

May 11, 2023



# **CORRECTING and REPLACING Loop Media Reports Fiscal Second Quarter 2023 Financial Results**

*FQ2 Revenue up 11% YoY to \$5.4 Million; Quarterly Active Units up 22% QoQ*

LOS ANGELES--(BUSINESS WIRE)-- Subhead of release should begin with FQ2 (instead of Q1). In the Conference Call section, the first sentence should end with March 31, 2023 (instead of March 31, 2022).

The updated release reads:

## **LOOP MEDIA REPORTS FISCAL SECOND QUARTER 2023 FINANCIAL RESULTS**

*FQ2 Revenue up 11% YoY to \$5.4 Million; Quarterly Active Units up 22% QoQ*

Loop Media, Inc. ("Loop Media" or "Loop" or the "Company") (NYSE American: LPTV), a leading multichannel streaming platform that provides curated music video and branded entertainment channels for businesses, is reporting financial and operating results for its fiscal second quarter ended March 31, 2023.

### **Fiscal Q2 2023 vs. Fiscal Q2 2022 Highlights***(unless otherwise noted)*

- Revenue increased approximately 11% to \$5.4 million.
- Gross profit increased to \$1.6 million, with gross margin of 29.4%.
- Net loss was \$9.8 million or \$(0.17) per share, compared to a loss of \$5.0 million or \$(0.11) per share.
- Adjusted EBITDA (a non-GAAP financial measure defined below) was \$(5.6) million compared to \$(3.0) million.
- As of March 31, 2023, the Company had 32,734 quarterly active units (QAUs) operating on its platform, an increase of 22% compared to FQ1 2023.

### **Management Commentary**

"While we did achieve quarterly growth year-on-year, the sequential high level revenue growth we have seen over the past four quarters pulled back during this second quarter due to the challenging macroeconomic environment coupled with the toughest advertising quarter of the year due to seasonality. To counteract that, our various advertising and marketing initiatives resulted in a 22% sequential increase in quarterly active units in Fiscal 2023 Q2 over Q1, as we continue to perform well in the distribution of players and increase our platform footprint, which we believe will bode well when the market recovers and ad dollars return more robustly," said Jon Niermann, CEO of Loop Media. "Our ability to scale

distribution and continue to convert those dollars into meaningful growth of our Loop Player footprint is a testament to our execution, while we navigate a continued challenging macroeconomic environment in the industry.”

“In addition, we are being extra diligent to scrutinize costs, reduce spending and create efficiencies where we can to strengthen the bottom line. We’ve already pinpointed significant cost reductions by the end of Q3 that we believe will help achieve this goal while also building our margins. We believe this can happen without jeopardizing future growth while we work our way aggressively towards becoming positive cashflow,” Niermann added.

“We’re now ready and able to deploy our direct sales initiative designed to accelerate Loop’s ad revenue growth directly from marketers and their agencies. This is expected to apply positive pressure to Loop’s inventory, increasing sell-through while growing CPMs. We believe a healthy mix of direct + programmatic ad revenue is coming at the right time given Loop’s size and leadership position in the CTV for Business and DOOH marketplace,” said Bob Gruters, CRO of Loop.

### **Fiscal Second Quarter 2023 Financial Results**

In the fiscal second quarter, revenue increased approximately 11% to \$5.4 million compared to \$4.9 million in the year-ago period. The increase was primarily driven by significantly more Loop Players deployed into the market and the benefit from Loop’s Partner Platform business launched in May 2022.

Gross profit in the fiscal second quarter of 2023 increased slightly to \$1.6 million compared to \$1.4 million for the same period in fiscal 2022. Gross margin was 29.4% compared to 28.0% in the prior period. The slight increase was primarily driven by new contracts with reduced average content costs. When compared to the prior quarter, fiscal Q2, gross margin decreased primarily due to lower revenue and recurring content costs.

Total sales, general, and administrative (“SG&A”) expenses (excluding stock-based compensation and depreciation and amortization) in the fiscal second quarter of 2023 were \$7.8 million compared to \$4.7 million for the same period in fiscal 2022. The increase in SG&A was primarily due to greater marketing, customer acquisition and increased headcount.

Net loss in the fiscal second quarter of 2023 was \$9.8 million or \$(0.17 per share, compared to a loss of \$5.0 million or \$(0.11) per share for the same period in fiscal 2022.

Adjusted EBITDA in the fiscal second quarter of 2023 was \$(5.6) million compared to \$(3.0) million for the same period in fiscal 2022.

On March 31, 2023, cash and cash equivalents were \$4.7 million compared to \$7.8 million on December 31, 2022. The decrease was primarily driven by marketing spend and non-recurring expenses related to licensed content. As of March 31, 2023, the Company had total debt of \$9.1 million compared to \$9.2 million at December 31, 2022.

### **Conference Call**

The Company will conduct a conference call today, May 11, 2023, at 5:00 p.m. Eastern Daylight Time to discuss financial and operating results for its second quarter ended March

31, 2023.

Loop's management will host the conference call, followed by a question and answer period.

Date: May 11, 2023

Time: 5:00 p.m. Eastern Standard Time

Participant registration link: [here](#)

The conference call will also be available for replay on the investor relations section of the Company's website at [www.loop.tv/investors](http://www.loop.tv/investors).

### **About Loop Media, Inc.**

[Loop Media, Inc.](#) ("Loop Media") (NYSE American: LPTV) is a leading digital out of home (DOOH) TV and digital signage platform optimized for businesses, streaming more than 200 free music video, news, sports and entertainment channels through its Loop TV service. Loop Media is the leading company in the U.S. licensed to stream music videos to businesses through its proprietary Loop Player.

Loop Media's digital video content reaches millions of viewers in DOOH locations including bars/restaurants, office buildings, retail businesses, college campuses, airports and on free ad-supported TV platforms like Roku and at local gas stations on GSTV terminals in the United States.

Loop is fueled by one of the largest and most important video libraries that includes music videos, movie trailers and live performances. Loop Media's non-music channels cover a multitude of genres and moods and include movie trailers, sports highlights, lifestyle and travel videos, viral videos and more. Loop Media's streaming services generate revenue from advertising, sponsorships, integrated marketing and branded content and from subscriptions.

To learn more about Loop Media products and applications, please visit us online at [Loop.tv](http://Loop.tv)

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### **Safe Harbor Statement and Disclaimer**

This news release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, Loop Media's expected 2023 results, ability to compete in the highly competitive markets in which it operates, statements regarding Loop Media's ability to develop talent and attract future talent, the success of strategic actions Loop Media is taking, and the impact of strategic transactions. Forward-looking statements give our current expectations, opinion, belief or forecasts of future events and performance. A statement identified by the use of forward-looking words including "will,"

"may," "expects," "projects," "anticipates," "plans," "believes," "estimate," "should," and certain of the other foregoing statements may be deemed forward-looking statements. Although Loop Media believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this news release. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. Loop Media takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by Loop Media. Loop Media's SEC filings are available at [www.sec.gov](http://www.sec.gov).

### **Non-GAAP Measures**

Loop Media uses non-GAAP financial measures, including adjusted EBITDA and quarterly active units or QAUs, as supplemental measures of the performance of the Company's business. Use of these financial measures has limitations, and you should not consider them in isolation or use them as substitutes for analysis of Loop Media's financial results under generally accepted accounting principles in the United States of America ("U.S. GAAP"). The tables below provide a reconciliation of adjusted EBITDA to the most nearly comparable measure under U.S. GAAP.

The Company defines 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 a DOOH venue-owned computer screening our content) that is online, 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 at any time during the 90-day period. The Company uses "QAU" to refer to the number of such active units during such period.

**LOOP MEDIA, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
<b>Revenue</b>	\$ 5,393,231	\$ 4,879,839	\$ 20,219,062	\$ 7,875,873
<b>Cost of revenue</b>				
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
<b>Gross profit</b>	1,585,081	1,364,622	7,271,112	2,915,679
<i>Gross margin %</i>	29.4%	28.0%	36.0%	37.0%
<b>Operating expenses</b>				
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
<b>Loss from operations</b>	(8,895,049)	(4,527,209)	(13,145,675)	(8,885,832)
<b>Other income (expense)</b>				
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)
<b>Loss before income taxes</b>	(9,817,117)	(4,974,030)	(15,075,326)	(9,247,774)
Income tax (expense)/benefit	—	(800)	(1,230)	(1,051)
<b>Net loss</b>	\$ (9,817,117)	\$ (4,974,830)	\$ (15,076,556)	\$ (9,248,825)
<b>Basic and diluted net loss per common share</b>	\$ (0.17)	\$ (0.11)	\$ (0.27)	\$ (0.21)
<b>Weighted average number of basic and diluted common shares outstanding</b>	56,381,209	45,531,995	56,381,209	45,005,276

**LOOP MEDIA, INC.**  
**EBITDA RECONCILIATION**  
**(UNAUDITED)**

	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
<b>EBITDA</b>	\$ (8,032,121)	\$ (4,101,084)	\$ (11,412,864)	\$ (7,527,453)

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

**LOOP MEDIA, INC.**  
**ADJUSTED EBITDA RECONCILIATION**  
**(UNAUDITED)**

	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)
<b>Adjusted EBITDA</b>	<b>\$ (5,556,314)</b>	<b>\$ (2,975,546)</b>	<b>\$ (7,146,250)</b>	<b>\$ (5,441,305)</b>

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

\*\* Includes options, Restricted Stock Units ("RSUs") and warrants.

**LOOP MEDIA, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>March 31, 2023</u>	<u>September 30, 2022</u>
<u>ASSETS</u>	(UNAUDITED)	
<b>Current assets</b>		
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
<b>Total current assets</b>	<b>14,196,336</b>	<b>28,905,083</b>
<b>Non-current assets</b>		
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
<b>Total non-current assets</b>	<b>4,428,096</b>	<b>3,042,746</b>
<b>Total assets</b>	<b>\$ 18,624,432</b>	<b>\$ 31,947,829</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>Current liabilities</b>		
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	—
<b>Total current liabilities</b>	<b>16,591,589</b>	<b>19,192,999</b>
<b>Non-current liabilities</b>		
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
<b>Total non-current liabilities</b>	<b>7,273,822</b>	<b>7,100,738</b>
<b>Total liabilities</b>	<b>23,865,411</b>	<b>26,293,737</b>
<b>Commitments and contingencies</b>		
	—	—
<b>Stockholders' equity</b>		
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)
<b>Total stockholders' equity</b>	<b>(5,240,979)</b>	<b>5,654,092</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 18,624,432</b>	<b>\$ 31,947,829</b>

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

	<b>Six months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(8,715,387)</b>	<b>(5,598,220)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,046,876)	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,046,876)</b>	<b>—</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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 from 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	—
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>341,112</b>	<b>2,073,670</b>
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	<b>\$ 4,650,763</b>	<b>\$ 637,998</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW STATEMENTS</b>		
Cash paid for interest	\$ 665,309	\$ 101,186
Cash paid for income taxes	\$ 1,230	\$ 1,051
<b>SUPPLEMENTAL DISCLOSURES OF NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
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	\$ —
Investment in licensed content and internally developed content	\$ 52,916	\$ —

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