

Liberated Syndication Inc.

Consolidated Financial Statements as of and for the years ending December 31, 2024
and 2023, and the Report of Independent Registered Public Accounting Firm

Liberated Syndication Inc.

Index to Financial Statements

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	2
Consolidated Balance Sheets	4
Consolidated Statements of Operations and comprehensive income	5
Consolidated Statements of Stockholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	9



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Liberated Syndication Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Liberated Syndication Inc. ("the Company") as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2024 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate audit opinion on the critical audit matters or on the accounts or disclosures to which they relate.



Valuation of Equity-Based Instruments

Critical Audit Matter Description

During the year ending December 31, 2024 as disclosed in Notes 9 and 10, the Company issued common stock and other equity based instruments for compensation, for services and for payment of other expenses, which were measured at fair value on the grant dates in order for the Company to properly record and disclose the equity-based transactions. The Company's stock is not traded on an active market and therefore in order to obtain the grant date fair value of the Company's common stock, Management employed a valuation methodology that incorporated various assumptions, including replacement cost, and also utilized the assistance of a third-party valuation specialist.

We identified auditing the valuation of the equity-based compensation as a critical audit matter due to the significant judgements used by the Company in determining the value of its common stock. Auditing the determination and valuation of the common stock involved a high degree of auditor judgement, specialized skills, and knowledge.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the following:

- We evaluated the reasonableness and appropriateness of the choice of valuation methodology and model used for valuing the common stock.
- We tested the reasonableness of the assumptions used by the Company in the valuation model, including scenario weighting, replacement cost assumptions and discount rates.
- We tested the accuracy and completeness of data used in developing the assumptions used in the valuation model.
- We evaluated the accuracy and completeness of the Company's presentation of these instruments in the financial statements and related disclosures, including evaluating whether such disclosures were in accordance with relevant accounting standards.
- Professionals with specialized skill and knowledge were utilized by the Firm to assist in the evaluation of the valuation models deployed by management.

Sadler Gibb & Assoc.

We have served as the Company's auditor since 2018.

Draper, UT
April 30, 2025



LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2024 AND 2023

	As of December 31,	
	2024	2023
CURRENT ASSETS:		
Cash	\$ 4,376,012	\$ 4,599,147
Short-term investments in marketable securities	8,634,777	—
Accounts receivable, net	10,797,703	8,376,701
Prepaid expenses and other current assets	407,671	507,783
Current assets of discontinued operations	—	12,052,121
Total current assets	24,216,163	25,535,752
Prepaid expenses and other assets, net of current portion	528,117	77,004
Property and equipment, net	—	445,083
Operating lease right-of-use assets	21,898	14,766
Deferred tax asset, net	4,478,217	5,737,109
Definite life - intangible assets, net	7,148,316	8,733,388
Goodwill	38,172,880	38,172,880
Total long-term assets	50,349,427	53,180,230
Total assets	\$ 74,565,591	\$ 78,715,982
CURRENT LIABILITIES:		
Accounts payable	\$ 6,029,875	\$ 5,655,761
Accrued expenses and other current liabilities	2,673,063	2,359,049
Line of credit	—	2,500,000
Income taxes payable	—	9,637
Other taxes payable	1,382,063	1,454,324
Deferred revenue	345,414	392,332
Registration payment arrangements	—	1,512,401
Contingent consideration	—	1,500,000
Current portion of operating lease liabilities	14,691	4,442
Current liabilities of discontinued operations	—	7,139,757
Total current liabilities	10,445,106	22,527,703
LONG TERM LIABILITIES:		
Operating lease liabilities, net of current portion	8,356	10,324
Loans payable, net of current portion	—	5,840,407
Total long-term liabilities	8,356	5,850,731
Total liabilities	\$ 10,453,462	\$ 28,378,434
COMMITMENTS & CONTINGENCIES (See Note 13)		
STOCKHOLDERS' EQUITY		
Common stock – 20,000 shares authorized - \$0.001 par value, 3,493 shares issued and 2,729 shares outstanding as of December 31, 2024, and 3,444 shares issued and 3,277 shares outstanding as of December 31, 2023	\$ 3	\$ 3
Less: Treasury stock (common stock: 764 at December 31, 2024 and 167 at December 31, 2023) at cost	(13,964,505)	(5,373,575)
Accumulated other comprehensive income (loss)	(44,488)	1,094,426
Additional paid-in capital	99,349,017	95,471,517
Accumulated deficit	(21,227,898)	(40,854,823)
Total stockholders' equity	64,112,129	50,337,548
Total liabilities and stockholders' equity	\$ 74,565,591	\$ 78,715,982

The accompanying notes are an integral part of these consolidated financial statements.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Years ended December 31,	
	2024	2023
Revenue	\$ 48,405,911	\$ 47,049,559
Costs and operating expenses		
Cost of revenue (excluding depreciation and amortization)	26,610,036	25,926,488
General and administrative	7,519,372	10,099,247
Selling and customer support	7,998,216	7,254,334
Technology	4,619,189	3,859,655
Depreciation and amortization	2,030,154	2,647,614
Total costs and operating expenses	48,776,967	49,787,338
Operating loss from continuing operations	(371,056)	(2,737,779)
Other income (expense)		
Registration payment arrangements	(1,512,399)	(805,951)
Interest income (expense)	626,528	(1,082,686)
Other (expense) income	(484,306)	169,621
Total other expense	(1,370,177)	(1,719,016)
Loss from continuing operations before income tax expense (benefit)	(1,741,233)	(4,456,795)
Income tax benefit - continuing operations	(1,311,030)	(404,571)
Net loss from continuing operations	(430,203)	(4,052,224)
Net Income (loss) from discontinued operations, net of tax	20,057,128	(14,946,421)
Net Income (loss)	<u>\$ 19,626,925</u>	<u>\$ (18,998,645)</u>
NET (LOSS) PER COMMON SHARE FROM CONTINUING OPERATIONS- BASIC AND DILUTED	<u>\$ (133.40)</u>	<u>\$ (1,278.90)</u>
NET INCOME (LOSS) PER COMMON SHARE FROM DISCONTINUED OPERATIONS- BASIC AND DILUTED	<u>\$ 6,219.27</u>	<u>\$ (4,713.47)</u>
NET INCOME (LOSS) PER COMMON SHARE - BASIC AND DILUTED	<u>\$ 6,086.87</u>	<u>\$ (5,991.37)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – BASIC AND DILUTED	3,225	3,171
Net Income (loss)	\$ 19,626,925	\$ (18,998,645)
Other comprehensive loss, net of tax:		
Release of cumulative foreign currency translation adjustments to net income from discontinued operations	(1,099,000)	—
Change in cumulative translation adjustment	(39,914)	449,201
Total comprehensive loss attributable to common shareholders	<u>\$ 18,488,011</u>	<u>\$ (18,549,444)</u>

The accompanying notes are an integral part of these consolidated financial statements.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>Common Stock</u>		<u>Common Stock Held in Treasury</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Additional Paid in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balance at December 31, 2022	3,091	\$ 3	\$ (5,373,575)	\$ 645,225	\$ 91,561,080	\$ (21,856,178)	\$ 64,976,555
Non-cash compensation expense and issuance of common stock for services	13	—	—	—	898,989	—	898,989
Shares issued for the settlement of a liability	6	—	—	—	125,188	—	125,188
Cumulative translation adjustment	—	—	—	449,201	—	—	449,201
Issuance of common stock in connection with registration payment arrangement	159	—	—	—	3,024,800	—	3,024,800
Settlement of contingent consideration liability settled in shares	54	—	—	—	1,044,443	—	1,044,443
Tax impact of Held for Sale classification	—	—	—	—	(1,182,983)	—	(1,182,983)
Reverse stock split rounding adjustment	(46)	—	—	—	—	—	—
Net loss	—	—	—	—	—	(18,998,645)	(18,998,645)
Balance at December 31, 2023	3,277	\$ 3	\$ (5,373,575)	\$ 1,094,426	\$ 95,471,517	\$ (40,854,823)	\$ 50,337,548
Non-cash compensation expense and issuance of common stock for services	26	—	—	—	852,700	—	852,700
Cancellation of common stock in connection with divestiture	(128)	—	—	—	—	—	—
Issuance of common stock in connection with registration payment arrangement	159	—	—	—	3,024,800	—	3,024,800
Repurchase and cancellation of shares	(597)	—	(8,590,930)	—	—	—	(8,590,930)
Reverse stock split rounding adjustment	(8)	—	—	—	—	—	—
Cumulative translation adjustment	—	—	—	(1,138,914)	—	—	(1,138,914)
Net income	—	—	—	—	—	19,626,925	19,843,925
Balance at December 31 2024	2,729	\$ 3	\$ (13,964,505)	\$ (44,488)	\$ 99,349,017	\$ (21,227,898)	\$ 64,112,129

The accompanying notes are an integral part of these consolidated financial statements.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Years ended December 31,	
	2024	2023
Cash Flows from Operating Activities		
Net income/(loss)	\$ 19,626,925	\$ (18,998,645)
Less: income/(loss) from discontinued operations, net of tax	20,057,128	(14,946,421)
Net loss from continuing operations	\$ (430,203)	\$ (4,052,224)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,030,154	2,647,614
Non-cash compensation expense, net of recapture	852,700	898,989
Fair value adjustment for contingent consideration	—	121,219
Deferred tax asset, net	1,258,892	(529,829)
Amortization of right-of-use asset	17,165	4,250
Amortization of debt discount and transaction costs	159,593	213,498
Change in operating assets and liabilities:		
Accounts receivable, net	(2,421,002)	(2,227,462)
Prepaid expenses	(351,000)	989,788
Accounts payable	374,114	331,712
Income taxes payable	(9,637)	9,637
Other taxes payable	(833,427)	(377,445)
Accrued expense	1,087,580	(518,310)
Operating lease liabilities	(16,016)	(4,250)
Deferred revenue	(46,920)	116,822
Net cash provided by (used in) operating activities of continuing operations	\$ 1,671,993	\$ (2,375,993)
Cash Flows from Investing Activities:		
Purchases of marketable securities	(14,735,759)	—
Proceeds from sale of marketable securities	6,100,982	—
Net cash used in by investing activities from continuing operations	\$ (8,634,777)	\$ —
Cash Flows from Financing Activities:		
Repurchase of common stock	(8,590,930)	—
Repayment on term loan	(8,500,000)	(3,500,000)
Repayment of the bridge loan	—	(4,500,000)
Proceeds from issuance of debt, net of fees	—	9,701,113
Net cash (used in) provided by financing activities from continuing operations	\$ (17,090,930)	\$ 1,701,113
Total cash used in by continuing operations	\$ (24,053,714)	\$ (674,880)

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Discontinued operations:		
Net cash (used in) provided by operating activities of discontinued operations	\$ (1,355,507)	\$ 1,327,744
Net cash (used in) provided by investing activities of discontinued operations	24,197,954	(304,297)
Effect of exchange rate changes on cash and cash equivalents from discontinued operations	—	(5,121)
Total provided by provided by discontinued operations	\$ 22,842,447	\$ 1,018,326
Cash and cash equivalents		
Cash and cash equivalents from continuing operations, beginning of year	4,599,147	3,658,209
Cash and cash equivalents from discontinued operations, beginning of year	988,132	1,585,622
Cash and cash equivalents at beginning of year	<u>\$ 5,587,279</u>	<u>\$ 5,243,831</u>
Cash and cash equivalents at end of year	\$ 4,376,012	\$ 5,587,279
Less: Cash and cash equivalents from discontinued operations, end of year	—	988,132
Cash and cash equivalents form continuing operations, end of year	<u>\$ 4,376,012</u>	<u>\$ 4,599,147</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the periods for:		
Interest	\$ 631,996	\$ 705,973
Income taxes	\$ 128,695	\$ 29,314
Noncash investing and financing activities		
Right-of-use asset	\$ 19,242	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Liberated Syndication Inc. (“LSI”, the “Company” or “Parent”), a Nevada Corporation, was organized on September 30, 2015, and maintains a corporate office in Pittsburgh, PA. The Company offers (i) an all-in-one podcasting platform for creators and advertisers to host, distribute, monetize, amplify, and measure their audio content. These services are offered through LSI’s wholly owned subsidiaries as follows:

- AdvertiseCast LLC, a Wisconsin limited liability company (“AdvertiseCast”), is a podcast advertising marketplace that connects podcasters to advertising agencies and brands and has full-service campaign management capabilities through its proprietary software platform that enables simple podcast advertising campaign creation and management. Advertising agencies and brands use AdvertiseCast to enable and manage advertising campaigns with podcast publishers.
- Webmayhem, Inc., a Pennsylvania corporation (“Libsyn”), provides a full suite of podcast hosting services for producers of content, including hosting and distribution tools, storage, bandwidth, syndication creation, distribution, and statistics tracking. Libsyn also offers an enterprise solution for professional media producers and corporate customers. Libsyn also offers a premium subscription service that provides producers a custom app and a podcast website where listeners can access their show, login to purchase a subscription, and get access to premium content.

On March 17, 2025, the Company’s Board of Directors approved a 10,000-to-1 reverse stock split of the Company’s Common Stock and Preferred Stock (the “Reverse Stock Split”) with a record date of March 31, 2025. All common share, per share and related information included in the accompanying financial statements and footnote disclosures have been adjusted retroactively, where applicable, to reflect the Reverse Stock Split. See Note 16 for further details.

On February 5, 2024, the Company completed the sale of Julep Media GmbH, a German limited liability company (“Julep”). Following the completion of the sale, the Company no longer owns any shares of Julep common stock. The historical results of Julep (which previously were reported in the Podcast advertising segment) are reflected as discontinued operations in the Company’s Consolidated Financial Statements through the date of the sale (see Note 3, Discontinued Operations for additional details). Unless otherwise indicated, the information in the notes to the Consolidated Financial Statements refer only to the Company’s continuing operations.

On August 22, 2024, the Company completed the sale of Pair Networks Inc., a Pennsylvania corporation (“Pair”). Pair provides web hosting services and domain name registrations. Following the completion of the sale, the Company no longer owns any shares of Pair common stock. The historical results of Pair (which previously represented the Web Hosting business segment) are reflected as discontinued operations in the Company’s Consolidated Financial Statements through the date of the sale (see Note 3, Discontinued Operations for additional details). Unless otherwise indicated, the information in the notes to the Consolidated Financial Statements refer only to the Company’s continuing operations.

On February 28, 2022, the Company completed the acquisition of Podcast Ad Reps LLC, a Texas limited liability company (“PAR”). PAR enables podcast advertising by allowing advertisers and agencies to efficiently buy and manage advertising campaigns in the podcast sector. PAR is managed and operated as part of AdvertiseCast and enhances the scale and efficiency of the Company’s podcast advertising business.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

Principles of Consolidation – Our financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP” or “US GAAP”) and include our accounts and the accounts of our subsidiaries. All intercompany investments, accounts, and transactions have been eliminated.

Accounting Estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period.

Our more significant estimates include:

- the estimated fair value of assets acquired and liabilities assumed in connection with business combinations;
- the assessment of recoverability of long-lived assets, including property and equipment, goodwill and intangible assets; the estimated useful lives of intangible and depreciable assets;
- the grant date fair value of equity-based awards;
- the recognition, measurement, and valuation of current and deferred income taxes;
- the estimates and assumptions of contingent liabilities as of the date of the financial statements.

We periodically evaluate these estimates and adjust prospectively, if necessary. We believe our estimates and assumptions are reasonable; however, actual results may differ from our estimates.

Discontinued Operations – In 2024, the Company completed the sales of both Julep and Pair. The Company measures an asset (disposal group) classified as held-for-sale at the lower of its carrying value at the date the asset is initially classified as held-for-sale or its fair value less costs to sell. The Company reports the results of operations of an entity or group of components that either has been disposed of or held-for-sale as discontinued operations only if the disposal of that component represents a strategic shift that has or will have a major effect on an entity’s operations and financial results.

Any incremental direct costs incurred to transact the sale are allocated against the gain or loss on the sale. These costs include items such as legal fees, title transfer fees, broker fees, etc. Any goodwill and intangible assets associated with the portion of the reporting unit to be disposed of is included in the carrying amount of the business in determining the gain or loss on the sale.

Cash and Cash Equivalents – Cash consists primarily of amounts held on deposit with financial institutions. The Company’s cash deposits with banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account. At times, the cash balances held by the Company in financial institutions may exceed these insured limits. The Company has never experienced any losses related to these balances. The uninsured cash balance as of December 31, 2024 and 2023, was \$3,079,178 and \$2,801,176, respectively. The Company does not believe it is exposed to significant credit risk on cash and cash equivalents. The risk of loss attributable to these uninsured balances is mitigated by depositing funds in high credit quality financial institutions.

Concentration of Credit Risk – Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, cash equivalents and accounts receivable. Management’s assessment of the Company’s credit risk for cash and cash equivalents is low as cash and cash equivalents are held in financial institutions believed to be credit worthy. No single customer represented over 10% of our total revenue for any period presented.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

Accounts Receivable and Allowance for Credit Losses— Accounts receivable consist of trade receivables arising in the normal course of business. The Company adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-13, Financial Instruments - Credit Losses, on January 1, 2023. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based on current and historical information.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include predefined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collections consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses. The following table summarizes the changes in the allowance for credit losses from continuing operations:

	For the Years Ended December 31,	
	2024	2023
Allowance for credit losses, beginning balance	\$ 264,000	\$ 214,000
Provision for bad debts	231,817	452,262
Write offs of accounts receivable, net of recoveries	(94,536)	(402,262)
Allowance for credit losses, ending balance	<u>\$ 401,281</u>	<u>\$ 264,000</u>

Foreign Currency Translation – The Company’s reporting currency is the U.S. dollar. The financial statements of the Company’s subsidiaries outside the U.S. have been translated into U.S. dollars. Assets and liabilities of foreign operations are translated from foreign currencies into U.S. dollars at the exchange rates in effect as of the balance sheet date. Revenue and expenses are translated at the weighted average exchange rates for the period. Equity accounts are translated at historical rates. Gains or losses resulting from translating foreign currency financial statements into U.S. dollar are reported as cumulative translation adjustments, a separate component of other comprehensive income (loss) in stockholders’ equity.

Accumulated Other Comprehensive Income – Accumulated other comprehensive income (loss) consists solely of foreign currency translation adjustments.

Property and Equipment – Property and equipment is stated at cost. Depreciation is recorded over the shorter of the estimated useful life or the lease term of the applicable asset using the straight-line method beginning on the date an asset is placed in service. Maintenance and repairs are charged to expense as incurred.

Long-lived Assets – The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is the excess of the carrying amount over the fair value of the asset.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

Debt Issuance Costs – We defer and amortize issuance costs, underwriting fees and related expenses incurred in connection with the issuance of debt instruments using the effective interest method over the terms of the respective instruments. Debt issuance costs, other than those associated with our revolving credit loan, are reflected as a direct reduction (discount) of the carrying amount of the related debt liability.

Goodwill – The Company tests goodwill for impairment annually as of December 31, and whenever events occur or changes in circumstances indicate that impairment may have occurred. Impairment testing is performed for each of the Company's reporting units by first assessing qualitative factors to see if further testing of goodwill is required. If the Company concludes that it is more likely than not that a reporting unit's fair value is less than its carrying amount based on the qualitative assessment, then a quantitative test is required. The Company may also choose to bypass the qualitative assessment and perform the quantitative test. If the estimated fair value of a reporting unit exceeds its carrying value, the Company considers that goodwill is not impaired. If the carrying value of a reporting unit exceeds the estimated fair value of the reporting unit, there is an indication of impairment, and an impairment loss would be recorded equal to the difference, up to the amount of the carrying value of the goodwill. The Company completed its annual goodwill impairment test as of December 31, 2024, using a qualitative assessment approach. We did not recognize any impairment charges for Goodwill from continuing operations in 2024 and 2023. At December 31, 2024 and 2023, the carrying value of goodwill was \$38.2 million.

Advertising Costs – Advertising costs are expensed as incurred and amounts to approximately \$840,000 and \$1,115,000 for the periods ending December 31, 2024, and 2023, respectively.

Fair Value of Financial Instruments – The Company accounts for fair value measurements for financial assets and financial liabilities in accordance with FASB Accounting Standards Codification (“ASC”) Topic 820. The authoritative guidance, which, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as the exit price, representing the amount that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

As of December 31, 2024 and 2023, the following financial assets and liabilities were measured at fair value on a recurring basis using the type of inputs shown:

	December 31, 2024	Fair Value Measurements Using		
		Inputs		
		Level 1	Level 2	Level 3
Money market funds included in cash equivalents	\$ 457,041	\$ 457,041	\$ —	\$ —
Marketable securities	8,634,777	—	8,634,777	—
	<u>\$ 9,091,818</u>	<u>\$ 457,041</u>	<u>\$ 8,634,777</u>	<u>\$ —</u>

	December 31, 2023	Fair Value Measurements Using		
		Inputs		
		Level 1	Level 2	Level 3
Money market funds included in cash equivalents	\$ 688,072	\$ 688,072	\$ —	\$ —
Contingent consideration short term liability	(1,500,000)	—	(1,500,000)	—
	<u>\$ (811,928)</u>	<u>\$ 688,072</u>	<u>\$ (1,500,000)</u>	<u>\$ —</u>

Unless otherwise disclosed, the fair value of the Company's financial instruments including cash, accounts receivable, prepaid expenses, and accounts payable, deferred revenue and accrued expenses approximate their recorded values due to their short-term maturities. The carrying value of the Company's debt also approximates its fair value due to its variable interest rate.

Revenue Recognition – The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, when it satisfies a performance obligation by transferring control of service to a customer, in an amount reflecting the consideration we expect to be entitled to in exchange for those services, as outlined below. The Company records deferred revenue when payment is received from a customer before the Company has satisfied the performance obligation.

Our revenue is categorized and disaggregated as follows:

Podcast Advertising – The Company recognizes revenue from the insertion of advertisements in digital media. The performance obligation is the delivery of the digital media with the advertisement inserted. The performance obligation to recognize advertising revenue is satisfied upon delivery of the media and collection is probable.

Podcast Hosting – Podcast hosting publishing services are billed on a month-to-month basis, with the first month's bill prorated to the end of the month so all performance obligations are satisfied at each month-end. Consideration is recorded as revenue as the services, the underlying performance obligation, are provided and or satisfied and collection is probable which is generally when received.

Media Subscription Services – The Company facilitates the sale of producers' premium content through the sale of subscriptions. The amount earned per transaction is fixed when the producers determine the price for the sale

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

of each subscription, and the Company earns a percentage of the subscription price. The performance obligation is providing the subscription hosting medium and billing services. Accordingly, the Company reports premium subscription revenue on a net basis over the subscription service period in which the performance obligation is satisfied.

Cost of Revenue – Cost of revenue consists primarily of publisher revenue share payments, bandwidth, data center co-location costs and payment processing fees.

Equity-Based Compensation – Our equity-based awards are comprised of unrestricted stock awards and restricted (unvested) stock awards, stock options and restricted stock units during 2024 and 2023. These awards are issued under the 2018 Omnibus Equity Incentive Plan. Unrestricted and restricted (unvested) stock award and unit fair value is measured based on the fair market value of the underlying common stock on the date of grant. Awards vest and compensation is recognized over the requisite vesting period. The Company has made a policy election to recognize stock-based compensation expense for awards with vesting that is only based on service, using the straight-line attribution method, rather than the graded vesting attribution method. The Company accounts for forfeitures when they occur. The fair value of service-based stock option awards, if any, is determined using a Black-Scholes model. The fair value for market and performance-based awards, if any, is determined using a Monte Carlo simulation method.

Leases – The Company accounts for leases in accordance with FASB ASC Topic 842. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on whether the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. Leases are classified as operating or finance leases at the commencement date of the lease. Operating leases are included in operating lease right of use (“ROU”) assets, current portion of operating lease liabilities, and operating lease liabilities, net of current portion in the Consolidated Balance Sheet.

Lease liabilities are classified between current and long-term liabilities based on their payment terms. Leases that meet one or more of the finance lease criteria are recorded as a finance lease, all other leases are operating leases. The ROU asset balance for finance leases is included in property and equipment, net in the Consolidated Balance Sheets, the current portion of finance operating lease liabilities is reported as current portion of finance lease obligation and non-current finance lease liabilities are reported as finance lease obligation, net of current portion in the Consolidated Balance Sheets. The Company does not have any material finance leases. In accordance with the standard, the Company has elected not to recognize leases with terms of less than one year on the Consolidated Balance Sheets.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the implicit rate is generally not readily determinable for most of its leases, the Company uses its incremental borrowing rate at commencement date in determining the present value of lease payments. We determined the incremental borrowing rate for all leases, based on the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The incremental borrowing rate for our leases is determined based on lease term in a similar economic environment, adjusted for impacts of collateral. The operating lease ROU asset also includes prepaid rent and reflects the unamortized balance of lease incentives. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The Company’s leases may include renewal and termination options, which are included in the lease term if the Company concludes that it is reasonably certain that it will exercise the option. Some leases give the option to renew, with renewal terms that may extend the lease term. The exercise of lease renewal options is at the Company’s

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

sole discretion. The depreciable life of the ROU assets is limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Company is not likely to exercise any such purchase options as of December 31, 2024. Our lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes or other costs. Variable lease costs are expensed as incurred on the Consolidated Statements of Operations.

The Company's lease agreements do not contain any material residual value guarantees.

Other Definite-life Intangible Assets – Other intangible assets consist of customer relationships, developed technology, intellectual property, and trade name, which were generated through the acquisition of AdvertiseCast. PAR Management considers these intangible assets to have finite-lives. These assets are being amortized on a straight-line basis over their estimated useful lives.

Business Combinations – We include the results of operations of acquired businesses in our consolidated financial statements as of the respective dates of acquisition. Accounting for business combinations requires us to make significant estimates and assumptions, especially at the acquisition date, with respect to tangible and intangible assets acquired and liabilities assumed and pre-acquisition contingencies. The purchase price of acquisitions, including estimates of the fair value of contingent consideration when applicable, is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their estimated fair values on the respective acquisition dates, with the excess recorded as goodwill. We use our best estimates and assumptions to accurately assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. The estimates are inherently uncertain and subject to refinement. We continue to collect information and reevaluate these estimates and assumptions quarterly and record any adjustments to the preliminary estimates to goodwill provided we are within the measurement period (not to exceed 12 months from the acquisition date).

Income and Other Taxes – Federal and state income taxes are provided on income reported for financial statement purposes, adjusted for permanent and temporary differences between financial statement reporting and income tax regulations. Income tax expense and related interest and penalties are presented as “Income tax provision” on our Consolidated Statements of Operations and Comprehensive Income (Loss) and as “Income taxes payable” in our Consolidated Balance Sheets. Deferred tax assets and liabilities are measured using enacted tax rates, and reflect the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is established whenever management believes that it is more likely than not that deferred tax assets may not be realizable.

A liability for uncertain tax positions is recorded whenever management believes it is not likely that a particular position will be sustained on examination based solely on its technical merits. Interest and penalties related to an underpayment of income taxes are classified as income tax expense (see Note 11 - Income Taxes).

Earnings Per Share – The Company computes earnings per share in accordance with FASB ASC Topic 260 Earnings Per Share, which requires the Company to present basic earnings per share and diluted earnings per share when the effect is dilutive (see Note 12 - Earnings Per Share).

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-07, which requires the disclosure of significant segment expenses that are part of an entity's segment measure of profit or loss and regularly provided to the chief operating decision maker. In addition, it adds or makes clarifications to other segment-related disclosures, such as clarifying that disclosure requirements are required for entities with a single reportable segment and that an entity may disclose multiple measures of segment profit and loss. ASU 2023-07 is effective for fiscal

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

years beginning after December 15, 2023 and interim periods beginning after December 15, 2024 with early adoption permitted. The Company adopted ASU 2023-07 in the annual financial statements for the year ended December 31, 2024. The adoption of ASU 2023-07 did not have a significant impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*, which will require additional disclosure about specific expense categories included in the income statement. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The amendments can be applied either prospectively to financial statements issued for reporting periods after the effective date of this update or retrospectively to any or all prior periods presented in the financial statements. The Company is currently assessing the impact of this standard to its financial statements.

No other new accounting pronouncements issued or effective during 2024 had, or are expected to have, a material impact on the Company's consolidated financial statements.

NOTE 2 – BUSINESS COMBINATIONS

On February 28, 2022 (the "PAR Closing Date"), the Company consummated the transactions contemplated by the Membership Interest Purchase Agreement (as amended, the "PAR MIPA"), by and among the Company, Podcast Ad Reps LLC ("PAR"), and the members of PAR. The primary purpose of this acquisition was to grow the Company's podcast advertising customer base. Under the terms of the PAR MIPA, the Company acquired 100% of the membership interests of PAR for (i) \$5,000,000 in cash on the PAR Closing Date, (ii) 266,668 shares of the Company's restricted common stock, with the restrictions lifting ratably on each of the following 3 anniversary dates of the Closing Date, (iii) contingent payment of \$3.0 million in cash, with \$1.5 million to be paid after the one year anniversary of the PAR Close Date pending the achievement of a first year target of \$6.5 million in PAR revenue generated in the preceding year and \$1.5 million to be paid at the two year anniversary of the PAR Closing Date as long as the first year target has been achieved, and (iv) an earn-out payment of up to \$3.0 million to be paid out pending achievement of specific revenue and customer retention targets over the 12 month period following the PAR Closing Date. A minimum of 25% of any earn-out that is achieved must be paid in cash with the remainder to be paid out in any combinations of cash or common stock at the option of the Company. The fair value of the contingent consideration recognized on the PAR Closing Date of \$3,739,618 was estimated by applying an option pricing model. That measure was based on significant Level 3 inputs not observable in the market. Key assumptions include (1) discount rates of 6.7%-7.1%. (2) volatility of 45.0% and (3) the probability that the revenue and EBITDA targets would be achieved.

The Company recorded approximately \$121,000 increase to the contingent consideration liability with a corresponding expense recognized in other (expense) income on our Consolidated Statements of Operations and Comprehensive Loss for the years ending December 31, 2023.

NOTE 3 – DISCONTINUED OPERATIONS

Pair Divestiture

On August 22, 2024, Libsyn completed the sale of Pair, its web hosting segment. The Company received approximately \$24.0 million in proceeds and recorded a gain on the sale of approximately \$19 million during the year. The gain on the sale is recorded in "Income from discontinued operations, net of tax" in the consolidated

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

statements of operations. The proceeds from the sale are recorded in “Cash from/(used for) investing activities - discontinued operations” in the consolidated statements of cash flows.

The sale represents a strategic shift in Libsyn’s business offerings that has a major effect on the Company’s operations and financial results. Accordingly, the Company’s consolidated results of operations and cash flows have been recast to present the results of Pair as discontinued operations for all periods presented. The operating results of Pair were previously included in the web hosting segment.

The Company entered into a Transition Services Agreement (“TSA”) with the buyer of Pair pursuant to which the Company has agreed to perform certain services for a period of time following the sale. The TSA is designed to ensure and facilitate an orderly transfer of business operations. The consideration received by the Company primarily consists of cost reimbursement. For the year ended December 31, 2024, the amount paid pursuant to the TSA to Libsyn was less than \$50,000.

Julep Divestiture

In the fourth quarter of 2023, the Company began the process of the divesting its interests in Julep Media GmbH, the German podcast advertising platform (the “Disposal Group”). After consideration of the relevant facts, the Company concluded the assets and liabilities of Julep met the criteria for classification as held for sale. The sale was completed on February 5, 2024. The Company recorded a loss on the sale of \$17.2 million in 2023. Upon the completion of the sale in the first quarter of 2024, the Company recorded a gain on the sale of business of \$2.1 million which includes \$1.1 million of cumulative translation adjustment gains representing amounts previously recorded in accumulated other comprehensive loss.

The Company concluded the actual and proposed disposal activities represented a strategic shift that has a major effect on the Company’s operations and financial results and qualified for presentation as discontinued operations in accordance with FASB ASC-205-20. Accordingly, the financial results of Julep are presented in the Consolidated Statements of Operations and Comprehensive Income (Loss) as discontinued operations for all periods presented

As part of recognizing Julep as held for sale in accordance with GAAP, the Company was required to measure Julep at the lower of its carrying amount or fair value less cost to sell. The carrying value of the net assets held for sale attributable to the business, was greater than their fair value, less costs to sell, resulting an estimated non-cash, pre-tax loss on disposal of \$17.2 million, which is included in "Loss on disposal of discontinued operations" for the year ending December 31, 2023 in the consolidated statements of operations. As this estimated loss on Disposal Group was determined not to be attributable to any individual components of the Disposal Group’s net assets, it was reflected as a valuation allowance against the total assets of the discontinued operations as of December 31, 2023. The divestiture of Julep represents an intentional strategic shift in our operations. As a result, the results of Julep were classified as discontinued operations in our consolidated statements of operations and excluded from both continuing operations and segment results for all periods presented.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

The operating results of discontinued operations related to Julep and Pair for the two years ended December 31, 2024, and 2023 were as follows:

	For the Years Ended December 31,	
	2024	2023
Revenue	\$ 7,374,317	\$ 16,511,584
Costs and operating expenses		
Cost of revenue (excluding depreciation and amortization)	1,386,685	3,529,595
Selling, general and administrative	3,667,044	9,700,235
Depreciation and amortization	837,916	2,389,781
Total costs and operating expenses	5,891,645	15,619,611
Operating income from discontinued operations	\$ 1,482,672	\$ 891,973
Other income (expense)		
Loss recognized on classification as held for sale	—	(17,246,328)
Gain on disposition	21,522,304	—
Income (loss) from discontinued operations before income tax	23,004,976	(16,354,354)
Income tax expense	2,947,848	1,407,934
Net income (loss) from discontinued operations	\$ 20,057,128	\$ (14,946,421)

The Company's December 31, 2023 balance sheet has been recast to present the assets and liabilities of Julep and Pair as held for sale. The major classes of assets and liabilities of Julep and Pair included in the consolidated balance sheet at December 31, 2023 were as follows:

	As of December 31,	
	2024	2023
CURRENT ASSETS - DISCONTINUED OPERATIONS:		
Cash	\$ —	\$ 988,131
Accounts receivable, net	—	1,144,734
Prepaid expenses	—	2,308,921
Definite life - intangible assets, net	—	4,350,155
Goodwill	—	19,407,745
Impairment to net realizable value	—	(17,246,308)
Other	—	1,098,743
Current assets - Discontinued operations	—	12,052,121
Long-term assets - Discontinued Operations (1)	\$ —	\$ —
CURRENT LIABILITIES - DISCONTINUED OPERATIONS:		
Accounts payable	\$ —	\$ 1,218,993
Accrued expenses and other current liabilities	—	1,687,432
Deferred revenue	—	3,216,643
Lease liability	—	1,016,689
Total current liabilities	—	7,139,757
LONG TERM LIABILITIES:		
Deferred tax liability	—	—
Long term liabilities - Discontinued Operations (1)	\$ —	\$ —

- (1) The assets and liabilities of both Pair and Julep are classified in current assets and liabilities, respectively, in the Consolidated Balance Sheet as of December 31, 2023, as both sales closed in 2024.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – INVESTMENTS

Our investments are primarily composed of fixed income debt securities and common stock equity securities. All of our debt securities are classified as available-for-sale, which are carried at fair value. Our equity portfolio consists of common stocks and exchange traded funds (ETF), which are carried at fair value.

The following table summarizes the Company's investments as of December 31, 2024:

	December 31, 2024				
	Fair Value Level	Amortized cost	Gross Unrealized Gain	Gross Unrealized Losses	Fair Value
Money market funds	1	\$ 457,041	\$ —	\$ —	\$ 457,041
Cash and cash equivalents		457,041	—	—	457,041
U.S. Government bonds	2	1,760,000	—	(9,480)	1,750,520
U.S. Corporate bonds	2	4,646,208	—	(222)	4,645,986
Marketable securities	2	2,207,237	31,034	—	2,238,271
Short-term investments in marketable securities		8,613,445	31,034	(9,702)	8,634,777
Total cash equivalents and investments		\$ 9,070,486	\$ 31,034	\$ (9,702)	\$ 9,091,818

The following table summarizes the amortized cost and fair value of the Company's available-for-sale debt securities by contractual maturity as of December 31, 2024:

	Amortized cost	Fair Value
Maturing in one year or less	\$ 4,411,944	\$ 4,413,134
Maturing after one year but less than five years	234,264	232,852
Maturing after five year but less than ten years	1,760,000	1,750,520
Total cash equivalents and investments	\$ 6,406,208	\$ 6,396,506

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31:

	Life	December 31, 2024	December 31, 2023
Furniture, fixtures, and equipment	3-10 yrs	\$ 380,617	\$ 380,617
Leasehold improvements	3 - 5 yrs	46,483	46,483
Internally developed software	2 yrs	622,899	622,899
Software	3 yrs	2,241,232	2,241,232
Property & equipment, gross		3,291,231	3,291,231
Less: Accumulated depreciation		(3,291,231)	(2,846,148)
Property & equipment, net		\$ —	\$ 445,083

Internal-use software includes labor and license costs associated with software development for internal use. Depreciation expense for the periods ended December 31, 2024 and 2023 was \$445,083, and \$1,170,722, respectively.

NOTE 6 – COMPOSITION OF CERTAIN OTHER BALANCE SHEET ACCOUNTS

Accounts Payable

Accounts payable as of December 31, 2024, and 2023, consist of:

	2024	2023
Accounts payable - podcast publishers	\$ 5,269,761	\$ 4,603,469
Accounts payable - trade	760,114	1,052,292
Total accounts payable	\$ 6,029,875	\$ 5,655,761

Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as of December 31, 2024 and 2023, consist of:

	2024	2023
Accrued Excess Guarantee Payments	\$ 1,549,363	\$ 756,628
Accrued benefits	744,300	1,011,738
Other	379,400	590,683
Total accrued expenses and other current liabilities	\$ 2,673,063	\$ 2,359,049

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – GOODWILL AND OTHER DEFINITE-LIFE INTANGIBLE ASSETS

Goodwill - The change in the net carrying amount of goodwill by reportable segment as of December 31, 2024 and 2023 was as follows:

	December 31, 2023		
	Advertising	Podcast Hosting	Total
Goodwill as of December 31, 2022	\$ 26,688,629	\$ 11,484,251	\$ 38,172,880
Activity	—	—	—
Goodwill as of December 31, 2023	\$ 26,688,629	\$ 11,484,251	\$ 38,172,880
Activity	—	—	—
Goodwill as of December 31, 2024	\$ 26,688,629	\$ 11,484,251	\$ 38,172,880

Other Definite-Life Intangible Assets - The Company amortizes identifiable intangible assets over their useful life which is generally seven to eight years for Customer Relationships and Intellectual Property, ten years for Developed Technology and five to ten years for Tradenames.

As of December 31, 2024, the intangible assets and related accumulated amortization consisted of the following:

	December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 9,000,000	\$ (3,675,003)	\$ 5,324,997
Developed technology	2,472,250	(932,250)	1,540,000
Trade names & trademarks	1,000,000	(716,681)	283,319
Total	\$ 12,472,250	\$ (5,323,934)	\$ 7,148,316

As of December 31, 2023, the intangible assets and related accumulated amortization consisted of the following:

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	\$ 9,000,000	\$ (2,550,003)	\$ 6,449,997
Developed technology	2,472,250	(672,182)	1,800,068
Trade names & trademarks	1,000,000	(516,677)	483,323
Total	\$ 12,472,250	\$ (3,738,862)	\$ 8,733,388

During fiscal 2024, the Company assessed qualitative and quantitative factors and determined that the fair values of its reporting units are greater than their carrying amounts. Accordingly, the Company did not record any asset impairment charges on its goodwill or intangible assets that continued to meet the appropriate criteria during

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

fiscal 2024. In performing its assessment, the Company believes it made reasonable accounting estimates based on the facts and circumstances that were available as of the testing date and considering the evolving situation resulting from the current inflationary environment. If actual results are not consistent with the assumptions and judgments used, there may be additional exposure to future impairment losses that could be material to the Company's results of operations.

Intangible asset amortization expense was \$1,585,072 and \$1,589,088 for 2024 and 2023, respectively. The remaining weighted average amortization period for acquired intangible assets was 5.0 years as of December 31, 2024. The estimated future amortization expenses related to other intangible assets as of December 31, 2024 are as follows:

For twelve months ending December 31,	
2025	1,565,004
2026	1,448,315
2027	1,365,000
2028	1,365,000
2029	985,799
Thereafter	419,198
Total	<u>\$ 7,148,316</u>

NOTE 8 - LOANS

On December 27, 2017, the Company entered into a loan agreement with a bank (the "2017 Loan Agreement") which provided for a revolving credit facility pursuant to which the Company was able to borrow an aggregate principal amount not to exceed \$2,000,000 (the "Revolving Credit Facility") and a term loan with an initial principal amount equal to \$8,000,000 (the "Term Loan" and, together with the Revolving Credit Facility, the "Facility").

In connection with the acquisition of AdvertiseCast and again in connection with the acquisition of PAR, the Company amended the 2017 Loan Agreement (the "Loan Agreement Amendments"). Among other things, the Loan Agreement Amendments provided for (i) the guarantee of the obligations of the Borrowers by AdvertiseCast and PAR, (ii) the Bank receiving a security interest in certain assets of AdvertiseCast and PAR, and (iii) each of the Borrowers reaffirming the liens, security interests, and confession of judgment provisions previously granted by them to the Bank.

The Revolving Credit Facility accrued interest at LIBOR (London Interbank Offered Rate) plus 125 basis points or prime plus 75 basis points at the election of the Company. As of December 31, 2022, the maximum of \$2,000,000 was drawn down on the Revolving Credit Facility and the Company elected 30-day LIBOR as its interest rate.

Also as of December 31, 2022, the original Term Loan had been repaid in its entirety and there was no outstanding balance, and all related debt issuance costs were fully amortized.

The 2017 Loan Agreement, as amended, was scheduled to mature on December 27, 2022, but was extended 60 days under the same terms by mutual agreement of all parties to allow for a refinancing of the Facility which occurred on February 1, 2023 (the "2023 Amended Loan Agreement").

In February 2023, the Company entered into the 2023 Amended Loan Agreement ("2023 Loan") that provided for a term loan of \$10.0 million, with a scheduled maturity date of February 1, 2028, the full amount of which was borrowed at the closing of the 2023 Loan, and the ability to draw up to \$2.0 million under a new Revolving Credit

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

Facility. The term loan under the 2023 Loan Agreement required quarterly amortization payments of \$500,000 commencing on March 31, 2023 with the outstanding balance of the term loan payable due on the scheduled maturity date.

The 2023 Amended Loan Agreement also amended certain other terms of the 2017 Loan Agreement, including the interest rate for both the Revolving Credit Facility and Term Loan Facility, amortization schedule, the requirements for delivery of appraisals and certain covenants relating to dispositions of collateral. Additionally, the 2023 Amended Loan Agreement transitioned the benchmark interest rate from LIBOR to SOFR. As a result, the Revolving Credit Facility and Term Loan Facility bore SOFR plus an applicable margin of 275 basis points with respect to the revolving credit facility and SOFR plus an applicable margin of 325 basis points with respect to the term loans. The Company was required to pay a quarterly commitment fee of 0.375% per annum on the actual daily unused amount of the Revolver. After giving effect to the execution of the 2023 Amended Loan Agreement and the application of the proceeds therefrom, there was \$10.0 million aggregate principal outstanding under a new Term Loan Facility. A portion of the proceeds from the 2023 Amended Loan Agreement were used to pay the full amounts of outstanding debt.

Both the 2017 Loan Agreement and the 2023 Amended Loan Agreement contained customary events of default, including (but not limited to) default following an applicable grace period in the payment of principal or, interest, breaches of the Company's covenants or warranties under the Facility, payment default or acceleration of certain indebtedness of the Company or any subsidiary, certain events of bankruptcy, insolvency or liquidation involving the Company or its subsidiaries, certain judgments or uninsured losses, changes in control and certain liabilities related to ERISA based plans. The Company was also required to maintain minimum fixed charge coverage ratios and a deposit balance of at least \$5,000,000 at the bank.

On January 16, 2024, the Company amended its 2023 loan agreement, closing the \$2,000,000 revolving credit facility and lowering the minimum deposit balance to \$3,500,000. In August of 2024, the Company repaid the outstanding term loan balance with the proceeds from the sale of Pair. As of December 31, 2024, the Company has no outstanding debt.

NOTE 9 - STOCK-BASED COMPENSATION

2018 Omnibus Equity Incentive Plan

On September 12, 2018, the Company held its annual meeting of stockholders (the "Annual Meeting") and the shareholders approved the Company's 2018 Omnibus Equity Incentive Plan (the "Plan"). The Plan provides certain incentives and awards to its officers, employees, directors and consultants. Under the Plan, the Compensation Committee has the sole authority, in its discretion, to make all determinations under the Plan. Under the Plan, up to 300 common shares are authorized to be granted. As of December 31, 2024, 148 awards remain available for grant under the Plan.

The Plan provides for the awards of stock options, non-qualified stock options, restricted stock awards, restricted stock unit awards and unrestricted stock awards (collectively, the "Awards"). All employees, non-employee directors and any other persons providing valuable services to the Company are eligible to receive awards. Incentive Stock Options under the Plan may only be granted to such employees of the Company or any subsidiary thereof, as selected by the Compensation Committee.

Stock-based compensation expense for the year ended December 31, 2024, and 2023 was \$852,700 and \$881,887, respectively, recognized in "General and administrative expenses" in the Consolidated Statements of

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

Operations. As of December 31, 2024, the Company had not yet recognized compensation cost on unvested stock-based awards of \$2.7 million, with a weighted average remaining recognition period of 1.4 years.

Stock Options

Under the Plan, stock option awards will expire no later than ten years from the date of grant and the holder's right to exercise vested option awards generally will terminate upon the first to occur of: (i) expiration of the Award; or (ii) ninety (90) days following the participant's termination of employment. The fair value of stock options granted pursuant to our equity incentive plan is estimated using the Black-Scholes valuation model based on the multiple-award valuation method. Key assumptions of the Black-Scholes valuation model are the risk-free interest rate, expected volatility, expected term and expected dividends. The risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant for the expected term of the option. The determination of expected volatility is based on a blended peer group volatility for companies in similar industries, stage of life and with similar market capitalization. The expected term is the period over which our employees are expected to hold their options. It is based on the simplified method from the Securities and Exchange Commission's safe harbor guidelines.

The estimated assumptions used in the Black-Scholes valuation model to value our stock option awards were as follows for 2024 and 2023:

	2024	2023
Risk-free interest rate	4.24%	4.33%
Expected volatility	70.0%	55.0%
Expected term	6.2 years	5.9 years
Expected dividends	None	None

Stock options granted under the Plan generally vest over three to four years, subject to the holder's continued service through the vesting date and expire no later than 10 years from the date of grant.

The following table summarizes our stock option activity for the fiscal year ended December 31, 2024:

	Options Outstanding		
	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding - December 31, 2023	29	\$ 33,266	
Options granted	405	32,130	
Options exercised	—	—	
Options canceled/expired	(16)	30,800	
Outstanding - December 31, 2024	418	\$ 32,259	9.8
Vested and exercisable - December 31, 2024	9	\$ 36,300	7.8

The aggregate intrinsic value of the Company's outstanding stock options as of December 31, 2024 was \$0 and represents the total pretax intrinsic value (the difference between the fair value of the Company's common stock price on the last day of fiscal year 2024 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on the last trading

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

day of fiscal year 2024. All options outstanding are expected to vest. We issue new common stock from either treasury shares or authorized shares upon the exercise of stock options.

Service-based Restricted Stock Awards and Restricted Stock Units Awards

LSI has granted restricted stock units (“RSUs”) and restricted stock awards (“RSAs”) to certain key employees. The RSUs generally vest over three years, provided the employee remains in the service of the Company. The fair value of the RSUs is determined based upon the number of shares granted and the quoted market price of the Company’s common stock at the date of the grant.

Information regarding unvested restricted stock awards and restricted stock units for the year ended December 31, 2024 is summarized in the table below:

	Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2023	31	\$ 22,439
Granted	51	17,186
Vested	(17)	22,135
Cancelled or Forfeited Awards	(12)	22,000
Unvested shares as of December 31, 2024	53	\$ 17,581

The weighted-average grant date fair values of restricted stock awards and restricted stock units granted during fiscal years 2024 and 2023 was \$17,186 and \$19,000, respectively. The fair values of restricted stock units that vested during fiscal years 2024, and 2023 were \$22,135, and \$36,300, respectively.

Market-Based Restricted Stock Units

Market-based restricted stock units consist of grants of performance-based restricted stock units to certain members of executive management that vest contingent upon the achievement of pre-determined market conditions. If these market conditions are not met but service conditions are met, the market-based restricted stock units will not vest; however, any compensation expense we have recognized to date will not be reversed. The fair value of our market-based restricted stock units is estimated using a Monte-Carlo simulation model. Key assumptions for the Monte-Carlo simulation model are the risk-free interest rate, expected volatility, expected dividends and correlation coefficient.

The following table summarizes our market-based restricted stock unit activity for the year ended December 31, 2024:

	Market-Based Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2023	24	\$ 9,129
Granted	—	—
Vested	(11)	8,818
Forfeited or Cancelled	(13)	9,392
Outstanding as of December 31, 2024	—	\$ —

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

The assumptions used in the Monte-Carlo simulation model to value our market-based restricted stock units were as follows:

	2023
Risk-free interest rate	5.48
Expected dividend yield	— %
Expected volatility	60%

Performance-Based Awards

Our performance-based restricted stock units vest upon the achievement of pre-determined performance-based milestones, including, but not limited to, completion of an uplisting to the NASDAQ, as well as other service conditions. If these performance-based milestones are not met but service conditions are met, the performance-based restricted stock units will not vest, in which case any compensation expense we have recognized to date will be reversed. Generally, the measurement periods of our performance-based restricted stock units are 3 to 4 years, with awards cliff-vesting after the completion of the total aggregate measurement period. Each quarter, we update our assessment of the probability that the performance milestones will be achieved. We amortize the fair values of performance-based restricted stock units over the requisite service period.

The following table summarizes our performance-based restricted stock unit activity, for the fiscal year ended December 31, 2024:

	Performance-Based Restricted Stock Units	Weighted-Average Grant Date Fair Value
Unvested as of December 31, 2023	1	\$ 36,300
Granted	—	—
Vested	—	—
Cancelled or Forfeited Awards	(1)	36,300
Unvested shares as of December 31, 2024	—	\$ —

NOTE 10 - CAPITAL STOCK

The Company has authorized 20,000 shares of common stock, \$0.001 par value and 1,000 shares of preferred stock, \$0.001 par value. As of December 31, 2024, 3,493 shares were issued and 2,729 were outstanding. There were with 764 shares of treasury stock on hand as of December 31, 2024, and no shares of preferred stock were issued or outstanding.

See the Consolidated Statement of Stockholders' Equity for activity of common shares issued and outstanding and shares held in treasury. See Note 9 - Stock-based compensation for discussion regarding share awards, vesting, forfeitures and other information pertaining to stock-based compensation matters.

The Company closed the transactions contemplated by the Stock Purchase Agreement, dated March 29, 2021, by and between the Company and the purchasers set forth therein (the "Purchasers"), as amended, pursuant to which the Company sold to the Purchasers in a private transaction an aggregate of 663 shares of common stock for a purchase price of \$37,500 per share, resulting in an aggregate purchase price of \$24.875 million less \$0.8 million in fees (the "PIPE Transaction"). Under the terms of a registration rights agreement, the Purchasers are entitled to certain payments ("Registration Delay Payments") if a registration statement is not filed by August 16, 2021, or

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

effective by December 15, 2021 (the “Effectiveness Deadline”). They are also entitled to Registration Delay Payments for each 30-day period that any such delay continues. The obligations of the Company to pay Registration Delay Payments to any Purchaser could not accrue in any month or 30-day period in excess of one percent (1%) of such Purchaser’s purchase price until the Effectiveness Deadline, after which obligations of the Company to pay Registration Delay Payments to such Purchaser cannot accrue in any month or 30-day period in excess of two percent (2%) of such Purchaser’s purchase price. On March 21, 2022, an amendment to the registration rights agreement was executed by all Purchasers in the PIPE Transaction to allow the Registration Delay Payments to be paid quarterly in arrears and payable in cash or common stock at the option of the Company. The Company records such obligations in accordance with FASB ASC 825-20, Registration Payment Arrangements. The Company reviews its estimated liability quarterly. The liability is included on the Consolidated Balance Sheets under the heading “registration payment arrangement,” and amounted to \$1,512,401 as of December 31, 2023. Gains or losses resulting from the establishment of the liability are included in the Consolidated Statement of Operations in other income (expense) under the heading “registration payment arrangements” which amounted to loss of \$1,512,399 and \$805,951 during the year ended December 31, 2024, and 2023 respectively. Through December 31, 2024, the Company has issued 461 shares of common stock and paid \$480,000 in cash to satisfy the accrued registration payment arrangement liability. On October 11, 2024, a waiver of right to registration delay payments was executed by all Purchasers in the PIPE Transaction ending all registration delay payments starting on January 1, 2025.

The PIPE Transaction participants included investment funds affiliated with three Directors, Eric Shahinian, Ian Harris, and Michael Torok, as well as former CEO and Director, Brad Tirpak, as an individual. A summary of the registration payment arrangement expense to related parties recorded in the Consolidated Statement of Operations:

Name of Related Party Participant	Relationship	For the Years Ended December 31,	
		2024	2023
Hudson Executive	Director Ian Harris	\$ 547,200	\$ 291,600
Camac Partners	Director Eric Shahinian	486,400	259,200
JEC II Associates, LLC	Director Michael Torok	45,500	24,300
Brad Tirpak	Former CEO	60,800	32,400
		<u>\$ 1,140,000</u>	<u>\$ 607,500</u>

A summary of registration payment arrangement payable to related parties as of December 31, 2024, and 2023:

Name of Related Party Participant	Relationship	December 31, 2023	
		December 31, 2024	December 31, 2023
Hudson Executive	Director Ian Harris	\$ —	\$ 547,200
Camac Partners	Director Eric Shahinian	—	486,400
JEC II Associates, LLC	Director Michael Torok	—	45,600
Brad Tirpak	Former CEO	—	60,800
		<u>\$ —</u>	<u>\$ 1,140,000</u>

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – INCOME TAXES

The provision for income taxes related to income from continuing operations for the years ended on December 31, consisted of:

	For the Years Ended December 31,	
	2024	2023
Current:		
Federal	\$ (618,281)	\$ —
State	43,711	125,215
Total current	<u>\$ (574,570)</u>	<u>\$ 125,215</u>
Deferred:		
Federal	\$ (1,015,257)	\$ (690,618)
State	278,797	160,832
Total deferred	<u>(736,460)</u>	<u>(529,786)</u>
Income tax benefit	<u>\$ (1,311,030)</u>	<u>\$ (404,571)</u>

The significant components of deferred tax assets and liabilities at December 31, were as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets (liabilities):		
Intangible assets – tax amortization	\$ (1,273,973)	\$ (383,462)
Depreciation and amortization	598,291	(80,527)
Net operating loss carryforwards	4,209,804	4,767,199
Investment in Foreign Subsidiaries	—	2,511,894
Non-cash compensation	674,475	578,071
Taxes and interest	152,159	152,309
Provision for uncollectible accounts	86,537	65,526
Transaction costs	—	178,505
Registration payment arrangements	—	395,493
Other	30,924	63,995
Deferred tax assets	\$ 4,478,217	\$ 8,249,003
Valuation allowance	—	(2,511,894)
Deferred tax assets, net	<u>\$ 4,478,217</u>	<u>\$ 5,737,109</u>

At December 31, 2024, the Company had approximately \$16.7 million of net operating losses that are available to offset future taxable income in domestic jurisdictions. The amount of and ultimate realization of the benefits from the deferred tax assets for income tax purposes is dependent, in part, upon the tax laws in effect, the Company's future earnings, and other future events, the effects of which cannot be determined. During 2024 and 2023, the Company did not utilize any net operating losses relating to prior years in the filing of the Company's corporate income tax returns.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

A reconciliation of income tax expense at the federal statutory rate to income tax expense at the company's effective rate is as follows:

	For the Years Ended December 31,	
	2024	2023
Benefit from income taxes at U.S. federal statutory rate	\$ (320,089)	\$ (935,927)
State and local income taxes, net of federal	(93,740)	(274,093)
Federal valuation allowance	(497,553)	(196,946)
State valuation allowance	(390,808)	390,808
Other	(30,395)	597,692
Nondeductible expenses	21,555	13,895
Total income tax (benefit) expense	<u>\$ (1,311,030)</u>	<u>\$ (404,571)</u>

If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

We file U.S. federal and U.S. states returns. We are generally no longer subject to federal tax examinations for years prior to 2020 for U.S. federal tax returns or to state tax examinations for states tax returns prior to 2018. We also file VAT and GST returns internationally that remain subject to tax examinations since 2015.

NOTE 12 - EARNINGS OR LOSS PER SHARE

Basic income per share is computed by dividing net income or loss by the weighted-average number of shares of common stock issued and outstanding during the period, excluding stock awards with market or performance conditions that have not been met (the "Contingently Issuable Shares") and excluding unvested restricted service-based stock awards ("Potentially Dilutive Shares"). If conditions related to Contingently Issuable Shares are satisfied, the related shares are included in basic weighted average shares beginning on the day the condition is met. As of December 31, 2024, 53 Potentially Dilutive Shares were excluded from the weighted-average basic shares outstanding calculations for earnings per share computation purposes. As of December 31, 2023, 128 Contingently Issuable Shares and 109 Potentially Dilutive Shares were excluded from the weighted-average basic shares outstanding calculations for earnings per share computation purposes.

Diluted income per share is computed by dividing net income by the weighted-average number of diluted shares, including Potentially Dilutive Shares unless the inclusion of Potentially Dilutive Shares is antidilutive. The diluted earnings per share weighted-average share calculation includes the unvested service-based restricted stock awards from the date of grant but does not include Contingently Issuable Shares until the first day of the quarter in which the underlying market and performance-based conditions are met, in accordance with ASC 718, because the Company's market and performance-based conditions are based on discrete events including achievement of certain market capitalization targets or completion of an uplisting to the NASDAQ, which once achieved, result in the related shares no longer being forfeitable.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

The following table sets forth the computation of basic and diluted earnings per share and a reconciliation of the weighted average number of shares outstanding used in the computation of basic earnings per share to the total weighted average shares and dilutive securities outstanding used for determination of diluted earnings per share as of December 31, 2024 and 2023:

	For the Years Ended December 31,	
	2024	2023
Numerator:		
Net loss from continuing operations	\$ (430,203)	\$ (4,052,224)
Net income (loss) from discontinued operations	20,057,128	(14,946,421)
Net income (loss)	<u>\$ 19,626,925</u>	<u>\$ (18,998,645)</u>
Denominator:		
Weighted-average shares of common stock outstanding	3,225	3,171
Plus: Dilutive effect of share based compensation	—	—
Weighted-average shares of common stock outstanding - Basic and Diluted	3,225	3,171
Net loss per common share from continuing operations		
Basic and Diluted	<u>\$ (133.40)</u>	<u>\$ (1,278.90)</u>
Net income (loss) per common share from discontinued operations		
Basic and Diluted	<u>\$ 6,219.27</u>	<u>\$ (4,713.47)</u>
Net income (loss) per common share		
Basic and Diluted	<u>\$ 6,086.87</u>	<u>\$ (5,991.37)</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of December 31, 2024 and 2023, the Company had no material purchase commitments related to long-term non-cancelable agreements.

Legal Proceedings

The Company is involved in routine legal and administrative proceedings and claims of various types. We have no material pending legal or administrative proceedings, other than ordinary routine litigation incidental to our business, to which we or any of our subsidiaries are a party or of which any property is the subject. The Company does not accrue in advance for legal costs expected to be incurred in connection with a loss contingency.

401(k) Plan

The Company has a 401(k) plan and profit-sharing plan for the benefit of the employees of the Company. Employees are eligible to participate in the plan the first of the month following their hire date and attaining the age of 21. Profit sharing contributions are made at the discretion of the Board of Directors and vest 100% after the second year of service. The Company did not make any profit-sharing contributions to the plan during 2024 or 2023.

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - SEGMENT REPORTING

ASC 280, “Segment Reporting”, establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company’s business segments.

The Company is engaged in providing podcast hosting, podcast advertising services and web hosting. As of December 31, 2024, the Company’s CEO was determined to be the chief operating decision maker (“CODM”) who reviews the financial information of separate operating segments when making decisions about allocating resources and assessing performance of the group. The services provided by each operating segment are outlined in Note 1 - Organization, Basis of Presentation and Summary of Significant Accounting Policies. We operate and report our financial information in the following reportable business segments: podcast hosting services (Libsyn) and podcast advertising (AdvertiseCast).

The following table presents summary information by segment for the twelve months ended December 31, 2024 and 2023, respectively:

	<u>2024</u>	<u>2023</u>
Revenue		
Podcast hosting	\$ 12,847,000	\$ 14,875,000
Podcast advertising	35,559,000	32,175,000
Total revenues	<u>\$ 48,406,000</u>	<u>\$ 47,050,000</u>
Cost of revenue		
Podcast hosting	\$ 1,573,000	\$ 2,311,000
Podcast advertising	25,037,000	23,615,000
Total cost of revenue	<u>\$ 26,610,000</u>	<u>\$ 25,926,000</u>
Total assets		
Podcast hosting	\$ 27,153,000	\$ 20,684,000
Podcast advertising	47,413,000	45,980,000
Discontinued operations	-	12,052,000
Total assets	<u>\$ 74,566,000</u>	<u>\$ 78,716,000</u>
Depreciation and amortization		
Podcast hosting	\$ 445,000	\$ 1,059,000
Podcast advertising	1,585,000	1,589,000
Total depreciation and amortization	<u>\$ 2,030,000</u>	<u>\$ 2,648,000</u>

Geographic revenue related to operations for the years ended December 31, 2024, and 2023 were as follows. Revenue is allocated to a geographic area based on the customer’s country of domicile. No one country other than the United States represents more than 10% of net sales for 2024 or 2023:

Total Revenue

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

<i>(in thousands)</i>	Year ended December 31, 2024	Year ended December 31, 2023
United States	\$ 44,831,000	\$ 42,632,000
Foreign	3,575,000	4,418,000
Total	\$ 48,406,000	\$ 47,050,000

NOTE 15 - RELATED PARTIES

During the fiscal years ended December 31, 2024, and 2023, there were no transactions, and there are no currently proposed transactions, in which the Company was or is to be a participant and the amount involved exceeds the lesser of \$120,000 or one percent of the average of the Company's total assets at year-end for the last two completed fiscal years, and in which any related person had or will have a direct or indirect material interest, except for as otherwise disclosed in these financials statements.

NOTE 16 - SUBSEQUENT EVENTS

The Company has evaluated events subsequent to December 31, 2024, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through April 30, 2025, the date and time the consolidated financial statements were issued, and it was determined that no subsequent events, unless otherwise disclosed herein or as follows, occurred that required recognition or disclosure in the consolidated financial statements.

Reverse Stock Split

On February 7, 2025, the Company issued 247,500 shares to its Directors upon the vesting of their 2024 RSU awards.

In March 2025, the Company's Board of Directors approved a 10,000-to-1 reverse stock split of the Company's Common Stock and Preferred Stock (the "Reverse Stock Split"). The Reverse Stock Split became effective on March 31, 2025, and reduced the number of authorized shares of the Company's (i) Common Stock from 200,000,000 to 20,000 and (i) Preferred Stock from 10,000,000 to 1,000. As a result of the Reverse Stock Split, the amount of the Company's outstanding Common Stock was reduced from approximately 27,980,546 shares to 2,581 shares and treasury stock from approximately 7,646,425 shares to 764, effective as of as of March 31, 2025. No Preferred Stock was or is issued and outstanding. The par value of the Common Stock and Preferred Stock was not changed as a result of the Reverse Stock Split and remains \$0.001 per share for each of the Company's Common Stock and Preferred Stock. As part of the Reverse Stock Split, the Company paid cash of \$3,483,154 in lieu of issuing fractional shares to holders of fractional shares of the Common Stock. In connection with the Reverse Stock Split, the Company filed a Certificate of Change with the Nevada Secretary of State evidencing the reduction in the number of authorized shares of the Company's Common Stock and Preferred Stock.

In addition, (i) a proportionate adjustment will be made to the per share exercise price and the number of shares issuable upon the exercise of all outstanding stock options and warrants to purchase shares of common stock, to the extent that the exercise price of such warrants is not based solely on the market price of the common stock at the time of exercise, (ii) a proportionate adjustment will be made to any fixed conversion prices for other convertible securities of the Company, including any conversion floor prices and (iii) the number of shares reserved for issuance pursuant to the Company's equity incentive plans will also be reduced proportionately.