3,184,604	4,559,088
Total accounts payable and accrued expenses	$ 13,480,857	$ 17,633,762

NOTE 8 – DEBT

Lines of Credit as of March 31, 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
$4,022,986 non-revolving line of credit, amended December 12, 2022	(1)	$ —	$ 3,088,753	$ 4,022,986	12%	4/25/2024	383,141
Total related party lines of credit, net		$ —	$ 3,088,753	$ 4,022,986			
Lines of credit:							
$2,200,000 non-revolving line of credit, May 13, 2022	(2)	$ 1,809,594	$ —	$ 2,200,000	12%	11/13/2023	314,286
$6,000,000 revolving line of credit, July 29, 2022		—	4,185,069	5,304,209	Greater of 4% or Prime	7/29/2024	—
Total lines of credit, net		$ 1,809,594	$ 4,185,069	$ 7,504,209			

Lines of Credit as of September 30, 2022:

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
$4,022,986 non-revolving line of credit, April 25, 2022	(1)	$ —	$ 2,575,753	$ 4,022,986	12%	10/25/2023	383,141
Total related party lines of credit, net		$ —	$ 2,575,753	$ 4,022,986			
Lines of credit:							
$2,200,000 non-revolving line of credit, May 13, 2022	(2)	$ —	$ 1,494,469	$ 2,200,000	12%	11/13/2023	314,286
$6,000,000 revolving line of credit, July 29, 2022		—	3,030,516	4,543,560	Greater of 4% or Prime	7/29/2024	—
Total lines of credit, net		$ —	$ 4,524,985	$ 6,743,560			

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 March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Interest expense	$ 332,516	$ 139,439	$ 672,895	$ 285,309
Amortization of debt discounts	582,994	356,030	1,244,329	713,197
Total	$ 915,510	$ 495,469	$ 1,917,224	$ 998,506

Maturity analysis under the line of credit agreements for the fiscal years ended September 30,	
2023	$ —
2024	11,527,195
2025	—
2026	—
2027	—
Lines of credit, related and non-related party	11,527,195
Less: Debt discount on lines of credit payable	(2,443,779)
Total Lines of credit payable, related and non-related party, net	$ 9,083,416

Non-Revolving Lines of Credit

On February 23, 2022, we entered into a Non-Revolving Line of Credit Loan Agreement (the "Prior Excel Loan Agreement") with Excel Family Partnership, LLLP ("Excel"), an entity managed by Bruce Cassidy, Chairman of our Board of Directors, for aggregate principal amount of $1,500,000, which was amended on April 13, 2022, to increase the aggregate principal amount to $2,000,000 (the "$2m Loan"). Effective as of April 25, 2022, we entered into a Non-Revolving Line of Credit Loan Agreement with Excel (the "Excel Non-Revolving Loan Agreement") for an aggregate principal amount of $4,022,986 (the "Excel Non-Revolving Loan"). The Excel Non-Revolving Loan matures eighteen (18) months from the date of the Excel Non-Revolving Loan Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve (12) percent per year. On April 25, 2022, we used $2,000,000 of the proceeds of the Excel Non-Revolving Loan to prepay all of the remaining outstanding principal and interest of the $2m Loan and the Prior Excel Loan Agreement was terminated in connection with such prepayment. Under the Excel Non-Revolving Loan Agreement, we granted to the lender 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 was subsequently subordinated in connection with our Revolving Loan Agreement (as defined below)). In connection with the Excel Non-Revolving Loan, on April 25, 2022, we issued a warrant for an aggregate of up to 383,141 shares of our common stock. The warrant has an exercise price of $5.25 per share, expires on April 25, 2025, and shall be exercisable at any time prior to the expiration date. Effective as of December 14, 2022, we entered into a Non-Revolving Line of Credit Agreement Amendment and a Non-Revolving Line of Credit Promissory Note Amendment with Excel to extend the maturity date of the Excel Non-Revolving Loan from eighteen (18) months to twenty-four (24) months from the date of the Excel Non-Revolving Loan. Effective as of May 10, 2023, we entered into a Non-Revolving Line of Credit Agreement Amendment No. 2 and a Non-Revolving Line of

Credit Promissory Note Amendment No. 2 with Excel to extend the maturity date of the Excel Non-Revolving Loan from twenty-four (24) months to twenty-five (25) months from the date of the Excel Non-Revolving Loan.

The Excel Non-Revolving Loan had a balance, including accrued interest, amounting to $4,232,181 and $4,226,181 as of March 31, 2023, and September 30, 2022, respectively. We incurred interest expense for the Excel Non-Revolving Loan in the amount of $755,719 and $0 for the six months ended March 31, 2023, and 2022.

Effective as of May 13, 2022, we entered into a Non-Revolving Line of Credit Loan Agreement (the "RAT Non-Revolving Loan Agreement") with several institutions and individuals 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 Loan"). The RAT Non-Revolving Loan matures eighteen (18) months from the effective date of the RAT Non-Revolving Loan Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve (12) percent per year. Under the RAT Non-Revolving Loan Agreement, we granted to the lenders under the RAT Non-Revolving Loan 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 Excel Non-Revolving Loan Agreement (which was subsequently subordinated in connection with our Revolving Loan Agreement). In connection with the RAT Non-Revolving Loan Agreement, on May 13, 2022, we issued a warrant (each a "Warrant" and collectively, the "Warrants") to each lender under the RAT Non-Revolving Loan Agreement for an aggregate of up to 209,522 shares of our common stock (the "Warrant Shares"). Each Warrant has an exercise price of $5.25 per share, expires on May 13, 2025, and shall be exercisable at any time prior to the expiration date.

The warrants were accounted for as equity awards. We allocated the debt and warrant on a relative fair value basis to the proceeds received for the non-revolving lines of credit. We further allocated the fair value of $2,975,261 of the warrants at inception as a debt discount and recorded the straight-line amortization of debt discount as interest expense.

The RAT Non-Revolving Loan had a balance, including accrued interest, amounting to $2,300,537 and $2,301,260 as of March 31, 2023, and September 30, 2022, respectively. We incurred interest expense for the RAT Non-Revolving Loan in the amount of $446,764 and $0 for the six months ended March 31, 2023, and 2022.

Revolving Loan Agreement

Effective as of July 29, 2022, we entered into a Loan and Security Agreement (the "Revolving Loan 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, evidenced by a Revolving Loan Secured Promissory Note, also effective as of July 29, 2022 (the "Revolving Loan"). Shortly after the effective date of the Revolving Loan, the Initial Lender assigned the Revolving Loan Agreement, and the loan documents related thereto, to GemCap Solutions, LLC (the "Senior Lender" or "GemCap"). Availability for borrowing under the Revolving Loan Agreement 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 Revolving Loan Agreement, subject to its sole discretion. Effective as of October 27, 2022, we entered into Amendment Number 1 to the Revolving Loan Agreement with the Senior Lender to increase the principal sum available from $4,000,000 to $6,000,000. As of March 31, 2023, we had borrowed $5,304,209 under the Revolving Loan. The Revolving Loan matures on 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%). Under the Revolving Loan 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 (the "Subordinated Lenders") delivered subordination agreements (the "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 Subordination Agreements. In connection with the delivery of the 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 warrant has an exercise price of $5.25 per share, expires on July 29, 2025 (the "Expiration Date"), and shall be exercisable at any time prior to the Expiration Date. One warrant for 191,570 warrant shares was issued to Eagle Investment Group, LLC, an entity managed by Bruce Cassidy, Chairman of our Board of Directors, as directed by its affiliate, Excel Family Partners, LLLP, 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 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 such Subordinated Lenders on January 25, 2023.

The warrants were accounted for as equity awards. We allocated the debt and warrant on a relative fair value basis to the proceeds received for the revolving loan agreement. We further allocated the fair value of the $1,347,719 of the warrants at inception as a debt discount and recorded the straight-line amortization of debt discount as interest expense.

The Revolving Loan had a balance, including accrued interest, amounting to $5,350,214 and $4,587,255 as of March 31, 2023, and September 30, 2022, respectively. We incurred interest expense for the Revolving Loan in the amount of $714,740 and $0 for the six months ended March 31, 2023, and 2022.

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 March 31, 2023.

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.

Revolving Loan Agreement

Effective as of July 29, 2022, we entered into the Revolving Loan Agreement. In connection with the loan under the Revolving Loan Agreement, the Subordinated Lenders delivered Subordination Agreements to the Senior Lender. In connection with the delivery of the 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 warrant has an exercise price of $5.25 per share, expires on July 29, 2025. One warrant for 191,570 warrant shares was issued to Eagle Investment Group, LLC, an entity managed by Bruce Cassidy, Chairman of our Board of Directors, as directed by its affiliate, Excel Family Partners, LLLP, one of the Subordinated Lenders.

Excel Non-Revolving Loan Agreement

On February 23, 2022, we entered into the Prior Excel Loan Agreement with Excel, an entity managed by Bruce Cassidy, Chairman of our Board of Directors, for the $2m Loan (aggregate principal amount of $1,500,000, which was amended on April 13, 2022, to increase the aggregate principal amount to $2,000,000. Effective as of April 25, 2022, we entered into the Excel Non-Revolving Loan Agreement for the Excel Non-Revolving Loan (aggregate principal amount of $4,022,986). The Excel Non-Revolving Loan matures eighteen (18) months from the date of the Excel Non-Revolving Loan Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve (12) percent per year. On April 25, 2022, we used $2,000,000 of the proceeds of the Excel Non-Revolving Loan to prepay all of the remaining outstanding principal and interest of the $2m Loan and the Prior Loan Agreement was terminated in connection with such prepayment. Under the Excel Non-Revolving Loan Agreement, we granted to the lender 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 was subsequently subordinated in connection with the Revolving Loan Agreement). In connection with the Excel Non-Revolving Loan, on April 25, 2022, we issued a warrant for an aggregate of up to 383,141 shares of our common stock. The warrant has an exercise price of $5.25 per share, expires on April 25, 2025, and shall be exercisable at any time prior to the expiration date. Effective as of December 14, 2022, we entered into a Non-Revolving Line of Credit Agreement Amendment and a Non-Revolving line of Credit Promissory Note Amendment with Excel to extend the maturity date of the Excel Non-Revolving Loan from eighteen (18) months to twenty-four (24) months from the date of the Excel Non-Revolving Loan. Effective as of May 10, 2023, we entered into a Non-Revolving Line of Credit Agreement Amendment No, 2 and a Non-Revolving Line of Credit Promissory Note Amendment No. 2 with Excel to extend the maturity date of the Excel Non-Revolving Loan from twenty-four (24) months to twenty-five (25) months from the date of the Excel Non-Revolving Loan.

The Excel Non-Revolving Loan had a balance, including accrued interest, amounting to $4,232,181 and $4,226,181 as of March 31, 2023, and September 30, 2022, respectively. We incurred interest expense for the Excel Non-Revolving Loan in the amount of $336,282 and $0 for the three months ended March 31, 2023, and 2022, respectively, and $755,719 and $0 for the six months ended March 31, 2023, and 2022.

500 Limited

For the six months ended March 31, 2023, and 2022, we paid 500 Limited $219,400 and $206,400, respectively, for programming services provided to Loop. 500 Limited is an entity controlled by Liam McCallum, our Chief Product and Technology Officer.

NOTE 11 –STOCKHOLDERS' EQUITY (DEFICIT)

Change in Number of Authorized and Outstanding 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 105,555,556 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 March 31, 2023, and 2022, there were 56,381,209 and 51,169,092, respectively, shares of common stock issued and outstanding.

Six months ended March 31, 2023

There was no activity during the six months ended March 31, 2023.

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

Six months ended March 31, 2022

During the six months ended March 31, 2022, we issued 12,378 shares of common stock with a value of $88,500 as payment in kind for accrued interest due on certain convertible notes. Of this amount, 9,861 shares of common stock at a value of $70,500 was issued to a board member.

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 six months ended March 31, 2023:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at September 30, 2022	8,174,563	$ 3.78	7.80	$ 9,188,491
Grants	462,431	6.23	9.77	—
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	(31,180)	7.27	—	—
Outstanding at March 31, 2023	8,605,814	$ 3.90	7.66	$ 17,694,289
Exercisable at March 31, 2023	6,502,586	$ 3.50	7.30	$ 15,471,627

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 $5.75 as of March 31, 2023, and $7.50 as of March 31, 2022, which would have been received by the option holders had those option holders exercised their options as of that date.

The following table presents information related to stock options as of March 31, 2023:

	Options outstanding			
Exercise price		Number of options	Weighted average remaining life in years	Options exercisable number of options
$	2.58	382,790	3.42	382,790
	1.98	1,472,892	5.59	1,472,891
	2.67	833,333	7.21	795,333
	3.30	2,617,650	7.62	1,986,084
	1.71	100,000	7.92	99,999
	8.52	83,333	8.08	83,333
	8.25	200,000	8.10	122,222
	7.05	16,667	8.31	9,258
	7.20	16,667	8.33	9,258
	7.50	16,667	8.34	16,666
	6.90	278,727	8.52	184,982
	7.05	25,000	8.58	8,854
	8.25	116,667	9.07	—
	7.74	45,000	9.13	—
	7.05	8,333	9.29	—
	7.86	6,667	9.42	—
	4.95	1,922,990	9.49	1,225,143
	6.23	462,431	9.77	105,773
		8,605,814		6,502,586

Stock-based compensation

We recognize compensation expense for all stock options granted using the fair value-based method of accounting. During the six months ended March 31, 2023, we issued 462,431 options valued at $1,895,967. As of March 31, 2023, the total compensation cost related to nonvested awards not yet recognized is $8,800,348 and the weighted average period over which expense is expected to be recognized in months is 24.8.

The stock-based compensation expense related to option grants was $3,298,273 and $2,665,724, for the six months ended March 31, 2023, and 2022, 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. 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 per share, vesting 25% upon one year from the grant date and the remainder in equal quarterly installments over three (3) years.

The following table summarizes the RSU activity for the six months ended March 31, 2023:

	RSUs	Weighted Average Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at September 30, 2022	890,000	$ 5.00	3.29	$ 5,117,500
Grants	212,004	6.23	2.75	1,219,023
Exercised	—	—	—	—
Expired	—	—	—	—
Forfeited	—	—	—	—
Outstanding at March 31, 2023	1,102,004	$ 5.24	—	$ 6,336,523
Exercisable at March 31, 2023	—	$ —	—	$ —

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on our stock price of $5.75 as of March 31, 2023, and $7.50 as of March 31, 2022. which would have been received by the RSU holders as of that date.

The following table presents information related to RSUs as of March 31, 2023:

RSUs outstanding			
Grant Date Fair Value	Number of RSUs	Weighted Average Remaining Life in Years	Number of RSUs Vested
$ 5.00	890,000	3.48	—
$ 6.23	130,464	3.76	—
$ 6.23	81,540	0.50	—
	1,102,004		—

The stock-based compensation expense related to RSU grants was $764,898 and $0, for the six months ended March 31, 2023, and 2022, respectively.

As of March 31, 2023, the total compensation cost related to nonvested RSU awards not yet recognized was $4,977,011 and the weighted average period over which expense is expected to be recognized in months was 39.8.

Warrants

The following table summarizes the changes in warrants outstanding and the related prices for the shares of our common stock:

	Warrants outstanding			Warrants exercisable		
Exercise prices		Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average remaining contractual life (years)
$	2.58	100,000	6.53	2.58	100,000	6.53
	2.57	666,666	3.69	2.57	666,666	3.69
	2.25	888,888	6.95	2.25	888,888	6.95
	8.25	107,952	1.67	8.25	107,952	1.67
	8.40	16,666	6.07	8.40	16,666	6.07
	8.25	2,191,149	1.50	8.25	2,191,149	1.50
	7.05	62,438	3.96	7.05	54,925	3.96
	5.25	383,141	2.07	5.25	383,141	2.07
	5.25	209,522	2.12	5.25	209,522	2.12
	9.00	66,666	2.13	9.00	66,666	2.13
	7.95	100,000	2.21	7.95	16,667	2.21
	5.25	296,329	2.33	5.25	296,329	2.33
	6.00	192,000	4.49	6.00	192,000	4.49
	6.00	18,616	4.50	6.00	18,616	4.50

The following table summarizes the warrant activity for the six months ended March 31, 2023:

	Number of shares	Weighted average exercise price per share
Outstanding at September 30, 2022	5,300,033	$ 5.82
Issued	—	—
Exercised	—	—
Expired	—	—
Outstanding at March 31, 2023	5,300,033	$ 5.82

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

During the six months ended March 31, 2023, no warrants were issued. We recorded consulting expense of $203,443 as a result of current period vesting of previously issued warrants to various companies for consulting services.

NOTE 13 – INCOME TAXES

We calculate our interim income tax provision in accordance with ASC Topic 270, Interim Reporting and ASC Topic 740, Accounting for Income Taxes. At the end of each interim period, we estimate the annual effective tax rate and apply that rate to our ordinary year to date earnings. In addition, the tax effects of unusual or infrequently occurring items including changes in judgment about valuation allowances and effects of changes in enacted tax laws are recognized discretely in the interim period in which the change occurs. The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment including the expected operating (loss) income for the year, permanent and temporary differences as a result of differences between amounts measured and recognized in accordance with tax laws and financial accounting standards, and the likelihood of recovering deferred tax assets generated

in the current fiscal year. The accounting estimates used to compute income tax expense may change as new events occur or additional information is obtained.

For the six months ended March 31, 2023, we recorded an income tax provision of $1,230. For the six months ended March 31, 2022, we recorded an income tax provision of $1,051 related to state and local taxes. The effective rate for both the six months ended March 31, 2023, and 2022, differ from the U.S. federal statutory rate of 21% as no income tax benefit was recorded for current year operating losses as we maintain a full valuation allowance on our deferred tax assets.

For the three months ended March 31, 2023, we recorded an income tax provision of $0. For the three months ended March 31, 2022, we recorded an income tax provision of $800 related to state and local taxes. The effective rate for both the three months ended March 31, 2023, and March 31, 2022, differ from the U.S. federal statutory rate of 21% as no income tax benefit was recorded for current year operating losses as we maintain a full valuation allowance on our deferred tax assets.

NOTE 14 – SUBSEQUENT EVENTS

We have evaluated all subsequent events through the date of this 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 March 31, 2023, and events which occurred after March 31, 2023, but which were not recognized in the financial statements.

Debt Issuance

Effective as of May 10, 2023, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the "2023 Secured Loan Agreement") with several individuals and institutional lenders (each individually a "Lender" and collectively, the "Lenders") for aggregate loans of up to $4.0 million (the "2023 Secured Loan"), evidenced by a Secured Non-Revolving Line of Credit Promissory Notes (each a "2023 Secured Note" and collectively, the "2023 Secured Notes"), also effective as of May 10, 2023. The 2023 Secured Loan matures twenty-four (24) months from the date of the 2023 Secured Loan Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve (12) percent per year.

In connection with the 2023 Secured Loan, on May 10, 2023, we issued warrants (the "Warrants") to purchase up to an aggregate of 369,517 shares of our common stock (the "Warrant Shares") to the Lenders. The Warrants have an exercise price of $4.33 per share, expires on May 10, 2026 (the "Expiration Date"), and shall be exercisable at any time prior to the Expiration Date.

Under the2023 Secured Loan Agreement, we have granted to the 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. In connection with the 2023 Secured Loan Agreement, the Lenders delivered subordination agreements (the "Subordination Agreements") to GemCap Solutions, LLC, as successor and assign to Industrial Funding Group, Inc.(the "Senior Lender" or "GemCap"), pursuant to which our obligations to the Lenders and the indebtedness under the 2023 Secured Loan Agreement are subordinate and junior in right of payment to the indebtedness under our account receivable facility evidenced by that certain Loan and Security Agreement dated as of July 29, 2022, with the Senior Lender.

Excel Family Partners, LLLP ("Excel"), an entity managed by Bruce Cassidy, Chairman of our Board of Directors, is a Lender under the 2023 Secured Loan Agreement for an aggregate loan of $2.65 million. In connection with such loan, we issued a Warrant for 244,804 Warrant Shares to Excel.

The issuance of the Warrants was not registered under the Securities Act of 1933, as amended (the "Securities Act"). The Warrants were issued in a private placement exempt from the registration requirements of the Securities Act, in reliance on the exemptions set forth in Section 4(a)(2) of the Securities Act.

The descriptions of the Loan Agreement, the Notes, the Subordination Agreements and the Warrants are summaries and are qualified in their entirety by reference to the full texts of the Loan Agreement, the form of Note, the form of Subordination Agreement and the form of Warrant.

Excel Non-Revolving Line of Credit Amendment

Effective as of May 10, 2023, we entered into a Non-Revolving Line of Credit Agreement Amendment No. 2 (the "Excel Line of Credit Amendment No. 2") and a Non-Revolving Line of Credit Promissory Note Amendment No. 2 (the "Excel Note Amendment No. 2," and together, the "Excel Non-Revolving Line of Credit Amendments") with Excel to extend the maturity date of the Excel Non-Revolving Loan from twenty-four (24) months to twenty-five (25) months from the date of the Excel Non-Revolving Loan.

The descriptions of the Excel Non-Revolving Line of Credit Amendments are summaries and are qualified in their entirety by reference to the full texts of the Excel Line of Credit Amendment No. 2 and the Excel Note Amendment No. 2.

Shelf Registration ($50 Million ATM)

We have filed a shelf Registration Statement on Form S-3 that has been declared effective by the Securities and Exchange Commission. On May 12, 2023, we entered into an At Market Issuance Sales Agreement (the "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, par value $0.0001 per share ("Common Stock"), for aggregate gross proceeds of up to $50,000,000. Since May 12, 2023, we have not had any sales under the Sales Agreement.

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 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 out-of-home ("OOH") dining, hospitality, retail, convenience stores and other locations and venues to enable them to inform, entertain and engage their customers. In addition, our technology provides third-party advertisers with a targeted marketing and promotional tool for their products and services and, in certain instances, allows us to measure the number of potential viewers of such advertising and promotional materials. We also allow OOH clients to access our service without advertisements by paying a monthly subscription fee.

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, which is predominantly licensed or acquired from third parties, including action sports clips, drone and atmospheric 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 computers and (ii) through screens on digital networks 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 March 31, 2023, we had 32,734 QAUs operating on our O&O Platform. See "— Key Performance Indicators." We launched our Partner Platforms business in May 2022 and have a total of approximately 24,000 screens across our Partner Platforms as of March 31, 2023. In line with our continued focus on business customers, we have deemphasized the distribution of our content channels to consumers in hotel rooms and our arrangement to do so will be ending later this fiscal year.

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 location using our ad- supported service through our "Loop for Business" application or using an DOOH venue-owned computer screening our content) that is online, used on our O&O Platform, playing content and has checked into the Loop analytics system at least once in the 90-day period 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.

For the quarter ended March 31, 2023, QAU was up 22% to 32,734 compared to 26,903 for the quarter ended December 31, 2022. The growth in QAUs was almost entirely the result of growth in our ad-supported Loop Players. This growth was impacted by our increased focus, and the provision of additional resources, to our affiliate program, increased Loop Player requests by certain of our affiliate partners and the introduction of an automated system for our client success team to identify Loop Players that have gone offline to enable us to reengage with the relevant customers and reactivate their Loop Players. QAU was 18,240 for the quarter ended September 30, 2022, 12,584 for the quarter ended June 30, 2022, and 10,530 for the quarter ended March 31, 2022.

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 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 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 March 31, 2023, AD ARPU was $99, compared to $324 for the quarter ended December 31, 2022, a 69% decrease primarily resulting from significantly lower CPMs and decreased fill rates beginning mid-way through November 2022, which offset strong CPMs and fill rates early in the period leading up to the U.S. elections, which had a positive impact on AD ARPU during the quarter. AD ARPU was $356 for the quarter ended September 30, 2022, $526 for the quarter ended June 30, 2022, and $435 for the quarter ended March 31, 2022.

For the quarter ended March 31, 2023, SUB ARPU was $260, compared to $323 for the quarter ended December 31, 2022, a 20% decrease. SUB ARPU was $387 for the quarter ended September 30, 2022, $235 for the quarter ended June 30, 2022, and $429 for the quarter ended March 31, 2022.

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 consists of expenses related to licensing, content delivery and technology support. Significant expenses include royalties and license fees paid to content providers as well as network infrastructure and server hosting.

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 goodwill impairment.

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, 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.

Other Income/Expense

Interest Expense

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

Income Taxes

We account for income taxes in accordance with ASC Topic 740, Income Taxes. 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.

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 March 31, 2023, compared to the three months ended March 31, 2022:

	Three months ended March 31,			
	2023	2022	$ variance	% variance
Revenue	$ 5,393,231	$ 4,879,839	$ 513,392	11 %
Cost of revenue	3,808,150	3,515,217	292,933	8 %
Gross profit	1,585,081	1,364,622	220,459	16 %
Total operating expenses	10,480,130	5,891,831	4,588,299	78 %
Loss from operations	(8,895,049)	(4,527,209)	(4,367,840)	96 %
Other income (expense):				
Interest income	—	—	—	N/A %
Interest expense	(919,444)	(494,389)	(425,055)	86 %
Gain/(Loss) on extinguishment of debt, net	—	—	—	N/A %
Change in fair value of derivatives	—	47,568	(47,568)	(100)%
Other income	(2,624)	—	(2,624)	N/A %
Total other income (expense)	(922,068)	(446,821)	(475,247)	106 %
Provision for income taxes	—	(800)	800	(100)%
Net loss	$ (9,817,117)	$ (4,974,830)	$(4,842,287)	97 %

Revenue

Our revenue for the three months ended March 31, 2023, was $5,393,231, an increase of $513,392, or 11%, from $4,879,839 for the three months ended March 31, 2022. This increase was primarily driven by significantly more Loop Players deployed into the market, as well as the benefit from our Partner Platform business that was launched in May 2022, offset by a general slowdown in the overall digital advertising spend due to the macro-economic environment.

We're seeing headwinds in overall digital ad spend that started to emerge in the second half of our quarter ended December 31, 2022, and continued through our quarter ended March 31, 2023. We are not immune to the challenges the broader macro environment presents and its impact on advertising. Similar to many companies that rely on the advertising market, we continue to see industry and macro headwinds in overall digital ad spend due to general industry pressures and continued uncertainty about a potential recession. We believe these headwinds were exacerbated in recent months by the traditional seasonality of advertising, with the three months ending March 31 typically being the slowest calendar quarter for ad sales for us and the market generally. As a result, we have seen revenue and our results of operations negatively impacted.

Despite these advertising market and macro headwinds, we delivered over 57,000 active Loop Players/Partner Screens across the Loop Platform for the end of March 2023, which is 5.4 times the 10,530 active Loop Players/Partner Screens for the quarter that ended March 31, 2022. This included approximately 33,000 active Loop Players in our O&O Platform and approximately 24,000 screens across our Partner Platform. This performance continues to validate our distribution model and the appeal of our content and technology stack across various venue types and geographies, which we believe will positively impact our operating results when advertising spend begins to increase.

Given recent challenges in the overall ad market, we have focused our efforts on increased efficiency and cost cutting, while still maintaining our focus on, and dedication to, the continued growth of our business. As a result, we have made cuts and adjustments across several aspects of our business. Part of these changes were coincidentally just the natural result of where we are in our growth cycle, with the downturn in advertising demand and other challenges reinforcing changes that we were looking to make in any event. We are implementing a plan to reduce operating costs, including the reduction of labor and related costs by approximately 20%. Part of this reduction included integrating our Loop Media Studios division into other parts of the business. We also renegotiated or signed content licenses to reduce average content costs and found ways to make our content license margins stronger. In fact, we saw an uplift in margin toward the end of the three months ended March 31, 2023.

Our larger distribution footprint as at March 31, 2023 increased our monthly video impressions viewed, which we estimate to be over 2 billion (based on videos streamed to all of our out of home customer locations and the average number of viewers estimated in each location across our O&O Platform).

We believe our business model of providing free streaming TV to businesses through our free-to-the-user Loop Player will make the distribution growth in our O&O Platform more resilient than a subscription-based business model or one that requires an end user to provide a credit card or other payment information. In addition, we believe our strong track record in digital advertising and the proven business model of acting as a digital advertising sales service provider for third-party partners sets the groundwork for further expansion of our Partner Platform business.

The growth in our distribution has allowed us to make a push into direct ad sales, beyond our traditional sole focus on open exchange programmatic digital advertising. Direct ad sales typically result in higher cost-per-thousand ad impressions (CPMs) for advertising inventory. We believe the scale of our distribution platform and the premium quality of our CTV-like content makes us attractive to companies wishing to advertise in digital media outside of the home. To further these efforts, we have assembled an efficient and focused direct sales team and expect to see the result of their efforts over the course of the second half of our fiscal year ended September 30, 2023. The development of a direct ad sales team is the natural evolution of our business from initial ad revenue growth via programmatic demand which our now larger distribution footprint can support. Direct ad sales typically require a minimum threshold of distribution reach before it can be deemed scalable, and our recent distribution growth has allowed us to generate more interest from a greater number of ad sales buyers. We are pleased to say that we are at this stage of growth and look forward to more of an impact from direct sales in the quarters ahead and becoming less dependent on programmatic advertising demand.

We have also turned our attention to improving our margins by changing the mix of premium content that we play on our O&O Network. In addition, in recent months, we have negotiated new content licenses for certain of our non-music video content, which has allowed us to lower the cost of existing channels and create new lower cost channels. As these agreements start to take effect and if we can drive viewers to these channels, we expect to see improved margins for our non-music video channels as a group in the second half of our fiscal year ended September 30, 2023.

Our customer acquisition cost is primarily influenced by the cost of our digital marketing, as a significant portion of our Loop Player distribution is reliant on OOH locations responding to our online advertisements. In recent months we have placed renewed focus on our affiliate network, which compensates 3rd parties upon the successful installation and operation of our Loop Players and services, which allows us to defer payment for acquiring new customers until they are actually acquired.

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 and legacy ScreenPlay computers (together, the "Loop Players/Partner Screens") and (ii) through 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"). We define an "active" Loop Player as (i) an ad-supported Loop Player (or DOOH location using our ad- supported service through our "Loop for Business" application or using an DOOH venue-owned computer screening our content) that is online, used on our O&O Platform, playing content and has checked into the Loop 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 do not count towards our active Loop Players any Loop Players or screens used on our Partner Platforms.

Cost of Revenue

Our cost of revenue for the three months ended March 31, 2023, was $3,808,150, an increase of $292,933, or 8%, from $3,515,217 for the three months ended March 31, 2022. This increase in cost of revenue was primarily due to increased royalties and license fees associated with higher business activities and revenue share arrangements with the Music Labels and content providers. In addition, our network infrastructure and server hosting costs rose primarily due to the expansion of our business and customers using our service.

Gross Profit Margin

Our gross profit margin for the three months ended March 31, 2023, was $1,585,081, an increase of $220,459, or 16%, from $1,364,622 for the three months ended March 31, 2022. This slight increase in gross profit margin was primarily driven by new contracts with reduced average content costs.

Our gross profit margin as a percentage of total revenue for the three months ended March 31, 2023, was approximately 29.4% compared to 28% for the three months ended March 31, 2022. The percentage increase was primarily driven by revenue mix as the year-ago period did not include the launch of our Partner Platform business, which carries lower gross margin but higher operating margin.

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, as each of those 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 three months ended March 31, 2023, were $10,480,130, an increase of $4,588,299, or 78%, from $5,891,831 for the three months ended March 31, 2022. This increase in operating expenses was primarily due to an increase 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 March 31, 2023, were $7,769,314, an increase of $3,082,988, or 66%, from $4,686,326 for the three months ended March 31, 2022. This increase in sales, general and administrative expenses was primarily due to greater marketing, customer acquisition and retention spend as well as increased payroll costs and stock compensation expense. More specifically:

- Our payroll costs for the three months ended March 31, 2023, were $3,579,541, an increase of $1,452,242 or 68% from $2,127,299 for the three months ended March 31, 2022, primarily due to increased headcount and the implementation of a corporate bonus program.

- Our marketing costs for the three months ended March 31, 2023, were $2,728,993, an increase of $1,357,974 or 99% from $1,371,019 for the three months ended March 31, 2022, primarily due to increased advertising spend to increase the market for our Loop Players, the rewards program for our customers and securing affiliate partnerships aimed at the distribution and activation of Loop Players partially offset by a reduction in digital and special audience spend.

- Our professional fees for the three months ended March 31, 2023, were $377,913, a decrease of $47,745 or 11% from $425,658 for the three months ended March 31, 2022.

- Our administration fees for the three months ended March 31, 2023, were $354,419, an increase of $296,078 or 507% from $58,341 for the three months ended March 31, 2022, primarily due to an increase in insurance premiums and board fees.

Stock-Based Compensation

Our stock compensation (non-cash) for the three months ended March 31, 2023, was $2,475,807, an increase of $1,302,702 or 111% from $1,173,106 for the three months ended March 31, 2022, primarily due to the granting of stock option awards to existing and new employees as well as restricted stock units to the Board of Directors and Executive Officers since March 31, 2022, which resulted in additional expenses for the three months ended March 31, 2023.

Total Other Income (Expense)

Our other expenses for the three months ended March 31, 2023, were $922,068, an increase of $475,247 or 106% from $446,821 other income for the three months ended March 31, 2022. This increase in other expenses was primarily due to increased interest expense from rising interest rates and increased borrowing.

For the six months ended March 31, 2023, compared to the six months ended March 31, 2022:

	Six months ended March 31,			
	2023	2022	$ variance	% variance
Revenue	$ 20,219,062	$ 7,875,873	$ 12,343,189	157 %
Cost of revenue	12,947,950	4,960,194	7,987,756	161 %
Gross profit margin	7,271,112	2,915,679	4,355,433	149 %
Total operating expenses	20,416,787	11,801,511	8,615,276	73 %
Loss from operations	(13,145,675)	(8,885,832)	(4,259,843)	48 %
Other income (expense):				
Interest income	—	200	(200)	(100)%
Interest expense	(1,927,027)	(998,506)	(928,521)	93 %
Gain (Loss) on extinguishment of debt, net	—	490,051	(490,051)	(100)%
Change in fair value of derivatives	—	146,313	(146,313)	(100)%
Other income	(2,624)	—	(2,624)	N/A %
Total other income (expense)	(1,929,651)	(361,942)	(1,567,709)	433 %
Provision for income taxes	(1,230)	(1,051)	(179)	17 %
Net loss	$ (15,076,556)	$ (9,248,825)	$ (5,827,731)	63 %

Revenue

Our revenue for the six months ended March 31, 2023, was $20,219,062, an increase of $12,343,189, or 157%, from $7,875,873 for the six months ended March 31, 2022. This increase was primarily driven by significantly more Loop Players deployed into the market, as well as the benefit from our Partner Platform business that was launched in May 2022.

Cost of Revenue

Our cost of revenue for the six months ended March 31, 2023, was $12,947,950, an increase of $7,987,756, or 161%, from $4,960,194 for the six months ended March 31, 2022. This increase in cost of revenue was primarily due to increased royalties and license fees associated with higher business activities and revenue share arrangements with the

Music Labels and content providers. In addition, our network infrastructure and server hosting costs rose primarily due to the expansion of our business and customers using our service.

Gross Profit Margin

Our gross profit margin for the six months ended March 31, 2023, was $7,271,112, an increase of $4,355,433, or 149%, from $2,915,679 for the six months ended March 31, 2022. This increase in gross profit margin was primarily due to increased revenue as well as new contracts with reduced average content costs.

Our gross profit margin as a percentage of total revenue for the six months ended March 31, 2023, was approximately 36% compared to 37% for the six months ended March 31, 2022. The slight percentage decrease was primarily driven by revenue mix as the year-ago period did not include the launch of our Partner Platform business, which carries lower gross margin but higher operating margin.

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, as each of those 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 six months ended March 31, 2023, were $20,416,787, an increase of $8,615,276, or 73%, from $11,801,511 for the six months ended March 31, 2022. This increase in operating expenses was primarily due to an increase 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 six months ended March 31, 2023, were $15,727,448, an increase of $6,713,251, or 74%, from $9,014,197 for the six months ended March 31, 2022. This increase in sales, general and administrative expenses was primarily due to greater marketing, customer acquisition and retention spend, increased payroll costs as well as higher public company costs related to our public offering and uplisting to the NYSE American. More specifically:

- Our payroll costs for the six months ended March 31, 2023, were $6,766,588, an increase of $2,846,529 or 73% from $3,920,059 for the six months ended March 31, 2022, primarily due to increased headcount and the implementation of a corporate bonus program.

- Our marketing costs for the six months ended March 31, 2023, were $5,835,275, an increase of $3,399,464 or 140% from $2,435,811 for the six months ended March 31, 2022, primarily due to increased advertising spend to increase the market for our Loop Players, the rewards program for our customers and securing affiliate partnerships aimed at the distribution and activation of Loop Players partially offset by a reduction in digital and special audience spend.

- Our professional fees for the six months ended March 31, 2023, were $889,361, a decrease of $211,359 or 19% from $1,100,720 for the six months ended March 31, 2022.

- Our administration fees for the six months ended March 31, 2023, were $751,843, an increase of $597,304 or 387% from $154,539 for the six months ended March 31, 2022, primarily due to an increase in insurance premiums and board fees.

Stock-Based Compensation

Our stock compensation (non-cash) for the six months ended March 31, 2023, was $4,266,614, an increase of $1,544,102 or 57% from $2,722,512 for the six months ended March 31, 2022, primarily due to the granting of stock option awards and RSUs to existing and new employees as well as restricted stock units to the Board of Directors and Executive Officers since March 31, 2022, which resulted in additional expenses for the six months ended March 31, 2023.

Sales, General and Administrative Expenses as a percentage of total revenue for the six months ended March 31, 2023, was approximately 77.8% compared to 114.5% for the six months ended March 31, 2022, a significant reduction as we continued to improve our operating leverage.

Total Other Income (Expense)

Our other expenses for the six months ended March 31, 2023, were $1,929,651, an increase of $1,567,709 or 433% from $361,942 other income for the six months ended March 31, 2022. This increase in other expenses was primarily due to increased interest expense from rising interest rates and increased borrowing.

Non-GAAP EBITDA

We believe that the presentation of EBITDA, 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 March 31,		Six months ended March 31,	
	2023	2022	2023	2022
GAAP net loss	$ (9,817,117)	$ (4,974,830)	$ (15,076,556)	$ (9,248,825)
Adjustments to reconcile to EBITDA:				
Interest expense	919,444	494,389	1,927,027	998,506
Interest income	—	—	—	(200)
Depreciation and amortization expense*	865,552	378,557	1,735,435	722,015
Income Tax expense/(benefit)	—	800	1,230	1,051
EBITDA	$ (8,032,121)	$ (4,101,084)	$ (11,412,864)	$ (7,527,453)

*Includes amortization of content assets for 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. Generally Accepted Accounting Principles, or 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 earnings before interest expense (income), income tax (expense)/benefit, depreciation and amortization, adjusted for stock-based compensation and non-recurring income and expenses, if any.

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 the gain on extinguishment of debt;
- Adjusted EBITDA does not include the impact of the change in fair value of derivative.

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 March 31,		Six months ended March 31,	
	2023	2022	2023	2022
GAAP net loss	$ (9,817,117)	$ (4,974,830)	$ (15,076,556)	$ (9,248,825)
Adjustments to reconcile to Adjusted EBITDA:				
Interest expense	919,444	494,389	1,927,027	998,506
Interest income	—	—	—	(200)
Depreciation and amortization expense *	865,552	378,557	1,735,435	722,015
Income tax expense (benefit)	—	800	1,230	1,051
Stock-based compensation**	2,475,807	1,173,106	4,266,614	2,722,512
Gain on extinguishment of debt	—	—	—	(490,051)
Change in fair value of derivative	—	(47,568)	—	(146,313)
Adjusted EBITDA	$ (5,556,314)	$ (2,975,546)	$ (7,146,250)	$ (5,441,305)

* Includes amortization of content assets for cost of revenue and operating expenses.
** Includes options, restricted stock units ("RSUs") and warrants.

Liquidity and Capital Resources

As of March 31, 2023, we had cash of $4.7 million. The following table provides a summary of our net cash flows from operating, investing, and financing activities.

	Six months ended March 31,	
	2023	2022
Net cash used in operating activities	$ (8,715,387)	$ (5,598,220)
Net cash used in investing activities	(1,046,876)	—
Net cash provided by (used in) financing activities	341,112	2,073,670
Change in cash	(9,421,151)	(3,524,550)
Cash, beginning of period	14,071,914	4,162,548
Cash, end of period	$ 4,650,763	$ 637,998

Cash Flows for the Six Months Ended March 31, 2023, and 2022

Net Cash Flow Used in Operating Activities

Our net cash used in operating activities during the six months ended March 31, 2023, was $8,715,387, an increase of $3,117,167, or 56%, from $5,598,220 for the six months ended March 31, 2022. This increase in net cash used in the six months ended March 31, 2023, was primarily due to the net loss of $15,076,556 and a net decrease in operating assets and liabilities of $944,720, offset by stock-based compensation expense of $4,266,614, amortization of content assets of $1,312,710, amortization of debt discount of $1,244,329, depreciation and amortization expense of $422,725 and amortization of right-of-use assets of $59,511.

Our net cash used in operating activities for the six months ended March 31, 2022, was $5,598,220 primarily due to the net loss of $9,248,825, a gain on extinguishment of debt of $490,051 and a change in fair value of derivatives of $146,313, a net decrease in operating assets and liabilities of $57,369 offset by stock-based compensation expense of $2,722,512, amortization of debt discount of $713,197, amortization of content assets of $657,213, payment in kind for interest stock issuance of $88,500, amortization of right-of-use assets of $78,114, depreciation and amortization of $64,802 and a write-off for bad debt expense of $20,000.

Net Cash Flow Used in Investing Activities

Our net cash used in investing activities during the six months ended March 31, 2023, was $1,046,876, primarily due to the purchase of property and equipment of $1,046,876 compared to $0 for the six months ended March 31, 2022.

Net Cash Flow Provided by Financing Activities

Our net cash provided by financing activities during the six months ended March 31, 2023, was $341,112, a decrease of $1,732,558 or 84% from $2,073,670 for the six months ended March 31, 2022, primarily due to proceeds from non-revolving line of credit of $28,087,249 and short swing profit recovery of $1,201, offset by payments on line of credit of $27,326,600, payment of acquisition-related consideration of $250,125, issuance costs related to the uplist of our stock on the NYSE American of $86,330, deferred offering costs of $61,983, and debt issuance costs of $22,300.

Our net cash provided by financing activities for the six months ended March 31, 2022, was $2,073,670 primarily due to receipt of proceeds from credit facility of $1,500,000, proceeds from the issuance of common stock of $1,250,000, offset by the repayment on loans of $552,832 and deferred offering costs of $123,498.

As a result of the above activities, we recorded a net decrease in cash of $9,421,151 for the six months ended March 31, 2023. We reported a cash balance of $4,650,763 as of March 31, 2023.

Future Capital Requirements

We have generated limited revenue, and as of March 31, 2023, our cash totaled $4,650,763, and we had an accumulated deficit of $111,398,420. We believe that our existing cash will enable us to fund our operations for at least twelve months from the date of this Report. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we expect. We anticipate that we will continue to incur net losses for the foreseeable future; however, changing circumstances may cause us to expend cash significantly faster than we currently anticipate, and we may need to spend more cash than currently expected because of circumstances beyond our control.

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.

Non-Revolving Lines of Credit

On February 23, 2022, we entered into a Non-Revolving Line of Credit Loan Agreement (the "Prior Excel Loan Agreement") with Excel Family Partnership, LLLP ("Excel"), an entity managed by Bruce Cassidy, Chairman of our Board of Directors, for aggregate principal amount of $1,500,000, which was amended on April 13, 2022, to increase the aggregate principal amount to $2,000,000 (the "$2m Loan"). Effective as of April 25, 2022, we entered into a Non-Revolving Line of Credit Loan Agreement with Excel (the "Excel Non-Revolving Loan Agreement") for an aggregate principal amount of $4,022,986 (the "Excel Non-Revolving Loan"). The Excel Non-Revolving Loan matures eighteen (18) months from the date of the Excel Non-Revolving Loan Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve (12) percent per year. On April 25, 2022, we used $2,000,000 of the proceeds of the Excel Non-Revolving Loan to prepay all of the remaining outstanding principal and interest of the $2m Loan and the Prior Excel Loan Agreement was terminated in connection with such prepayment. Under the Excel Non-Revolving Loan Agreement, we granted to the lender 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 was subsequently subordinated in connection with our Revolving Loan Agreement (as defined below). In connection with the Excel Non-Revolving Loan, on April 25, 2022, we issued a warrant for an aggregate of up to 383,141 shares of our common stock. The warrant has an exercise price of $5.25 per share, expires on April 25, 2025, and shall be exercisable at any time prior to the expiration date. Effective as of December 14, 2022, we entered into a Non-Revolving Line of Credit Agreement

Amendment and a Non-Revolving line of Credit Promissory Note Amendment with Excel to extend the maturity date of the Excel Non-Revolving Loan from eighteen (18) months to twenty-four (24) months from the date of the Excel Non-Revolving Loan. Effective as of May 10, 2023, we entered into a Non-Revolving Line of Credit Agreement Amendment No, 2 and a Non-Revolving Line of Credit Promissory Note Amendment No. 2 with Excel to extend the maturity date of the Excel Non-Revolving Loan from twenty-four (24) months to twenty-five (25) months from the date of the Excel Non-Revolving Loan.

The Excel Non-Revolving Loan had a balance, including accrued interest, amounting to $4,232,181 and $4,226,181 as of March 31, 2023, and September 30, 2022, respectively. We incurred interest expense for the Excel Non-Revolving Loan in the amount of $755,719 and $0 for the six months ended March 31, 2023, and 2022.

Effective as of May 13, 2022, we entered into a Non-Revolving Line of Credit Loan Agreement (the "RAT Non-Revolving Loan Agreement") with several institutions and individuals 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 Loan"). The RAT Non-Revolving Loan matures eighteen (18) months from the effective date of the RAT Non-Revolving Loan Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve (12) percent per year. Under the RAT Non-Revolving Loan Agreement, we granted to the lenders under the RAT Non-Revolving Loan 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 Excel Non-Revolving Loan Agreement (which was subsequently subordinated in connection with our Revolving Loan Agreement). In connection with the RAT Non-Revolving Loan Agreement, on May 13, 2022, we issued a warrant (each a "Warrant" and collectively, the "Warrants") to each lender under the RAT Non-Revolving Loan Agreement for an aggregate of up to 209,522 shares of our common stock (the "Warrant Shares"). Each Warrant has an exercise price of $5.25 per share, expires on May 13, 2025, and shall be exercisable at any time prior to the expiration date.

The RAT Non-Revolving Loan had a balance, including accrued interest, amounting to $2,300,537 and $2,301,260 as of March 31, 2023, and September 30, 2022, respectively. We incurred interest expense for the RAT Non-Revolving Loan in the amount of $446,764 and $0 for the six months ended March 31, 2023, and 2022.

Revolving Loan Agreement

Effective as of July 29, 2022, we entered into a Loan and Security Agreement (the "Revolving Loan 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, evidenced by a Revolving Loan Secured Promissory Note, also effective as of July 29, 2022 (the "Revolving Loan"). Shortly after the effective date of the Revolving Loan, the Initial Lender assigned the Revolving Loan Agreement, and the loan documents related thereto, to GemCap Solutions, LLC (the "Senior Lender" or "GemCap"). Availability for borrowing under the Revolving Loan Agreement 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 Revolving Loan Agreement, subject to its sole discretion. Effective as of October 27, 2022, we entered into Amendment Number 1 to the Loan and Security Agreement and to the Loan Agreement Schedule with the Senior Lender to increase the principal sum available under the Revolving Loan Agreement from $4,000,000 to $6,000,000. As of March 31, 2023, we had borrowed $5,304,209 under the Revolving Loan. The Revolving Loan matures on 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%). Under the Revolving Loan 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 (the "Subordinated Lenders") delivered subordination agreements (the "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 Subordination Agreements. In connection with the delivery of the 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 warrant has an exercise price of $5.25 per share, expires on July 29, 2025 (the "Expiration Date"), and shall be exercisable at any time prior to the Expiration Date. One warrant for 191,570 warrant shares was issued to Eagle Investment Group, LLC, an entity managed by Bruce Cassidy, Chairman of our Board of Directors, as directed by its affiliate, Excel Family Partners, LLLP, one of the Subordinated Lenders. The Subordinated Lenders receiving warrants for the remaining 104,759 warrant shares was also entitled to receive a cash payment of $22,000 six months from the date of the 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 Revolving Loan had a balance, including accrued interest, amounting to $5,350,214 and $4,587,255 as of March 31, 2023, and September 30, 2022, respectively. We incurred interest expense for the Revolving Loan in the amount of $714,740 and $0 for the six months ended March 31, 2023, and 2022.

2023 Secured Loan

Effective as of May 10, 2023, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the "2023 Secured Loan Agreement") with several individual and institutional lenders (each individually a "Lender" and collectively, the "Lenders") for aggregate loans of up to $4.0 million (the "2023 Secured Loan"), by Secured Non-Revolving Line of Credit Promissory Notes (each a "2023 Secured Note" and collectively, the "2023 Secured Notes"), also effective as of May 10, 2023. The 2023 Secured Loan matures twenty-four (24) months from the date of the 2023 Secured Loan Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve (12) percent per year.

In connection with the 2023 Secured Loan, on May 10, 2023, we issued warrants (the "Warrants") to purchase up to an aggregate of 369,517 shares of our common stock (the "Warrant Shares") to the Lenders. The Warrants have an exercise price of $4.33 per share, expires on May 10, 2026 (the "Expiration Date"), and shall be exercisable at any time prior to the Expiration Date.

Under the 2023 Secured Loan Agreement, we have granted to the 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. In connection with the 2023 Secured Loan Agreement, the Lenders delivered subordination agreements (the "Subordination Agreements") to GemCap Solutions, LLC, as successor and assign to Industrial Funding Group, Inc.(the "Senior Lender" or "GemCap"), pursuant to which our obligations to the Lenders and the indebtedness under the 2023 Secured Loan Agreement are subordinate and junior in right of payment to the indebtedness under our account receivable facility evidenced by that certain Loan and Security Agreement dated as of July 29, 2022, with the Senior Lender.

Excel Family Partners, LLLP ("Excel"), an entity managed by Bruce Cassidy, Chairman of our Board of Directors, is a Lender under the 2023 Secured Loan Agreement for an aggregate loan of $2.65 million. In connection with such loan, we issued a Warrant for 244,804 Warrant Shares to Excel.

The issuance of the Warrants was not registered under the Securities Act of 1933, as amended (the "Securities Act"). The Warrants were issued in a private placement exempt from the registration requirements of the Securities Act, in reliance on the exemptions set forth in Section 4(a)(2) of the Securities Act.

The descriptions of the Loan Agreement, the Notes, the Subordination Agreements and the Warrants are summaries and are qualified in their entirety by reference to the full texts of the Loan Agreement, the form of Note, the form of Subordination Agreement and the form of Warrant.

Shelf Registration ($50 Million ATM)

We have filed a shelf Registration Statement on Form S-3 that has been declared effective by the Securities and Exchange Commission. On May 12, 2023, we entered into an At Market Issuance Sales Agreement (the "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, par value $0.0001 per share ("Common Stock"), for aggregate gross proceeds of up to $50,000,000. Since May 12, 2023, we have not had any sales under the Sales Agreement.

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

- 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 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;
- the intensity of competition;
- the effects of the ongoing pandemic caused by the spread of COVID-19 and our business clients ability to service their clients' in out of home venues that have limited their public capacity;
- changes in the political and regulatory environment and in business and fiscal conditions in the United States and overseas;
- our ability to attract prospective users and to retain existing users;
- 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 operating flexibility 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;

- our ability to generate sufficient revenue to be profitable or to generate positive cash flow on a sustained basis;
- our ability to accurately estimate our user metrics;
- risks associated with manipulation of stream counts and user accounts and unauthorized access to our services;
- our ability to maintain, protect and enhance our brand;
- 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; 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 stockholder.

As of March 31, 2023, our cash totaled $4,650,763. During the six months ended March 31, 2023, we incurred a net loss of $15,076,556 and used $8,156,938 of cash in operations. We have incurred significant operating losses in the past and, as of March 31, 2023, we had an accumulated deficit of approximately $111,398,420. 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.

Based on our current operating plan, we believe that our existing cash will enable us to fund our operations for at least the twelve months from the date of this Report. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we expect.

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

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.

Performance Obligations and Significant Judgments

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 the three and six months ended March 31, 2023, and 2022.

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Advertising revenue	$ 4,648,390	$ 3,499,791	$ 18,607,895	$ 4,936,878
Legacy and other revenue	744,841	1,380,048	1,611,167	2,938,995
Total	$ 5,393,231	$ 4,879,839	$ 20,219,062	$ 7,875,873

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

Advertising Revenue

For the three and six months ended March 31, 2023, advertising revenue accounts for 86% and 92%, respectively, of our revenue and includes revenue from direct and programmatic 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 three and six months ended March 31, 2023, legacy and other business revenue accounts for the remaining 14% and 8%, 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 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 Topic 740, Income Taxes. 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.

Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)*. This ASU reduces the number of accounting models for convertible debt instruments and convertible preferred stock. As well as amend the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. In addition, this ASU improves and amends the related EPS guidance. The ASU is effective for interim and annual periods beginning after December 15, 2021, with early adoption permitted for periods beginning after December 15, 2020. Adoption of the ASU can either be on a modified retrospective or full retrospective basis. We adopted this ASU as of October 1, 2022, and there is no material impact as of March 31, 2023.

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 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 Securities and Exchange Commission'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. 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 was no change in our internal control over financial reporting during the second quarter of 2023 that has materially affected, or is 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

There have been no material changes to the factors disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2022.

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

Not applicable.

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.

Debt Issuance

Effective as of May 10, 2023, we entered into a Secured Non-Revolving Line of Credit Loan Agreement (the "2023 Secured Loan Agreement") with several individual and institutional lenders (each individually a "Lender" and collectively, the "Lenders") for aggregate loans of up to $4.0 million (the "2023 Secured Loan"), by Secured Non-Revolving Line of Credit Promissory Notes (each a "2023 Secured Note" and collectively, the "2023 Secured Notes"), also effective as of May 10, 2023. The 2023 Secured Loan matures twenty-four (24) months from the date of the 2023 Secured Loan Agreement and accrues interest, payable semi-annually in arrears, at a fixed rate of interest equal to twelve (12) percent per year.

In connection with the 2023 Secured Loan, on May 10, 2023, we issued warrants (the "Warrants") to purchase up to an aggregate of 369,517 shares of our common stock (the "Warrant Shares") to the Lenders. The Warrants have an exercise price of $4.33 per share, expires on May 10, 2026 (the "Expiration Date"), and shall be exercisable at any time prior to the Expiration Date.

Under the 2023 Secured Loan Agreement, we have granted to the 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. In connection with the 2023 Secured Loan Agreement, the Lenders delivered subordination agreements (the "Subordination Agreements") to GemCap Solutions, LLC, as successor and assign to Industrial Funding Group, Inc.(the "Senior Lender" or "GemCap"), pursuant to which our obligations to the Lenders and the indebtedness under the 2023 Secured Loan Agreement are subordinate and junior in right of payment to the indebtedness under our account receivable facility evidenced by that certain Loan and Security Agreement dated as of July 29, 2022, with the Senior Lender.

Excel Family Partners, LLLP ("Excel"), an entity managed by Bruce Cassidy, Chairman of our Board of Directors, is a Lender under the 2023 Secured Loan Agreement for an aggregate loan of $2.65 million. In connection with such loan, we issued a Warrant for 244,804 Warrant Shares to Excel.

The issuance of the Warrants was not registered under the Securities Act of 1933, as amended (the "Securities Act"). The Warrants were issued in a private placement exempt from the registration requirements of the Securities Act, in reliance on the exemptions set forth in Section 4(a)(2) of the Securities Act.

The descriptions of the Loan Agreement, the Notes, the Subordination Agreements and the Warrants are summaries and are qualified in their entirety by reference to the full texts of the Loan Agreement, the form of Note, the form of Subordination Agreement and the form of Warrant.

Excel Non-Revolving Line of Credit Amendments

Effective as of May 10, 2023, we entered into a Non-Revolving Line of Credit Agreement Amendment No. 2 (the "Excel Line of Credit Amendment No. 2") and a Non-Revolving Line of Credit Promissory Note Amendment No. 2

(the "Excel Note Amendment No. 2," and together, the "Excel Non-Revolving Line of Credit Amendments") with Excel to extend the maturity date of the Excel Non-Revolving Loan from twenty-four (24) months to twenty-five (25) months from the date of the Excel Non-Revolving Loan.

The descriptions of the Excel Non-Revolving Line of Credit Amendments are summaries and are qualified in their entirety by reference to the full texts of the Excel Line of Credit Amendment No. 2 and the Excel Note Amendment No. 2.

Shelf Registration ($50 Million ATM)

We have filed a shelf Registration Statement on Form S-3 that has been declared effective by the Securities and Exchange Commission. On May 12, 2023, we entered into an At Market Issuance Sales Agreement (the "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, par value $0.0001 per share ("Common Stock"), for aggregate gross proceeds of up to $50,000,000. Since May 12, 2023, we have not had any sales under the Sales Agreement.

Item 6. Exhibits

Exhibit No.	Exhibit Description
4.1	Form of Warrant, dated May 10, 2023
10.1	Secured Non-Revolving Line of Credit Loan Agreement, effective as of May 10, 2023, by and between the Company and several individual and institutional lenders
10.2	Form of Secured Non-Revolving Line of Credit Promissory Note, effective as of May 10, 2023
10.3	Form of Subordination Agreement, dated May 10, 2023
10.4	Non-Revolving Line of Credit Loan Agreement Amendment No. 2, effective as of May 10, 2023, by and between the Company and Excel Family Partners, LLLP
10.5	Non-Revolving Line of Credit Promissory Note Amendment No. 2, effective as of May 10, 2023, by and between the Company and Excel Family Partners, LLLP
10.6	At Market Issuance Sales Agreement, dated May 12, 2023, between Loop Media, Inc. and B. Riley Securities, Inc.
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 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: May 12, 2023

By: /s/ Jon Niermann
Jon Niermann
Chief Executive Officer
(Principal Executive Officer)

Date: May 12, 2023

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

NEITHER THIS WARRANT, NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF, HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT OF 1933"), OR QUALIFIED UNDER THE CALIFORNIA CORPORATE SECURITIES LAW OF 1968 OR OTHER APPLICABLE SECURITIES LAWS ("STATE SECURITIES LAWS"), AND THIS WARRANT HAS BEEN, AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF, WILL BE, ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR RESALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF. NO SUCH SALE OR OTHER DISPOSITION MAY BE MADE WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 AND QUALIFICATION UNDER STATE SECURITIES LAWS RELATED THERETO OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY (AS THAT TERM IS DEFINED BELOW) AND ITS COUNSEL, THAT SAID REGISTRATION AND QUALIFICATION ARE NOT REQUIRED UNDER THE SECURITIES ACT OF 1933 AND STATE SECURITIES LAWS, RESPECTIVELY, OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT OF 1933.

LOOP MEDIA, INC. COMMON STOCK

WARRANT

Aggregate Exercise Price: $[**40% X Loan Amount**]
Aggregate Exercisable Warrant Shares: [(**Loan Amount x 40%) / $[X strike price]**]

Issue Date: May 10, 2023
Warrant Number: CSW2-00[X]

This certifies that [LENDER NAME] ("**Investor**"), or any party to whom this Common Stock Warrant (this "**Warrant**") is assigned in compliance with the terms hereof (Investor and any such assignee being hereinafter sometimes referenced as "**Holder**"), is entitled to subscribe for and purchase the number of shares of fully paid and nonassessable Warrant Stock (as such term is described below) of Loop Media, Inc., a Nevada corporation (the "**Company**"), that has an aggregate purchase price equal to the Aggregate Exercise Price (as defined below). The purchase price of each such share of Warrant Stock shall be equal to the Warrant Exercise Price (as defined below). This Warrant may be exercised during the period commencing upon the date first written above and ending on May 10, 2026.

ARTICLE I DEFINITIONS

1.1 "Aggregate Exercise Price" means $ [X] [see above].

1.2 "Change of Control" means the consummation of: (a) a sale, transfer, exclusive license or other disposition, in one transaction or a series of related transactions, of all or substantially all of the Company's and its subsidiaries' assets, taken as a whole (except where such sale, transfer, license or other disposition is to a wholly-owned subsidiary of the Company); (b) the merger or consolidation of the Company with or into another entity, except any merger or consolidation in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold a majority of the voting power of the capital stock of the Company or the surviving or acquiring entity, (or, if the surviving or acquiring entity is a wholly owned subsidiary of another party immediately following such merger or consolidation, the parent entity of such surviving or acquiring entity); (c) the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of the Company's securities), of the Company's securities if, after such consummation, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of the Company's (or the surviving or acquiring entity, or the parent entity of such surviving or acquiring entity); or (d) a liquidation, voluntary or involuntary dissolution or winding up of the Company.

1.3 "Holder" shall have the meaning set forth in the introductory paragraph of this Warrant.

1.4 "Investor" shall have the meaning set forth in the introductory paragraph of this Warrant.

1.5 "Other Stock" means the securities of the Company into which Warrant Stock may be converted pursuant to the terms of Warrant Stock, which may include but not be limited to another class or series of common stock of the Company, but only if the terms of the Warrant Stock provide for such conversion.

1.6 "Rights" means any options, warrants, or rights to purchase common stock or convertible securities.

1.7 "Securities Act" shall have the meaning set forth in the introductory paragraph of this Warrant.

1.8 "Warrant Exercise Price" means $4.33.

1.9 "Warrant Stock" means the Company's Common Stock.

ARTICLE II EXERCISE AND PAYMENT

2.1 Cash Exercise. The purchase rights represented by this Warrant may be exercised by Holder, in whole or in part, by the surrender of this Warrant at the principal office of the Company, accompanied by the form of Notice of Cash Exercise attached hereto as **Exhibit A-1**, and by the payment to the Company, by cash or by certified, cashier's or other check acceptable to the Company, of an amount equal to the aggregate Warrant Exercise Price (rounded up to the nearest whole cent) of the shares being purchased. If the Warrant Stock issuable under this Warrant has been automatically converted into Other Stock, this Warrant shall automatically convert into a right to purchase Other Stock, and the Warrant Exercise Price shall be divided by the number of shares of Other Stock which were received upon conversion of one share of such Warrant Stock at the time of such automatic conversion.

2.2 Net Issue Exercise. In lieu of exercising this Warrant pursuant to Section 2.1, this Warrant may be exercised in whole or in part by Holder by surrender of this Warrant to the Company, accompanied by the form of Notice of Net Issue (Cashless) Exercise attached hereto as **Exhibit A-2**. The number of shares Warrant Stock issuable upon the exercise shall be that having a value equal to the net value of this Warrant, computed as of the date of surrender of this Warrant to the Company, using the following formula:

X = Y(A-B)/A

Where:

X = the number of shares of Warrant Stock to be issued to Holder under this Section 2.2;

Y = the maximum number of shares of Warrant Stock purchasable upon cash exercise of this Warrant;

A = the fair market value per share of Warrant Stock at the date of exercise, as determined in Section 2.3 below;

B = the Warrant Exercise Price.

2.3 Fair Market Value in Net Issue Exercise. For purposes of Section 2.2, the fair market value per share of Warrant Stock shall be determined by the Company's Board of Directors (the "**Board**") in good faith. In the case of Net Issue Exercise in connection with and contingent upon the closing of the Company's Initial Public Offering, the fair market value per share of Warrant Stock shall be calculated by multiplying the gross offering price to the public (prior to deduction of underwriters' discounts and expenses) of a share of Other Stock by the number of shares of Other Stock into which each outstanding share of Warrant Stock then can be converted or will be converted upon the offering.

2.4 Automatic Conversion. If Warrant Stock has been automatically converted to Other Stock pursuant to the terms and conditions of the Warrant Stock, then this Warrant shall automatically convert into a right to purchase Other Stock, pursuant to the formulas set forth in Sections 2.2 and 2.3 above, and the number of shares of the Company's common stock to which

Holder shall be entitled to purchase shall be multiplied by that number of shares of Other Stock which were received upon conversion of one share of such Warrant Stock at the time of such automatic conversion.

2.5 Stock Certificates. In the event of any exercise of the rights represented by this Warrant, unless the Company's common stock is held in book-entry only form, in which case the Company's transfer agent shall provide a statement of holdings, certificates for the shares of Warrant Stock so purchased shall be delivered to Holder within a reasonable time and, unless this Warrant has been fully exercised or has expired, a new Warrant representing the remaining unexercised portion hereof shall also be issued to Holder at such time. Notwithstanding the date of the delivery of the certificate(s) for such Warrant Stock, the person in whose name the certificate(s) for such Warrant Stock are to be issued shall be deemed to have become a stockholder of record on the next succeeding day on which the transfer books are open after the date of the appropriate Notice of Exercise is received by the Company.

2.6 Stock Fully Paid; Reservation of Shares. The Company covenants and agrees that all Warrant Stock which may be issued upon the exercise of the rights represented by this Warrant (any Other Stock receivable upon any conversion of Warrant Stock) will, upon issuance, be fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof (excluding taxes based on the income of Holder). The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times use its best efforts to have authorized and reserved for issuance a sufficient number of shares of its Warrant Stock or other securities as would be required upon the full exercise of the rights represented by this Warrant.

2.7 Fractional Shares. No fractional share of Warrant Stock will be issued in connection with any exercise hereof; in lieu of a fractional share upon complete exercise hereof, Holder may purchase a whole share by delivering payment equal to the appropriate portion of the then effective Warrant Exercise Price.

2.8 Automatic Exercise. To the extent this Warrant is not previously exercised, and if the fair market value of one share of the Company's Warrant Stock issuable hereunder is greater than the Warrant Exercise Price, as adjusted, this Warrant shall be deemed automatically exercised in accordance with Section 2.2 hereof (even if not surrendered) immediately before its expiration. For purposes of such automatic exercise, the fair market value of one share of the Company’s Warrant Stock upon such expiration shall be the fair market value determined pursuant to Section 2.3 above. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this Section 2.8, the Company agrees to notify Holder within a reasonable period of time of the number of shares of the Company's Warrant Stock, if any, Holder is to receive by reason of such automatic exercise.

ARTICLE III
CERTAIN ADJUSTMENTS OF NUMBER OF SHARES PURCHASABLE AND WARRANT EXERCISE PRICE

The number and kind of securities purchasable upon the exercise of this Warrant and the Warrant Exercise Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

3.1 Reclassification, Consolidation or Merger. In case of, after the Warrant Stock is determinable: (a) any reclassification or change of outstanding securities issuable upon exercise of this Warrant; (b) any consolidation or merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is a continuing corporation and which does not result in any reclassification, change or exchange of outstanding securities issuable upon exercise of this Warrant); or (c) any sale or transfer to another corporation of all, or substantially all, of the assets of the Company, in each case which does not constitute a Change of Control, then, and in each such event, the Company or such successor or purchasing corporation, as the case may be, shall execute a new Warrant of like form, tenor and effect and which will provide that Holder shall have the right to exercise such new Warrant and purchase upon such exercise, in lieu of each share of Warrant Stock theretofore issuable upon exercise of this Warrant, the kind and amount of securities, money and property receivable upon such reclassification, change, consolidation, merger, sale or transfer by a holder of one share of Warrant Stock issuable upon exercise of this Warrant had this Warrant been exercised immediately prior to such reclassification, change, consolidation, merger, sale or transfer. Such new Warrant shall be as nearly equivalent in all substantive respects as practicable to this Warrant and the adjustments provided in this Article III and the provisions of this Section 3.1, shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales and transfers.

3.2 Subdivision or Combination of Shares. If the Company shall at any time while this Warrant remains outstanding and less than fully exercised: (a) divide its Warrant Stock, the number of shares into which this Warrant shall be exercisable shall be proportionately increased and the Warrant Exercise Price shall be proportionately reduced; or (b) shall combine shares of its Warrant Stock, the number of shares into which this Warrant shall be exercisable shall be proportionately decreased and the Warrant Exercise Price shall be proportionately increased.

3.3 Adjustments for Dividends in Stock or other Securities or Property. If while this Warrant, or any portion hereof, remains outstanding and less than fully exercised Holders of the securities as to which purchase rights under this Warrant exist at the time shall have received, or, on or after the record date fixed for the determination of eligible stockholders, shall have become entitled to receive, without payment therefor, other or additional stock or other securities or property (other than cash) of the Company by way of dividend, then and in each case, this Warrant shall represent the right to acquire, in addition to the number of shares of the security receivable upon exercise of this Warrant, and without payment of any additional consideration therefor, the amount of such other or additional stock or other securities or property (other than cash) of the Company which such holder would hold on the date of such exercise had it been the holder of record of the security receivable upon exercise of this Warrant on the date hereof and had thereafter, during the period from the date hereof to and including the date of such event, retained such shares and/or all such other additional stock during such period, giving effect to all adjustments called for during such period by the provisions of this Section 3.3.

3.4 Time of Adjustments to the Warrant Exercise Price. All adjustments to the Warrant Exercise Price and the number of shares purchasable hereunder, unless otherwise specified herein, shall be effective as of the earlier of:

(a) the effective date of a division or combination of shares; and

(b) the record date of any action of holders of any class of the Company's equity taken for the purpose of entitling holders of Warrant Stock to receive a distribution or

dividend payable in securities of the Company, provided that such division, combination, distribution or dividend actually occurs.

3.5 Notice of Adjustments. In each case of an adjustment in the Warrant Exercise Price and the number of shares purchasable hereunder, the Company, at its expense, shall cause the Chief Financial Officer of the Company to compute such adjustment and prepare a certificate setting forth such adjustment and showing in detail the facts upon which such adjustment is based. The Company shall mail a copy of each such certificate to Holder pursuant to Section 6.7 hereof.

3.6 Duration of Adjusted Warrant Exercise Price. Following each adjustment of the Warrant Exercise Price, such adjusted Warrant Exercise Price shall remain in effect until a further adjustment of the Warrant Exercise Price.

3.7 Adjustment of Number of Shares. Upon each adjustment of the Warrant Exercise Price pursuant to this Article III, the number of shares of Warrant Stock purchasable hereunder shall be adjusted to the nearest whole share, to the number obtained by dividing the Aggregate Exercise Price by the Warrant Exercise Price as adjusted.

ARTICLE IV TRANSFER, EXCHANGE AND LOSS

4.1 Transfers. Subject to applicable law, this Warrant is transferable on the books of the Company at its principal office by the registered Holder hereof upon surrender of this Warrant properly endorsed, subject to compliance with federal and state securities laws. The Company shall issue and deliver to the transferee a new Warrant or Warrants representing the Warrants so transferred. Upon any partial transfer, the Company will issue and deliver to Holder a new Warrant or Warrants with respect to the Warrants not so transferred, at Holder’s cost and expense. Notwithstanding the foregoing, Holder shall not be entitled to transfer a number of shares or an interest in this Warrant representing less than fifty percent (50%) of the Aggregate Exercise Price initially covered by this Warrant. Any transferee shall be subject to the same restrictions on transfer with respect to this Warrant as the Investor.

4.2 Securities Laws. If required by the Company, in connection with each issuance of shares of Warrant Stock upon exercise of this Warrant, Holder will give: (a) assurances in writing, satisfactory to the Company, that such shares are being purchased solely for Holder's own account and not as a nominee for any other party, for investment and not with a view to the distribution thereof in violation of applicable laws, (b) sufficient information, in writing, to enable the Company to rely on exemptions from the registration or qualification requirements of applicable laws, if available, with respect to such exercise, and (c) its cooperation to the Company in connection with such compliance.

4.3 Exchange. This Warrant is exchangeable at the principal office of the Company for Warrants which represent, in the aggregate, Holder's rights to purchase the number of shares of Warrant Stock at the Warrant Exercise Price, as set forth above, subject to adjustment from time to time as set forth herein; each new Warrant to represent the right to purchase such portion thereof as Holder shall designate at the time of such exchange. Each new Warrant shall be identical in form and content to this Warrant, except for appropriate changes in the number of shares of Warrant Stock covered thereby and any other changes which are necessary in order to prevent the

Warrant exchange from changing the respective rights and obligations of the Company and Holder as they existed immediately prior to such exchange.

4.4 Loss or Mutilation. Upon receipt by the Company of evidence satisfactory to it of the ownership of, and the loss, theft, destruction or mutilation of, this Warrant and (in the case of loss, theft, or destruction) of indemnity satisfactory to it, and (in the case of mutilation) upon surrender and cancellation hereof, the Company will execute and deliver in lieu hereof a new Warrant.

ARTICLE V HOLDER RIGHTS

5.1 No Stockholder Rights Until Exercise. No Holder hereof, solely by virtue hereof, shall be entitled to any rights as a shareholder of the Company. Holder shall have all rights of a stockholder with respect to securities purchased upon exercise hereof as of the date set forth in Section 2.

ARTICLE VI MISCELLANEOUS

6.1 Governmental Approvals. The Company will from time to time take all action which may be necessary to obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities and securities acts filings under federal and state laws, which may be or become requisite in connection with the issuance, sale, and delivery of this Warrant, and the issuance, sale and delivery of the Warrant Stock or other securities or property issuable or deliverable upon exercise of this Warrant.

6.2 Governing Laws. This Warrant will be governed by and construed in accordance with the laws of the State of Nevada, excluding that body of laws pertaining to conflict of laws. If any provision of this Warrant is determined by a court of law to be illegal or unenforceable, such provision will be enforced to the maximum extent possible and the other provisions will remain effective and enforceable. If such clause or provision cannot be so enforced, such provision shall be stricken from this Warrant, as applicable, and the remainder of this Warrant, as applicable, shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Warrant, as applicable.

6.3 Binding Upon Successors and Assigns. Subject to, and unless otherwise provided in, this Warrant, each and all of the covenants, terms, provisions, and agreements contained herein shall be binding upon, and inure to the benefit of the permitted successors, executors, heirs, representatives, administrators and assigns of the parties hereto.

6.4 Severability. If any one or more provisions of this Warrant, or the application thereof, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Warrant and the application of such provisions to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. The parties further agree to replace any such void or unenforceable provisions of this Warrant with valid and enforceable

provisions which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provisions.

6.5 Amendments, Waivers, Modifications. This Warrant may be amended only by a written agreement executed by each of the parties hereto. No amendment of or waiver of, or modification of any obligation under this Warrant will be enforceable unless set forth in a writing signed by the party against which enforcement is sought. Any amendment effected in accordance with this section will be binding upon all parties hereto and each of their respective successors and assigns. The failure of any party to enforce any of the provisions hereof shall not be construed to be a waiver of the right of such party thereafter to enforce such provision as to that or any other instance. No waiver granted under this Warrant as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein or therein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.

6.6 Attorneys' Fees. Should suit be brought to enforce or interpret any part of this Warrant, the prevailing party shall be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including without limitation, costs, expenses and fees on any appeal). The prevailing party shall be the party entitled to recover its costs of suit, regardless of whether such suit proceeds to final judgment. A party not entitled to recover its costs shall not be entitled to recover attorneys' fees. No sum for attorneys' fees shall be counted in calculating the amount of a judgment for purposes of determining if a party is entitled to recover costs or attorneys' fees.

6.7 Notices. Any notice, other communication or payment required or permitted hereunder shall be in writing and shall be deemed sufficient upon delivery, when delivered personally or by overnight courier or sent by e-mail or facsimile (upon customary confirmation of receipt), or forty- eight (48) hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address or fax number as set forth in the Company's records.

6.8 No Endorsement. Holder understands that no federal or state securities administrator has made any finding or determination relating to the fairness of investment in the Company or purchase of the Warrant Stock hereunder and that no federal or state securities administrator has recommended or endorsed the offering of securities by the Company hereunder.

6.9 Further Assurances. The Company and Holder each agree to cooperate fully with the other and to execute such further instruments, documents and agreements and to give such further written assurances, as may be reasonably requested by the other party to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Warrant.

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INVESTOR ACKNOWLEDGES THAT IT HAS BEEN ADVISED TO CONSULT ITS OWN TAX ADVISOR WITH SPECIFIC REFERENCE TO ITS OWN TAX SITUATION AND THE POTENTIAL EFFECT OF APPLICABLE LAWS AND REGULATIONS. THE COMPANY HAS NOT AND DOES NOT PROVIDE ANY ADVICE CONCERNING ANY OF THE POTENTIAL TAX CONSIDERATIONS AND CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP OR DISPOSITION OF THIS WARRANT OR THE WARRANT STOCK. IN ADDITION, THE COMPANY HAS NOT OBTAINED, NOR DOES IT INTEND TO OBTAIN, A RULING FROM THE IRS OR AN OPINION OF COUNSEL WITH RESPECT TO ANY TAX CONSEQUENCES OF ACQUIRING, OWNING OR DISPOSING OF THIS WARRANT OR THE WARRANT STOCK.

THE COMPANY IS NOT RESPONSIBLE, NOR DOES IT DIRECTLY OR INDIRECTLY ASSUME RESPONSIBILITY, FOR THE TAX OR LEGAL CONSEQUENCES OF THIS WARRANT OR THE TRANSACTION TO INVESTOR. INVESTOR SHOULD CONSULT ITS OWN TAX AND LEGAL ADVISORS AS TO THE PARTICULAR TAX AND LEGAL CONSEQUENCES TO IT OF ACQUIRING, HOLDING OR DISPOSING OF THIS WARRANT OR THE WARRANT STOCK, INCLUDING THE EFFECT AND APPLICABILITY OF FEDERAL, STATE AND LOCAL TAX LAWS.

IN WITNESS WHEREOF, the parties hereto have executed this Common Stock Warrant as of the date first set forth above.

LOOP MEDIA, INC., a Nevada corporation

By: _____ Jon Niermann, CEO

Accepted By Investor:

[LENDER]

By: _____ Name: [ ]

Title: _[_]_____

Address: [ADDRESS]

Exhibit A-1

NOTICE OF EXERCISE OF COMMON STOCK WARRANT BY CASH PAYMENT OF WARRANT EXERCISE PRICE

[Date]

Loop Media, Inc.

Attention: Chief Executive Officer

Aggregate Exercise Price of Warrant Before Exercise: $ _____

Aggregate Exercise Price Being Exercised: $ _____

Warrant Exercise Price: $ _____ per share

Number of Shares of Warrant Stock to be Issued Under this Notice: _____

Remainder Aggregate Price (if any) After Issuance: $ _____

CASH EXERCISE

Ladies and Gentlemen:

The undersigned registered Holder of the Common Stock Warrant delivered herewith ("**Warrant**"), hereby irrevocably exercises such Warrant for, and purchases thereunder, shares of the Warrant Stock of Loop Media, Inc., a Nevada corporation, as provided below. Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given in the Warrant. The portion of the Aggregate Exercise Price (as defined in the Warrant) to be applied toward the purchase of Warrant Stock pursuant to this Notice of Exercise is $__, thereby leaving a remainder Aggregate Exercise Price (if any) equal to $_____.

Such exercise shall be pursuant to the cash exercise provisions of Section 2.1 of the Warrant. Therefore, Holder makes payment with this Notice of Exercise by way of check payable to the Company in the amount of $ _____. Such check is payment in full under the Warrant for ___shares of Warrant Stock based upon the Warrant Exercise Price as currently in effect under the Warrant. Holder requests that the shares of Warrant

Stock be issued in the name of _____ and delivered to _____.

To the extent the foregoing exercise is for less than the full Aggregate Exercise Price, a Replacement Warrant representing the remainder of the Aggregate Exercise Price and otherwise of like form, tenor and effect should be delivered to Holder along with the share certificates evidencing the Warrant Stock issued in response to this Notice of Exercise.

Exhibit A-2

NOTICE OF EXERCISE OF COMMON STOCK WARRANT PURSUANT TO NET ISSUE ("CASHLESS") EXERCISE PROVISIONS

[Date]

Loop Media, Inc.

Attention: Chief Executive Officer

Aggregate Exercise Price of Warrant Before Exercise:	$_____
Aggregate Exercise Price Being Exercised:	$_____
Warrant Exercise Price: per share	$_____
Number of Shares of Warrant Stock to be Issued Under this Notice:	_____
Remainder Aggregate Price (if any) After Issuance:	$_____

CASHLESS EXERCISE

Ladies and Gentlemen:

The undersigned, registered Holder of the Common Stock Warrant delivered herewith ("**Warrant**"), hereby irrevocably exercises such Warrant for, and purchases thereunder, shares of the Warrant Stock of Loop Media, Inc., a Nevada corporation, as provided below. Capitalized terms used herein, unless otherwise defined herein, shall have the meanings given in the Warrant. The portion of the Aggregate Exercise Price (as defined in the Warrant) to be applied toward the purchase of Warrant Stock pursuant to this Notice of Exercise is $ _____, thereby leaving a remainder Aggregate Exercise Price (if any) equal to $_____. Such exercise shall be pursuant to the net issue exercise provisions of Section 2.2 of the Warrant; therefore, Holder makes no payment with this Notice of Exercise. The number of shares to be issued pursuant to this exercise shall be determined by reference to the formula in Section 2.2 of the Warrant which, by reference to Section 2.3, requires the use of the current per share fair market value of the Company's Warrant Stock. The current fair market value of one share of the Company's Warrant Stock shall be

determined in the manner provided in Section 2.3, which amount has been determined or agreed to by Holder and the Company to be $__, which figure is acceptable to Holder for calculations of the number of shares of Warrant Stock issuable pursuant to this Notice of Exercise. Holder requests that the shares of Warrant Stock be issued in the name of and delivered to_____. To the extent the foregoing exercise is for less than the full Aggregate Exercise Price of the Warrant, a replacement Warrant representing the remainder of the Aggregate Exercise Price (and otherwise of like form, tenor and effect) shall be delivered to Holder along with the share certificate evidencing the Warrant Stock issued in response to this Notice of Exercise.

SECURED NON-REVOLVING LINE OF CREDIT LOAN AGREEMENT

by and between

LOOP MEDIA, INC.

and

LENDER

Dated as of May 10, 2023

SECURED NON-REVOLVING LINE OF CREDIT LOAN AGREEMENT

This Secured Non-Revolving Line of Credit Loan Agreement (this "Agreement") is dated as of May 10, 2023 ("Effective Date"), by and between **LOOP MEDIA, INC.**, a Nevada corporation ("Borrower") and the lender set out on the signature pages and **Exhibit A** attached hereto (each individually and collectively a "Lender" and together, the "Lenders").

BACKGROUND

A. Borrower desires to establish with Lender, and Lender is willing to make loans to Borrower, as a non-revolving line of credit not to exceed the sum of FOUR MILLION U.S. dollars ($4,000,000) in the aggregate, under the terms and provisions hereinafter set forth.

B. The parties are entering into this Agreement to define the terms and conditions of their relationship in writing.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION I. DEFINITIONS AND INTERPRETATION

1.1. Terms Defined: As used in this Agreement, the following terms (in addition to terms defined elsewhere in this Agreement) have the following respective meanings:

Advance(s) – Any monies advanced or credit extended to Borrower by Lender under the Line of Credit.

Affiliate – With respect to any Person, (a) any Person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person, or (b) any Person who is a director or officer (i) of such Person, (ii) of any Subsidiary of such Person, or (iii) any person described in clause (a) above.

Authorized Officer – Any officer (or comparable equivalent) of Borrower authorized by specific resolution of Borrower to request Advances.

Bankruptcy Code – Title 11 of the United States Code entitled "Bankruptcy", as now or hereinafter in effect, or any successor statute.

Business Day – A day other than Saturday or Sunday when financial institutions are open for business in Florida.

Closing – May 10, 2023.

Collateral - all of Borrower's personal property, now owned or hereafter acquired, including without limitation, all accounts, chattel paper, commercial tort claims, deposit accounts, documents, equipment, general intangibles (including intellectual property, patents, copyrights, trademarks, and goodwill), goods, fixtures, instruments, inventory, financial assets, domain names, investment property, letter of credit rights, money, and all of Borrower's books and records with respect to any of the foregoing, and the computers and equipment containing said books and records; and all products and proceeds thereof, as defined in this Agreement and the Uniform Commercial Code.

Contract Rate – A fixed rate of interest equal to twelve percent (12%) per annum.

Default - Any event, act, condition or occurrence which with notice, or lapse of time or both, would constitute an Event of Default hereunder.

Effective Date – The date set forth above.

Expenses – The meaning given such term in Section 8.6 hereof.

GemCap – GemCap Solutions, LLC, a Delaware limited liability company, together with its successors and assigns.

Governmental Authority - Any federal, state or local government or political subdivision, or any agency, authority, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury, or arbitration.

Indebtedness - All indebtedness created, assumed or incurred in any manner by a Person representing money borrowed (including by the issuance of debt securities) and all guarantees of such Person in respect of any of the foregoing.

Legal Requirement – Collectively, any treaty, statute, law, common law, rule, regulation, ordinance, license, permit, governmental approval, injunction, judgment, order, consent decree or other requirement of any Governmental Authority, whether federal, state, or local.

Lien - Any lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

Line of Credit – the line of credit facility established pursuant to the terms of this Agreement, the Note and any other Loan Document.

Line of Credit Maturity Date – Twenty-four (24) months from the Effective Date.

Loans – Mean the unpaid balance of Advances under the Line of Credit.

Loan Documents – Collectively, this Agreement, the Note, and all agreements, instruments and documents executed and/or delivered in connection therewith, all as may be supplemented, restated, superseded, amended or replaced from time to time.

Material Adverse Effect - (a) A material adverse change in, or material adverse effect upon, the operations, business, Property or condition (financial or otherwise) of Borrower, (b) a material impairment of the ability of Borrower to perform its obligations under any Loan Document or (c) a material adverse effect upon the legality, validity, binding effect or enforceability of any Loan Document or the rights and remedies of the Lender thereunder.

Maximum Line of Credit Amount - The sum of FOUR MILLION and 00/100 Dollars ($4,000,000).

Note – The Secured Non-Revolving Line of Credit Promissory Note, dated the date hereof, by Borrower in favor of Lender.

Obligations – All obligations of the Borrower to pay principal and interest on the Loans, all fees and charges payable hereunder, and all other payment obligations of the Borrower arising under or in relation to any Loan Document, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

Person - An individual, partnership, corporation, trust, limited liability company, limited liability partnership, unincorporated association or organization, joint venture or any other entity.

Property - As to any Person, all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included in the most recent balance sheet of such Person and its subsidiaries under GAAP.

Responsible Officer - Of any Person, any executive officer or Financial Officer of such Person and any other officer, general partner or managing member or similar official thereof with responsibility for the administration of the obligations of such person in respect of this Agreement.

Subordination Agreement – The Subordination Agreement dated on or about the date hereof among Lender, Borrower and GemCap, as senior lender, as may be supplemented, restated, superseded, amended or replaced from time to time.

Uniform Commercial Code - the Uniform Commercial Code as in effect from time to time in the state of Florida.

U.S. Dollars" and "$" - The lawful currency of the United States of America.

Warrant those certain Common Stock Warrants, dated as of the Effective Date issued by Borrower in favor of Lender, in such amounts and in the names set forth on **Exhibit A** attached hereto.

1.2. Interpretation: The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, and (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time. All references to time of day herein are references to Sarasota, Florida, time unless otherwise specifically provided.

SECTION II. THE LOAN

2.1. Line of Credit - Description:

a. Subject to the terms and conditions of this Agreement, Lender hereby establishes for the benefit of Borrower the Line of Credit, which shall include Advances extended by Lender to or for the benefit of Borrower from time to time hereunder. The aggregate principal amount of Advances, both outstanding and repaid, shall not exceed in the aggregate the Maximum Line of Credit Amount. Advances made and repaid may not be reborrowed.

b. If the aggregate principal amount of unpaid Advances at any time exceeds the Maximum Line of Credit Amount (such excess referred to as "Overadvance"), Borrower shall, within five (5) Business Days, repay the Overadvance in full.

c. At Closing, Borrower shall execute and deliver the Note to Lender for the Maximum Line of Credit Amount. The Note shall evidence Borrower's unconditional obligation to repay Lender for all Advances made under the Line of Credit, with interest as herein provided. Each Advance under the Line of Credit shall be deemed evidenced by the Note, which is deemed incorporated herein by reference and made part hereof. The Note shall be in form and substance satisfactory to Lender.

d. The term of the Line of Credit shall expire on the Line of Credit Maturity Date. On such date, unless having been sooner accelerated by Lender pursuant to the terms hereof, all sums owing under the Line of Credit shall be due and payable in full, all without demand, notice, presentment or protest or further action of any kind, and as of and after such date Borrower shall not request and Lender shall not make any further Advances under the Line of Credit.

2.2. Advances and Payments:

a. Except to the extent otherwise set forth in this Agreement, all payments of principal and of interest on the Line of Credit, and all Expenses, fees, indemnification obligations and all other charges and any other Obligations of Borrower, shall be made to Lender at its office at the address noted with the Lender's name on **Exhibit A**, or such other office or according to instructions as Lender may designate in writing, in United States dollars, in immediately available funds. Any payments received prior to 2:00 p.m. Eastern Time on any Business Day shall be deemed received on such Business Day. Any payments (including any payment in full of the Obligations), received after 2:00 p.m. Eastern Time on any Business Day shall be deemed received on the immediately following Business Day.

b. Advances which may be made by Lender from time to time under the Line of Credit shall be made available by crediting such proceeds to Borrower's operating account at _____, Account Number _____, or as otherwise instructed by Borrower.

i. All Advances requested by Borrower under the Line of Credit must be in the minimum amount of Two Hundred and Fifty Thousand and 00/100 Dollars ($250,000.00) and integral multiples of Twenty Five Thousand and 00/100 Dollars ($25,000.00) in excess thereof.

ii. All Advances requested by Borrower under the Line of Credit are to be in writing pursuant to a written request ("Advance Request") executed by an Authorized Officer in the form of **Exhibit B** attached hereto. .

iii. Requests for Advances must be requested by 11:00 a.m. Eastern Time, on the date such Advance is to be made. Upon receiving a request for an Advance in accordance with subparagraph (ii) above, Lender shall make the requested Advance available to Borrower on that same Business Day. In the event such request for an Advance is received after 11:00 a.m. Eastern Time on a Business Day, the Lender shall make the requested Advance available to Borrower as soon as practicable on the following Business Day (subject to the conditions set forth in this Agreement).

2.3. Interest:

a. The unpaid principal balance of Advances under the Line of Credit shall bear interest, subject to the terms hereof at a per annum rate equal to the Contract Rate.

b. Interest shall be due and payable semi-annually in arrears on the first day of each six month period from the date of this Agreement, and on the Line of Credit Maturity Date.

2.4. Additional Interest Provisions:

a. Interest shall be calculated on the basis of a year of three hundred sixty (360) days but charged for the actual number of days elapsed.

b. After the occurrence and during the continuance of an Event of Default hereunder (and after giving of any required notice and the expiration of any applicable cure period), the per annum effective rate of interest on all outstanding principal under the Loans, shall be increased by five hundred (500) basis points. All such increases may be applied retroactively to the date of the occurrence of such Event of Default. Borrower agrees that the default rate payable to Lender is a reasonable estimate of Lender's damages and is not a penalty.

c. All contractual rates of interest chargeable on outstanding principal under the Loans shall continue to accrue and be paid even after Default, an Event of Default, maturity, acceleration, judgment, bankruptcy, insolvency proceedings of any kind or the happening of any event or occurrence similar or dissimilar.

d. In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Agreement exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines Lender has charged or received interest hereunder in excess of the highest applicable rate, Lender shall apply, in its sole discretion, and set off such excess interest received by Lender against other Obligations due or to become due and such rate shall automatically be reduced to the maximum rate permitted by such law.

e. If any payment is more than five (5) Business Days late, Borrower agrees to pay Lender a late charge equal to five percent (5.0%) of such Payment ("Late Fee"). The provisions of this Note establishing a Late Fee shall not be deemed to extend the time for any Payment due or to constitute a "grace period" giving Borrower a right to cure such default.

2.5. Prepayments: Borrower may prepay the Line of Credit in whole or in part at any time or from time to time upon three (3) Business Days' prior notice to Lender, *provided* that if the Borrower prepays all or any portion of the Loans (i) on or before the nine (9) month anniversary of the Effective Date, then Borrower shall pay a prepayment premimum equal to two percent (2.00%) of such Loans being prepaid, or (ii) after the nine (9) month anniversary of the Effective Date but before the Line of Credit Maturity Date, then Borrower shall pay a prepayment premium equal to one percent (1.00%) of such Loans being prepaid.

SECTION III. CONDITIONS PRECEDENT TO ADVANCES

3.1. Conditions for Advances: The making of Advances under the Line of Credit is subject to the following conditions precedent (all instruments, documents and agreements to be in form and substance satisfactory to Lender and its counsel):

a. This Agreement, the Warrant and each of the other Loan Documents shall be effective;

b. No event or condition shall have occurred or become known to Borrower, or would result from the making of any requested Advance, which could have a Material Adverse Effect;

c. No Default or Event of Default then exists or after giving effect to the making of the Advance would exist;

d. Each Advance is within and complies with the terms and conditions of this Agreement; and

e. Each representation and warranty set forth in Section 5 and any other Loan Document in effect at such time (as amended or modified from time to time) is then true and correct in all material respects as if made on and as of such date except to the extent such representations and warranties are made only as of a specific earlier date.

SECTION IV. GRANT OF SECURITY INTERST

4.1. To secure the payment and performance of the Obligations under this Agreement and the other Loan Documents, Borrower hereby grants Lender a continuing security interest in the Collateral. Borrower authorizes Lender to file one or more financing statements to perfect this security interest, and Borrower will take such actions at Borrower's own expense as Lender deems reasonably appropriate from time to time to perfect or continue the security interest granted hereunder. Borrower shall from time to time execute and deliver to Lender, at the request of Lender, all financing statements and other documents that Lender may reasonably request, in form satisfactory to Lender, to perfect and continue the perfection of Lender's security interests in the Collateral and in order to fully consummate all of the transactions contemplated hereunder, including any account control agreements with respect to Borrower's operating, depository or investment accounts, in form and substance satisfactory to Lender.

SECTION V. REPRESENTATIONS AND WARRANTIES

To induce Lender to complete the Closing and make the initial Advances under the Line of Credit Loans to Borrower, Borrower warrants and represents to Lender that:

5.1. Organization and Qualification: Borrower is duly organized, validly existing, and in good standing as a corporation under the laws of the jurisdiction in which it is organized, has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying, except where the failure to do so would not have a Material Adverse Effect.

5.2. Authority and Validity of Obligations: Borrower has full right and authority to enter into this Agreement, to make the borrowings herein provided for, and to perform all of its obligations hereunder and under any other Loan Documents executed by it. The Loan Documents delivered by Borrower have been duly authorized, executed, and delivered and constitute valid and binding obligations of Borrower enforceable against it in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

5.3. Use of Proceeds: The extensions of credit under and proceeds of the Line of Credit shall be used for repayment of existing indebtedness of the Borrower, working capital, and general corporate purposes.

5.4. Approvals: No authorization, consent, license or exemption from, or filing or registration with, any court or governmental department, agency or instrumentality, nor any approval or consent of any other Person, is or will be necessary to the valid execution, delivery or performance by Borrower of this Agreement, except for such approvals which have been obtained prior to the date of this Agreement and remain in full force and effect.

5.5. Solvency: After giving effect to the transactions contemplated hereby, Borrower is solvent, able to pay its debts as they become due, and has sufficient capital to carry on its business and all businesses in which it is about to engage.

5.6. No Default or Event of Default: No Default or Event of Default has occurred and is continuing.

SECTION VI. BORROWER'S COVENANTS

Borrower covenants that until all of the Obligations are paid and satisfied in full and the Line of Credit has been terminated, that:

6.1. Maintenance of Business: Borrower shall preserve and maintain its existence, and preserve and keep in force and effect all licenses, permits, franchises, approvals, patents, trademarks, trade names, trade styles, copyrights, and other proprietary rights necessary to the proper conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect.

6.2. Maintenance of Properties: Borrower shall maintain, preserve, and keep its property, plant, and equipment in good repair, working order and condition (ordinary wear and tear excepted), and shall from time to time make all needful and proper repairs, renewals, replacements, additions, and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained, except to the extent that, in the reasonable business judgment of Borrower, any such Property is no longer necessary for the proper conduct of the business of Borrower.

6.3. Taxes and Assessments: Borrower shall duly pay and discharge all taxes, rates, assessments, fees, and governmental charges upon or against it or its Property, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves are provided therefor.

6.4. [Reserved].

6.5. [Reserved].

6.6. Compliance with Laws: Borrower shall comply in all respects with all Legal Requirements applicable to or pertaining to its Property or business operations, where any non-compliance, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect upon any of its Property.

6.7. Modification of Material Documents: Borrower shall not amend or modify its articles of incorporation, charter, partnership agreement, certificate of formation, by-laws, operating agreement, or other organizational documents in any way which could reasonably be expected to materially adversely affect the interests of the Lender.

SECTION VII. DEFAULT

7.1. Events of Default: Each of the following events shall constitute an event of default ("Event of Default"):

a. default in the payment when due of all or any part of the principal of or interest on any Loan (whether at the stated maturity thereof or at any other time provided for in this Agreement) or other Obligation payable hereunder or under any other Loan Document and in respect of any interest payments, such default in payment is not cured within five (5) Business Days of such due date;

b. default in the observance or performance of any other provision hereof or of any other Loan Document which is not remedied within thirty (30) days after written notice thereof is given to the Borrower by the Lender;

c. any representation or warranty made herein or in any other Loan Document or in any certificate furnished to the Lender pursuant hereto or thereto proves untrue in any material respect as of the date of the issuance or making or deemed making thereof;

d. any of the Loan Documents, or any material provision thereof, shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void, or Borrower takes any action for the purpose of terminating, repudiating or rescinding any Loan Document executed by it or any of its obligations thereunder;

e. default shall occur under any other Indebtedness of Borrower to the Lender;

f. (i) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, shall be entered or filed against Borrower, or against any of their respective Property, in an aggregate amount for all such Persons in excess of $250,000 (except to the extent fully covered by insurance pursuant to which the insurer has accepted liability therefor in writing), and which remains undischarged, unvacated, unbonded or unstayed for a period of 30 days, or any action shall be legally taken by a judgment creditor to attach or levy upon any Property of Borrower to enforce any such judgment, or (ii) Borrower shall fail within thirty (30) days to discharge one or more non-monetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgments or orders, in any such case, are not stayed on appeal or otherwise being appropriately contested in good faith by proper proceedings diligently pursued;

g. Borrower shall (i) have entered involuntarily against it an order for relief under the Bankruptcy Code, as amended, which order is undismissed or unstayed for a period of 60 days, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate or similar action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in this paragraph; or

h. a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for Borrower, or any substantial part of any of its Property, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 days.

7.2. Rights and Remedies on Default:

a. In addition to all other rights, options and remedies granted or available to Lender under this Agreement or the Loan Documents (each of which is also then exercisable by Lender), or otherwise available at law or in equity, upon or at any time after the occurrence and during the continuance of a Default or an Event of Default, Lender may, in its discretion, withhold or cease making Advances under the Line of Credit .

b. In addition to all other rights, options and remedies granted or available to Lender under this Agreement or the Loan Documents (each of which is also then exercisable by Lender), or otherwise available at law or in equity, upon or at any time after the occurrence and during the continuance of an Event of Default, Lender may, in its discretion, terminate the Line of Credit and declare the Obligations, immediately due and payable, all without demand, notice, presentment or protest or further action of any kind (it also being understood that the occurrence of any of the events or conditions set forth in Sections 7.1 (g) or (h) shall automatically cause an acceleration of the Obligations).

c. For the avoidance of doubt, the exercise by Lender of any rights, options and remedies granted or available to Lender under this Agreement or the Loan Documents, shall be subjectto the Subordination Agreement,

7.3. Nature of Remedies: All rights and remedies granted Lender hereunder and under the Loan Documents, or otherwise available at law or in equity, shall be deemed concurrent and cumulative, and not alternative remedies, and Lender may proceed with any number of remedies at the same time until all Obligations are satisfied in full. The exercise of any one right or remedy shall not be deemed a waiver or release of any other right or remedy, and Lender, upon or at any time after the occurrence of an Event of Default, may proceed against Borrower, at any time, under any agreement, with any available remedy and in any order.

SECTION VIII. MISCELLANEOUS

8.1. Governing Law: THIS AGREEMENT, AND ALL MATTERS ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND ALL RELATED AGREEMENTS AND DOCUMENTS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF FLORIDA. THE PROVISIONS OF THIS AGREEMENT AND ALL OTHER AGREEMENTS AND DOCUMENTS REFERRED TO HEREIN ARE TO BE DEEMED SEVERABLE, AND THE INVALIDITY OR UNENFORCEABILITY OF ANY PROVISION SHALL NOT AFFECT OR IMPAIR THE REMAINING PROVISIONS WHICH SHALL CONTINUE IN FULL FORCE AND EFFECT.

8.2. Integrated Agreement: The Note and this Agreement shall be construed as integrated and complementary of each other, and as augmenting and not restricting Lender's rights and remedies. If, after applying the foregoing, an inconsistency still exists, the provisions of this Agreement shall constitute an amendment thereto and shall control.

8.3. Waiver: No omission or delay by Lender in exercising any right or power under this Agreement or any related agreements and documents will impair such right or power or be construed to be a waiver of any Default, or Event of Default or an acquiescence therein, and any single or partial exercise of any such right or power will not preclude other or further exercise thereof or the exercise of any other right, and as to Borrower no waiver will be valid unless in writing and signed by Lender and then only to the extent specified.

8.4. Indemnity:

a. Borrower releases and shall indemnify, defend and hold harmless Lender and its Affiliates and their respective officers, employees and agents, of and from any claims, demands, liabilities, obligations, judgments, injuries, losses, damages and costs and Expenses (including, without limitation, reasonable legal fees) resulting from (i) acts or conduct of Borrower under, pursuant or related to this Agreement and the other Loan Documents, (ii) Borrower's breach or violation of any representation, warranty, covenant or undertaking contained in this Agreement or the other Loan Documents, (iii) Borrower's failure to comply with any Legal Requirement (including, without limitation, Environmental Laws, etc.), and (iv) any claim by any other creditor of Borrower against Lender or its Affiliates arising out of any transaction whether hereunder or in any way related to the Loan Documents and all costs, Expenses, fines, penalties or other damages resulting therefrom, unless resulting solely from acts or conduct of Lender or its Affiliates constituting willful misconduct or gross negligence as determined by a final, non-appealable order of a court of competent jurisdiction.

b. Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action by a third party, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof. The omission so to notify the indemnifying party shall relieve the indemnifying party from any liability which it may have to any indemnified party under such subsection only if the indemnifying party is unable to defend such actions as a result of such failure to so notify. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnified party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other Expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation.

8.5. Time: Whenever Borrower shall be required to make any payment, or perform any act, on a day which is not a Business Day, such payment may be made, or such act may be performed, on the next succeeding Business Day. Time is of the essence in Borrower's performance under all provisions of this Agreement and all related agreements and documents.

8.6. Expenses of Lender: At Closing and from time to time thereafter, Borrower will pay upon demand of Lender all reasonable costs, fees and expenses of Lender in connection with (i) the preparation, execution, administration, delivery and termination of this Agreement, and other Loan Documents and the documents and instruments referred to herein and therein, and any amendment, amendment and restatement, supplement, waiver or consent relating hereto or thereto, (ii) the enforcement of Lender’s rights hereunder, or the collection of any payments owing from, Borrower under this Agreement and/or the other Loan Documents or the protection, preservation or defense of the rights of Lender hereunder and under the other Loan Documents, and (iii) any refinancing or restructuring of the credit arrangements provided under this Agreement and other Loan Documents in the nature of a "work-out" or of any insolvency or bankruptcy proceedings, or otherwise (including the reasonable fees and disbursements of counsel for Lender and, with respect to clauses (ii) and (iii), reasonable allocated costs of internal counsel) (collectively, the "Expenses");

8.7. Brokerage: This transaction was brought about and entered into by Lender and Borrower acting as principals and without any brokers, agents or finders being the effective procuring cause hereof.

8.8. Notices:

a. Loan Documents and notices under the Loan Documents may be transmitted and/or signed by facsimile or electronically, and by signatures delivered in “PDF” format by electronic mail or other electronic formats. The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as an original copy with manual signatures and shall be binding on Borrower and Lender. Lender may also require that any such documents and signature delivered by facsimile or “PDF” format by electronic mail be confirmed by a manually-signed original thereof; provided, however, that the failure to request

or deliver any such manually-signed original shall not affect the effectiveness of any facsimile, electronic or "PDF" document or signature.

b. Any notices or consents required or permitted by this Agreement shall be in writing and shall be deemed given if delivered in person to the person listed below or if sent by electronic mail or by nationally recognized overnight courier, as follows, unless such address is changed by written notice hereunder:

If to Borrower to:

Loop Media, Inc.
700 N. Central Ave., Ste. 430
Glendale, CA 91203

Attention: Jon Niermann (CEO) (jon@loop.tv)
w/ a copy to Neil Watanabe (CFO) (neil@loop.tv)

If to Lender, as set out in **Exhibit C** hereto:

_____ (Name)
_____ (Address)
_____ (Address)

Attention: _____ (Name)
Email: _____

With a copy to:

_____ (Name)
_____ (Address)
_____ (Address)

Attention: _____ (Name)
Email: _____

c. Any notice sent by Lender, or Borrower by any of the above methods shall be deemed to be given when so received.

d. Lender shall be fully entitled to rely upon any electronic transmission or other writing purported to be sent by any Authorized Officer (whether requesting an Advance or otherwise) as being genuine and authorized.

8.9. Headings: The headings of any paragraph or Section of this Agreement are for convenience only and shall not be used to interpret any provision of this Agreement.

8.10. Survival: All warranties, representations, and covenants made by Borrower herein, or in any agreement referred to herein or on any certificate, document or other instrument delivered by it or on its behalf under this Agreement, shall be considered to have been relied upon

by Lender, and shall survive the delivery to Lender of the Note, regardless of any investigation made by Lender or on its behalf. All statements in any such certificate or other instrument prepared and/or delivered for the benefit of Lender shall constitute warranties and representations by Borrower hereunder. Except as otherwise expressly provided herein, all covenants made by Borrower hereunder or under any other agreement or instrument shall be deemed continuing until all Obligations are satisfied in full. All indemnification obligations under this Agreement shall survive the termination of this Agreement and payment of the Obligations for a period of two (2) years.

8.11. Successors and Assigns: This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties. Except as otherwise agreed in writing, Borrower may not transfer, assign or delegate any of its duties or obligations hereunder and Lender shall not sell, assign or otherwise transfer any of its rights or obligations hereunder, or dispose of, realize, create any encumbrance over or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of any part of this Agreement.

8.12. Duplicate Originals: Two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

8.13. Modification: No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed by Borrower and Lender.

8.14. Signatories: Each individual signatory hereto represents and warrants that he is duly authorized to execute this Agreement on behalf of his principal and that he executes the Agreement in such capacity and not as a party.

8.15. Third Parties: No rights are intended to be created hereunder, or under any related agreements or documents for the benefit of any third party, creditor or incidental beneficiary of Borrower. Nothing contained in this Agreement shall be construed as a delegation to Lender of Borrower's duty of performance, including, without limitation, Borrower's duties under any account or contract with any other Person.

8.16. Consent to Jurisdiction: Borrower and Lender each hereby irrevocably consent to the exclusive jurisdiction of the state and federal courts located in Sarasota County, Florida in any and all actions and proceedings whether arising hereunder or under any other agreement or undertaking. Borrower waives any objection which Borrower may have based upon lack of personal jurisdiction, improper venue or forum non conveniens. Borrower irrevocably agrees to service of process by certified mail, return receipt requested to the address of the appropriate party set forth herein.

8.17. Additional Documentation: Borrower shall execute and/or re-execute, and cause any other Person party to any Loan Document, to execute and/or re-execute and to deliver to Lender or Lender’s counsel, as may be deemed appropriate, any document or instrument signed in connection with this Agreement which was incorrectly drafted and/or signed, as well as any document or instrument which should have been signed at or prior to the Closing, but which was not so signed and delivered. Borrower agrees to comply with any written request by Lender within ten (10) days after receipt by Borrower of such request.

8.18. Waiver of Jury Trial: BORROWER AND LENDER EACH HEREBY WAIVE ANY AND ALL RIGHTS IT MAY HAVE TO A JURY TRIAL IN CONNECTION WITH ANY LITIGATION, PROCEEDING OR COUNTERCLAIM ARISING WITH RESPECT TO RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO OR UNDER THE LOAN DOCUMENTS OR WITH RESPECT TO ANY CLAIMS ARISING OUT OF ANY DISCUSSIONS, NEGOTIATIONS OR COMMUNICATIONS INVOLVING OR RELATED TO ANY PROPOSED RENEWAL, EXTENSION, AMENDMENT, MODIFICATION, RESTRUCTURE, FORBEARANCE, WORKOUT, OR ENFORCEMENT OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS.

8.19. Consequential Damages: Neither Lender nor agent or attorney of Lender, shall be liable for any special, punitive, incidental or consequential damages arising from any breach of contract, tort or other wrong relating to the establishment, administration or collection of the Obligations.

8.20. Lenders' Collateral Agent: As soon as practicable following Closing, the Borrower and each Lender will agree upon and appoint a lender collateral agent ("Lenders' Collateral Agent") as its agent and attorney-in-fact for the purpose of signing and filing any uniform commercial code financing statements (and any amendments and/or continuations thereof) or other documents in any jurisdictions and filing offices as Lenders' Collateral Agent considers necessary or appropriate to perfect or enhance the Lenders' security interest in the Collateral granted hereunder and under the Note, or to deliver any notices required thereunder. Furthermore, and without limiting the foregoing, the Borrower shall execute and/or deliver, from time to time, any agreements, documents, instruments and writings, including, without limitation, financing statements, security agreements, pledge agreements, and amendments, continuations or supplements to any of the foregoing, as Lenders' Collateral Agent, in its capacity as agent for the Lenders, may reasonably require for the benefit of Lenders to evidence, perfect or protect Lenders' liens and security interests in the Collateral, in each case subject to the Subordination Agreement.

8.21. Subordination. The obligations of Borrower to Lender and the indebtedness evidenced by this Agreement and the other Loan Documents is subordinate and junior in right of payment to the indebtedness evidenced by that certain Loan and Security Agreement dated as of July 29, 2022, by and between the Borrower, GemCap Solutions, LLC, as successor and assign to Industrial Funding Group, Inc. (as may be amended, restated, supplemented or otherwise modified from time to time) and the other loan documents related thereto as more particularly described in theSubordination Agreement. GemCap shall have third party beneficiary rights to enforce the provisions of this Section 8.21.

[SIGNATURES TO FOLLOW ON SEPARATE PAGES]

WITNESS the due execution of this Agreement as a document under seal as of the date first written above.

BORROWER:

LOOP MEDIA, INC.

By: _____
Name: Neil T. Watanabe
Title: Chief Financial Officer

LENDER:

_____
(Full Legal Name of Lender)

By: _____
Name: _____
Title: _____

Address: _____
_____
Email: _____
Phone Number: _____

(Signature Page to Loan Agreement)

EXHIBIT A

WARRANT SCHEDULE

40% Warrant coverage for amount of loan not to exceed aggregate principal amount of FOUR MILLION DOLLARS ($4,000,000) for an aggregate of up to 361,517 Warrant Shares, with an expiration date of three (3) years from the Closing Date, at an exercise price of $4.33 per Warrant Share.

LENDER/HOLDER ADDRESS	LOAN AMOUNT	WARRANT SHARES
NAME **ADDRESS** **PHONE** **EMAIL**	$___________	___________
NAME **ADDRESS** **PHONE** **EMAIL**	$___________	___________
NAME **ADDRESS** **PHONE** **EMAIL**	$___________	___________
NAME **ADDRESS** **PHONE** **EMAIL**	$___________	___________
NAME **ADDRESS** **PHONE** **EMAIL**	$___________	___________
NAME **ADDRESS** **PHONE** **EMAIL**	$___________	___________
NAME **ADDRESS** **PHONE** **EMAIL**	$___________	___________
TOTAL	$4,000,000	369,517

EXHIBIT B

FORM OF LINE OF CREDIT ADVANCE REQUEST

LOOP MEDIA, INC. ("Borrower")

To: [NAME]
("Lender")

Borrower hereby requests an Advance in the amount of $ [FULL AMOUNT] pursuant to Section 2.2 of that certain Non-Revolving Line of Credit Loan Agreement by and among Borrower and Lender dated as of May 10, 2023 (as amended, restated or otherwise modified from time to time, the "Loan Agreement"). The proposed date of the Advance is [DATE], 202[X].

Borrower hereby represents and warrants to Lender as follows:

a. There exists no Default or Event of Default under the Loan Agreement.
b. All representations, warranties and covenants made in the Loan Agreement are true and correct as of the date hereof.

c. The aggregate principal amount of all Advances outstanding under the Line of Credit (including those repaid) is $_____.

LOOP MEDIA, INC.

By: _____
Name: Neil T. Watanabe
Title: Chief Financial Officer

Date: _____

EXHIBIT C

NOTICES

Notices are to be sent to each Lender as noted on each of the attached pages.

SECURED NON-REVOLVING LINE OF CREDIT PROMISSORY NOTE

$4,000,000.00 May 10, 2023

FOR VALUE RECEIVED, Loop Media, Inc., a Nevada corporation ("**Borrower**"), promises to pay to the order of the Lenders set out on Exhibit A to the Loan Agreement (defined below) (collectively, the "**Lender**"), the aggregate of such amounts Lender has disbursed to Borrower during the period from the date first set forth above to the Maturity Date (defined below), up to FOUR MILLION AND 00/100 DOLLARS ($4,000,000.00), in lawful money of the United States of America (the "**Loan**" or the "**Advances**"), together with all accrued interest on the principal amount of all Advances made hereunder from the date such Advance was made at a rate specified in that certain Secured Non-Revolving Line of Credit Loan Agreement between the Lenders and Borrower dated the same date as this Note ("**Loan Agreement**"). Capitalized terms used in this Secured Non-Revolving Line of Credit Promissory Note (this "**Note**") that are not otherwise defined herein shall have the respective meanings set forth in the Loan Agreement.

This Note evidences the Loan incurred under the Loan Agreement to which reference is made for a statement of the terms and provisions thereof, including those under which such indebtedness may be declared to be immediately due and payable. This Note is entitled to the benefits of, inter alia, the Loan Agreement and the other Loan Documents.

On the Maturity Date, the then outstanding principal balance of the Loan, all accrued and unpaid interest, and any other amounts owed by Borrower to Lender pursuant to the Loan Agreement and other Loan Documents shall be due and payable in full. All payments made under this Note to Lender (collectively, a "**Payment**") shall be made payable to Lender by wire transfer or corporate check at the address provided next to its signature below. Payments to Lenders shall be made payable to each Lender according to the Payment instructions set forth in **Scheduled A** attached hereto.

For purposes of this Note, the maturity date shall be twenty-four (24) months from the date of this Note (the "**Maturity Date**").

After the Maturity Date or due date on this Note (whether at the stated maturity, by acceleration, or otherwise), interest shall be charged on the respective principal amount remaining unpaid at a rate specified in the Loan Agreement, until paid.

Notwithstanding the foregoing, however, in no event shall the interest charged exceed the maximum rate of interest allowed by applicable law, as amended from time to time. Lender does not intend to charge any amount of interest, monthly renewal fee or other fees or charges in the nature of interest that exceeds the maximum rate allowed by applicable law. If any payment of interest or in the nature of interest hereunder would cause the foregoing interest rate limitation to be exceeded, then such excess payment shall be credited as a payment of principal.

If any Payment is more than five (5) Business Days late, Borrower agrees to pay Lender a late charge equal to five percent (5.0%) of such Payment ("**Late Fee**"). The provisions of this Note establishing a Late Fee shall not be deemed to extend the time for any Payment due or to constitute a "grace period" giving Borrower a right to cure such default.

If any Payment becomes due and payable on a day other than a Business Day, the due date thereof shall be extended to the next succeeding Business Day.

Unless otherwise specified herein, a Payment shall be applied by Lender first to interest and lawful charges then accrued, and then to principal, unless otherwise determined by Lender in its discretion.

Borrower will have the right to prepay the Loan, in whole or in part, at any time upon three (3) Business Days' prior notice to Lender; provided, however, if applicable, Borrower must pay such prepayment premium pursuant to Section 2.5 of the Loan Agreement, if applicable.

Borrower shall be in default under this Note upon the occurrence of an Event of Default under the Loan Agreement.

The indebtedness evidenced by this Note is subordinate and junior in right of payment to the indebtedness evidenced by that certain Loan and Security Agreement dated as of July 29, 2022, by and between the Borrower, GemCap Solutions, LLC, as successor and assign to Industrial Funding Group, Inc. (as may be amended, restated, supplemented or otherwise modified from time to time, the"**GemCap LSA**") as more particularly described in that certain Subordination Agreement dated on or about the date hereof, between Lender, GemCap Solutions, LLC and Borrower. For the avoidance of doubt, the indebtedness evidenced by this Note shall continue to be subordinated to obligations evidenced by the GemCap LSA (the "**Senior Debt**") even if the Senior Debt is deemed unsecured, under-secured, subordinated, avoided or disallowed under the United States Bankruptcy Code or other applicable law. GemCap shall have third party beneficiary rights to enforce the provisions of this paragraph.

Lender shall have, in addition to the rights and remedies contained in this Note and any other related documents, all of the rights and remedies of a creditor, now or hereafter available at law or in equity and under the Loan Agreement. Lender may, at its option, exercise any one or more of such rights and remedies individually, partially, or in any combination from time to time, including, to the extent applicable, before the occurrence of an event of default. No right, power, or remedy conferred upon Lender by the related documents shall be exclusive of any other right, power, or remedy referred to therein or now or hereafter available at law or in equity.

Without limiting the generality of the foregoing, if a default shall occur then Lender may declare the indebtedness owed to Lender by Borrower hereunder and any or all of any other indebtedness owed by Borrower to Lender, whether direct or indirect, contingent or certain, to be accelerated and due and payable at once, whereupon such indebtedness, together with interest thereon, shall forthwith become due and payable, all without presentment, demand, protest, or other notice of any kind from Lender, all of which are hereby expressly waived; and Lender may proceed to do other all things provided by law, equity, or contract to enforce its rights under such indebtedness and to collect all amounts owing to Lender.

All parties liable for any Payment agree to pay or reimburse Lender for all of its costs and expenses incurred in connection with the administration, supervision, collection, or enforcement of, or the preservation of any rights under, this Note or the obligation evidenced hereby, including without limitation, the fees and disbursements of counsel for Lender including attorneys' fees out of court, in trial, on appeal, in bankruptcy proceedings, or otherwise. All parties liable for any Payment agree to promptly pay, indemnify, and reimburse Lender for, and hold Lender harmless against any liability for, any and all documentary stamp taxes, nonrecurring intangible taxes, or other taxes, together with any interest, penalties, or other liabilities in connection therewith, that Lender now or hereafter determines are payable with respect to this Note or the obligations evidenced by this Note. The foregoing obligations shall survive Payment of this Note.

All notices, requests, and demands to or upon the parties hereto, shall be deemed to have been given or made when delivered by hand, or when deposited in the mail, postage prepaid by registered or certified mail, return receipt requested, addressed to the address provided next to the signatures below or such other address as may be hereafter designated in writing by one party to the other.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida, excluding those laws relating to the resolution of conflicts between laws of different jurisdictions.

In any litigation in connection with or to enforce this Note, any endorsement or guaranty of this Note, or any of the other related documents, Borrower irrevocably consents to and confers personal jurisdiction the state and federal courts located within Sarasota County, Florida, expressly waives any objections as to venue in any of such courts, and agrees that service of process may be made on Borrower by mailing a copy of the summons and complaint by registered or certified mail, return receipt requested, to its address set forth herein (or otherwise expressly provided in writing). Nothing contained herein shall, however, prevent Lender from bringing any action or exercising any rights within any other state or jurisdiction or from obtaining personal jurisdiction by any other means available by applicable law.

In the event that any one or more of the provisions of this Note is determined to be invalid, illegal, or unenforceable in any respect as to one or more of the parties, all remaining provisions nevertheless shall remain effective and binding on the parties thereto and the validity, legality, and enforceability thereof shall not be affected or impaired thereby. If any such provision is held to be illegal, invalid, or unenforceable, there will be deemed added in lieu thereof a provision as similar in terms to such provision as is possible, that is legal, valid, and enforceable. To the extent permitted by applicable law, Borrower hereby waives any law that renders any such provision invalid, illegal, or unenforceable in any respect.

The singular shall include the plural and any gender shall be applicable to all genders when the context permits or implies

No delay or omission on the part of Lender in exercising any right or remedy hereunder shall operate as a waiver of such right or remedy or of any other right or remedy and no single or partial exercise of any right or remedy shall preclude any other or further exercise of that or any other right or remedy. Presentment, demand, notice of nonpayment, notice of protest, protest, notice of dishonor and all other notices are hereby waived by Borrower.

This Note may not be modified or amended nor shall any provision of it be waived except by a written instrument signed by the party against whom such action is to be enforced.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties. Borrower may not transfer, assign or delegate any of its duties or obligations hereunder and Lender shall not assign or otherwise transfer any of its rights or obligations hereunder without the consent of Borrower. In the event Lender transfers or assigns its obligations hereunder, Lender shall be relieved of all liability therefor.

Time is of the essence in the performance of this Note.

This Note is entitled to the benefit of all of the provisions of the Loan Agreement.

Borrower and Lender (by its acceptance hereof) hereby knowingly, irrevocably, voluntarily, and intentionally waive any right to a trial by jury in respect of any litigation based on this Note or any other document executed in connection with this Note or arising out of, under, or in connection therewith, or any course of conduct, course of dealing, statements (whether oral or written), or actions of any party. This provision is a material inducement for Lender to enter into the transaction evidenced hereby.

[SIGNATURE APPEARS ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first written above.

BORROWER:

Loop Media Inc., a Nevada corporation

By:_____
Name: Neil T. Watanabe
Title:Chief Financial Officer

Address:

700 N. Central Ave., Ste. 430
Glendale, CA 91203

Email Address: neil@loop.tv

SCHEDULE A

Lenders' Payment Instructions

LENDER	PAYMENT INSTRUCTIONS
_____ **(NAME)**	
_____ **(NAME)**	
_____ **(NAME)**	
_____ **(NAME)**	
_____ **(NAME)**	
_____ **(NAME)**	
_____ **(NAME)**	
_____ **(NAME)**	

SUBORDINATION AGREEMENT

This Subordination Agreement (this "Agreement") is entered into as of May 10, 2023, by and between _____, a _____, with offices at _____ ("Subordinated Lender"), and GemCap Solutions, LLC, a Delaware limited liability company with offices at 9901 I.H. 10 West, Suite 800, San Antonio, TX 78230 as successor and assign to Industrial Funding Group, Inc. (the "Senior Lender"). Unless otherwise defined herein, capitalized terms used herein shall have the meaning provided such terms in the Senior Lender Loan Agreement referred to below.

RECITALS

WHEREAS, the Senior Lender has made or will make a loan to Loop Media, Inc., a Nevada corporation and Retail Media TV, Inc., a Nevada corporation, jointly and severally (the "Borrower) pursuant to and in accordance with, that certain Loan and Security Agreement of even date herewith, between Senior Lender and the Borrower (as amended, modified or supplemented from time to time, the "Senior Lender Loan Agreement") and the other Loan Documents; and

WHEREAS, the Subordinated Lender has made loans and advanced funds to the Borrower (collectively, the "Subordinated Loan"); and

WHEREAS, the Subordinated Loan is evidenced by loan documents between Subordinated Lender and Borrower (collectively, the "Subordinated Loan Documents").

NOW, THEREFORE, Subordinated Lender, the Senior Lender and the Borrower agree as follows:

In order to induce the Senior Lender to make financial accommodations to Borrower provided for in the Senior Lender Loan Agreement and the other Loan Documents, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower and Subordinated Lender hereby agree with Senior Lender that, so long as any Senior Indebtedness (as hereinafter defined) is outstanding, each such party will comply with such of the following provisions as are applicable to it.

1. The term "Senior Indebtedness" shall mean any and all loans, advances, extensions of credit to, and all other indebtedness, obligations and liabilities, now existing or hereafter arising, direct, indirect or contingent, of Borrower now or hereafter owing to Senior Lender, outstanding from time to time, whether pursuant to the Senior Lender Loan Agreement, the other Loan Documents or otherwise, together with interest thereon and all fees, expenses and other amounts (including costs of collection and out-of-pocket attorneys' fees) at any time owing to Senior Lender, whether arising in connection with the Senior Lender Loan Agreement, the other Loan Documents or such other indebtedness (regardless of the extent to which the Senior Lender Loan Agreement, the Loan Documents or such other indebtedness is enforceable against Borrower) and all guaranties of the foregoing. All Senior Indebtedness shall be entitled to the benefits of this Agreement without notice thereof being given to Subordinated Lender.

2. The term "Subordinated Indebtedness" shall mean all existing and hereafter arising indebtedness, obligations and liabilities of Borrower to Subordinated Lender, howsoever created, arising or evidenced, whether direct, indirect or contingent, and all claims, rights, causes of action, judgments and decrees in respect of the foregoing, including, without limitation, arising out of, or in connection with, the Subordinated Loan or the Subordinated Loan Documents.

3. Subordinated Lender represents and warrants that as of the date of this Agreement, the aggregate Subordinated Indebtedness owing by Borrower to Subordinated Lender is $_____.

4. (a) Anything in the instruments or agreements evidencing Subordinated Indebtedness to the contrary notwithstanding, but subject to Section 4(b) below with respect to Subordinated Lender Permitted Payments (as defined in Section 4(b) below), the payment of the Subordinated Indebtedness is and shall be expressly subordinate and junior in right of payment and exercise of remedies to the prior indefeasible payment in full in cash of the Senior Indebtedness. No payments or other distributions whatsoever in respect of any Subordinated Indebtedness shall be made, nor shall any property or assets of the Borrower be applied to the purchase or other acquisition or retirement of any Subordinated Indebtedness, until all of the Senior Indebtedness is indefeasibly paid in full in cash. In addition, anything in the instruments or agreements evidencing Subordinated Indebtedness to the contrary notwithstanding, Subordinated Lender hereby subordinates all security interests that have been, or may be, granted by the Borrower to such Subordinated Lender in respect of the Subordinated Indebtedness or any other indebtedness of Borrower to Subordinated Lender and any security interests granted to Subordinated Lender by operation of law or otherwise, to the security interests granted by the Borrower to the Senior Lender in respect of the Senior Indebtedness. Furthermore, Subordinated Lender will not in any manner challenge, contest or otherwise interfere with the security interests in and liens on the Collateral in favor of Senior Lender.

(b) The Subordinated Lender shall have the right to receive from the Borrower, the Subordinated Lender Permitted Payments (defined below) prior to the occurrence of an Event of Default under the Senior Lender Loan Agreement and the other Loan Documents, provided that the payment of any Subordinated Lender Permitted Payments will not cause an Event of Default under the Senior Loan Agreement and the other Loan Documents. If Subordinated Lender receives any Subordinated Lender Permitted Payments (or any other amounts) after the occurrence of an Event of Default or if the payment of any Subordinated Lender Permitted Payments will cause an Event of Default under the Senior Loan Agreement and the other Loan Documents, Subordinated Lender shall immediately pay such amounts over to Senior Lender for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been indefeasibly paid in full in cash. As used herein, "Subordinated Lender Permitted Payments" means the regularly scheduled payments of principal and interest as more particularly set forth in the documents listed on **Schedule 1** attached hereto.

5. In foreclosing on Senior Lender's security interests and liens in the Collateral in accordance with the Senior Lender Loan Agreement and the other Loan Documents, Senior Lender may proceed to foreclose on Senior Lender's security interests and liens in any manner which Senior Lender, in its sole discretion, chooses, even though a higher price might have been realized

if Senior Lender had proceeded to foreclose on Senior Lender's security interests and liens in another manner.

6. Except for Subordinated Lender Permitted Payments which are allowed in accordance with Section 4(b) above, all of the Senior Indebtedness shall first be indefeasibly paid in full in cash before any payment on account of principal, premium or interest or otherwise is made upon or in respect of the Subordinated Indebtedness, and any payment or distribution of any kind or character, whether in cash or property or securities which may be payable or deliverable in respect of the Subordinated Indebtedness shall be paid or delivered directly to Senior Lender for application in payment of the Senior Indebtedness, unless and until all such Senior Indebtedness shall have been indefeasibly paid and satisfied in full in cash and Senior Lender advises Subordinated Lender in writing that Borrower has indefeasibly satisfied in full in cash, the Senior Indebtedness and that Senior Lender has terminated its security interests in and liens on the Collateral. Except for Subordinated Lender Permitted Payments which are allowed in accordance with Section 4(b) above, in the event that, notwithstanding the foregoing, any payment or distribution of assets of Borrower shall be received by the Subordinated Lender before all Senior Indebtedness is indefeasibly paid in full in cash, such payment or distribution shall be immediately paid over to Senior Lender, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been indefeasibly paid in full in cash.

7. Until all Senior Indebtedness has been indefeasibly paid in full, Subordinated Lender hereby irrevocably appoints, which appointment is irrevocable and coupled with an interest, Senior Lender as such Subordinated Lender's true and lawful attorney, with full power of substitution, in the name of such Subordinated Lender, Senior Lender or otherwise, for the sole use and benefit of Senior Lender, to the extent permitted by law, to prove all claims relating to the Subordinated Indebtedness, either in the name of Senior Lender or in the name of Subordinated Lender, by proof of debt, proof of claim, suit or otherwise, to collect any assets of Borrower that secures the Senior Indebtedness and to receive and collect all distributions, securities, property and payments to which the Subordinated Lender would be otherwise entitled in a case under either under Chapter 11 or under Chapter 7 of the Bankruptcy Code (a "Bankruptcy Case").

8. Subordinated Lender agrees that it will not take any action that will impede, interfere with or restrict or restrain the exercise by Senior Lender of rights and remedies under the Loan Documents and will take such commercially reasonable actions as the holder of the Subordinated Indebtedness as may be reasonably necessary or appropriate to effectuate the subordination provided in this Agreement. In furtherance thereof, the Subordinated Lender hereby agrees not to oppose Senior Lender's relief from the automatic stay in any Bankruptcy Case and the exercise of any remedy by Senior Lender in any Bankruptcy Case, or for adequate protection in respect of the Senior Indebtedness, or other relief supported, by Senior Lender in any Bankruptcy Case.

9. Until all Senior Indebtedness has been indefeasibly paid in full, Subordinated Lender shall have no right to participate in the adjustment or settlement of any insurance losses or condemnation claims with respect to the Collateral. Subordinated Lender hereby agrees to endorse in favor of Senior Lender any and all checks payable to Subordinated Lender which represent insurance and/or condemnation proceeds paid for claims relating to the Collateral in any manner. Until all Senior Indebtedness has been indefeasibly paid in full, Subordinated Lender agrees, upon

request by Senior Lender, to assign to Senior Lender any and all insurance proceeds and condemnation awards payable to Subordinated Lender for claims relating to the Collateral. Until all Senior Indebtedness has been indefeasibly paid in full, Subordinated Lender hereby appoints Senior Lender as Subordinated Lender's attorney-in-fact to settle all insurance and/or condemnation claims relating to the Collateral and to receive all payments and endorse all checks with respect to such claims to the full extent of the Senior Indebtedness. Subordinated Lender shall have no right to possession of any portion of the Collateral or to foreclose upon any portion of the Collateral, whether by judicial action or otherwise, unless and until all of the Senior Indebtedness shall have been paid in full, in cash.

10. Subordinated Lender, for itself and its successors and assigns, hereby expressly waives any right that it otherwise might have to require Senior Lender to marshal any of the property of Borrower, to resort to Collateral in any particular order or manner, whether provided for by common law or statute, or to enforce any Lien given by Borrower as a condition precedent or concurrent to the exercise of any of its remedies.

11. Subordinated Lender expressly agrees that Senior Lender may, in its sole and absolute discretion, without notice to or consent of Subordinated Lender and without in any way releasing, affecting or impairing the obligations and liabilities of such Subordinated Lender or holder hereunder: (a) waive compliance with, or any default under, or grant any other indulgences with respect to, the Loan Documents; (b) modify, amend or change any provisions of the Loan Documents; (c) grant extensions or renewals of or with respect to the Loan Documents, and/or effect any release, compromise or settlement in connection therewith; (d) agree to the substitution, exchange, release or other disposition of Borrower, or of all or any part of the Collateral securing the Senior Indebtedness (whether or not anything or any amount is received in return therefor); (e) make advances for the purpose of performing any term or covenant contained in the Loan Documents, with respect to which Borrower shall be in default; (f) assign or otherwise transfer the Loan Documents, including, without limitation, this Agreement, or any interest therein; and (g) deal in all respects with Borrower, the Senior Indebtedness or any Collateral securing the Senior Indebtedness as if this Agreement were not in effect. The obligations of Borrower and Subordinated Lender under this Agreement shall be absolute and unconditional, irrespective of the genuineness, validity, regularity, enforceability or priority of the Loan Documents or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor. No exercise or non-exercise by Senior Lender of any right given to it hereunder or under the Loan Documents, and no change, impairment or suspension of any right or remedy of Senior Lender, shall in any way affect any of Subordinated Lender's obligations hereunder or give Subordinated Lender any recourse against Senior Lender. No right of any current or future holder of any Senior Indebtedness to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Borrower; by any act or failure to act by any such holder, by any act or failure to act by any other holder of the Senior Indebtedness, or by any noncompliance by Borrower with the terms hereof, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

12. This Agreement is intended to be enforceable as a subordination agreement under Section 510 of the Bankruptcy Code.

13. The Subordinated Lender will execute such further documents or instruments and take such further action as the Senior Lender may request from time to time request to carry out the intent of this Agreement.

14. The Senior Lender may, from time to time, whether before or after any discontinuance of this Agreement, in its sole discretion and without notice to Subordinated Lender, assign or transfer any or all of the Senior Indebtedness or any interest in the Senior Indebtedness; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer of the Senior Indebtedness, such Senior Indebtedness shall be and remain Senior Indebtedness for the purposes of this Agreement, and every immediate and successive assignee or transferee of any of the Senior Indebtedness or of any interest in the Senior Indebtedness shall, to the extent of the interest of such assignee or transferee in the Senior Indebtedness, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the Senior Lender, as applicable; provided, however, that, unless the Senior Lender shall otherwise consent in writing, the Senior Lender shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement, for the benefit of the Senior Lender, as to those of the Senior Indebtedness which the Senior Lender has not assigned or transferred.

15. Subordinated Lender shall not sell, assign or otherwise dispose of any of the Subordinated Indebtedness except with the prior written consent of Senior Lender and except to a Person who agrees in advance in writing, pursuant to an agreement in form acceptable to Senior Lender, to become a party hereto. Subordinated Lender shall give Senior Lender at least thirty (30) days' prior written notice of any such proposed transfer stating the identity of the transferee and providing such other information as Senior Lender shall require.

16. No delay on the part of the Senior Lender in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by the Senior Lender of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Agreement be binding upon the Senior Lender except as expressly set forth in a writing duly signed and delivered on behalf of the Senior Lender.

17. This Agreement shall be binding upon Subordinated Lender and upon the heirs, legal representatives, successors and assigns of Subordinated Lender and the successors and assigns of the Senior Lender.

18. All notices, requests and demands to or upon the respective parties hereto shall be in writing and either be delivered by (a) registered or certified mail, (b) hand, (c) national overnight courier service with next business day delivery, or (d) electronic mail, and shall be deemed to have been duly given or made (i) three (3) business days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (ii) on the date when hand-delivered, (iii) one (1) business day after deposit with a national overnight courier with next business day delivery with all charges prepaid, or (iv) the date sent, if sent by electronic mail (and the sender does not receive a "bounce-back" of such electronic mail indicating that the transmission was not sent or received by the recipient). All notices, requests and demands are to be given or made to the respective parties at the following addresses (or to such other

addresses as either party may designate by notice in accordance with the provisions of this paragraph).

If to Senior Lender:

GemCap Solutions, LLC
9901 I.H. 10 West, Suite 800
San Antonio, TX 78230
Attn: David Ellis
Email: dellis@gemcapsolutions.com

If to Subordinated Lender:

_____ (Name)
_____ (Title, if applicable)
_____(Address)
_____(Address)
Attn: _____(Name)
Email: _____

With a copy to:
_____(Name)
_____(Title, if applicable)
_____(Address)
_____ (Address)
Attn: _____(Name)
Email: _____

19. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND APPLICABLE FEDERAL LAW. THE PARTIES AGREE AND ACKNOWLEDGE THAT THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF TEXAS AND WAS MADE BY SUBORDINATED LENDER IN THE STATE OF TEXAS, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY. TO THE FULLEST EXTENT PERMITTED BY LAW, SUBORDINATED LENDER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY RIGHT TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT.

20. WAIVER OF JURY TRAIL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, SUBORDINATED LENDER HEREBY WAIVES ANY AND ALL RIGHTS IT MAY HAVE NOW OR HEREAFTER UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR ANY STATE TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING EITHER DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING BETWEEN SUBORDINATED LENDER, LENDER OR ITS SUCCESSORS AND ASSIGNS, OUT OF OR IN ANY WAY CONNECTED WITH THE LOAN DOCUMENTS, THE OBLIGATIONS AND/OR THE COLLATERAL. IT IS INTENDED THAT SAID WAIVER SHALL APPLY TO ANY AND ALL DEFENSES,

RIGHTS, AND/OR COUNTERCLAIMS IN ANY ACTION OR PROCEEDINGS BETWEEN SUBORDINATED LENDER AND LENDER. SUBORDINATED LENDER WAIVES ALL RIGHTS TO INTERPOSE ANY CLAIMS, DEDUCTIONS, SETOFFS OR COUNTERCLAIMS OF ANY KIND, NATURE OR DESCRIPTION IN ANY ACTION OR PROCEEDING INSTITUTED BY BUYER WITH RESPECT TO THE LOAN DOCUMENTS, THE OBLIGATIONS, THE COLLATERAL OR ANY MATTER ARISING THEREFROM OR RELATING THERETO, EXCEPT COMPULSORY COUNTERCLAIMS. THE PARTIES ACKNOWLEDGE THAT A RIGHT TO A JURY TRAIL IS A CONSTITUTIONAL RIGHT, THAT THEY HAVE HAD AN OPPORTUNITY TO CONSULT WITH INDEPENDENT COUNSEL, AND THAT THIS JURY WAIVER HAS BEEN ENTERED INTO KNOWINGLY AND VOLUNTARILY BY ALL PARTIES TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

21. CONSENT TO JURISDICTION. SUBORDINATED LENDER HEREBY (a) IRREVOCABLY SUBMITS AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY TEXAS STATE OR FEDERAL COURT SITTING IN BEXAR COUNTY, TEXAS WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR ANY MATTER ARISING THEREFROM OR RELATING THERETO, (b) AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH TEXAS STATE OR FEDERAL COURT, (c) WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE OR FORUM NON CONVENIENS WITH RESPECT THERETO, AND (d) AGREES THAT A FINAL JUDGMENT IN ANY SUCH SUIT, ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. IN ANY SUCH ACTION OR PROCEEDING, SUBORDINATED LENDER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT OR OTHER PROCESS AND PAPERS THEREIN AND AGREES THAT THE SERVICE THEREOF MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO SUBORDINATED LENDER AT ITS NOTICE ADDRESS AS SET FORTH HEREIN OR OTHER ADDRESS THEREOF OF WHICH LENDER HAS RECEIVED NOTICE AS PROVIDED IN THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, SUBORDINATED LENDER CONSENTS TO THE COMMENCEMENT BY LENDER OF ANY SUIT, ACTION OR PROCEEDING IN ANY OTHER JURISDICTION TO ENFORCE LENDER'S RIGHTS AND SUBORDINATED LENDER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING.

22. This Agreement and any supplements or amendments hereto represents the entire agreement and understanding concerning the subject matter hereof among the parties hereto, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written. In the event of any inconsistency between the terms of this Agreement and any schedule or exhibit hereto, the terms of this Agreement shall govern.

23. This Agreement may be executed in counterparts and by facsimile or other electronic signatures, each of which when so executed, shall be deemed an original, but all of which shall constitute but one and the same instrument.

24. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Subordination Agreement to be duly executed and delivered as of the date set forth above.

SUBORDINATED LENDER:

_____

By:_____

Name:_____

Title:_____

Address:_____

_____

Email:_____

Phone Number:_____

SENIOR LENDER:

GEMCAP SOLUTIONS, LLC

By:_____

Name:_____

Title:_____

THE UNDERSIGNED BORROWER ACCEPTS AND CONSENTS TO THE TERMS OF THIS AGREEMENT:

LOOP MEDIA, INC.

By:_____

Name:_____

Title:_____

RETAIL MEDIA TV, INC.

By:_____

Name:_____

Title:_____

Schedule 1

List of Subordinated Loan Documents

1. Secured Non-Revolving Line of Credit Promissory Note, dated as of May 10, 2023, by Loop Media, Inc. in favor of the Subordinated Lender listed below in the initial principal amount listed below:

SUBORDINATED LENDER	PRINCIPAL AMOUNT OF SUBORDINATED LOAN
Name Address Phone Email	$_____

2. Secured Non-Revolving Line of Credit Loan Agreement, dated as of May 10, 2023, by and between Loop Media, Inc. and the Subordinated Lender

NON-REVOLVING LINE OF CREDIT LOAN AGREEMENT
AMENDMENT NO. 2

This Non-Revolving Line of Credit Line of Credit Loan Agreement Amendment No. 2 (the "**Amendment**") is effective as of May 10, 2023, between Loop Media, Inc., a Nevada corporation (the "**Borrower**") and Excel Family Partners LLLP and (the "**Lender**"). Each of the Borrower and Lender is a "Party" to this Amendment and together are "Parties." Terms used herein but not otherwise defined herein have the meaning given to such terms in the Loan Agreement (defined below).

WHEREAS, the Borrower has entered into that certain Non-Revolving Line of Credit Agreement (the "**Agreement**"), with an Effective Date of April 25, 2022, with Lender for a non-revolving line of credit not to exceed the sum of US$4,022,986.00, in aggregate.

WHEREAS, the Parties entered into a Non-Revolving Line of Credit Loan Agreement Amendment effective as of December 14, 2022, agreeing that the Line of Credit Maturity Date shall be extended from eighteen (18) months from the date of the Agreement to twenty-four (24) months from the date of the Agreement;

WHEREAS, the Parties have agreed that the Line of Credit Maturity Date shall be further extended from twenty-four (24) months from the date of the Agreement to twenty-five (25) months from the date of the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Borrower and the Lender agree as follows:

1. Extension of Line of Credit Maturity Date.

Section I – Definitions and Interpretation – 1.1 Terms Defined – "Line of Credit Maturity Date" in the Agreement is hereby removed and replaced in its entirety by the following:

"Line of Credit Maturity Date – Twenty-five (25) months from the Effective Date."

2. Miscellaneous.

(a) Governing Law. This Amendment will be governed by and construed in accordance with the internal laws of the State of Florida without giving effect to any choice or conflict of law provision or rule.

(b) Counterparts. This Amendment may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(c) Entire Agreement. This Amendment, together with the Agreement, constitute the full and entire understanding and agreement between the parties with regard to the subject hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be duly executed by their respective authorized signatories as of the date first indicated above.

BORROWER

LOOP MEDIA, INC.

Address for Notice:

700 N. Central Avenue, Suite 430

Glendale, CA 91203

Email: neil@loop.tv; patrick@loop.com

By: /s/ Neil Watanabe

Name: Neil Watanabe

Title: CFO

LENDER

Excel Family Partners, LLLP

Address for Notice:
103 Plaza Dr. Suite B

St. Clairsville, OH 43950

Email: bcassidysr@yahoo.com

By: Fortress Holdings, LLC, its General Partner

By: /s/ Bruce A. Cassidy, Sr.

Authorized Signatory: Bruce A. Cassidy, Sr.

Title: Manager

NON-REVOLVING LINE OF CREDIT PROMISSORY NOTE
AMENDMENT NO. 2

This Non-Revolving Line of Credit Promissory Note Amendment No. 2 (the "**Amendment**") is effective as of May 10, 2023, between Loop Media, Inc., a Nevada corporation (the "**Borrower**") and Excel Family Partners LLLP and its successors and assigns (together with successors and assigns, the "**Lender**"). Each of the Borrower and Lender is a "Party" to this Amendment and together are "Parties." Terms used herein but not otherwise defined herein have the meaning given to such terms in the Note (defined below).

WHEREAS, the Borrower has issued to Lender that certain Non-Revolving Line of Credit Promissory Note (the "**Note**"), dated as of April 25, 2022, in the principal amount of US$4,022,986.00.

WHEREAS, the Parties entered into a Non-Revolving Line of Credit Promissory Note Amendment effective as of December 14, 2022, agreeing that the Maturity Date of the Note shall be extended from eighteen (18) months from the date of the Note to twenty-four (24) months from the date of the Note;

WHEREAS, the Parties have agreed that the Maturity Date of the Note shall be further extended from twenty-four (24) months from the date of the Note to twenty-five (25) months from the date of the Note.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Borrower and the Lender agree as follows:

1. Extension of Maturity Date.

The definition of "Maturity Date" in the Note is hereby removed and replaced in its entirety by the following:

"For purposes of this Note, the maturity date shall be twenty-five (29) months from the date of this Note (the "**Maturity Date**")."

2. Miscellaneous.

(a) Governing Law. This Amendment will be governed by and construed in accordance with the internal laws of the State of Florida without giving effect to any choice or conflict of law provision or rule.

(b) Counterparts. This Amendment may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(c) Entire Agreement. This Amendment, together with the Note, constitute the full and entire understanding and agreement between the parties with regard to the subject hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be duly executed by their respective authorized signatories as of the date first indicated above.

BORROWER

LOOP MEDIA, INC.

Address for Notice:

700 N. Central Avenue, Suite 430

Glendale, CA 91203

Email: neil@loop.tv; patrick@loop.com

By: /s/ Neil Watanabe

Name: Neil Watanabe

Title: CFO

Agreed to and accepted:

LENDER

EXCEL FAMILY PARTNERS, LLLP

Address for Notice:
103 Plaza Dr. Suite B

St. Clairsville, OH 43950

Email: bcassidysr@yahoo.com

By: Fortress Holdings, LLC, its General Partner

By: /s/ Bruce A. Cassidy, Sr.

Authorized Signatory: Bruce A. Cassidy, Sr.

Title: Manager

LOOP MEDIA, INC.

Common Stock
(par value $0.0001 per share)

At Market Issuance Sales Agreement

May 12, 2023

B. Riley Securities, Inc.
299 Park Avenue, 21st Floor
New York, NY 10171

Ladies and Gentlemen:

Loop Media, Inc., a Delaware corporation (the "Company"), confirms its agreement (this "Agreement") with B. Riley Securities, Inc. (the "Agent") as follows:

1. Issuance and Sale of Shares. The Company agrees that, from time to time during the term of this Agreement, on the terms and subject to the conditions set forth herein, it may issue and sell through the Agent, shares (the "Placement Shares"); of the Company's common shares, par value $0.0001 per share (the "Common Stock"); *provided however,* that in no event shall the Company issue or sell through the Agent such number of Placement Shares that (a) exceeds the number of shares or dollar amount of Common Stock registered on the effective Registration Statement (as defined below) pursuant to which the offering is being made or (b) exceeds the number of shares or dollar amount registered on the Prospectus Supplement (as defined below) (the lesser of (a) or (b) the "Maximum Amount") and *provided further*, *however*, that in no event shall the aggregate number of Placement Shares sold pursuant to this agreement exceed the number of authorized but unissued shares of Common Stock. Notwithstanding anything to the contrary contained herein, the parties hereto agree that compliance with the limitations set forth in this Section 1 on the dollar amount of Placement Shares issued and sold under this Agreement shall be the sole responsibility of the Company and that the Agent shall have no obligation in connection with such compliance. The issuance and sale of Placement Shares through the Agent will be effected pursuant to the Registration Statement (as defined below), although nothing in this Agreement shall be construed as requiring the Company to use the Registration Statement to issue any Placement Shares.

The Company has filed, in accordance with the provisions of the Securities Act of 1933, as amended and the rules and regulations thereunder (the "Securities Act"), with the Securities and Exchange Commission (the "Commission"), a registration statement on Form S-3, including a base prospectus relating to certain securities, including the Placement Shares to be issued from time to time by the Company, and which incorporates by reference documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended and the rules and regulations thereunder (the "Exchange Act"). The Company has prepared a prospectus specifically relating to the Placement Shares (the "Prospectus Supplement"). The Company will furnish to the Agent, for use by the Agent, copies of the base prospectus and Prospectus Supplement included as part of any such registration statement, as supplemented by the Prospectus Supplement, relating to the Placement Shares. Except where the context otherwise requires, such registration statement, and any post-effective amendment thereto, including all documents filed as part thereof or incorporated by reference therein, and including any information contained in a Prospectus (as defined below) subsequently filed with the Commission pursuant to Rule 424(b) under the Securities Act or deemed to be a part of such registration statement pursuant to Rule 430B of the Securities Act, or any subsequent registration statement on Form S-3 filed pursuant to Rule 415(a)(6) under the Securities Act by the Company to cover any Placement Shares, is herein called the "Registration Statement." The base prospectus, including all documents incorporated or deemed incorporated therein by reference to the extent such information has not been superseded or modified in accordance with Rule 412 under the Securities Act (as qualified by Rule 430B(g) of the Securities Act), included in the Registration Statement, as it may be supplemented by the Prospectus Supplement, in the form in which such base Prospectus and/or Prospectus Supplement have most recently been filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act is herein called the "Prospectus." Any reference herein to the Registration Statement, the Prospectus or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated by reference therein, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission incorporated by reference therein (the "Incorporated Documents").

For purposes of this Agreement, all references to the Registration Statement, the Prospectus or to any amendment or supplement thereto shall be deemed to include the most recent copy filed with the Commission pursuant to its Electronic Data Gathering Analysis and Retrieval System, or if applicable, the Interactive Data Electronic Application system when used by the Commission (collectively, "EDGAR").

2. Placements. Each time that the Company wishes to issue and sell Placement Shares hereunder (each, a "Placement"), it will notify the Agent by electronic mail (or other method mutually agreed to in writing by the parties) of the number of Placement Shares, the time period during which sales are requested to be made, any limitation on the number of Placement Shares that may be sold in any one day and any minimum price below which sales may not be made (a "Placement Notice"), the form of which is attached hereto as Schedule 1. The Placement Notice shall originate from any of the individuals from the Company set forth on Schedule 3 (with a copy to each of the other individuals from the Company listed on such schedule), and shall be addressed to each of the individuals from the Agent set forth on Schedule 3, as such Schedule 3 may be amended from time to time. The Placement Notice shall be effective immediately upon receipt by the Agent unless and until (i) the Agent declines to accept the terms contained therein for any reason, in its sole discretion, (ii) the entire amount of the Placement Shares thereunder has been sold, (iii) the Company suspends or terminates the Placement Notice, which suspension and termination rights may be exercised by the Company in its sole discretion, or (iv) this Agreement has been terminated under the provisions of Section 13. The amount of any discount, commission or other compensation to be paid by the Company to the Agent in connection with the sale of the Placement Shares shall be calculated in accordance with the terms set forth in Schedule 2. It is expressly acknowledged and agreed that neither the Company nor the Agent will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to the Agent and the Agent does not decline such Placement Notice pursuant to the terms set forth above, and then only upon the terms specified therein and herein. In the event of a conflict between the terms of Sections 2 or 3 of this Agreement and the terms of a Placement Notice, the terms of the Placement Notice will control.

3. Sale of Placement Shares by the Agent. Subject to the terms and conditions of this Agreement, for the period specified in a Placement Notice, the Agent will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the Nasdaq Stock Market (the "Exchange"), to sell the Placement Shares up to the amount specified in, and otherwise in accordance with the terms of, such Placement Notice. The Agent will provide written confirmation to the Company no later than the opening of the Trading Day (as defined below) immediately following the Trading Day on which it has made sales of Placement Shares hereunder setting forth the number of Placement Shares sold on such day, the compensation payable by the Company to the Agent pursuant to Section 2 with respect to such sales, and the Net Proceeds (as defined below) payable to the Company, with an itemization of the deductions made by the Agent (as set forth in Section 5(b)) from the gross proceeds that it receives from such sales. Subject to the terms of a Placement Notice, the Agent may sell Placement Shares by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415 of the Securities Act, including on a principal basis. "Trading Day" means any day on which shares of Common Stock are purchased and sold on the Exchange.

4. Suspension of Sales. The Company or the Agent may, upon notice to the other party in writing (including by email correspondence to each of the individuals of the other party set forth on Schedule 3, if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply) or by telephone (confirmed immediately by verifiable facsimile transmission or email correspondence to each of the individuals of the other party set forth on Schedule 3), suspend any sale of Placement Shares (a "Suspension"); *provided, however*, that such suspension shall not affect or impair any party's obligations with respect to any Placement Shares sold hereunder prior to the receipt of such notice. While a Suspension is in effect, any obligation under Sections 7(l), 7(m), and 7(n) with respect to the delivery of certificates, opinions, or comfort letters to the Agent, shall be waived. Each of the parties agrees that no such notice under this Section 4 shall be effective against any other party unless it is made to one of the individuals named on Schedule 3 hereto, as such Schedule may be amended from time to time.

5. Sale and Delivery to the Agent; Settlement.

a. Sale of Placement Shares. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, upon the Agent's acceptance of the terms of a Placement Notice, and unless the sale of the Placement Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement, the Agent, for the period specified in the Placement Notice, will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the Exchange to sell such Placement Shares up to the amount specified in, and otherwise in accordance with the terms of, such Placement Notice. The Company acknowledges and agrees that (i) there can be no assurance that the Agent will be successful in selling Placement Shares, (ii) the Agent will incur no liability or obligation to the Company or any other person or entity if it does not sell Placement Shares for any reason other than a failure by the Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the Exchange to sell such Placement Shares as required under this Agreement and (iii) the Agent shall be under no obligation to purchase Placement Shares on a principal basis pursuant to this Agreement, except as otherwise agreed by the Agent and the Company.

b. Settlement of Placement Shares. Unless otherwise specified in the applicable Placement Notice, settlement for sales of Placement Shares will occur on the second (2nd) Trading Day (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made (each, a "Settlement Date"). The Agent shall notify the Company of each sale of Placement Shares no later than opening of the Trading day immediately following the Trading Day that the Agent sold Placement Shares. The amount of proceeds to be delivered to the Company on a Settlement Date against receipt of the Placement Shares sold (the "Net Proceeds") will be equal to the aggregate sales price received by the Agent, after deduction for (i) the Agent's commission, discount or other compensation for such sales payable by the Company pursuant to Section 2 hereof, and (ii) any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales.

c. Delivery of Placement Shares. On or before each Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Placement Shares being sold by crediting the Agent's or its designee's account (provided the Agent shall have given the Company written notice of such designee and such designee's account information at least one Trading Day prior to the Settlement Date) at The Depository Trust Company through its Deposit and Withdrawal at Custodian System or by such other means of delivery as may be mutually agreed upon by the parties hereto which in all cases shall be freely tradable, transferable, registered shares in good deliverable form. On each Settlement Date, the Agent will deliver the related Net Proceeds in same day funds to an account designated by the Company on, or prior to, the Settlement Date. The Company agrees that if the Company, or its transfer agent (if applicable), defaults in its obligation to deliver Placement Shares on a Settlement Date through no fault of the Agent, then in addition to and in no way limiting the rights and obligations set forth in Section 11(a) hereto, it will (i) hold the Agent harmless against any loss, claim, damage, or reasonable, documented expense (including reasonable and documented legal fees and expenses), as incurred, arising out of or in connection with such default by the Company or its transfer agent (if applicable) and (ii) pay to the Agent (without duplication) any commission, discount, or other compensation to which it would otherwise have been entitled absent such default.

d. Limitations on Offering Size. Under no circumstances shall the Company cause or request the offer or sale of any Placement Shares if, after giving effect to the sale of such Placement Shares, the aggregate number of Placement Shares sold pursuant to this Agreement would exceed the lesser of (A) together with all sales of Placement Shares under this Agreement, the Maximum Amount, (B) the amount available for offer and sale under the currently effective Registration Statement and (C) the amount authorized from time to time to be issued and sold under this Agreement by the Company's board of directors, a duly authorized committee thereof or a duly authorized executive committee, and notified to the Agent in writing. Under no circumstances shall the Company cause or request the offer or sale of any Placement Shares pursuant to this Agreement at a price lower than the minimum price authorized from time to time by the Company's board of directors, a duly authorized committee thereof or a duly authorized executive committee, and notified to the Agent in writing.

6. Representations and Warranties of the Company. Except as disclosed in the Registration Statement or Prospectus (including the Incorporated Documents), the Company represents and warrants to, and agrees with the Agent that as of the date of this Agreement and as of each Applicable Time (as defined below), unless such representation, warranty or agreement specifies a different date or time:

a. Registration Statement and Prospectus. The transactions contemplated by this Agreement meet the requirements for and comply with the conditions for the use of Form S-3 under the Securities Act. The Registration Statement has been or will be filed with the Commission and has been or will be declared effective under the Securities Act. The Prospectus Supplement will name the Agent as the agent in the section entitled "Plan of Distribution." The Company has not received, and has no notice of, any order of the Commission preventing or suspending the use of the Registration Statement, or threatening or instituting proceedings for that purpose. The Registration Statement and the offer and sale of Placement Shares as contemplated hereby meet the requirements of Rule 415 under the Securities Act and comply in all material respects with said Rule. Any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement have been so described or filed, as applicable. Copies of the Registration Statement, the Prospectus, and any such amendments or supplements and all documents incorporated by reference therein that were filed with the Commission on or prior to the date of this Agreement have been delivered, or are available through EDGAR, to the Agent and its counsel. The Company has not distributed and, prior to the later to occur of each Settlement Date and completion of the distribution of the Placement Shares, will not distribute any offering material in connection with the offering or sale of the Placement Shares other than the Registration Statement and the Prospectus and any Issuer Free Writing Prospectus (as defined below) to which the Agent has consented, which consent will not be unreasonably withheld, conditioned or delayed, or that is required by applicable law or the listing maintenance requirements of the Exchange. The Common Stock is currently quoted on the Exchange under the trading symbol "LPTV." The Company has not, in the 12 months preceding the date hereof, received notice from the Exchange to the effect that the Company is not in compliance with the listing or maintenance requirements of the Exchange. To the Company's knowledge, it is in compliance with all such listing and maintenance requirements.

b. No Misstatement or Omission. At each Settlement Date, the Registration Statement and the Prospectus, as of such date, will conform in all material respects with the requirements of the Securities Act. The Registration Statement, when it became or becomes effective, did not, and will not, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and any amendment and supplement thereto, on the date thereof and at each Applicable Time (defined below), did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The documents incorporated by reference in the Prospectus or any Prospectus Supplement did not, and any further documents filed and incorporated by reference therein will not, when filed with the Commission, contain an untrue statement of a material fact or omit to state a material fact required to be stated in such document or necessary to make the statements in such document, in light of the circumstances under which they were made, not misleading. The foregoing shall not apply to statements in, or omissions from, any such document made in reliance upon, and in conformity with, information furnished to the Company by the Agent specifically for use in the preparation thereof.

c. Conformity with Securities Act and Exchange Act. The Registration Statement, the Prospectus, any Issuer Free Writing Prospectus or any amendment or supplement thereto, and the Incorporated Documents, when such documents were or are filed with the Commission under the Securities Act or the Exchange Act or became or become effective under the Securities Act, as the case may be, conformed or will conform in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable.

d. Financial Information. The consolidated financial statements of the Company included or incorporated by reference in the Registration Statement and the Prospectus, together with the related notes and schedules, present fairly, in all material respects, the consolidated financial position of the Company and the Subsidiaries (as defined below) as of the dates indicated and the consolidated results of operations, cash flows and changes in stockholders' equity of the Company and the Subsidiaries for the periods specified (subject, in the case of unaudited statements, to normal year-end audit adjustments which will not be material, either individually or in the aggregate) and have been prepared in compliance with the published requirements of the Securities Act and Exchange Act, as applicable, and in conformity with generally accepted accounting principles in the United States ("GAAP") applied on a consistent basis (except (i) for such adjustments to accounting standards and practices as are noted therein and (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) during the periods involved; the other financial and statistical data with respect to the Company and the Subsidiaries contained or incorporated by reference in the Registration Statement and the Prospectus, are accurately and fairly presented and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included or incorporated by reference in the Registration Statement, or the Prospectus that are not included or incorporated by reference as required; the Company and the Subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off balance sheet obligations), not described in the Registration Statement, and the Prospectus which are required to be described in the Registration Statement or Prospectus; and all disclosures contained or incorporated by reference in the Registration Statement and the Prospectus, if any, regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Securities Act, to the extent applicable.

e. Conformity with EDGAR Filing. The Prospectus delivered to the Agent for use in connection with the sale of the Placement Shares pursuant to this Agreement will be identical to the versions of the Prospectus created to be transmitted to the Commission for filing via EDGAR, except to the extent permitted by Regulation S-T.

f. Organization. The Company and any subsidiary that is a significant subsidiary (as such term is defined in Rule 1-02 of Regulation S-X promulgated by the Commission) (each, a "Subsidiary," collectively, the "Subsidiaries"), are, and will be, duly incorporated or organized, as the case may be, and are validly existing as a corporation or other corporate entity and in good standing under the laws of their respective jurisdictions of incorporation or organization. The Company and the Subsidiaries are duly licensed or qualified as a foreign corporation or other entity for the transaction of business and in good standing under the laws of each other jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such license or qualification, and have all requisite power and authority necessary to own or hold their respective properties and to conduct their respective businesses as described in the Registration Statement and the Prospectus, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the assets, business, operations, earnings, properties, condition (financial or otherwise), prospects, stockholders' equity or results of operations of the Company and the Subsidiaries taken as a whole, or prevent the consummation of the transactions contemplated hereby (a "Material Adverse Effect").

g. Subsidiaries. The Company owns directly or indirectly, all of the equity interests of the Subsidiaries free and clear of any lien, charge, security interest, encumbrance, right of first refusal or other restriction, and all the equity interests of the Subsidiaries are validly issued and are fully paid, nonassessable and free of preemptive and similar rights. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21.1 to the Company's Annual Report on Form 10-K for the most recently ended fiscal year (the "Form 10-K") and other than (i) those Subsidiaries not required to be listed on Exhibit 21.1 by Item 601 of Regulation S-K under the Exchange Act and (ii) those Subsidiaries formed since the last day of the most recently ended fiscal year.

h. No Violation or Default. Neither the Company nor any Subsidiary is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other similar agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound or to which any of the property or assets of the Company or any Subsidiary is subject; or (iii) in violation of any law or statute or any judgment, order, decree, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of each of clauses (ii) and (iii) above, for any such violation or default that would not, individually or in the aggregate, have a Material Adverse Effect. To the Company's knowledge, no other party under any material contract or other agreement to which it or any Subsidiary is a party is in default in any respect thereunder where such default would have a Material Adverse Effect.

i. No Material Adverse Effect. Since the date of the most recent financial statements of the Company included or incorporated by reference in the Registration Statement and Prospectus, there has not been (i) any Material Adverse Effect, or any development that would be reasonably expected to result in a Material Adverse Effect, (ii) any transaction which is material to the Company and the Subsidiaries taken as a whole, (iii) any obligation or liability, direct or contingent (including any off-balance sheet obligations), incurred by the Company or the Subsidiaries, which is material to the Company and the Subsidiaries taken as a whole, (iv) any material change in the capital stock (other than (A) the grant of additional options or other equity awards under the Company's existing equity incentive plans, (B) changes in the number of outstanding Common Stock of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, Common Stock outstanding on the date hereof, (C) as a result of the issuance of Placement Shares, (D) any repurchases of capital stock of the Company, (E) as described in a proxy statement filed on Schedule 14A or a Registration Statement on Form S-4, or (F) otherwise publicly announced) or outstanding long-term indebtedness of the Company or the Subsidiaries or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any Subsidiary, other than in each case above in the ordinary course of business or as otherwise disclosed in the Registration Statement or Prospectus (including any document incorporated by reference therein).

j. Capitalization. The issued and outstanding shares of capital stock of the Company have been validly issued, are fully paid and non-assessable and, other than as disclosed in the Registration Statement and the Prospectus, are not subject to any preemptive rights, rights of first refusal or similar rights. The Company has an authorized, issued and outstanding capitalization as set forth in the Registration Statement and the Prospectus as of the dates referred to therein (other than (i) the grant of additional options or other equity awards under the Company's existing equity incentive plans disclosed in the Registration Statement and the Prospectus, (ii) changes in the number of outstanding Common Stock of the Company due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, Common Stock outstanding on the date hereof, (iii) as a result of the issuance of Placement Shares, or (iv) any repurchases of capital stock of the Company) and such authorized capital stock conforms to the description thereof set forth in the Registration Statement and the Prospectus. The description of the Common Stock in the Registration Statement and the Prospectus is complete and accurate in all material respects. Except as disclosed in or contemplated by the Registration Statement or the Prospectus including any Incorporated Documents, the Company did not have outstanding any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into, or exchangeable for, or any contracts or commitments to issue or sell, any shares of capital stock or other securities.

k. Awards. With respect to the stock options, stock bonus or other equity awards and other stock plan or arrangements (the "Awards") granted pursuant to the stock-based compensation plans of the Company (the "Company Stock Plans"), (i) each Award intended to qualify as an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), so qualifies, (ii) each grant of a an Award was duly authorized no later than the date on which the grant of such Award was by its terms to be effective (the "Grant Date") by all necessary corporate action, including, as applicable, approval by the board of directors of the Company (or a duly constituted and authorized committee thereof) and any required stockholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, (iii) each such grant was made in all material respects in accordance with the terms of the Company Stock Plans, the Exchange Act and all other applicable laws and regulatory rules or requirements including the rules of the Exchange (such rules the "Exchange Rules") and any other exchange on which Company securities are traded, and (iv) each such grant was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of the Company and disclosed in the Company's filings with the Commission in accordance with the Exchange Act. The Company has not knowingly granted, and there is no and has been no policy or practice of the Company of granting, Awards prior to, or otherwise coordinating the grant of Awards with, the release or other public announcement of material information regarding the Company or the Subsidiaries or their results of operations or prospects

l. S-3 Eligibility. At the time the Registration Statement was declared effective, and at the time the Company's most recent Annual Report on Form 10-K was filed with the Commission, the Company met or will meet the then applicable requirements for the use of Form S-3 under the Securities Act, including compliance with General Instruction I.B.1 of Form S-3. The Company is not a shell company (as defined in Rule 405 under the Securities Act) and has not been a shell company for at least 12 calendar months previously and if it has been a shell company at any time previously, has filed current Form 10 information (as defined in General Instruction I.B.6 of Form S-3) with the Commission at least 12 calendar months previously reflecting its status as an entity that is not a shell company.

m. Authorization; Enforceability. The Company has full legal right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except to the extent that (i) enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles and (ii) the indemnification and contribution provisions of Section 11 hereof may be limited by federal or state securities laws and public policy considerations in respect thereof.

n. Authorization of Placement Shares. The Placement Shares, when issued and delivered pursuant to the terms approved by the board of directors of the Company or a duly authorized committee thereof, or a duly authorized executive committee, against payment therefor as provided herein, will be duly and validly authorized and issued and fully paid and nonassessable, free and clear of any pledge, lien, encumbrance, security interest or other claim (other than any pledge, lien, encumbrance, security interest or other claim arising from an act or omission of the Agent or a purchaser), including any statutory or contractual preemptive rights, resale rights, rights of first refusal or other similar rights, and will be registered pursuant to Section 12 of the Exchange Act. The Placement Shares, when issued, will conform in all material respects to the description thereof set forth in or incorporated into the Prospectus.

o. No Consents Required. No consent, approval, authorization, order, permit, certification, registration or qualification of or with any court or arbitrator or any governmental or regulatory authority is required for the execution, delivery and performance by the Company of this Agreement, and the issuance and sale by the Company of the Placement Shares as contemplated hereby, except for such consents, approvals, authorizations, orders and registrations or qualifications (i) as may be required by the by-laws and rules of the Financial Industry Regulatory Authority ("FINRA") and the NYSE Market and (ii) as have been previously obtained by the Company.

p. No Preferential Rights. (i) No person, as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Securities Act (each, a "Person"), has the right, contractual or otherwise, to cause the Company to issue or sell to such Person any Common Stock or shares of any other capital stock or other securities of the Company (other than upon the exercise of options or warrants to purchase Common Stock or upon the exercise of options that may be granted from time to time under the Company's equity incentive plan), (ii) no Person has any preemptive rights, rights of first refusal, or any other rights (whether pursuant to a "poison pill" provision or otherwise) to purchase any Common Stock or shares of any other capital stock or other securities of the Company from the Company which have not been duly waived with respect to the offering contemplated hereby, (iii) no Person has the right to act as an underwriter, agent or as a financial advisor to the Company in connection with the offer and sale of the Common Stock, and (iv) no Person has the right, contractual or otherwise, to require the Company to register under the Securities Act any Common Stock or shares of any other capital stock or other securities of the Company, or to include any such shares or other securities in the Registration Statement or the offering contemplated thereby, whether as a result of the filing or effectiveness of the Registration Statement or the sale of the Placement Shares as contemplated thereby or otherwise, except in each case for such rights as have been waived on or prior to the date hereof.

q. Independent Public Accountant. Marcum LLP (the "Accountant"), whose report on the consolidated financial statements of the Company is filed with the Commission as part of the Company's most recent Annual Report on Form 10-K filed with the Commission and incorporated into the Registration Statement, are and, during the periods covered by their report, were independent public accountants within the meaning of the Securities Act and the Public Company Accounting Oversight Board (United States). To the Company's knowledge, the Accountant is not in violation of the auditor independence requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") with respect to the Company.

r. Enforceability of Agreements. All agreements between the Company and third parties expressly referenced in the Registration Statement or the Prospectus, other than such agreements that have expired by their terms or whose termination is disclosed in documents filed by the Company on EDGAR, are legal, valid and binding obligations of the Company and, to the Company's knowledge, enforceable in accordance with their respective terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles and except for any unenforceability that, individually or in the aggregate, would not have a Material Adverse Effect.

s. No Litigation. There are no legal or governmental proceedings pending or threatened to which the Company or any Subsidiary is a party or to which any of the properties of the Company or any Subsidiary is subject (i) other than proceedings accurately described in all material respects in the Prospectus and proceedings that would not have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated by the Prospectus or (ii) that are required to be described in the Registration Statement or the Prospectus and are not so described; and there are no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required other than such statutes, regulations, contracts or other documents the failure to describe or file that would not have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole.

t. Licenses and Permits. The Company and the Subsidiaries possess or have obtained, all licenses, certificates, consents, orders, approvals, permits, registrations, qualifications and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as currently conducted, as described in the Registration Statement and the Prospectus (the "Permits"), except where the failure to possess, obtain or make the same would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any Subsidiary has received written notice of any proceeding relating to revocation or modification of any such Permit or has any reason to believe that such Permit will not be renewed in the ordinary course, except where the failure to obtain any such renewal would not, individually or in the aggregate, have a Material Adverse Effect.

u. No Material Defaults. Neither the Company nor any Subsidiary has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, would have a Material Adverse Effect. The Company has not filed a report pursuant to Section 13(a) or 15(d) of the Exchange Act since the filing of its last Annual Report on Form 10-K, indicating that it (i) has failed to pay any dividend or sinking fund installment on preferred stock or (ii) has defaulted on any installment on indebtedness for borrowed money or on any rental on one or more long-term leases, which defaults, individually or in the aggregate, would have a Material Adverse Effect.

v. Certain Market Activities. Neither the Company, nor any Subsidiary, nor, to the knowledge of the Company, any of their respective directors, officers or controlling persons has taken, directly or indirectly, any action designed or intended to stabilize or manipulate the price of any security of the Company, or which caused or resulted in, or which might in the future reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company.

w. Broker/Dealer Relationships. Neither the Company nor any Subsidiary or any related entities (i) is required to register as a "broker" or "dealer" in accordance with the provisions of the Exchange Act or (ii) directly or indirectly through one or more intermediaries, controls or is a "person associated with a member" or "associated person of a member" (within the meaning set forth in the FINRA Manual).

x. No Reliance. The Company has not relied upon the Agent or legal counsel for the Agent for any legal, tax or accounting advice in connection with the offering and sale of the Placement Shares.

y. Taxes. The Company and the Subsidiaries have filed all federal, state, local and foreign tax returns which have been required to be filed and paid all taxes shown thereon through the date hereof, to the extent that such taxes have become due and are not being contested in good faith, except where the failure to do so would not have a Material Adverse Effect. Except as otherwise disclosed in or contemplated by the Registration Statement or the Prospectus, no tax deficiency has been determined adversely to the Company or any Subsidiary which has had, or would have, individually or in the aggregate, a Material Adverse Effect. The Company has no knowledge of any federal, state or other governmental tax deficiency, penalty or assessment which has been or might be asserted or threatened against it which would have a Material Adverse Effect.

z. Title to Real and Personal Property. The Company and the Subsidiaries have good and valid title in fee simple to all items of real property and good and valid title to all personal property described in the Registration Statement or Prospectus as being owned by them that are material to the businesses of the Company or such Subsidiary, in each case free and clear of all liens, encumbrances and claims, except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries or (ii) would not, individually or in the aggregate, have a Material Adverse Effect. Any real property described in the Registration Statement or Prospectus as being leased by the Company and the Subsidiaries is held by them under valid, existing and enforceable leases, except those that (A) do not materially interfere with the use made or proposed to be made of such property by the Company or the Subsidiaries or (B) would not, individually or in the aggregate, have a Material Adverse Effect.

aa. Intellectual Property. The Company and the Subsidiary own or possess adequate enforceable rights to use all patents, patent applications, trademarks (both registered and unregistered), trade names, trademark registrations, service marks, service mark registrations, Internet domain name registrations, copyrights, copyright registrations, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) (collectively, the "Intellectual Property"), necessary for the conduct of their respective businesses as conducted as of the date hereof, except to the extent that the failure to own or possess adequate rights to use such Intellectual Property would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company and the Subsidiaries have not received any written notice of any claim of infringement or conflict which asserted Intellectual Property rights of others, which infringement or conflict, if the subject of an unfavorable decision, would result in a Material Adverse Effect. There are no pending, or to the Company's knowledge, threatened judicial proceedings or interference proceedings challenging the Company's or any Subsidiary's rights in or to or the validity of the scope of any of the Company's or its Subsidiaries' patents, patent applications, trademarks, other intellectual property or proprietary information. No other entity or individual has any right or claim in any of the Company's or any of its Subsidiary's patents, patent applications or any patent to be issued therefrom by virtue of any contract, license or other agreement entered into between such entity or individual and the Company or any Subsidiary or by any non-contractual obligation, other than by written licenses granted by the Company or any Subsidiary. The Company has not received any written notice of any claim challenging the rights of the Company or its Subsidiaries in or to any Intellectual Property owned, licensed or optioned by the Company or any Subsidiary which claim, if the subject of an unfavorable decision, would result in a Material Adverse Effect.

bb. Compliance with Applicable Laws. The Company has not been advised, and has no reason to believe, that it and each of its Subsidiaries are not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, except where failure to be so in compliance would not result in a Material Adverse Effect.

cc. Environmental Laws. The Company and the Subsidiaries (i) are in compliance with any and all applicable federal, state, local and foreign laws, rules, regulations, decisions and orders relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"); (ii) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses as described in the Registration Statement and the Prospectus; and (iii) have not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except, in the case of any of clauses (i), (ii) or (iii) above, for any such failure to comply or failure to receive required permits, licenses, other approvals or liability as would not, individually or in the aggregate, have a Material Adverse Effect.

dd. Disclosure Controls. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company is not aware of any material weaknesses in its internal control over financial reporting (other than as set forth in the Registration Statement or the Prospectus). Since the date of the latest audited financial statements of the Company included in the Prospectus, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting (other than as set forth in the Registration Statement or the Prospectus). The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15) that comply with the requirements of the Exchange Act. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of a date within 90 days prior to the filing date of the Form 10-K for the fiscal year most recently ended (such date, the "Evaluation Date"). The Company presented in its Form 10-K for the fiscal year most recently ended the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the most recent Evaluation Date, and the "disclosure controls and procedures" are effective.

ee. Sarbanes-Oxley Act. There is and has been no failure on the part of the Company or, to the knowledge of the Company, any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any applicable provisions of the Sarbanes-Oxley Act and the rules and regulations promulgated thereunder. Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer of the Company and each former principal financial officer of the Company as applicable) has made all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act with respect to all reports, schedules, forms, statements and other documents required to be filed by it or furnished by it to the Commission during the past 12 months. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Exchange Act Rules 13a-15 and 15d-15.

ff. Finder's Fees. Neither the Company nor any Subsidiary has incurred or taken any action, directly or indirectly, any action designed to or that could reasonably be expected to incur any liability for any finder's fees, agency or brokerage commissions or similar payments in connection with the transactions herein contemplated, except as may otherwise exist with respect to the Agent pursuant to this Agreement.

gg. Labor Disputes. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

hh. Investment Company Act. Neither the Company nor any Subsidiary is or, after giving effect to the offering and sale of the Placement Shares, will be required to register as an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

ii. No Prohibition on Dividends or Distributions. Except as disclosed in the Registration Statement and the Prospectus, none of the Subsidiaries is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's properties or assets to the Company or any other Subsidiary of the Company;

jj. Operations. The operations of the Company and the Subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions to which the Company or the Subsidiaries are subject, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency having jurisdiction over the Company (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

kk. Off-Balance Sheet Arrangements. There are no transactions, arrangements and other relationships between and/or among the Company, and/or, to the knowledge of the Company, any of its affiliates and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity (each, an "Off Balance Sheet Transaction") that would affect materially the Company's liquidity or the availability of or requirements for its capital resources, including those Off Balance Sheet Transactions described in the Commission's Statement about Management's Discussion and Analysis of Financial Conditions and Results of Operations (Release Nos. 33-8056; 34-45321; FR-61), required to be described in the Registration Statement or the Prospectus which have not been described as required.

ll. Underwriter Agreements. The Company is not a party to any agreement with an agent or underwriter for any other "at the market" or continuous equity transaction. No third party has a preferential right, right of first refusal, right of first offer or other right to act as agent or broker in connection with, or otherwise participate in, the sale of the Placement Shares.

mm. ERISA. To the knowledge of the Company, (i) each material employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") that is maintained, administered or contributed to by the Company or any of its affiliates for employees or former employees of the Company and the Subsidiaries has been maintained in material compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended (the "Code"); (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred which would result in a material liability to the Company with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption; and (iii) for each such plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no "accumulated funding deficiency" as defined in Section 412 of the Code has been incurred, whether or not waived, and the fair market value of the assets of each such plan (excluding for these purposes accrued but unpaid contributions) equals or exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions, other than, in the case of (i), (ii) and (iii) above, as would not have a Material Adverse Effect.

nn. Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) (a "Forward-Looking Statement") contained in the Registration Statement and the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

oo. Statistical and Market-Related Data. All statistical and market related data included in the Registration Statement and the Prospectus are based on or derived from sources that the Company believes, after reasonable inquiry, to be reliable and accurate, and such data agree with the sources from which they are derived, and, to the extent required, the Company has obtained the written consent to the use of such data from such sources.

pp. Margin Rules. Neither the issuance, sale and delivery of the Placement Shares nor the application of the proceeds thereof by the Company as described in the Registration Statement and the Prospectus will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

qq. Insurance. The Company and the Subsidiaries carry, or are covered by, insurance with financially sound and reputable insurers in such amounts and covering such risks as the Company and the Subsidiaries reasonably believe are adequate for the conduct of their business.

rr. No Improper Practices. (i) Neither the Company nor, to the Company's knowledge, the Subsidiaries, nor to the Company's knowledge, any of their respective executive officers has, in the past five years, made any unlawful contributions to any candidate for any political office (or failed fully to disclose any contribution in violation of law) or made any contribution or other payment to any official of, or candidate for, any federal, state, municipal, or foreign office or other person charged with similar public or quasi-public duty in violation of any law or of the character required to be disclosed in the Prospectus; (ii) no relationship, direct or indirect, exists between or among the Company or, to the Company's knowledge, the Subsidiaries or any affiliate of any of them, on the one hand, and the directors, officers and stockholders of the Company or, to the Company's knowledge, the Subsidiaries, on the other hand, that is required by the Securities Act to be described in the Registration Statement and the Prospectus that is not so described; (iii) no relationship, direct or indirect, exists between or among the Company or the Subsidiaries or any affiliate of them, on the one hand, and the directors, officers, stockholders or directors of the Company or, to the Company's knowledge, the Subsidiaries, on the other hand, that is required by the rules of FINRA to be described in the Registration Statement and the Prospectus that is not so described; (iv) there are no material outstanding loans or advances or material guarantees of indebtedness by the Company or, to the Company's knowledge, the Subsidiaries to or for the benefit of any of their respective officers or directors or any of the members of the families of any of them; and (v) the Company has not offered, or caused any placement agent to offer, Common Stock to any person with the intent to influence unlawfully (A) a customer or supplier of the Company or the Subsidiaries to alter the customer's or supplier's level or type of business with the Company or the Subsidiaries or (B) a trade journalist or publication to write or publish favorable information about the Company or the Subsidiaries or any of their respective products or services.

ss. Status Under the Securities Act. The Company is an ineligible issuer as defined in Rule 405 under the Securities Act.

tt. No Misstatement or Omission in an Issuer Free Writing Prospectus. Each Issuer Free Writing Prospectus, as of its issue date and as of each Applicable Time (as defined in Section 25 below), did not, does not and will not, through the completion of the Placement or Placements for which such Issuer Free Writing Prospectus is issued, include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, including any incorporated document deemed to be a part thereof that has not been superseded or modified. The foregoing sentence does not apply to statements in or omissions from any Issuer Free Writing Prospectus based upon and in conformity with written information furnished to the Company by the Agent specifically for use therein.

uu. No Conflicts. The execution, delivery and performance of this Agreement by the Company, the issue and sale of the Stock by the Company and the consummation of the transactions contemplated hereby will not (with or without notice or lapse of time or both) (i) conflict with or result in a breach or violation of any of the terms or provisions of, constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, encumbrance, security interest, claim or charge upon any property or assets of the Company or any subsidiary pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws (or analogous governing instruments, as applicable) of the Company or any of its subsidiaries or (iii) result in the violation of any law, statute, rule, regulation, judgment, order or decree of any court or governmental or regulatory agency or body, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect. A "**Debt Repayment Triggering Event**" means any event or condition that gives, or with the giving of notice or lapse of time would give the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company of any of its subsidiaries.

vv. Occupational Laws. The Company and each Subsidiary (A) is in compliance, in all material respects, with any and all applicable foreign, federal, state and local laws, rules, regulations, treaties, statutes and codes promulgated by any and all governmental authorities (including pursuant to the Occupational Health and Safety Act) relating to the protection of human health and safety in the workplace ("Occupational Laws"); (B) has received all material permits, licenses or other approvals required of it under applicable Occupational Laws to conduct its business as currently conducted; and (C) is in compliance, in all material respects, with all terms and conditions of any such permits, licenses or approvals. No action, proceeding, revocation proceeding, writ, injunction or claim is pending or, to the Company's knowledge, threatened against the Company or any Subsidiary relating to Occupational Laws, and the Company does not have knowledge of any facts, circumstances or developments relating to its operations or cost accounting practices that could reasonably be expected to form the basis for or give rise to such actions, suits, investigations or proceedings.

ww. OFAC.

(i) Neither the Company nor any Subsidiary (collectively, the "Entity") nor, to the Company's knowledge, any director, officer, employee, agent, affiliate or representative of the Entity, is a government, individual, or entity (in this paragraph (ss), "Person") that is, or is owned or controlled by a Person that is:

(a) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the U.S. Treasury Department, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), nor

(b) located, organized or resident in a country or territory that is the subject of Sanctions or a U.S. government embargo (including, without limitation, Cuba, Iran, North Korea, Sudan, Syria, the so-called Donetsk People's Republic, the so-called Luhansk Republic and the Crimea Republic of Ukraine and any other region of Ukraine identified by Executive Order 14065).

(ii) The Entity will not, directly or knowingly indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(a) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(b) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) The Entity represents and covenants that, except as detailed in the Registration Statement and the Prospectus, for the past 5 years, it has not knowingly engaged in and is not now knowingly engaged in any dealing or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

xx. Foreign Corrupt Practices Act. Neither the Company nor any Subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company or any Subsidiary, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any governmental agency or instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company or any Subsidiary (or assist the Company or any Subsidiary in connection with any actual or proposed transaction). Each of the Company and each Subsidiary has taken reasonable steps to ensure that its accounting controls and procedures are sufficient to cause the Company and each Subsidiary to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (collectively, the "**FCPA**") and the Bribery Act of 2010 of the United Kingdom, as amended (the "**Bribery Act**") or employee; (iv) violated or is in violation of any provision of the FCPA, the Bribery Act or any applicable non-U.S. anti-bribery statute or regulation; (v) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment; or (vi) received notice of any investigation, proceeding or inquiry by any Governmental Entity regarding any of the matters in clauses (i)-(v) above; and the Company and, to the knowledge of the Company, the Company's affiliates have conducted their respective businesses in compliance with the FCPA and the Bribery Act and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

yy. Stock Transfer Taxes. On each Settlement Date, all material stock transfer or other taxes (other than income taxes) which are required to be paid in connection with the sale and transfer of the Placement Shares to be sold hereunder will be, or will have been, fully paid or provided for by the Company and all laws imposing such taxes will be or will have been fully complied with by the Company in all material respects.

Any certificate signed by an officer of the Company and delivered to the Agent or to counsel for the Agent pursuant to or in connection with this Agreement shall be deemed to be a representation and warranty by the Company, as applicable, to the Agent as to the matters set forth therein.

7. Covenants of the Company. The Company covenants and agrees with the Agent that:

a. Registration Statement Amendments. After the date of this Agreement and during any period in which a prospectus relating to any Placement Shares is required to be delivered by the Agent under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act) (the "Prospectus Delivery Period") (i) the Company will notify the Agent promptly of the time when any subsequent amendment to the Registration Statement, other than documents incorporated by reference or amendments not related to any Placement, has been filed with the Commission and/or has become effective or any subsequent supplement to the Prospectus, other than documents incorporated by reference, has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus related to the Placement or for additional information related to the Placement, (ii) the Company will prepare and file with the Commission, promptly upon the Agent's request, any amendments or supplements to the Registration Statement or Prospectus that, upon the advice of the Company's legal counsel, may be necessary or advisable in connection with the distribution of the Placement Shares by the Agent (*provided, however*, that the failure of the Agent to make such request shall not relieve the Company of any obligation or liability hereunder, or affect the Agent's right to rely on the representations and warranties made by the Company in this Agreement); (iii) the Company will not file any amendment or supplement to the Registration Statement or Prospectus relating to the Placement Shares or a security convertible into the Placement Shares (other than an Incorporated Document) unless a copy thereof has been submitted to the Agent within a reasonable period of time before the filing and the Agent has not reasonably objected thereto (*provided, however*, that (A) the failure of the Agent to make such objection shall not relieve the Company of any obligation or liability hereunder, or affect the Agent's right to rely on the representations and warranties made by the Company in this Agreement and (B) the Company has no obligation to provide the Agent any advance copy of such filing or to provide the Agent an opportunity to object to such filing if the filing does not name the Agent or does not relate to the transaction herein provided; and provided, further, that the only remedy the Agent shall have with respect to the failure by the Company to obtain such consent shall be to cease making sales under this Agreement) and the Company will furnish to the Agent at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference into the Registration Statement or Prospectus, except for those documents available via EDGAR; and (iv) the Company will cause each amendment or supplement to the Prospectus to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Securities Act or, in the case of any document to be incorporated therein by reference, to be filed with the Commission as required pursuant to the Exchange Act, within the time period prescribed (the determination to file or not file any amendment or supplement with the Commission under this Section 7(a), based on the Company's reasonable opinion or reasonable objections, shall be made exclusively by the Company).

b. Notice of Commission Stop Orders. The Company will advise the Agent, promptly after it receives notice or obtains knowledge thereof, of the issuance or threatened issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Placement Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will use its commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued. The Company will advise the Agent promptly after it receives any request by the Commission for any amendments to the Registration Statement or any amendment or supplements to the Prospectus or any Issuer Free Writing Prospectus or for additional information related to the offering of the Placement Shares or for additional information related to the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus.

c. Delivery of Prospectus; Subsequent Changes. During the Prospectus Delivery Period, the Company will comply with all requirements imposed upon it by the Securities Act, as from time to time in force, and to file on or before their respective due dates all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14, 15(d) or any other provision of or under the Exchange Act. If the Company has omitted any information from the Registration Statement pursuant to Rule 430A under the Securities Act, it will use its commercially reasonable efforts to comply with the provisions of and make all requisite filings with the Commission pursuant to said Rule 430A and to notify the Agent promptly of all such filings. If during the Prospectus Delivery Period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such Prospectus Delivery Period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Securities Act, the Company will promptly notify the Agent to suspend the offering of Placement Shares during such period and the Company will promptly amend or supplement the Registration Statement or Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance; *provided, however*, that the Company may delay the filing of any amendment or supplement, if in the judgment of the Company, it is in the best interest of the Company.

d. Listing of Placement Shares. During the Prospectus Delivery Period, the Company will use its commercially reasonable efforts to cause the Placement Shares to be listed on the Exchange and to qualify the Placement Shares for sale under the securities laws of such jurisdictions in the United States as the Agent reasonably designates and to continue such qualifications in effect so long as required for the distribution of the Placement Shares; *provided, however*, that the Company shall not be required in connection therewith to qualify as a foreign corporation or dealer in securities, file a general consent to service of process, or subject itself to taxation in any jurisdiction if it is not otherwise so subject.

e. Delivery of Registration Statement and Prospectus. The Company will furnish to the Agent and its counsel (at the reasonable expense of the Company) copies of the Registration Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or Prospectus that are filed with the Commission during the Prospectus Delivery Period (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as reasonably practicable and in such quantities as the Agent may from time to time reasonably request and, at the Agent's request, will also furnish copies of the Prospectus to each exchange or market on which sales of the Placement Shares may be made; *provided, however*, that the Company shall not be required to furnish any document (other than the Prospectus) to the Agent to the extent such document is available on EDGAR.

f. Earnings Statement. The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement covering a 12-month period that satisfies the provisions of Section 11(a) and Rule 158 of the Securities Act. The Company shall be deemed to have satisfied this Section 7(f) through public filings made by the Company using the EDGAR system.

g. Use of Proceeds. The Company will use the Net Proceeds as described in the Prospectus in the section entitled "Use of Proceeds."

h. Notice of Other Sales. Without the prior written consent of the Agent, the Company will not, directly or indirectly, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any Common Stock (other than the Placement Shares offered pursuant to this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire, Common Stock during the period beginning on the date on which any Placement Notice is delivered to the Agent hereunder and ending on the third (3rd) Trading Day immediately following the final Settlement Date with respect to Placement Shares sold pursuant to such Placement Notice (or, if the Placement Notice has been terminated or suspended prior to the sale of all Placement Shares covered by a Placement Notice, the date of such suspension or termination); and will not directly or indirectly in any other "at the market" or continuous equity transaction offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any Common Stock (other than the Placement Shares offered pursuant to this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire, Common Stock prior to the termination of this Agreement; *provided, however*, that such restrictions will not apply in connection with the Company's issuance or sale of (i) Common Stock, options to purchase Common Stock or Common Stock issuable upon the exercise of options, pursuant to any stock option, or benefits plan, stock ownership plan or dividend reinvestment plan (but not Common Stock subject to a waiver to exceed plan limits in its dividend reinvestment plan) of the Company whether now in effect or hereafter implemented; (ii) Common Stock issuable upon conversion of securities or the exercise of warrants, options or other rights in effect or outstanding, and disclosed in filings by the Company available on EDGAR or otherwise in writing to the Agent, (iii) Common Stock, or securities convertible into or exercisable for Common Stock, offered and sold in a privately negotiated transaction to vendors, customers, strategic partners or potential strategic partners or other investors conducted in a manner so as not to be integrated with the offering of Common Stock hereby and (iv) Common Stock in connection with any acquisition, strategic investment or other similar transaction (including any joint venture, strategic alliance or partnership).

i. Change of Circumstances. The Company will, at any time during the pendency of a Placement Notice advise the Agent promptly after it shall have received notice or obtained knowledge thereof, of any information or fact that would alter or affect in any material respect any opinion, certificate, letter or other document required to be provided to the Agent pursuant to this Agreement.

j. Due Diligence Cooperation. During the term of this Agreement, the Company will cooperate with any reasonable due diligence review conducted by the Agent or its representatives in connection with the transactions contemplated hereby, including, without limitation, providing information and making available documents and senior corporate officers, during regular business hours and at the Company's principal offices, as the Agent may reasonably request.

k. Required Filings Relating to Placement of Placement Shares. The Company agrees that on such dates as the Securities Act shall require, the Company will (i) file a prospectus supplement with the Commission under the applicable paragraph of Rule 424(b) under the Securities Act (each and every date a filing under Rule 424(b) is made, a "Filing Date"), which prospectus supplement will set forth, within the relevant period, the amount of Placement Shares sold through the Agent, the Net Proceeds to the Company and the compensation payable by the Company to the Agent with respect to such Placement Shares, (provided that the company may satisfy its obligations under this Section 7(k)(i) by making a filing in accordance with the Exchange Act including such information, and (ii) deliver such number of copies of each such prospectus supplement to each exchange or market on which such sales were effected as may be required by the rules or regulations of such exchange or market.

l. Representation Dates; Certificate. Each time during the term of this Agreement that the Company:

(i) amends or supplements (other than a prospectus supplement relating solely to an offering of securities other than the Placement Shares) the Registration Statement or the Prospectus relating to the Placement Shares by means of a post-effective amendment, sticker, or supplement but not by means of incorporation of documents by reference into the Registration Statement or the Prospectus relating to the Placement Shares;

(ii) files an annual report on Form 10-K under the Exchange Act (including any Form 10-K/A containing amended audited financial information or a material amendment to the previously filed Form 10-K);

(iii) files its quarterly reports on Form 10-Q under the Exchange Act; or

(iv) files a current report on Form 8-K containing amended financial information (other than information "furnished" pursuant to Items 2.02 or 7.01 of Form 8-K or to provide disclosure pursuant to Item 8.01 of Form 8-K relating to the reclassification of certain properties as discontinued operations in accordance with Statement of Financial Accounting Standards No. 144) under the Exchange Act;

(Each date of filing of one or more of the documents referred to in clauses (i) through (iv) shall be a "Representation Date.")

the Company shall furnish the Agent (but in the case of clause (iv) above only if the Agent reasonably determines that the information contained in such Form 8-K is material) with a certificate, in the form attached hereto as Exhibit 7(1). The requirement to provide a certificate under this Section 7(1) shall be waived for any Representation Date occurring at a time at which no Placement Notice is pending, which waiver shall continue until the earlier to occur of the date the Company delivers a Placement Notice hereunder (which for such calendar quarter shall be considered a Representation Date) and the next occurring Representation Date on which the Company files its annual report on Form 10-K. Notwithstanding the foregoing, (i) upon the delivery of the first Placement Notice hereunder and (ii) if the Company subsequently decides to sell Placement Shares following a Representation Date when the Company relied on such waiver and did not provide the Agent with a certificate under this Section 7(1), then before the Agent sells any Placement Shares, the Company shall provide the Agent with a certificate, in the form attached hereto as Exhibit 7(1), dated the date of the Placement Notice.

m. Legal Opinion. On or prior to the date of the first Placement Notice given hereunder the Company shall cause to be furnished to the Agent a written opinion and a negative assurance letter of Lowenstein Sandler LLP ("Company Counsel") and Fennemore Craig, P.C. ("Nevada Counsel"), or other counsel reasonably satisfactory to the Agent, each in form and substance reasonably satisfactory to the Agent. Thereafter, within five (5) Trading Days of each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(l) for which no waiver is applicable, the Company shall cause to be furnished to the Agent a negative assurance letter of Company Counsel in form and substance reasonably satisfactory to the Agent; provided that, in lieu of such negative assurance for subsequent periodic filings under the Exchange Act, counsel may furnish the Agent with a letter (a "Reliance Letter") to the effect that the Agent may rely on the negative assurance letter previously delivered under this Section 7(m) to the same extent as if it were dated the date of such letter (except that statements in such prior letter shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented as of the date of the Reliance Letter).

n. Comfort Letter. On or prior to the date of the first Placement Notice given hereunder and within five (5) Trading Days after each subsequent Representation Date, other than pursuant to Section 7(l)(iii), the Company shall cause its independent accountants to furnish the Agent letters (the "Comfort Letters"), dated the date the Comfort Letter is delivered, which shall meet the requirements set forth in this Section 7(n). The Comfort Letter from the Company's independent accountants shall be in a form and substance reasonably satisfactory to the Agent, (i) confirming that they are an independent public accounting firm within the meaning of the Securities Act and the PCAOB, (ii) stating, as of such date, the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants' "comfort letters" to underwriters in connection with registered public offerings (the first such letter, the "Initial Comfort Letter") and (iii) updating the Initial Comfort Letter with any information that would have been included in the Initial Comfort Letter had it been given on such date and modified as necessary to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter.

o. Market Activities. The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or would constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of Common Stock or (ii) sell, bid for, or purchase Common Stock in violation of Regulation M, or pay anyone any compensation for soliciting purchases of the Placement Shares other than the Agent.

p. Investment Company Act. The Company will conduct its affairs in such a manner so as to reasonably ensure that neither it nor the Subsidiaries will be or become, at any time prior to the termination of this Agreement, an "investment company," as such term is defined in the Investment Company Act.

q. No Offer to Sell. Other than an Issuer Free Writing Prospectus approved in advance by the Company and the Agent in its capacity as agent hereunder pursuant to Section 23, neither of the Agent nor the Company (including its agents and representatives, other than the Agent in its capacity as such) will make, use, prepare, authorize, approve or refer to any written communication (as defined in Rule 405), required to be filed with the Commission, that constitutes an offer to sell or solicitation of an offer to buy Placement Shares hereunder.

r. Sarbanes-Oxley Act. The Company will maintain and keep accurate books and records reflecting its assets and maintain internal accounting controls in a manner designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and including those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Company's consolidated financial statements in accordance with GAAP, (iii) that receipts and expenditures of the Company are being made only in accordance with management's and the Company's directors' authorization, and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements. The Company will maintain disclosure controls and procedures that comply with the requirements of the Exchange Act.

8. Representations and Covenants of the Agent. The Agent represents and warrants that it is duly registered as a broker-dealer under FINRA, the Exchange Act and the applicable statutes and regulations of each state in which the Placement Shares will be offered and sold, except such states in which the Agent is exempt from registration or such registration is not otherwise required. The Agent shall continue, for the term of this Agreement, to be duly registered as a broker-dealer under FINRA, the Exchange Act and the applicable statutes and regulations of each state in which the Placement Shares will be offered and sold, except such states in which it is exempt from registration or such registration is not otherwise required, during the term of this Agreement. The Agent shall comply with all applicable law and regulations in connection with the transactions contemplated by this Agreement, including the issuance and sale through the Agent of the Placement Shares.

9. Payment of Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, filing, including any fees required by the Commission, and printing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment and supplement thereto and each Free Writing Prospectus, in such number as the Agent shall deem reasonably necessary, (ii) the printing and delivery to the Agent of this Agreement and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Placement Shares, (iii) the preparation, issuance and delivery of the certificates, if any, for the Placement Shares to the Agent, including any stock or other transfer taxes and any capital duties, stamp duties or other duties or taxes payable upon the sale, issuance or delivery of the Placement Shares to the Agent, (iv) the fees and disbursements of the counsel, accountants and other advisors to the Company, (v) the reasonable and documented out-of-pocket fees and disbursements of counsel to the Agent up to $75,000 plus (a) an additional $5,000 per quarter so long as this Agreement remains in effect and the Agents perform standard quarterly due diligence with the Company, excluding any period during which a Suspension is in place pursuant to Section 4 (provided that such additional fee shall be paid upon the resumption of sale upon the ending of any Suspension); and (b) $25,000 in connection with any filing of an additional prospectus supplement which constitutes a Prospectus Supplement; (vi) the fees and expenses of the transfer agent and registrar for the Common Stock, (vii) the filing fees incident to any review by FINRA of the terms of the sale of the Placement Shares, and (viii) the fees and expenses incurred in connection with the listing of the Placement Shares on the Exchange.

10. Conditions to the Agent's Obligations. The obligations of the Agent hereunder with respect to a Placement will be subject to the continuing accuracy and completeness of the representations and warranties made by the Company herein (other than those representations and warranties made as of a specified date or time), to the due performance in all material respects by the Company of its obligations hereunder, to the completion by the Agent of a due diligence review satisfactory to it in its reasonable judgment, and to the continuing reasonable satisfaction (or waiver by the Agent in its sole discretion) of the following additional conditions:

a. Registration Statement Effective. The Registration Statement shall remain effective and shall be available for the sale of all Placement Shares contemplated to be issued by any Placement Notice.

b. No Material Notices. None of the following events shall have occurred and be continuing: (i) receipt by the Company of any request for additional information from the Commission or any other federal or state governmental authority during the period of effectiveness of the Registration Statement, the response to which would require any post-effective amendments or supplements to the Registration Statement or the Prospectus; (ii) the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or receipt by the Company of notification of the initiation of any proceedings for that purpose; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Placement Shares for sale in any jurisdiction or receipt by the Company of notification of the initiation of, or a threat to initiate, any proceeding for such purpose; or (iv) the occurrence of any event that makes any material statement made in the Registration Statement or the Prospectus or any material Incorporated Document untrue in any material respect or that requires the making of any changes in the Registration Statement, the Prospectus or any material Incorporated Document so that, in the case of the Registration Statement, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and, that in the case of the Prospectus or any material Incorporated Document, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

c. No Misstatement or Material Omission. The Agent shall not have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in the Agent's reasonable opinion is material, or omits to state a fact that in the Agent's reasonable opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

d. Material Changes. Except as contemplated in the Prospectus, or disclosed in the Company's reports filed with the Commission, there shall not have been any Material Adverse Effect, or any development that would cause a Material Adverse Effect or interfere with the Company's ability to perform its obligations under this Agreement or to consummate the transactions contemplated by the Prospectus, or a downgrading in or withdrawal of the rating assigned to any of the Company's securities (other than asset backed securities) by any "nationally recognized statistical rating organization," as such term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act (a "Rating Organization"), or a public announcement by any Rating Organization that it has under surveillance or review its rating of any of the Company's securities (other than asset backed securities), the effect of which, in the case of any such action by a Rating Organization described above, in the reasonable judgment of the Agent (without relieving the Company of any obligation or liability it may otherwise have), is so material as to make it impracticable or inadvisable to proceed with the offering of the Placement Shares on the terms and in the manner contemplated in the Prospectus.

e. Legal Opinion. The Agent shall have received the opinion and negative assurance letter of Company Counsel and legal opinion of Nevada Counsel required to be delivered pursuant to Section 7(m) on or before the date on which such delivery of such opinion and negative assurance letter are required pursuant to Section 7(m).

f. Comfort Letter. The Agent shall have received the Comfort Letter required to be delivered pursuant Section 7(n) on or before the date on which such delivery of such letter is required pursuant to Section 7(n).

g. Representation Certificate. The Agent shall have received the certificate required to be delivered pursuant to Section 7(1) on or before the date on which delivery of such certificate is required pursuant to Section 7(1).

h. Secretary's Certificate. On or prior to the first Representation Date, the Agent shall have received a certificate, signed on behalf of the Company by its corporate Secretary, in form and substance satisfactory to the Agent and its counsel.

i. No Suspension. Trading in the Common Stock shall not have been suspended on the Exchange and the Common Stock shall not have been delisted from the Exchange.

j. Other Materials. On each date on which the Company is required to deliver a certificate pursuant to Section 7(1), the Company shall have furnished to the Agent such appropriate further information, certificates and documents as the Agent may reasonably request and which are usually and customarily furnished by an issuer of securities in connection with a securities offering of the type contemplated hereby. All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof.

k. Securities Act Filings Made. All filings with the Commission required by Rule 424 under the Securities Act to have been filed prior to the issuance of any Placement Notice hereunder shall have been made within the applicable time period prescribed for such filing by Rule 424.

l. Approval for Listing. The Placement Shares shall either have been approved for listing on the Exchange, subject only to notice of issuance, or the Company shall have filed an application for listing of the Placement Shares on the Exchange at, or prior to, the issuance of any Placement Notice.

m. No Termination Event. There shall not have occurred any event that would permit the Agent to terminate this Agreement pursuant to Section 13(a).

11. Indemnification and Contribution.

(a) Company Indemnification. The Company agrees to indemnify and hold harmless the Agent, its partners, members, directors, officers, employees and agents and each person, if any, who controls the Agent within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, joint or several, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact included in any related Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, joint or several, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 11(d) below) any such settlement is effected with the written consent of the Company, which consent shall not unreasonably be delayed or withheld; and

(iii) against any and all expense whatsoever, as incurred (including the reasonable and documented out-of-pocket fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above,

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent determined by a court of competent jurisdiction and not subject to further appeal to arise out of any untrue statement or omission made solely in reliance upon and in conformity with written information furnished to the Company by the Agent expressly for use in the Registration Statement (or any amendment thereto), or in any related Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto).

(b) Indemnification by the Agent. The Agent agrees to indemnify and hold harmless the Company and its directors and officers, and each person, if any, who (i) controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or (ii) is controlled by or is under common control with the Company against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 11(a), as incurred, but only with respect to untrue statements or omissions made in the Registration Statement (or any amendments thereto) or in any related Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with information relating to the Agent and furnished to the Company in writing by the Agent expressly for use therein.

(c) Procedure. Any party that proposes to assert the right to be indemnified under this Section 11 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 11, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will not relieve the indemnifying party from (i) any liability that it might have to any indemnified party otherwise than under this Section 11 and (ii) any liability that it may have to any indemnified party under the foregoing provisions of this Section 11 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict of interest exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable and documented out-of-pocket fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable and documented out-of-pocket fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any one time for all such indemnified party or parties. All such reasonable and documented out-of-pocket fees, disbursements and other charges will be reimbursed by the indemnifying party promptly after the indemnifying party receives a written invoice relating to fees, disbursements and other charges in reasonable detail. An indemnifying party will not, in any event, be liable for any settlement of any action or claim effected without its written consent. No indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 11 (whether or not any indemnified party is a party thereto), unless such settlement, compromise or consent (1) includes an unconditional release of each indemnified party from all liability arising out

of such litigation, investigation, proceeding or claim and (2) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 11 is applicable in accordance with its terms but for any reason is held to be unavailable from the Company or the Agent, the Company and the Agent will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, but after deducting any contribution received by the Company from persons other than the Agent, such as persons who control the Company within the meaning of the Securities Act or the Exchange Act, officers of the Company who signed the Registration Statement and directors of the Company, who also may be liable for contribution) to which the Company and the Agent may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and the Agent on the other hand. The relative benefits received by the Company on the one hand and the Agent on the other hand shall be deemed to be in the same proportion as the total Net Proceeds from the sale of the Placement Shares (before deducting expenses) received by the Company bear to the total compensation received by the Agent (before deducting expenses) from the sale of Placement Shares on behalf of the Company. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and the Agent, on the other hand, with respect to the statements or omission that resulted in such loss, claim, liability, expense or damage, or action in respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Agent, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Agent agree that it would not be just and equitable if contributions pursuant to this Section 11(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense, or damage, or action in respect thereof, referred to above in this Section 11(d) shall be deemed to include, for the purpose of this Section 11(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim to the extent consistent with Section 11(c) hereof. Notwithstanding the foregoing provisions of this Section 11(d), the Agent shall not be required to contribute any amount in excess of the commissions received by it under this Agreement and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 11(d), any person who controls a party to this Agreement within the meaning of the Securities Act or the Exchange Act, and any officers, directors, partners, employees or agents of the Agent, will have the same rights to contribution as that party, and each officer who signed the Registration Statement and director of the Company will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 11(d), will notify any such party or parties from whom contribution may be sought, but the omission to so notify will not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 11(d) except to the extent that the failure to so notify such other party materially prejudiced the substantive rights or defenses of the party from whom contribution is sought. Except for a settlement entered into pursuant to the last sentence of Section 11(c) hereof, no party will be liable for contribution with respect to any action or claim settled without its written consent if such consent is required pursuant to Section 11(c) hereof.

12. Representations and Agreements to Survive Delivery. The indemnity and contribution agreements contained in Section 11 of this Agreement and all representations and warranties of the Company herein or in certificates delivered pursuant hereto shall survive, as of their respective dates, regardless of (i) any investigation made by or on behalf of the Agent, any controlling persons, or the Company (or any of their respective officers, directors or controlling persons), (ii) delivery and acceptance of the Placement Shares and payment therefor or (iii) any termination of this Agreement.

13. Termination.

a. The Agent may terminate this Agreement, by notice to the Company, as hereinafter specified at any time (1) if there has been, since the time of execution of this Agreement or since the date as of which information is given in the Prospectus, any Material Adverse Effect, or any development that would reasonably be expected to have a Material Adverse Effect that, in the sole judgment of the Agent, is material and adverse and makes it impractical or inadvisable to market the Placement Shares or to enforce contracts for the sale of the Placement Shares, (2) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Agent, impracticable or inadvisable to market the Placement Shares or to enforce contracts for the sale of the Placement Shares, (3) if trading in the Common Stock has been suspended or limited by the Commission or the Exchange, or if trading generally on the Exchange has been suspended or limited, or minimum prices for trading have been fixed on the Exchange, (4) if any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market shall have occurred and be continuing, (5) if a major disruption of securities settlements or clearance services in the United States shall have occurred and be continuing, or (6) if a banking moratorium has been declared by either U.S. Federal or New York authorities. Any such termination shall be without liability of any party to any other party except that the provisions of Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) hereof shall remain in full force and effect notwithstanding such termination. If the Agent elects to terminate this Agreement as provided in this Section 13(a), the Agent shall provide the required notice as specified in Section 14 (Notices).

b. The Company shall have the right, by giving two (2) business days' notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) hereof shall remain in full force and effect notwithstanding such termination.

c. The Agent shall have the right, by giving five (5) days' notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) hereof shall remain in full force and effect notwithstanding such termination.

d. Unless earlier terminated pursuant to this Section 13, this Agreement shall automatically terminate upon the issuance and sale of all of the Placement Shares through the Agent on the terms and subject to the conditions set forth herein except that the provisions of Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) hereof shall remain in full force and effect notwithstanding such termination.

e. This Agreement shall remain in full force and effect unless terminated pursuant to Sections 13(a), (b), (c), or (d) above or otherwise by mutual agreement of the parties; *provided, however*, that any such termination by mutual agreement shall in all cases be deemed to provide that Section 9 (Payment of Expenses), Section 11 (Indemnification and Contribution), Section 12 (Representations and Agreements to Survive Delivery), Section 18 (Governing Law and Time; Waiver of Jury Trial) and Section 19 (Consent to Jurisdiction) shall remain in full force and effect. Upon termination of this Agreement, the Company shall not have any liability to the Agent for any discount, commission or other compensation with respect to any Placement Shares not otherwise sold by the Agent under this Agreement.

f. Any termination of this Agreement shall be effective on the date specified in such notice of termination; *provided, however*, that such termination shall not be effective until the close of business on the date of receipt of such notice by the Agent or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Placement Shares, such Placement Shares shall settle in accordance with the provisions of this Agreement.

14. Notices. All notices or other communications required or permitted to be given by any party to any other party pursuant to the terms of this Agreement shall be in writing, unless otherwise specified, and if sent to the Agent, shall be delivered to:

B. Riley Securities, Inc.
299 Park Avenue, 21st Floor
New York, NY 10171
Attention: General Counsel
Telephone: (212) 457-9947
Email: atmdesk@brileyfin.com

with a copy to:

Blank Rome LLP
1271 Avenue of the Americas
New York, NY 10020
Attention: Brad L. Shiffman
Telephone: (212) 885- 5442
Email: Brad.Shiffman@blankrome.com

and if to the Company, shall be delivered to:

Loop Media, Inc.
700 Central Ave.
Glendale, CA 91203
Attention: Jon Niermann
Telephone: (213) 436-7100
Email: jon@loop.tv

with a copy to:

Lowenstein Sandler LLP
1251 Avenue of the Americas
New York, NY 10020
Attention: Steven M. Skolnick
Telephone (212) 262-6700
Email: sskolnick@lowenstein.com

Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose. Each such notice or other communication shall be deemed given (i) when delivered personally, by email, or by verifiable facsimile transmission on or before 4:30 p.m., New York City time, on a Business Day or, if such day is not a Business Day, on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to a nationally-recognized overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid). For purposes of

this Agreement, "Business Day" shall mean any day on which the Exchange and commercial banks in the City of New York are open for business.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and the Agent and their respective successors and the affiliates, controlling persons, officers and directors referred to in Section 11 hereof. References to any of the parties contained in this Agreement shall be deemed to include the successors and permitted assigns of such party. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither the Company nor the Agent may assign its rights or obligations under this Agreement without the prior written consent of the other party.

16. Adjustments for Stock Splits. The parties acknowledge and agree that all share-related numbers contained in this Agreement shall be adjusted to take into account any share consolidation, stock split, stock dividend, corporate domestication or similar event effected with respect to the Placement Shares.

17. Entire Agreement; Amendment; Severability. This Agreement (including all schedules and exhibits attached hereto and Placement Notices issued pursuant hereto) constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof. Neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by the Company and the Agent. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as written by a court of competent jurisdiction, then such provision shall be given full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the terms and provisions herein shall be construed as if such invalid, illegal or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties as reflected in this Agreement.

18. GOVERNING LAW AND TIME; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME. THE COMPANY AND THE AGENT EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

19. CONSENT TO JURISDICTION. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH ANY TRANSACTION CONTEMPLATED HEREBY, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, THAT SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF (CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THIS AGREEMENT AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW.

20. Use of Information. The Agent may not use any information gained in connection with this Agreement and the transactions contemplated by this Agreement, including due diligence, to advise any party with respect to transactions not expressly approved by the Company.

21. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile transmission or email of a .pdf attachment.

22. Effect of Headings. The section, Schedule and Exhibit headings herein are for convenience only and shall not affect the construction hereof.

23. Permitted Free Writing Prospectuses. The Company represents, warrants and agrees that, unless it obtains the prior consent of the Agent, and the Agent represents, warrants and agrees that, unless it obtains the prior consent of the Company, it has not made and will not make any offer relating to the Placement Shares that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Agent or by the Company, as the case may be, is hereinafter referred to as a "Permitted Free Writing Prospectus." The Company represents and warrants that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping. For the purposes of clarity, the parties hereto agree that all free writing prospectuses, if any, listed in Exhibit 23 hereto are Permitted Free Writing Prospectuses.

24. Absence of Fiduciary Relationship. The Company acknowledges and agrees that:

a. the Agent is acting solely as agent in connection with the public offering of the Placement Shares and in connection with each transaction contemplated by this Agreement and the process leading to such transactions, and no fiduciary or advisory relationship between the Company or any of its respective affiliates, stockholders (or other equity holders), creditors or employees or any other party, on the one hand, and the Agent, on the other hand, has been or will be created in respect of any of the transactions contemplated by this Agreement, irrespective of whether or not the Agent has advised or is advising the Company on other matters, and the Agent has no obligation to the Company with respect to the transactions contemplated by this Agreement except the obligations expressly set forth in this Agreement;

b. it is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement;

c. the Agent has not provided any legal, accounting, regulatory or tax advice with respect to the transactions contemplated by this Agreement and it has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate;

d. it is aware that the Agent and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and the Agent has no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship or otherwise; and

e. it waives, to the fullest extent permitted by law, any claims it may have against the Agent for breach of fiduciary duty or alleged breach of fiduciary duty in connection with the sale of Placement Shares under this Agreement and agrees that the Agent shall not have any liability (whether direct or indirect, in contract, tort or otherwise) to it in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on its behalf or in right of it or the Company, employees or creditors of Company, other than in respect of the Agent's obligations under this Agreement and to keep information provided by the Company to the Agent and its counsel confidential to the extent not otherwise publicly-available.

25. Definitions. As used in this Agreement, the following terms have the respective meanings set forth below:

"Applicable Time" means (i) each Representation Date and (ii) the time of each sale of any Placement Shares pursuant to this Agreement.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433, relating to the Placement Shares that (1) is required to be filed with the Commission by the Company, (2) is a "road show" that is a "written communication" within the meaning of Rule 433(d)(8)(i) whether or not required to be filed with the Commission, or (3) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Placement Shares or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g) under the Securities Act.

"Rule 172," "Rule 405," "Rule 415," "Rule 424," "Rule 424(b)," "Rule 430B," and "Rule 433" refer to such rules under the Securities Act.

All references in this Agreement to financial statements and schedules and other information that is "contained," "included" or "stated" in the Registration Statement or the Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information that is incorporated by reference in the Registration Statement or the Prospectus, as the case may be.

All references in this Agreement to the Registration Statement, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to EDGAR; all references in this Agreement to any Issuer Free Writing Prospectus (other than any Issuer Free Writing Prospectuses that, pursuant to Rule 433, are not required to be filed with the Commission) shall be deemed to include the copy thereof filed with the Commission pursuant to EDGAR; and all references in this Agreement to "supplements" to the Prospectus shall include, without limitation, any supplements, "wrappers" or similar materials prepared in connection with any offering, sale or private placement of any Placement Shares by the Agent outside of the United States.

[Remainder of the page intentionally left blank]

If the foregoing correctly sets forth the understanding between the Company and the Agent, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and the Agent.

Very truly yours,

LOOP MEDIA, INC.

By: /s/ Jon Niermann
Name: Jon Niermann
Title: Chief Executive Officer

ACCEPTED as of the date first-above written:

B. RILEY SECURITIES, INC.

By: /s/ Patrice McNicoll
Name: Patrice McNicoll
Title: SMD & Co-Head of Investment Banking

SCHEDULE 1

FORM OF PLACEMENT NOTICE

From: Loop Media, Inc.

To: B. Riley Securities, Inc.

Attention: [•]

Subject: At Market Issuance--Placement Notice

Gentlemen:

Pursuant to the terms and subject to the conditions contained in the At Market Issuance Sales Agreement between Loop Media, Inc., a Delaware corporation (the "Company"), and B. Riley Securities, Inc. (the "Agent"), dated [•], 2023, the Company hereby requests that the Agent sell up to $[•] of the Company's Common Stock, par value $0.0001 per share, at a minimum market price of $[•] per share, during the time period beginning [month, day, time] and ending [month, day, time].

SCHEDULE 2

Compensation

The Company shall pay to the Agent in cash, upon each sale of Placement Shares pursuant to this Agreement, an amount equal to 3.0% of the gross proceeds from each sale of Placement Shares.

SCHEDULE 3

Notice Parties

The Company

Jon Niermann
Neil Watanabe
Patrick Sheil

The Agent

John Merriman
Patrice McNicoll
Seth Appel
Scott Ammaturo
With a copy to:

EXHIBIT 7(1)
Form of Representation Date Certificate

_____, 20___

This Representation Date Certificate (this "Certificate") is executed and delivered in connection with Section 7(1) of the At Market Issuance Sales Agreement (the "Agreement"), dated [•], 2023, and entered into between Loop Media, Inc. (the "Company") and B. Riley Securities, Inc. (the "Agent"). All capitalized terms used but not defined herein shall have the meanings given to such terms in the Agreement.

The Company hereby certifies as follows:

1. As of the date of this Certificate (i) the Registration Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading and (ii) neither the Registration Statement nor the Prospectus contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (iii) no event has occurred as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein not untrue or misleading for this paragraph 1 to be true.

2. Each of the representations and warranties of the Company contained in the Agreement were, when originally made, and are, as of the date of this Certificate, true and correct in all material respects.

3. Except as waived by the Agent in writing, each of the covenants required to be performed by the Company in the Agreement on or prior to the date of the Agreement, this Representation Date, and each such other date prior to the date hereof as set forth in the Agreement, has been duly, timely and fully performed in all material respects and each condition required to be complied with by the Company on or prior to the date of the Agreement, this Representation Date, and each such other date prior to the date hereof as set forth in the Agreement has been duly, timely and fully complied with in all material respects.

4. Subsequent to the date of the most recent financial statements in the Prospectus, and except as described in the Prospectus, including Incorporated Documents, there has been no Material Adverse Effect.

5. No stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued, and no proceedings for that purpose have been instituted or are pending or threatened by any securities or other governmental authority (including, without limitation, the Commission).

6. No order suspending the effectiveness of the Registration Statement or the qualification or registration of the Placement Shares under the securities or Blue Sky laws of any jurisdiction are in effect and no proceeding for such purpose is pending before, or threatened, to the Company's knowledge or in writing by, any securities or other governmental authority (including, without limitation, the Commission).

Company counsel and Agent counsel are entitled to rely on this Certificate in connection with the opinion it is rendering to the Agent.

The undersigned has executed this Representation Date Certificate as of the date first written above.

LOOP MEDIA, INC.

By: _____

Name: _____

Title: _____

EXHIBIT 23

Permitted Issuer Free Writing Prospectuses

None.

Exhibit 31.1

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

I, Jon Niermann, 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: May 12, 2023

/s/ Jon Niermann
Jon Niermann
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: May 12, 2023

/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 March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon Niermann, 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: May 12, 2023

/s/ Jon Niermann
Jon Niermann
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 March 31, 2023, 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: May 12, 2023

/s/ Neil Watanabe
Neil Watanabe
Chief Financial Officer