

Liberated Syndication Reports 2020 Third Quarter Financial Results

Company to Host Conference Call at 1:00 p.m. ET on Monday, November 16, 2020

Pittsburgh, PA - - Liberated Syndication Inc. (OTCQB:LSYN) (“Libsyn” or “the Company”), the industry’s leading podcast hosting platform, today announced its financial results for the third quarter ended September 30, 2020.

Quarterly Financial and Corporate Highlights

(All financial comparisons to the same period prior year period unless otherwise noted)

- Total revenues of \$6.5 million compared to \$6.2 million, a 4.7% increase. Revenue growth was driven in large part by 14.8% growth in the Company’s core podcast hosting business.
- Total G&A costs of \$4.8 million, compared to \$2.3 million. Included in Q3 2020 results were \$2.9 million of separation costs for the Company’s former CEO. Included in Q3 2019 costs were \$0.4 million of legal cost related to the Camac proxy effort.
- Operating loss of \$1.4 million, compared to operating income of \$0.8 million.
- Income tax expense of \$0.7 million compared to \$0.2 million.
- Net loss of \$2.0 million compared to net income of \$0.6 million.
- As of September 30, 2020, the Company’s common stock issued and outstanding were 26,824,429 compared to 29,271,974 at December 31, 2019.
- EPS for Q3 2020 was a loss of \$0.07 cents per share versus \$0.02 per share gain.
- Cash of \$13.8 million as of September 30, 2020, compared to \$16.6 million as of December 31, 2019

Operating Highlights

- Total number of podcasts on Libsyn’s platform grew to over 75,000 at the end of the third quarter of 2020, up from 74,000 at the end of the second quarter of 2020
- Rolled out integrations to users for Gaana, Amazon Music / Audible, and Player FM in the quarter
- Apple iOS remained the most listened to aggregator, representing approximately 64% of all Libsyn hosted podcasts
- The Company continues to see a broad category of available shows with Business (19%), Health & Fitness (10%), and Society and Culture (9%) as the top 3 categories by number of shows
- The top 3 categories by downloads in third quarter were Comedy (27%), Business (16%), and Health & Fitness (12%)
- Libsyn was the Global Sponsor of Podfest Global Summit, which set the Guinness Book of World Records for the largest virtual podcasting conference in on week with over 5,000 participants.

Management Commentary

Laurie Sims, President and Chief Operating Officer, noted, “Libsyn reported solid third quarter results despite the impact of unusual one-time charges related to management changes earlier this year. Results highlight higher sales and operating income after adjusting for the former CEO’s separation package. We continued to see favorable growth in our podcast hosting segment, which grew 14.8% during the period. This has been driven by new signups on Libsyn4 and LibsynPro, an increase in episodes on the Libsyn platform throughout the quarter, along with an increase in podcast downloads. We were able to take advantage of a significant surge in podcast creators following the onset of the COVID-19 pandemic and our high retention rates remain at historical levels. While podcast consumption was affected due to shifting listener behaviors in the second quarter, we have seen that trend reverse over the last several months. We continue to make substantive gains on Libsyn5, our new modern user interface consisting

of a simple, but highly functional design that will appeal to new and existing podcasters. Libsyn5 is being rolled out to our beta community in a series of Previews. We have successfully launched three Preview and testing phases of the product, and are excited by the positive reactions from our beta community. In 2021, we expect Libsyn5 to be a catalyst for accelerated growth, and plan to fully support the development of new features on the platform throughout the year to increase adoption by new and existing users.”

Ms. Sims concluded, “Over the last several months, we have implemented a number of positive changes at Libsyn, strengthening the foundation of the company. During the quarter we were able to take advantage of our strong cash flow to reduce our shares outstanding. Libsyn is well positioned to leverage its excellent financial position, invest in the business and successfully support the execution of Libsyn’s growth strategy.”

2020 Third Quarter Financial Review

Revenues

Liberated Syndication derives revenue from two operating segments, which are podcast hosting services (Libsyn) and internet hosting services through its wholly-owned subsidiary, Pair Networks, Inc. (“Pair”).

- Revenues increased 4.7% to \$6.5 million during the quarter ended September 30, 2020, compared to \$6.2 million for the same period in 2019.
- The increase during the quarter reflects an increase in podcast hosting revenue, which grew 14.8%, offset partially from lower advertising revenue resulting from a decrease in the dollars being spent on ad campaigns during the three months ended September 30, 2020. Internet hosting services declined slightly to \$2.1 million, from \$2.3 million in the prior year period.

The Company provided the following revenue breakout:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Podcast hosting	\$ 3,919,927	\$ 3,415,664	\$ 11,163,757	\$ 9,880,191
Hosting services	2,149,223	2,335,098	6,475,562	6,953,733
Domains	294,236	260,764	861,097	746,601
Advertising	82,945	105,999	302,677	437,884
Other	65,376	101,594	311,107	184,324
	<u>\$ 6,511,707</u>	<u>\$ 6,219,119</u>	<u>\$ 19,114,200</u>	<u>\$ 18,202,733</u>

The following table presents summary revenue by segment for the three months ended September 30, 2020 and 2019, respectively:

(in thousands)	2020			2019		
	Libsyn	Pair	Total	Libsyn	Pair	Total
Revenue	\$ 4,078	\$ 2,434	\$ 6,512	\$ 3,638	\$ 2,581	\$ 6,219

Operating Income (loss)

The Company reported operating loss of \$1.4 million, compared to operating income of \$0.8 million in the prior year period. Cost of sales as a percent of revenue remained relatively flat at 14.4% for the third quarter of 2020, compared to 14.2% for the period year period.

The loss was largely driven by a 106% increase in general and administrative expenses during the period to \$5.0 million from \$2.3 million in the prior year period, driven primarily due to the separation package offered to the company’s former CEO and expenses related and legal support costs which the Company does not anticipate in future periods.

Income Tax Expense

Income tax expense for the three months ended September 30, 2020 was \$0.7 million, which represents a change in the deferred tax assets and the expected federal balance due for the three-month period ended September 30, 2020. Income tax expense for the three months ended September 30, 2019 was \$0.2 million.

Share Count

As of September 30, 2020, the Company's common stock issued and outstanding were 26,824,429 compared to 29,271,974 at December 31, 2019. On July 31, 2020, as part of Libsyn's former CEO's separation package, the Company purchased 1,353,795 shares at market price and cancelled a net amount of 550,000 unvested restricted shares. 300,000 shares of unvested restricted shares of the Company's former CEO and CFO were also canceled in the quarter as required by the Company's 2019 Camac agreement.

Net Income

The Company's net loss was \$2.0 million, or \$0.07 per basic and diluted share loss based on basic and diluted weighted average common shares outstanding of 27.5 million for the three months ended September 30, 2020, compared to net income of \$0.2 million, or \$0.02 per diluted share gain based on basic and diluted weighted average common shares outstanding of 29.3 million, in the prior year period.

Liquidity and Capital Resources

Cash on hand was \$13.8 million at September 30, 2020, compared to \$16.6 million at December 31, 2019. This decrease was largely driven from the repurchase repurchased and retirement of 1,353,795 shares in a privately negotiated transaction. Cash provided by operations for the nine months ended September 30, 2020, was \$2.6 million, compared to \$6.3 million of cash provided by operations for the nine months ended September 30, 2019.

Conference Call Details

Libsyn will discuss these results in a conference call on Monday, November 16, 2020 at 1:00 p.m. ET.

Participant Dial-In Numbers:

(United States): 877-407-0778
(International): 201-689-8565

To access the call, please dial-in approximately five minutes before the start time.

Submit Questions for the Call

Questions for consideration for the call can be emailed to investor@libsyn.com prior to 9:00 a.m. ET on Monday, November 16, 2020.

Conference Call Replay

A replay of the conference call will be accessible two hours after the call and available for three weeks at the Investor Resources section of the investor site: <https://investor.libsyn.com>.

About Liberated Syndication

Liberated Syndication Inc. ("Libsyn") is a world leading podcast hosting network and has been providing publishers with distribution and monetization services since 2004. In 2019, Libsyn delivered over 6.2 billion downloads. Libsyn hosts over 5.8 million media files from more than 75,000 podcasts. Podcast producers choose Libsyn to measure their audience via IAB V2 certified stats, deliver popular audio and



video episodes, distribute their content through smartphone apps (iOS and Android), and monetize via premium subscription services and advertising. The Company also owns Pair Networks, founded in 1996, one of the oldest and most experienced Internet hosting companies, providing a full range of fast, powerful and reliable Web hosting services.

Libsyn is a Pittsburgh-based company with a world class team.

Visit Libsyn on the web at www.libsyn.com and visit Pair Networks at www.pair.com. Investors can visit the Company at the "Investor Relations" section of Libsyn's website at <https://investor.libsyn.com>.

Forward-Looking Statement

"Forward-looking Statements" as defined in the Private Securities Litigation Reform Act of 1995 may be included in some of the information or materials discussed in this press release. These statements relate to future events or our future financial performance.

These statements are only predictions and may differ materially from actual future results or events. We disclaim any intention or obligation to revise any forward-looking statements whether as a result of new information, future developments or otherwise, except as required by law. There are important risk factors that could cause actual results to differ from those contained in forward-looking statements, including, but not limited to, risks related to the outbreak of the coronavirus ("COVID-19") and the global spread of COVID-19 during 2020, risks associated with our change in business strategy towards more heavy reliance upon our new talent segment and wholesale channels, risks related to our recent management and Board of Directors changes, actions of regulators concerning our business operations or trading markets for our securities, the extent to which we are able to develop new services and markets for our services, our significant reliance on third parties to distribute our content, the level of demand and market acceptance of our services and the "Risk Factors" set forth in our most recent Securities and Exchange Commission filings.

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LIBERATED SYNDICATION INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue	\$ 6,511,707	\$ 6,219,119	\$ 19,114,200	\$ 18,202,733
Costs and operating expenses				
Cost of revenue (excluding depreciation and amortization)	937,863	881,171	2,367,400	2,581,659
General and administrative	4,820,259	2,339,966	8,458,122	6,074,072
Technology	595,393	478,372	1,754,245	1,390,161
Selling	312,179	293,185	842,001	702,521
Customer support	833,315	686,876	2,310,430	1,995,309
Depreciation and amortization	428,241	712,024	1,452,571	2,199,214
Total costs and operating expenses	7,927,250	5,391,594	17,184,769	14,942,936
Operating income (loss)	(1,415,543)	827,525	1,929,431	3,259,797
Other income (expense)				
Gain on revaluation of put option	137,500	-	137,500	-
Interest expense	(27,319)	(75,280)	(123,823)	(245,002)
Interest income	7,387	66,862	74,772	178,551
Other income	1,238	277	12,587	1,650
Total other income (expense)	(118,806)	(8,141)	(101,036)	(64,801)
Income (loss) before income taxes	(1,296,737)	819,384	2,030,467	3,194,996
Income tax expense	727,269	178,129	2,685,998	689,071
Net Income (loss)	\$ (2,024,006)	\$ 641,255	\$ (628,531)	\$ 2,505,925
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE				
	\$ (0.07)	\$ 0.02	\$ (0.02)	\$ 0.09
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
	27,453,697	29,271,974	28,667,685	29,441,754



LIBERATED SYNDICATION INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	September 30, 2020 (Unaudited)	December 31, 2019
CURRENT ASSETS:		
Cash	\$ 13,818,169	\$ 16,621,272
Accounts receivable, net	377,053	549,044
Related party receivables	918,852	-
Prepaid expenses	843,488	614,417
Total current assets	15,957,562	17,784,733
Property and equipment, net	1,120,903	1,536,930
Goodwill	16,388,171	16,388,171
Definite life - intangible assets, net	5,065,886	5,929,371
Deferred tax assets	938,904	1,847,979
Prepaid expense	422,469	363,091
Operating lease right-of-use assets	438,776	751,731
Prepaid expense	422,469	363,091
Total assets	\$ 40,332,671	\$ 44,602,006
CURRENT LIABILITIES:		
Accounts payable	\$ 753,189	\$ 760,163
Accrued expenses	975,476	1,087,271
Income tax payable	1,365,948	2,047,917
Deferred revenue	2,563,687	2,511,682
Current portion of capital lease obligation	-	831
Current portion of loans payable, net	2,647,987	2,643,824
Current portion of operating lease liabilities	390,985	408,828
Total current liabilities	8,697,272	9,460,516
LONG-TERM LIABILITIES:		
Loans payable, net of current portion	918,058	2,104,611
Deferred revenue, net of current portion	701,555	601,234
Operating lease liabilities, net of current portion	47,791	342,903
Line of credit	2,000,000	2,000,000
Total long-term liabilities	3,667,404	5,048,748
Total liabilities	12,364,676	14,509,264
COMMITMENTS & CONTINGENCIES		
	-	-
STOCKHOLDERS' EQUITY		
Common stock	26,825	29,272
Additional paid-in capital	37,768,819	35,243,171
Accumulated deficit	(5,808,232)	(5,179,701)
Common stock held in treasury (1,353,795 shares at September 30, 2020)	(4,019,417)	-
Total stockholders' equity	27,967,995	30,092,742
Total liabilities and stockholders' equity	\$ 40,332,671	\$ 44,602,006