

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 001-38249

LIVEONE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

269 S. Beverly Dr., Suite #1450
Beverly Hills, California

(Address of principal executive offices)

98-0657263

(I.R.S. Employer
Identification No.)

90212

(Zip Code)

(310) 601-2505

(Registrant's telephone number, including area code)

n/a

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 par value per share	LVO	The NASDAQ Capital Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of February 11, 2025, there were 96,092,404 shares of the registrant's common stock, \$0.001 par value per share, issued and outstanding.



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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

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LiveOne, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except share and per share amounts)

	<u>December 31, 2024</u>	<u>March 31, 2024</u> (Audited)
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 10,854	\$ 6,987
Restricted cash	30	155
Accounts receivable, net	8,783	13,205
Inventories	1,634	2,187
Prepaid expense and other current assets	1,478	1,801
Total Current Assets	<u>22,779</u>	<u>24,335</u>
Property and equipment, net	3,755	3,646
Goodwill	23,379	23,379
Intangible assets, net	6,192	12,415
Other assets	111	88
Total Assets	<u>\$ 56,216</u>	<u>\$ 63,863</u>
<u>Liabilities, Mezzanine Equity and Stockholders' Equity (Deficit)</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 24,940	\$ 26,953
Accrued royalties	8,353	10,862
Notes payable, current portion	689	692
Deferred revenue	2,616	728
Senior secured line of credit	4,250	7,000
Derivative liabilities	-	607
Total Current Liabilities	<u>40,848</u>	<u>46,842</u>
Notes payable, net	261	771
Other long-term liabilities	13,638	9,354
Deferred income taxes	339	339
Total Liabilities	<u>55,086</u>	<u>57,306</u>
Commitments and Contingencies		
Mezzanine Equity		
Redeemable convertible preferred stock, \$0.001 par value; 100,000 shares authorized; none and 5,000 shares issued and outstanding as of December 31, 2024 and March 31, 2024, respectively	-	4,962
Stockholders' Equity (Deficit)		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 13,588 and 18,814 shares issued and outstanding as of December 31, 2024 and March 31, 2024, respectively	13,588	18,814
Common stock, \$0.001 par value; 500,000,000 shares authorized; 95,668,756 and 88,627,420 shares issued and outstanding as of December 31, 2024 and March 31, 2024, net of treasury shares, respectively	96	92
Additional paid in capital	232,381	216,116
Treasury stock	(250)	(4,782)
Accumulated deficit	(254,257)	(238,984)
Total LiveOne's Stockholders' Deficit	<u>(8,442)</u>	<u>(8,744)</u>
Non-controlling interest	9,572	10,339
Total equity	<u>1,130</u>	<u>1,595</u>
Total Liabilities, Mezzanine Equity and Stockholders' Equity (Deficit)	<u>\$ 56,216</u>	<u>\$ 63,863</u>

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

LiveOne, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except share and per share amounts)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Revenue:	\$ 29,445	\$ 31,245	\$ 95,117	\$ 87,541
Operating expenses:				
Cost of sales	22,292	23,267	71,897	63,015
Sales and marketing	1,763	1,514	4,685	5,671
Product development	1,115	694	3,346	3,379
General and administrative	5,241	5,880	17,031	17,641
Impairment of intangible assets	3,807	115	3,983	115
Amortization of intangible assets	340	528	1,474	1,227
Total operating expenses	<u>34,558</u>	<u>31,998</u>	<u>102,416</u>	<u>91,048</u>
Loss from operations	(5,113)	(753)	(7,299)	(3,507)
Other income (expense):				
Interest expense, net	(544)	(1,279)	(2,211)	(3,477)
Other income (expense)	34	(207)	52	(3,639)
Total other expense, net	<u>(510)</u>	<u>(1,486)</u>	<u>(2,159)</u>	<u>(7,116)</u>
Loss before provision for income taxes	(5,623)	(2,239)	(9,458)	(10,623)
Provision for (benefit from) income taxes	15	(15)	55	43
Net loss	<u>(5,638)</u>	<u>(2,224)</u>	<u>(9,513)</u>	<u>(10,666)</u>
Net loss attributable to non-controlling interest	(405)	(650)	(1,251)	(997)
Net loss attributed to LiveOne	<u>\$ (5,233)</u>	<u>\$ (1,574)</u>	<u>\$ (8,262)</u>	<u>\$ (9,669)</u>
Net loss per share – basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.03)</u>	<u>\$ (0.10)</u>	<u>\$ (0.13)</u>
Weighted average common shares – basic and diluted	<u>95,501,753</u>	<u>87,882,364</u>	<u>94,858,531</u>	<u>87,477,623</u>

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

preferred stock	-	-	-	-	-	-	-	(762)	-	-	-	(762)
Accretion on preferred stock	-	106	-	-	-	-	-	-	-	-	-	-
Issuance of PodcastOne common stock	-	-	-	-	-	(123)	-	123	-	-	-	-
Common stock issued for services	-	-	-	-	30,426	-	169	-	-	-	-	169
Issuance of preferred stock dividends	-	-	1,374	1,374	-	-	-	-	-	-	-	1,374
Treasury stock purchases	-	-	-	-	-	-	-	-	(91,754)	(113)	-	(113)
Net loss	-	-	-	-	-	-	-	(1,574)	(650)	-	-	(2,224)
Balance as of December 31, 2023	<u>15,000</u>	<u>\$ 4,933</u>	<u>18,604</u>	<u>\$ 18,604</u>	<u>91,625,688</u>	<u>\$ 91</u>	<u>\$ 216,433</u>	<u>\$ (235,954)</u>	<u>\$ 8,945</u>	<u>(3,322,412)</u>	<u>\$ (3,863)</u>	<u>4,256</u>

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

LiveOne, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	Nine Months Ended	
	December 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net loss	\$ (9,513)	\$ (10,666)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,965	3,668
Interest paid in kind	-	269
Stock-based compensation	4,508	5,419
Amortization of debt discount	-	1,110
Change in fair value of bifurcated embedded derivatives	(607)	4,132
Change in fair value of contingent consideration liability	-	174
Accretion on preferred stock	-	106
(Recovery of) provision for credit loss	73	509
Impairment of fixed assets	-	2
Impairment of intangible assets	3,983	115
Changes in operating assets and liabilities:		
Accounts receivable	4,348	(2,908)
Prepaid expenses and other current assets	709	1,312
Inventories	167	504
Other assets	(23)	255
Deferred revenue	1,888	(204)
Accounts payable and accrued liabilities	(554)	(275)
Accrued royalties	1,248	3,606
Other liabilities	446	(3,324)
Net cash provided by (used in) operating activities	<u>10,638</u>	<u>3,804</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(2,128)	(2,092)
Purchases of intangible assets	-	(688)
Net cash used in investing activities	<u>(2,128)</u>	<u>(2,780)</u>
Cash Flows from Financing Activities:		
Payment on PodcastOne bridge loan	-	(3,000)
Payment of dividends	(509)	-
Repayment on notes payable	(510)	(227)
Repayment on line of credit	(2,750)	-
Proceeds from notes payable	-	1,700
Proceeds from exercise of stock options	-	8
Purchase of treasury stock	(999)	(1,701)
Net cash used in financing activities	<u>(4,768)</u>	<u>(3,220)</u>
Net change in cash, cash equivalents and restricted cash	3,742	(2,196)
Cash, cash equivalents and restricted cash, beginning of period	7,142	8,649
Cash, cash equivalents and restricted cash, end of period	<u>\$ 10,884</u>	<u>\$ 6,453</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ -	\$ 37
Cash paid for interest	\$ 1,276	\$ 869
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued for prepaid expenses	\$ -	\$ 422
Conversion of the bridge loan into PodcastOne common stock	\$ -	\$ 4,752
Conversion of Series A preferred stock into common stock	\$ 11,357	\$ -
Accrual of dividends	\$ -	\$ 2,016
PodcastOne warrants reclassified from liabilities to non-controlling interest	\$ -	\$ 5,896
Accrued dividends converted to preferred stock	\$ -	\$ 2,427
Fair value of shares issued to settle accrued stock to be issued at period end	\$ 220	\$ -
Fair value of shares received of PodcastOne common stock to settle payables owed	\$ 484	\$ -

Purchase of intangible assets accrued for at period end	\$ 766	\$ 737
Addition of ROU assets	\$ 119	\$ -
Purchase of intangible assets with common stock	\$ -	\$ 917
Stock compensation expense capitalized as internally-developed software	\$ 290	\$ 655

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

LiveOne, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
For the Three and Nine Months Ended December 31, 2024 and 2023

Note 1 — Organization and Basis of Presentation

Organization

LiveOne, Inc. together with its subsidiaries (“we,” “us,” “our”, the “Company” or “LiveOne”) is a Delaware corporation headquartered in Beverly Hills, California. The Company is a creator-first, music, entertainment and technology platform focused on delivering premium experiences and content worldwide through memberships, live and virtual events.

The Company was reincorporated in the State of Delaware on August 2, 2017, pursuant to a reincorporation merger of Loton, Corp (“Loton”) with and into LiveXLive Media, Inc., Loton’s wholly owned subsidiary at the time. As a result of the reincorporation merger, Loton ceased to exist as a separate entity, with LiveXLive Media, Inc. being the surviving entity. On December 29, 2017, the Company acquired Slacker, Inc. (“Slacker”), an Internet music and radio streaming service incorporated in the state of Delaware, and it became a wholly owned subsidiary of LiveOne. On February 5, 2020, the Company acquired (i) React Presents, LLC a Delaware limited liability company (“React Presents”), and it became a wholly owned subsidiary of LiveXLive Events, LLC, a wholly owned subsidiary of the Company and (ii) indirectly Spring Awakening, LLC, which is a wholly owned subsidiary of React Presents, a producer, promoter and manager of in person live music festivals and events. On July 1, 2020, the Company through its wholly owned subsidiary, LiveXLive PodcastOne, Inc., acquired PodcastOne, Inc. (formerly Courtside Group, Inc.) (“PodcastOne”). On December 22, 2020, the Company through its wholly owned subsidiary LiveXLive Merchandising, Inc., acquired Custom Personalization Solutions, Inc. (“CPS”). Effective as of October 5, 2021, the Company changed its corporate name to “LiveOne, Inc.” On October 17, 2021, the Company through its wholly owned subsidiary LiveXLive PR, Inc., acquired Gramophone Media, Inc. (“Gramophone”). On February 28, 2023, the Company acquired a majority interest in Splitmind LLC and Drumify LLC. On September 8, 2023, PodcastOne completed a Qualified Event (as defined below) (its spin out from the Company to become a standalone publicly trading company) as a result of its direct listing on The NASDAQ Capital Market on such date (the “Direct Listing”). As of the date of this Quarterly Report, PodcastOne continues to be a majority owned subsidiary of the Company.

Basis of Presentation

The interim unaudited condensed consolidated financial statements have been prepared on the same basis as the Company’s audited consolidated financial statements for the fiscal year ended March 31, 2024, and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company’s interim unaudited condensed consolidated financial statements for the three and nine months ended December 31, 2024. The results for the three and nine months ended December 31, 2024 are not necessarily indicative of the results expected for the full fiscal year ending March 31, 2025 (“fiscal 2025”). The condensed consolidated balance sheet as of March 31, 2024 has been derived from the Company’s audited balance sheet included in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on July 1, 2024 (the “2024 Form 10-K”).

The interim unaudited condensed consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete audited financial statements. Therefore, these financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the 2024 Form 10-K.

Going Concern and Liquidity

The Company’s interim unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

The Company’s principal sources of liquidity have historically been its debt and equity issuances and its cash and cash equivalents (which cash, cash equivalents and restricted cash amounted to \$10.9 million as of December 31, 2024). As reflected in its interim unaudited condensed consolidated financial statements included elsewhere herein, the Company has a history of losses, incurred a net loss of \$9.5 million for the nine months ended December 31, 2024, and provided cash of \$10.6 million in operating activities for the nine months ended December 31, 2024 and had a working capital deficiency of \$18.1 million as of December 31, 2024. These factors, among others, raise substantial doubt about the Company’s ability to continue as a going concern within one year from the date that these financial statements are filed. The Company’s interim unaudited condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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The Company's ability to continue as a going concern is dependent on its ability to execute its growth strategy and on its ability to raise additional funds. The Company filed a new universal shelf Registration Statement on Form S-3 (the "Shelf S-3") with the SEC, which was declared effective by the SEC on February 17, 2022. Under the Shelf S-3, the Company has the ability to raise up to \$150.0 million in cash from the sale of its equity, debt and/or other financial instruments. The Shelf S-3 will expire on February 17, 2025, subject to an extended period during which the Company may continue utilize the Shelf S-3 as permitted by applicable SEC rules. The Company filed a new universal shelf Registration Statement on Form S-3 (the "New Shelf S-3") with the SEC on February 13, 2025, which has not yet been declared effective by the SEC as of the date of this Quarterly Report. Under the New Shelf S-3, the Company will have the ability to raise up to \$150.0 million in cash from the sale of its equity, debt and/or other financial instruments. In May 2024, the Company entered into a Sales Agreement with Roth Capital Partners, LLC ("Roth Capital"), pursuant to which the Company may, while the Shelf S-3 continues to be effective (or during the Extended Period) or if the New Shelf S-3 is declared effective by the SEC, offer and sell shares of our common stock having an aggregate offering price of up to \$25 million from time to time through Roth Capital acting as the Company's sales agent. As of the filing of this Quarterly Report, we have not sold any shares under such agreement. The uncertain market conditions may limit the Company's ability to access capital, may reduce demand for its services and may negatively impact its ability to retain key personnel. Management may seek additional funds, primarily through the issuance of equity and/or debt securities for cash to operate the Company's business. No assurance can be given that any future financing will be available or, if available, that it be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain terms that result in undue restrictions on its operations, in the case of debt financing or cause substantial dilution for its stockholders, in case of equity and/or convertible debt financing. If the Company is unable to obtain sufficient financing when needed, the Company may also have to reduce certain overhead costs through the reduction of salaries and other means and settle liabilities through negotiation. There can be no assurance that management's attempts at any or all of these endeavors will be successful.

Principles of Consolidation

The interim unaudited condensed consolidated financial statements include the accounts of the Company and its wholly and majority owned subsidiaries. Acquisitions are included in the Company's interim unaudited condensed consolidated financial statements from the date of the acquisition. The Company uses purchase accounting for its acquisitions, which results in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates. All intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

Certain amounts in the Company's previously issued financial statements have been reclassified to conform to the current year presentation.

Note 2 — Summary of Significant Accounting Policies

There have been no material changes in the Company's significant accounting policies from those previously disclosed in the consolidated financial statements included in the 2024 Form 10-K, other than those included below.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements in conformity with the United States of America ("US") generally accepted accounting principles ("GAAP") requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include revenue, allowance for doubtful accounts, the assigned value of acquired assets and assumed and contingent liabilities associated with business combinations and the related purchase price allocation, useful lives and impairment of property and equipment, intangible assets, goodwill and other assets, inventory calculations and reserves, the fair value of the Company's equity-based compensation awards and convertible debt and debenture instruments, fair values of derivatives, and contingencies. Actual results could differ materially from those estimates. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities. There is a reasonable possibility that actual results could differ from those estimates and such differences could be material to the financial position and results of operations, specifically in assessing when the collectability of revenue related consideration is probable, and the impairment assessment of goodwill, indefinite lived assets or long-lived assets that are depreciated or amortized.

Segment Reporting

The Company presents the financial statements by segment in accordance with ASC Topic No. 280, Segment Reporting ("ASC 280") to provide investors with transparency into how the chief operating decision maker ("CODM") manages the business. The Company determined the CODM is its Chief Executive Officer. The CODM reviews financial information and allocates resources across its three operating segments.

Revenue Recognition Policy

The Company accounts for a contract with a customer when an approved contract exists, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and the collectability of substantially all of the consideration is probable. Revenue is recognized when the Company satisfies its obligation by transferring control of the goods or services to its customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company uses the expected value method to estimate the value of variable consideration on advertising and with original equipment manufacturer contracts to include in the transaction price and reflect changes to such estimates in periods in which they occur. Variable consideration for these services is allocated to and recognized over the related time period such advertising and membership services are rendered as the amounts reflect the consideration the Company is entitled to and relate specifically to the Company's efforts to satisfy its performance obligation. The amount of variable consideration included in revenue is limited to the extent that it is probable that the amount will not be subject to significant reversal when the uncertainty associated with the variable consideration is subsequently resolved.

Practical Expedients

The Company elected the practical expedient and recognized the incremental costs of obtaining a contract, if any, as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Gross Versus Net Revenue Recognition

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction and is evaluated on a transaction by transaction basis. To the extent the Company acts as the principal, revenue is reported on a gross basis net of any sales tax from customers, when applicable. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the good or service prior to transfer to the customer. Where applicable, the Company has determined that it acts as the principal in all of its membership service, sponsorship, and merchandising streams and may act as principal or agent for its ticketing/live events, advertising and licensing revenue streams.

The Company's revenue is principally derived from the following services:

Membership Services

Membership services revenue substantially consist of monthly to annual recurring membership fees, which are primarily paid in advance by credit card or through direct billings arrangements. The Company defers the portions of monthly to annual recurring membership fees collected in advance and recognizes them in the period earned. Membership revenue is recognized in the period of services rendered. The Company's membership revenue consists of performance obligations that are satisfied over time. This has been determined based on the fact that the nature of services offered are membership based where the customer simultaneously receives and consumes the benefit of the services provided regardless of whether the customer uses the services or not. As a result, the Company has concluded that the best measure of progress toward the complete satisfaction of the performance obligation over time is a time-based measure. The Company recognizes membership revenue straight-line through the membership period.

Membership Services consist of:

Direct member, mobile service provider and mobile app services

The Company generates revenue for membership services on both a direct basis and through memberships sold through certain third-party mobile service providers and mobile app services (collectively the "Mobile Providers"). For memberships sold through the Mobile Providers, the member executes an on-line agreement with Slacker outlining the terms and conditions between Slacker and the member upon purchase of the membership. The Mobile Providers promote the Slacker app through their e-store, process payments for memberships, and retain a percentage of revenue as a fee. The Company reports this revenue gross of the fee retained by the Mobile Providers, as the member is Slacker's customer in the contract and Slacker controls the service prior to the transfer to the member. Membership revenues from monthly memberships sold directly through Mobile Providers are subject to such Mobile Providers' refund or cancellation terms. Revenues from Mobile Providers are recognized net of any such adjustments for variable consideration, including refunds and other fees. The Company's payment terms vary based on whether the membership is sold on a direct basis or through Mobile Providers. Memberships sold on a direct basis require payment before the services are delivered to the customer. The payment terms for memberships sold through Mobile Providers vary, but are generally payable within 30 days.

Third-Party Original Equipment Manufacturers

The Company generates revenue for membership services through memberships sold through a third-party Original Equipment Manufacturer (the "OEM"). For memberships sold through the OEM, the OEM executes an agreement with Slacker outlining the terms and conditions between Slacker and the OEM upon purchase of the membership. The OEM installs the Slacker app in their equipment and provides the Slacker service to the OEM's customers. The monthly fee charged to the OEM is based upon a fixed rate per vehicle, multiplied by the variable number of total vehicles which have signed up for a paid membership. The number of customers, or the variable consideration, is reported by OEMs and resolved on a monthly basis. The Company's payment terms with OEM are up to 30 days.

Advertising Revenue

Advertising revenue primarily consist of revenues generated from the sale of audio, video, and display advertising space to third-party advertising exchanges. Revenues are recognized based on delivery of impressions over the contract period to the third-party exchanges, either when an ad is placed for listening or viewing by a visitor or when the visitor "clicks through" on the advertisement. The advertising exchange companies report the variable advertising revenue performed on a monthly basis which represents the Company's efforts to satisfy the performance obligation. Additionally, following the acquisition of PodcastOne, the Company began deriving revenue from podcast advertising. PodcastOne earns advertising revenues primarily for fees earned from advertisement placement purchased by the customer during the time the podcast is delivered to the viewing audience, under the terms and conditions as set forth in the applicable podcasting agreement calculated using impressions.

From time to time the Company enters into barter transactions involving advertising provided in exchange for goods and services. Revenue from barter transactions is recognized ratably over time based on the terms of the contract as delivery of impressions is performed on a consistent basis. Services received are charged to expense in the same manner. Barter revenue for the three months ended December 31, 2024 and 2023 was \$6.0 million and \$3.1 million, respectively. Barter revenue for the nine months ended December 31, 2024 and 2023 was \$18.0 million and \$10.7 million, respectively.

Licensing Revenue

Licensing revenue primarily consists of sales of licensing rights to digitally stream the Company's live music services. Licensing revenue is recognized when the Company satisfies its performance obligation by transferring control of the goods or services to its customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, which is typically when the live event has aired. Any license fees collected in advance of an event are deferred until the event airs. We report our licensing revenue on a gross basis as we act as the principal in the underlying transactions.

Sponsorship Revenue

Sponsorship revenue primarily consists of sales of sponsorship programs that provide sponsors with opportunities to reach the Company's customers. Sponsorship revenue is recognized as the event airs. Any sponsorship fees collected in advance of the contract term (typically an event) are deferred until the event airs. The Company reports sponsorship revenue on a gross basis as the Company acts as the principal in the underlying transactions.

Merchandising Revenue

Revenue is recognized upon the transfer of control to the customer. The Company recognizes revenue and measures the transaction price net of taxes collected from customers and remitted to governmental authorities. Sales also include shipping and handling charges billed to customers, with the related freight costs included in cost of goods sold. Sales commissions are expensed as incurred and are recorded in sales and marketing expenses in the accompanying condensed consolidated statements of operations. The Company's customer contracts do not have a significant financing component due to their short durations, which are typically effective for one year or less and have payment terms that are generally 30 to 60 days. Wholesale revenue is generally recognized when products are shipped, depending on the applicable contract terms. The Company records a refund liability for expected returns based on prior returns history, recent trends, and projections for returns on sales in the current period. The refund liability at December 31, 2024 and 2023 was less than \$0.1 million, respectively.

Ticket/Event Revenue

Ticket/Event revenue is primarily from the sale of tickets and promoter fees earned from venues or other co-promoters under one of several formulas, including a fixed guaranteed amount and/or a percentage of ticket sales or event profits.

Revenue from the promotion or production of an event is recognized at a point in time when the show occurs. Revenue collected in advance of the event is recorded as deferred revenue until the event occurs. Revenue collected from sponsorship agreements, which is not related to a single event, is classified as deferred revenue and recognized over the term of the agreement or operating season as the benefits are provided to the sponsor.

Revenue from the Company's ticketing operations primarily consists of service fees charged at the time a ticket for an event is sold in either the primary or secondary markets, including both online pay-per-view ("PPV") tickets as well as ticket physically purchased through a ticket sale vendor. For primary tickets sold to the Company's PPV and festival events the revenue for the associated ticket service charges collected in advance of the event is recorded as deferred revenue until the event occurs. For PPV arrangements that include multiple performance obligations, i.e. delivery of the online stream, sponsorships, digital meet and greet, or physical merchandise, the Company allocates the total contract consideration to each performance obligation using the standalone selling price. If the standalone selling price is not readily determinable, it is estimated using observable inputs including an adjusted market-based approach, expected cost plus margin, or the residual approach.

Net Income (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted-average number of common shares outstanding during the period adjusted to addback dividends (declared or cumulative undeclared) applicable to the Series A Preferred Stock. Diluted earnings (loss) per share is computed using the weighted-average number of common shares and the dilutive effect of contingent shares outstanding during the period. Potentially dilutive contingent shares, which primarily consist of stock options issued to employees, directors and consultants, restricted stock units, warrants issued to third parties and accounted for as equity instruments and convertible notes would be excluded from the diluted earnings per share calculation because their effect is anti-dilutive.

Basic and diluted net income (loss) per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities such as our preferred stock. Under the two-class method, basic and diluted net income (loss) per share attributable to common stockholders is computed by dividing the basic and diluted net income (loss) attributable to common stockholders by the basic and diluted weighted-average number of shares of common stock outstanding during the period. Diluted net income per share attributable to common stockholders adjusts basic net income per share for the potentially dilutive impact of stock options and restricted stock units ("RSUs").

The treasury stock method is used to calculate the potentially dilutive effect of stock options and RSUs. The if-converted method is used to calculate the potentially dilutive effect of the Preferred Stock. In both methods, diluted net income (loss) attributable to common stockholders and diluted weighted-average shares outstanding are adjusted to account for the impact of the assumed issuance of potential common shares that are dilutive, subject to dilution sequencing rules.

At December 31, 2024 and 2023, the Company had 2,251,667 and 2,266,667 options outstanding, respectively, 1,726,237 and 1,890,635 restricted stock units outstanding, respectively, and 4,949,399 and 3,114,001 common stock warrants, respectively, that are excluded from the calculation of diluted earnings per share as their effect is anti-dilutive.

The following table shows the calculation of basic and diluted earnings per share for the periods Series A Preferred Stock was outstanding:

	Three Months Ended		Nine Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
In thousands, except per share amounts				
Net loss attributed to LiveOne	\$ (5,233)	\$ (1,574)	\$ (8,262)	\$ (9,669)
Deemed dividends upon redemption of Series A preferred stock	-	-	(316)	-
Dividends on Series A preferred stock	(401)	(762)	(1,169)	(2,016)
Net loss attributed to LiveOne	\$ (5,634)	\$ (2,336)	\$ (9,747)	\$ (11,685)
Basic and diluted weighted average number of shares outstanding	95,501,753	87,882,364	94,858,531	87,477,623
Net loss per share – basic and diluted	\$ (0.06)	\$ (0.03)	\$ (0.10)	\$ (0.13)

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include all highly liquid investments with original maturities, when purchased, of three months or less.

The following table provides amounts included in cash, cash equivalents and restricted cash presented in the Company's condensed consolidated statements of cash flows for the periods ended December 31, 2024 and March 31, 2024 (in thousands):

	December 31, 2024	March 31, 2024
Cash and cash equivalents	\$ 10,854	\$ 6,987
Restricted cash	30	155
Total cash and cash equivalents and restricted cash	\$ 10,884	\$ 7,142

Non-Controlling Interest

The Company consolidates entities in which the Company has a controlling financial interest. The Company consolidates subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting rights. Non-controlling interests represent third-party equity ownership interests in the Company's consolidated entities. The amount of net income (loss) attributable to non-controlling interests is disclosed in the accompanying interim unaudited condensed consolidated statements of operations.

Restricted Cash and Cash Equivalents

The Company maintains certain letters of credit agreements with its banking provider, which are secured by the Company's cash for periods of less than one year. As of December 31, 2024 and March 31, 2024, the Company had restricted cash of \$30,000 and \$0.2 million, respectively.

Allowance for Credit Losses

The Company evaluates the collectability of its accounts receivable based on a combination of factors. Generally, it records specific reserves to reduce the amounts recorded to what it believes will be collected when a customer's account ages beyond typical collection patterns, or the Company becomes aware of a customer's inability to meet its financial obligations.

The Company believes that the credit risk with respect to trade receivables is limited due to the large and established nature of its largest customers and the nature of its membership receivables. At December 31, 2024, the Company had one customer that made up 10% of the total accounts receivable balance. At December 31, 2023, the Company had one customer that made up 29% of the total accounts receivable balance.

The Company's accounts receivable at December 31, 2024 and March 31, 2024 is as follows (in thousands):

	December 31, 2024	March 31, 2024
Accounts receivable, gross	\$ 9,912	\$ 14,260
Less: Allowance for credit losses	(1,129)	(1,055)
Accounts receivable, net	\$ 8,783	\$ 13,205

Inventories

Inventories, principally raw materials awaiting final customization process, are stated at the lower of cost or net realizable value. Inventories are relieved on a first-in, first-out basis.

The carrying value of inventories is reduced for any excess and obsolete inventory. Excess and obsolete reductions are determined based on currently available information, including the likely method of disposition, such as through sales to individual customers and liquidations, and the age of inventory.

Goodwill and Indefinite-Lived Assets

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired in a business combination and is carried at cost. Acquired trademarks and trade names are assessed as indefinite lived assets if there are no foreseeable limits on the periods of time over which they are expected to contribute cash flows. Goodwill and indefinite-lived assets are not amortized, but are subject to an annual impairment testing, as well as between annual tests when events or circumstances indicate that the carrying value may not be recoverable. Estimations and assumptions regarding future performance, results of the Company's operations and comparability of its market capitalization and net book value will be used. We perform our annual impairment testing at January 1 of each year.

Our annual goodwill impairment test is performed at the reporting unit level. As of March 31, 2024 and December 31, 2024, our reporting units are the same as our three operating segments. We generally test goodwill for possible impairment by first performing a qualitative assessment to determine whether any triggering events have occurred during the quarter that indicate that it is more likely than not that the fair value of a reporting units are less than its carrying value. If a qualitative assessment is not used, or if the qualitative assessment is not conclusive, a quantitative impairment test is performed. If a quantitative test is performed, we determine the fair value of the related reporting unit and compare this value to the recorded net assets of the reporting unit, including goodwill. The fair value of our reporting units are determined using an income approach based on a discounted cash flow model. In the event the recorded net assets of the reporting unit exceed the estimated fair value of such assets, an impairment charge is recorded. Due to change in terms of our agreement with our largest OEM customer, we determined that a triggering event had occurred within the Slacker reporting unit. Based on the discounted cash flows calculated for the Audio Group - Slacker operations reporting unit being greater than the net assets of the reporting unit, no impairments of goodwill were identified in the nine months ended December 31, 2024 and 2023. We concluded that there was no impairment for the nine months ended December 31, 2024 based on an evaluation, on the basis of the weight of the evidence, of the significance of all identified events and circumstances that could affect the significant inputs used to determine the fair value of goodwill for determining whether it is more likely than not that goodwill is impaired. We prepared our estimate of the fair value of goodwill using certain inputs and information that is available to us at this time. Such inputs and information include the percentage and timing at which users of our OEM customer convert to our service and the service plan selected by such converting users. There can be no assurance that such inputs will not be revised as more information is obtained. Additionally, there can be no assurance that such revised inputs, if any, will not result in management's determination that an impairment has occurred at that time. We will continue to assess goodwill for potential impairment in future periods as more information on the inputs becomes available. At December 31, 2024, the amount of goodwill allocated to reporting units with negative net assets was as follows: Slacker, \$12.9 million.



We test our acquired trademarks and trade names for possible impairment by applying the same process as for goodwill. In the instance when a qualitative test is not performed or is inconclusive, a quantitative test is performed by using a discounted cash flow model to estimate fair value of our acquired trademarks and trade names. Due to change in terms of our agreement with our largest OEM customer, we determined that a triggering event had occurred within the reporting unit. Based on the discounted cash flows calculated for the Audio Group - Slacker operations reporting unit being less than the carrying value of the trademarks and trade names, an impairment of acquired trademarks and trade names were identified in the nine months ended December 31, 2024. We concluded that there was an impairment of \$3.8 million for the three and nine months ended December 31, 2024 based on an evaluation, on the basis of the weight of the evidence, of the significance of all identified events and circumstances that could indicate that the carrying value of the indefinite-lived assets is not recoverable and that that could affect the significant inputs used to determine the fair value of the indefinite-lived assets for determining whether it is more likely than not that the indefinite-lived assets are impaired. We prepared our estimate of the fair value of the indefinite-lived assets using certain inputs and information that is available to us at this time. Such inputs and information include the percentage and timing at which users of our OEM customer convert to our service and the service plan selected by such converting users. There can be no assurance that such inputs will not be revised as more information is obtained. Additionally, there can be no assurance that such revised inputs, if any, will not result in management's determination that an impairment has occurred at that time. We will continue to assess the indefinite-lived assets for potential impairment in future periods as more information on the inputs becomes available. There was no impairment on our acquired trademarks and tradenames for the three and nine months ended December 31, 2023.

Intangible Assets with Finite Useful Lives

The Company has certain finite-lived intangible assets that were initially recorded at their fair value at the time of acquisition. These intangible assets consist of Intellectual Property, Customer Relationships, Content Creator Relationships, Wholesale Relationships, Domain Names, Customer List, Capitalized Software Development Costs, and Non-compete Agreements resulting from business combinations. Intangible assets with finite useful lives are amortized using the straight-line method over their respective estimated useful lives, which are generally as follows: Intellectual Property (15 years), Customer, Content Creator and Wholesale Relationships (1-6 years), Domain Names, Customer Lists, and Software (5 years), Patents (15 years), and Non-Compete Agreements (3 years).

The Company reviews all finite lived intangible assets for impairment when circumstances indicate that their carrying values may not be recoverable. If the carrying value of an asset group is not recoverable, the Company recognizes an impairment loss for the excess carrying value over the fair value in its consolidated statements of operations. In our assessment for potential impairment we identified triggering events due to the events resulting from the change in terms with our largest OEM customer. We performed a quantitative assessment using the guidance in ASC 360 and we concluded that there was an impairment of none and \$0.1 million for the three months ended December 31, 2024 and 2023, respectively, based on an evaluation, on the basis of the weight of the evidence, of the significance of all identified events and circumstances that could indicate that the carrying value of the long-lived assets is not recoverable and that could affect the significant inputs used to determine the fair value of the long-lived assets. We prepared our estimate of the fair value of the long-lived assets using certain inputs and information that is available to us at this time. Such inputs and information include the percentage and timing at which users of our OEM customer convert to our service and the service plan selected by such converting users. There can be no assurance that such inputs will not be revised as more information is obtained. Additionally, there can be no assurance that such revised inputs, if any, will not result in management's determination that an impairment has occurred at that time. We will continue to assess the long-lived assets for potential impairment in future periods as more information on the inputs becomes available. We recorded an impairment of \$0.2 million and \$0.1 million for the nine months ended December 31, 2024 and 2023, respectively.

Concentration of Credit Risk

The Company maintains cash balances at commercial banks. Cash balances commonly exceed the \$250,000 amount insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts, and management believes that the Company is not exposed to any significant credit risk with respect to such cash and cash equivalents.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures to update reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This update is effective beginning with the Company's 2024 fiscal year annual reporting period, with early adoption permitted. The Company adopted ASU 2023-07 on April 1, 2024 on a prospective basis. The adoption of this standard did not have an impact on the Company's interim condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which will require the Company to disclose specified additional information in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 will also require the Company to disaggregate its income taxes paid disclosure by federal, state and foreign taxes, with further disaggregation required for significant individual jurisdictions. The Company will adopt ASU 2023-09 beginning in the first quarter of 2026. ASU 2023-09 allows for adoption using either a prospective or retrospective transition method. The Company is currently assessing the impact this standard will have on the Company's consolidated financial statements.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

Note 3 — Revenue

The following table represents a disaggregation of revenue from contracts with customers for the three months ended December 31, 2024 and 2023 (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	2024	2023
Revenue				
Membership Services	\$ 14,292	\$ 16,858	\$ 52,618	\$ 48,498
Advertising	12,851	10,592	38,234	32,108
Merchandising	2,302	3,795	4,265	6,794
Sponsorship and Licensing	-	-	-	126
Ticket/Event	-	-	-	15
Total Revenue	<u>\$ 29,445</u>	<u>\$ 31,245</u>	<u>\$ 95,117</u>	<u>\$ 87,541</u>

For some contracts, the Company may invoice up front for services recognized over time or for contracts in which the Company has unsatisfied performance obligations. Payment terms and conditions vary by contract type, although terms generally cover monthly payments. In the circumstances where the timing of invoicing differs from the timing of revenue recognition, the Company has determined its contracts do not include a significant financing component. The Company has elected to apply the practical expedient under ASC 606-10-50-14 and not provide disclosure of the amount and timing of performance obligations as the performance obligations are part of a contract that has an original expected duration of one year or less.

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For the three months ended December 31, 2024 and 2023, one customer accounted for 46% and 49% of the Company's consolidated revenues, respectively. For the nine months ended December 31, 2024 and 2023, one customer accounted for 52% and 52% of the Company's consolidated revenues, respectively.

The following table summarizes the significant changes in the deferred revenue balances during the three months ended December 31, 2024 (in thousands):

	Deferred Revenue
Balance as of March 31, 2024	\$ 728
Revenue recognized that was included in the contract liability at beginning of period	(303)
Increase due to cash received, excluding amounts recognized as revenue during the period	2,191
Balance as of December 31, 2024	<u>\$ 2,616</u>

Note 4 — Property and Equipment

The Company's property and equipment at December 31, 2024 and March 31, 2024 was as follows (in thousands):

	December 31, 2024	March 31, 2024
Property and equipment, net		
Computer, machinery, and software equipment	\$ 3,363	\$ 6,564
Furniture and fixtures	564	556
Leasehold improvements	597	597
Capitalized internally developed software	20,592	18,109
Total property and equipment	<u>25,116</u>	<u>25,826</u>
Less accumulated depreciation and amortization	<u>(21,360)</u>	<u>(22,180)</u>
Total property and equipment, net	<u>\$ 3,755</u>	<u>\$ 3,646</u>

Depreciation expense was \$0.8 million and \$0.9 million for the three months ended December 31, 2024 and 2023, respectively. Depreciation expense was \$2.5 million and \$2.4 million for the nine months ended December 31, 2024 and 2023, respectively. During the nine months ended December 31, 2024 the Company disposed of \$3.3 million of equipment with a corresponding write-off to accumulated depreciation.

Note 5 — Goodwill and Intangible Assets
Goodwill

The following table presents the changes in the carrying amount of goodwill for the nine months ended December 31, 2024 (in thousands):

	Goodwill
Balance as of March 31, 2024	\$ 23,379
Acquisitions	-
Impairment losses	-
Balance as of December 31, 2024	<u>\$ 23,379</u>

Indefinite-Lived Intangible Assets

The following table presents the changes in the carrying amount of indefinite-lived brand and trade names intangible assets that are only in the Company's Slacker operating segment for the three months ended December 31, 2024 (in thousands):

	Tradenames
Balance as of March 31, 2024	\$ 4,637
Acquisitions	-
Impairment losses	(3,807)
Balance as of December 31, 2024	<u>\$ 830</u>

The Company recorded an impairment charge of \$3.8 million and none for the three and nine months ended December 31, 2024 and 2023, respectively. The impairment for the nine months ended December 31, 2024 was the result of the decrease in expected revenues within the Company's Slacker division.

Finite-Lived Intangible Assets

The Company's finite-lived intangible assets were as follows as of December 31, 2024 (in thousands):

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	\$ 19,281	\$ 19,281	\$ -
Intellectual property (patents)	5,366	2,504	2,862
Customer relationships	6,570	6,570	-
Content creator relationships	3,229	2,411	818
Domain names	523	227	296
Brand and trade names	1,071	515	556
Customer list	2,673	1,843	830
Total	<u>\$ 38,713</u>	<u>\$ 33,351</u>	<u>\$ 5,362</u>

The Company's finite-lived intangible assets were as follows as of March 31, 2024 (in thousands):

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	\$ 19,281	\$ 19,281	\$ -
Intellectual property (patents)	5,366	2,236	3,130
Customer relationships	6,570	6,570	-
Content creator relationships	4,082	1,568	2,514
Domain names	523	190	333
Brand and trade names	1,071	439	632
Customer list	2,673	1,504	1,169
Total	<u>\$ 39,566</u>	<u>\$ 31,788</u>	<u>\$ 7,778</u>

Intangible assets are amortized over their estimated useful lives based on the pattern in which the economic benefits associated with the asset are expected to be consumed, which to date has approximated the straight-line method of amortization. The estimated useful lives for patents, customer relationships, domain names, brand and tradename and customer list are generally three to 15 years, one to two years, two to five years, seven to ten years and three to four years, respectively.

The Company's amortization expense on its finite-lived intangible assets was \$0.3 million and \$0.5 million for the three months ended December 31, 2024 and 2023, respectively. The Company's amortization expense on its finite-lived intangible assets was \$1.5 million and \$1.2 million for the nine months ended December 31, 2024 and 2023, respectively. The Company recorded an impairment charge attributed to finite-lived intangibles of \$0.2 million and \$0.1

million for the three and nine months ended December 31, 2024 and 2023, respectively. The impairment for the nine months ended December 31, 2024 was the result of the winding down of a podcast show acquired by PodcastOne. The impairment for the three and nine months ended December 31, 2023 was the result of the winding down of the Gramophone business, therefore the Company has stopped marketing Gramophone's brand name.

[Table of Contents](#)[Finder's Agreement](#)

In September 2023, PodcastOne entered into a finder's fee arrangement pursuant to which it agreed to issue shares of PodcastOne common stock at a price of \$8.00 per share (subject to adjustment in certain limited circumstances) as a finder's fee to a certain third party podcast platform in the event certain former and/or current podcasts creators of such platform entered into new podcasting agreements with PodcastOne, with the amount of the fee to be based on the amount of revenues actually derived by PodcastOne from such podcasts during a predetermined period. Payments made to such third party attributed to PodcastOne entering into new podcast contracts were capitalized to content creator relationship intangibles. As of December 31, 2024 and March 31, 2024, the Company has capitalized \$2.6 million of payments made to such third party. \$2.6 million capitalized of payments made to such third party was paid with PodcastOne common stock at a price of \$8.00 per share. During the three months ended December 31, 2024, the Company made an adjustment of \$0.5 million to accrued common stock and content creator relationships to account for the settlement of the finder's fee agreement attributed to multiple third party platforms.

The Company expects to record amortization of intangible assets for fiscal years ending March 31, 2025 and future fiscal years as follows (in thousands):

For Years Ending March 31,

2025 (remaining three months)	\$	465
2026		1,762
2027		1,023
2028		508
2029		508
Thereafter		1,096
	\$	<u>5,362</u>

Note 6 — Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at December 31, 2024 and March 31, 2024 were as follows (in thousands):

	December 31, 2024	March 31, 2024
Accounts payable	\$ 14,338	\$ 15,154
Accrued liabilities	10,597	11,708
Lease liabilities, current	5	91
	<u>\$ 24,940</u>	<u>\$ 26,953</u>

Note 7 — Notes Payable

Notes payable at December 31, 2024 and March 31, 2024 were as follows (in thousands):

	December 31, 2024	March 31, 2024
SBA loan	\$ 157	\$ 160
Capchase loan	793	1,303
	950	1,463
Less: Current portion of Notes payable	(689)	(692)
Notes payable	<u>\$ 261</u>	<u>\$ 771</u>

[SBA Loan](#)

On June 17, 2020, the Company received the proceeds from a loan in the amount of less than \$0.2 million from the United States. Small Business Administration (the "SBA"). Installment payments, including principal and interest, begin 12-months from the date of the promissory note. The balance is payable 30-years from the date of the promissory note, and bears interest at a rate of 3.75% per annum. There are no covenants associated with the SBA loan.

[Loan and Security Agreement](#)

In August 2023, the Company entered into a Loan and Security Agreement with Capchase Inc. ("Capchase") pursuant to which the Company borrowed the amount of \$1.7 million to further develop and acquire certain podcasts acquired by PodcastOne and for general working capital. The debt is subordinated to the ABL Credit Facility and bears an interest rate of 9%, which is included in the monthly amortization payments of approximately \$73,100, with the final amortization payment due on February 4, 2026. As of December 31, 2024, the Company was in compliance with covenants under the Capchase agreement.

Maturities of notes payables as of December 31, 2024 were as follows (in thousands):

For Years Ending March 31,

2025 (remaining three months)	\$	179
2026		627
2027		4
2028		4
2029		4
Thereafter		132
Total	\$	<u>950</u>

Note 8 — PodcastOne Bridge Loan

PodcastOne's Private Placement

On July 15, 2022, PodcastOne completed a private placement offering (the "PC1 Bridge Loan") of PodcastOne's unsecured convertible notes with an original issue discount of 10% (the "OID") in the aggregate principal amount of \$8.8 million (the "PC1 Notes") to certain accredited investors and institutional investors (collectively, the "Purchasers"), for gross proceeds of \$8.0 million pursuant to the Subscription Agreements entered into with the Purchasers (the "Subscription Agreements"). In connection with the sale of the PC1 Notes, the Purchasers received warrants (the "PC1 Warrants") to purchase a number of shares (the "PC1 Warrant Shares") of PodcastOne's common stock, par value \$0.00001 per share. The PC1 Notes were scheduled to mature one year from July 15, 2022, subject to a one-time three-month extension at PodcastOne's election, and were subsequently extended to October 15, 2023 (the "Maturity Date"). The PC1 Notes bore interest at a rate of 10% per annum payable on maturity. The PC1 Notes automatically convert into the securities of PodcastOne sold in a Qualified Financing (an initial public offering of PodcastOne's securities from which PodcastOne's trading market at the closing of such offering is a national securities exchange) or Qualified Event (a direct listing of PodcastOne's securities on a national securities exchange), as applicable, upon the closing of a Qualified Financing or Qualified Event, as applicable, at a price per share equal to the lesser of (i) the price equal to \$60.0 million divided by the aggregate number of shares of PodcastOne's common stock outstanding immediately prior to the closing of a Qualified Financing or "Qualified Event", as applicable (assuming full conversion or exercise of all convertible and exercisable securities of PodcastOne then outstanding, subject to certain exceptions), and (ii) 70% of the offering price of the shares (or whole units, as applicable) in the Qualified Financing or 70% of the initial listing price of the shares on a national securities exchange in the Qualified Event, as applicable. Each holder of the PC1 Notes (other than the Company) could at such holder's option require PodcastOne to redeem up to 45% of the principal amount of such holder's PC1 Notes (together with accrued interest thereon, but excluding the OID), in aggregate up to \$3,000,000 for all of the PC1 Notes (other than those held by the Company), immediately prior to the completion of a Qualified Financing or a Qualified Event, as applicable, with such redemption to have been made pro rata to the redeeming holders of the PC1 Notes (the "Optional Redemption").

The Company also agreed (i) not to effect a Qualified Financing or a Qualified Event, as applicable, unless immediately following such event the Company owns no less than 66% of PodcastOne's equity, unless in either case otherwise permitted by the written consent of the holders of the majority of the PC1 Notes (excluding the Company) (the "Majority Noteholders") and the senior lender, as applicable, (ii) that until a Qualified Financing or a Qualified Event, as applicable, is consummated, the Company guaranteed the repayment of the PC1 Notes when due (other than the Bridge Notes issued to LiveOne) and any interest or other fees due thereunder, and (iii) that if PodcastOne has not consummated a Qualified Financing or a Qualified Event, as applicable, by February 15, 2023, March 15, 2023 or April 15, 2023, unless in either case permitted by the written consent of the Majority Noteholders, PodcastOne was required to redeem \$1,000,000 of the then outstanding PC1 Notes (other than the PC1 Notes issued to the Company) by the tenth calendar day of each month immediately following such respective date, up to an aggregate redemption of \$3,000,000 over the course of such three months, each of which shall be distributed to the holders of the Bridge Notes (other than LiveOne) on a prorated basis (the "Early Redemption").

PodcastOne further agreed to register the shares of its common stock issuable upon conversion of the PC1 Notes and exercise of the PC1 Warrants in connection with a Qualified Financing or a Qualified Event. If PodcastOne did not file such registration statement on or prior to April 15, 2023, PodcastOne would have been required to prepay \$1,000,000 of the PC1 Notes pro rata to the PC1 Notes holders (other than the Company), and if PodcastOne did not file such registration statement on or prior to July 15, 2023, PodcastOne would have been required to prepay \$2,000,000 of the PC1 Notes pro rata to the PC1 Notes holders (other than the Company) (the "Reg St Redemption"). PodcastOne was not required to redeem or repay more than a total of \$3,000,000 of the principal amount of the PC1 Notes as a result of the Optional Redemption, the Early Redemption and/or the Reg St Redemption.

As part of the PC1 Bridge Loan, PodcastOne redeemed \$3.0 million (excluding the OID) worth of PC1 Notes.

On September 8, 2023, PodcastOne completed a Qualified Event (its spin out from the Company to become a standard publicly trading company (the "Spin-Out")) as a result of the Direct Listing. In connection with such completed Qualified Event, all of the remaining PC1 Notes (including interest thereunder) in the aggregate amount of approximately \$7.02 million converted into approximately 2,341,000 shares of PodcastOne's common stock.

Warrants

The PC1 Warrants were classified as liabilities as they represent an obligation to deliver a variable number of shares of common stock in the future and are therefore required to be initially and subsequently measured at fair value each reporting period. The Company recorded a warrant liability in the amount of \$1.7 million (and reduced the proceeds allocated to the PC1 Notes accordingly). The fair value of the PC1 Warrant liability is remeasured each reporting period using a Black Scholes model, and the change in fair value is recorded as an adjustment to the PC1 Warrant liability with the unrealized gains or losses reflected in other income (expense). On September 8, 2023, as a result of the Direct Listing and the shares of PodcastOne's common stock becoming publicly traded, the warrant liability was reclassified to equity as the number and exercise price of the warrants was settled at 3,114,001 warrants with an exercise price of \$3.00 per warrant per the warrant agreement.

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The fair value of the PC1 Warrants is measured in accordance with ASC 820 “Fair Value Measurement”, using “Black Scholes” modeling, incorporating the following inputs at issuance:

	<u>July 15, 2022</u>
Expected dividend yield	-%
Expected stock-price volatility	88.88%
Risk-free interest rate	3.02%
Simulated share price	\$ 5.33
Exercise price	\$ 5.22

The fair value of the PC1 Warrants is measured in accordance with ASC 820 “Fair Value Measurement”, using “Black-Scholes” modeling, incorporating the following inputs for the periods noted below:

	<u>September 8, 2023</u>
Expected dividend yield	-%
Expected stock-price volatility	71.10%
Risk-free interest rate	4.43%
Simulated share price	\$ 4.39
Exercise price	\$ 3.00

	<u>March 31, 2023</u>
Expected dividend yield	-%
Expected stock-price volatility	71.50%
Risk-free interest rate	4.86%
Simulated share price	\$ 2.64
Exercise price	\$ 2.64

Total loss of \$4.0 million for warrant liabilities accounted for as derivatives have been recorded in other expense for the nine months ended December 31, 2023, in the accompanying interim unaudited condensed consolidated statements of operations. The fair value of the warrant as of September 8, 2023 was \$5.9 million and was classified as equity as the warrants were exercisable for a fixed price of \$3.00. As of December 31, 2024, 3,114,001 warrants of PodcastOne remain outstanding and none have been exercised.

Redemption Features

The Company determined that the redemption features associated with the PC1 Bridge Loan meet the accounting definition of an embedded derivative that must be separated from the PC1 Bridge Loan and initially and subsequently be reported as a liability (“the Redemption Liability”) and measured at fair value. The fair value of the Redemption Liability was determined using a Monte Carlo simulation model using three scenarios (1) redemption prior to the initial maturity date (65% weighted), (2) redemption at the initial maturity date (25% weighted) and (3) redemption after the initial maturity date (10% weighted).

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The fair value of the redemption features is measured in accordance with ASC 820 “Fair Value Measurement”, using “Monte Carlo simulation” modeling, incorporating the following inputs for the following periods:

	<u>September 8, 2023</u>
Simulations	100,000
Expected stock-price volatility	71.50%
Risk-free interest rate	4.86%
Conversion price	\$ 2.54
Stock price	\$ 2.64

The fair value of the Redemption Liability was none at December 31, 2023 and was eliminated as the PC1 Bridge Loan notes were converted into common stock, therefore the derivative component was cancelled. The \$0.2 million change in the fair value of the Redemption Liability derivative as of December 31, 2023 was recorded as a loss and included in other income in the interim unaudited accompanying condensed consolidated statements of operations for the nine months ended December 31, 2023.

The resulting discount from the OID, underwriting fees, PC1 Warrants, and embedded Redemption Liability derivative of \$2.8 million was amortized to interest expense through July 15, 2023, the term of the PC1 Bridge Loan, using the effective interest method. Interest expense resulting from the amortization of the discount for the three and nine months ended December 31, 2024 was \$1.1 million and \$1.0 million, respectively.

Interest expense with respect to the PC1 Bridge Loan for the three and nine months ended December 31, 2023 was \$0.1 million and \$0.2 million, respectively. There were no restrictive operational covenants associated with the PC1 Bridge Loan.

During the nine months ended December 31, 2023, PodcastOne redeemed \$3.0 million of the PC1 Notes held by third-party holders (other than the Company). At December 31, 2023, all of the PC1 Notes and accrued interest therein have been converted in full in connection with the Spin-Out.

Note 9 — Senior Secured Line of Credit

On June 2, 2021, the Company entered into a Business Loan Agreement (the "Original Business Loan Agreement") with East West Bank (the "Senior Lender"), which provided for a revolving credit facility collateralized by all of the assets of the Company and its subsidiaries. In connection with the Original Business Loan Agreement, the Company issued a promissory note, dated as of June 2, 2021, to the Senior Lender in the principal amount of \$7,000,000 (the "Promissory Note") and established the revolving line of credit in the amount of \$7.0 million (the "Revolving Credit Facility"), maturing on June 2, 2023.

In July 2022, the Company extended the maturity date of its revolving credit facility to June 2024 and its variable interest rate was increased to 2.5%. The Revolving Credit Facility bears interest at a variable rate equal to the Wall Street Journal Prime Rate, plus 2.5%. The interest rate for the period ended December 31, 2024 was 10.00%.

The principal balance under the Revolving Credit Facility as of December 31, 2024 was \$4.3 million. The Company recorded interest expense of \$0.4 million and \$0.3 million for the three months ended December 31, 2024 and 2023, respectively. The Company recorded interest expense of \$0.9 million and \$0.9 million for the three months ended December 31, 2024 and 2023, respectively. As of December 31, 2024 the Company was in compliance with covenants under the Revolving Credit Facility.

On September 8, 2023 and effective as of August 22, 2023, the Company entered into a new Business Loan Agreement (the "2023 Business Loan Agreement") with the Senior Lender, to convert the Company's revolving credit facility with the Senior Lender into an assets backed loan credit facility with the Senior Lender, which continued to be collateralized by a first lien on all of the assets of the Company and its subsidiaries (the "ABL Credit Facility"). The 2023 Business Loan Agreement provided the Company with borrowing capacity of up to the Borrowing Base (as defined in the 2023 Business Loan Agreement). Pursuant to the 2023 Business Loan Agreement, the requirement that the Company and its related entities shall at all times maintain a certain minimum deposit with the Senior Lender was reduced from \$8,000,000 to \$5,000,000.

On May 31, 2024, the Company was granted an extension of 90 days on the maturity date, therefore the Revolving Credit Facility was scheduled to mature in September 2024. On November 1, 2024, the Company extended the maturity date of its promissory note issued to the Senior Lender, underlying the ABL Credit Facility, from September 15, 2024 to November 20, 2024 and the principal amount of the note was decreased to \$6.0 million

On January 28, 2025, the Company entered into a new Business Loan Agreement (the "2025 Business Loan Agreement") with the Senior Lender to update certain terms of the ABL Credit Facility, including to reduce the principal amount outstanding under the Promissory Note to \$3,750,000, reflecting the Company's repayment of \$3,250,000 of the principal amount of the Promissory Note as of such date, and to extend the maturity date of the Promissory Note to November 20, 2025. Pursuant to the Change in Terms Agreement, dated as of January 28, 2025 (the "2025 Change in Terms Agreement"), entered into between the Company and the Senior Lender in connection with the 2025 Business Loan Agreement, the Company is agreed to repay the remaining outstanding principal amount of the Promissory Note in 9 equal monthly payments of \$400,000 each beginning February 20, 2025, and the final 10th payment of \$151,291.67 on November 20, 2025. Pursuant to the 2025 Business Loan Agreement, the requirement that the Company and its related entities shall at all times maintain a certain minimum cash deposit with the Senior Lender is maintained at \$5,000,000. The ABL Credit Facility continues to be collateralized by a first lien on all of the assets of the Company and its subsidiaries.

Borrowings under the ABL Credit Facility are subject to certain covenants as set forth in the 2025 Business Loan Agreement and bear interest at a rate equal to the "Money Rate" column of The Wall Street Journal (Western Edition) as determined by the Senior Lender plus 2.50%, resulting in the initial rate of 10.00% and provided, that it shall not be less than 7.50%. The Company may prepay at any time without penalty all or a portion of the amount owed to the Senior Lender. The 2025 Business Loan Agreement includes customary events of default and various financial and other covenants with which the Company has to comply in order to maintain borrowing availability, including maintaining required minimum liquidity amount and Borrowing Base capacity. The occurrence of an event of default could result in the acceleration of all obligations of the Company to the Senior Lender with respect to indebtedness, whether under the 2025 Business Loan Agreement or otherwise. Other covenants include, but are not limited to, covenants limiting or restricting the Company's ability to incur indebtedness, incur liens, enter into mergers or consolidations involving debt, dispose of assets, make loans and investments and pay dividends.

In connection with the 2025 Business Loan Agreement, the Promissory Note issued to the Senior Lender continues in effect except as modified by the 2025 Business Loan Agreement and the 2025 Change in Terms Agreement.

The principal balance under the ABL Credit Facility as of December 31, 2024 was \$4.3 million, respectively. The Company was in compliance with all debt covenants associated with the ABL Credit Facility as of December 31, 2024.

Note 10 — Related Party Transactions

As of March 31, 2022, the Company had unsecured convertible Trinad Notes outstanding which were issued to Trinad Capital. In February 2023, the Trinad Notes along with accrued interest were converted into 6,177 shares of Series A Preferred Stock in addition to 200,000 shares of common stock. 3,813 shares of Series A Preferred Stock was outstanding as of December 31, 2024. In April 2023 and July 2023, the Company issued 116 and 192 shares of its Series A Preferred Stock, respectively, to Trinad Capital as dividend payments required by the terms of the Series A Preferred Stock.

On September 8, 2023, PodcastOne completed its Direct Listing on the Nasdaq Capital Market which resulted in the Company owning 15,672,186 shares of common stock in PodcastOne along with 1,100,000 common stock warrants to purchase shares of PodcastOne's common stock as of March 31, 2024. Also, on this date, PodcastOne issued 147,044 shares of PodcastOne common stock to the Company's CEO as a result of his ownership of the Company's preferred stock.

During the nine months ended December 31, 2024 and the year ended March 31, 2024, the Company received 765,880 and 159,333 shares of PodcastOne Common stock with a fair value of \$1.5 million and \$0.3 million, respectively, in exchange for amounts owed under a cost sharing arrangement between PodcastOne and the Company.

During the nine months ended December 31, 2024 and 2023, the Company issued or reserved 46,113 and 149,496 shares of common stock with a value of \$0.1 million and \$0.2 million to relatives of the CEO for services performed, respectively.

Note 11 — Leases

The Company leases a space at a location under a non-cancellable operating lease with a remaining lease term of one year, which originally expired in fiscal year 2022 and was renewed for an additional year. On December 22, 2020, the Company acquired CPS which included the assumption of an operating lease for a 55,120 square foot light manufacturing facility located in Addison Illinois, which expired June 30, 2024. During the three months ended December 31, 2024, CPS entered into a three year lease for office space in Palatine, Illinois.

The Company leases several office locations with lease terms that are less than 12 months or are on month to month terms. Rent expense for these leases totaled less than \$0.1 million for the three and nine months ended December 31, 2024 and 2023, respectively. Operating leases with lease terms of greater than 12 months are capitalized in operating lease right-of-use assets and operating lease liabilities in the accompanying condensed consolidated balance sheets. Rent expense for these operating leases totaled \$ 0.1 million and \$0.2 million for the three months ended December 31, 2024 and 2023, respectively. Rent expense for the nine months ended December 31, 2024 and 2023 was \$0.4 million and \$0.7 million, respectively.

Operating lease costs for the nine months ended December 31, 2024 and 2023 consisted of the following (in thousands):

	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2023
Fixed rent cost	\$ 378	\$ 615
Short term lease cost	65	88
Total operating lease cost	\$ 443	\$ 703

Supplemental balance sheet information related to leases was as follows (in thousands):

Operating leases	December 31, 2024	March 31, 2024
Operating lease right-of-use assets	\$ 111	\$ 88
Operating lease liability, current	\$ 5	\$ 91
Operating lease liability, noncurrent	106	-
Total operating lease liabilities	\$ 111	\$ 91

The operating lease right-of-use assets are included in other assets and current operating lease liabilities are included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheets.

Significant judgments

Discount rate – the Company's lease is discounted using the Company's incremental borrowing rate of 8.5% as the rate implicit in the lease is not readily determinable.

Options – the lease term is the minimum noncancelable period of the lease. The Company does not include option periods unless the Company determined it is reasonably certain of exercising the option at inception or when a triggering event occurs.

Lease and non-lease components – non-lease components were considered and determined not to be material.

Note 12 — Other Long-Term Liabilities

Other long-term liabilities consisted of the following (in thousands):

	December 31, 2024	March 31, 2024
Accrued royalties	\$ 11,265	\$ 7,508
Accrued sales tax	2,204	1,706
Other long-term liabilities	169	140
Total other long-term liabilities	<u>\$ 13,638</u>	<u>\$ 9,354</u>

The Company classified \$9.2 million and \$7.5 million of accrued royalties into long term based on contractual arrangements with the royalty holders as of December 31, 2024 and March 31, 2024, respectively.

Note 13 — Commitments and ContingenciesContractual Obligations

As of December 31, 2024, the Company is obligated under agreements with various music right holders and labels, festivals, clubs, events, concerts, artists, promoters, venues, music labels and publishers and other contractual obligations to make guaranteed payments as follows: \$4.0 million for the fiscal year ending March 31, 2025, \$0.4 million for the fiscal year ending March 31, 2026, \$0.5 million for the fiscal year ending March 31, 2027 and \$0.5 million for the fiscal year ending March 31, 2028.

On a quarterly basis, the Company records the greater of the cumulative actual content acquisition costs incurred or the cumulative minimum guarantee based on forecasted usage for the minimum guarantee period. The minimum guarantee period of time is the period that the minimum guarantee relates to, as specified in each agreement, which may be annual or a longer period. The cumulative minimum guarantee, based on forecasted usage, considers factors such as listening hours, revenue, members, and other terms of each agreement that impact the Company's expected attainment or recoupment of the minimum guarantees based on the relative attribution method.

Several of the Company's content acquisition agreements also include provisions related to the royalty payments and structures of those agreements relative to other content licensing arrangements, which, if triggered, could cause the Company's payments under those agreements to escalate, which included payments to be made in common stock. In addition, record labels, publishers and performing rights organizations with whom the Company has entered into direct license agreements have the right to audit the Company's content acquisition payments, and any such audit could result in disputes over whether the Company has paid the proper content acquisition costs. However, as of December 31, 2024, the Company does not believe it is probable that these provisions of its agreements discussed above will, individually or in the aggregate, have a material adverse effect on its business, financial position, results of operations or cash flows.

On August 4, 2022, the Company entered into a settlement agreement with a certain music partner attributed to past royalties owed. The Company issued 800,000 shares of its common stock to the music partner and settled \$0.4 million of accounts payable with the remaining value of the shares attributed to prepayment for future royalties. The fair value of the shares was determined to be \$1.0 million based on the Company's share price at the date the shares were issued. As of December 31, 2024, no amount was recorded as a prepaid asset related to this transaction in order to fund future amounts owed for royalties. As the agreement was not terminated by the music partner after one year, the Company issued to the music partner an additional 200,000 shares of its common stock as prepayment of future royalties during the fiscal year ended March 31, 2024 ("Fiscal 2024").

Employment Arrangements

As of December 31, 2024, the Company has an employment arrangement with its two named executive officers (“Section 16 Officers”) that provide salary payments of \$0.7 million and target bonus compensation of up to \$0.3 million on an annual basis. Furthermore, such employment arrangements consist of an employment agreement which contains severance clauses that could require severance payments in the aggregate amount of \$0.3 million (excluding the value of potential payouts of discretionary bonuses, pro-rata bonuses, and potential accelerated vesting of equity awards granted to such executive officers) to the Company’s CFO.

On August 28, 2023, the Company’s subsidiary, PodcastOne, Inc., entered into a new two-year employment contract with its President for \$0.4 million per year effective January 1, 2023.

The Company’s CEO agreed to forgive his salary of \$0.5 million per annum for the period from August 2021 until December 31, 2022 in exchange for shares of the Company’s common stock and/or restricted stock units to be issued in the future. As of December 31, 2024, the Company’s board of directors has not yet determined the number of shares of the Company’s common stock and/or restricted stock units to be issued to the CEO as such compensation.

Legal Proceedings

During the nine months ended December 31, 2024, the Company recorded legal settlement expenses relating to potential claims arising in connection with litigation brought against the Company by certain third parties that were not material and were included in general and administrative expenses in the accompanying consolidated statement of operations. See also Note 13 — Legal Proceedings in the Company’s Quarterly Report on Form 10-Q, filed with the SEC on August 13, 2024.

From time to time, the Company is involved in legal proceedings and other matters arising in connection with the conduct of its business activities. Many of these proceedings may be at the preliminary stages and/or seek an indeterminate amount of damages. In the opinion of management, after consultation with legal counsel, such routine claims and lawsuits are not significant and we do not currently expect them to have a material adverse effect on our business, financial condition, results of operations, or liquidity.

Note 14 — Employee Benefit Plan

The Company sponsors a 401(k) plan (the “401(k) Plan”) covering all employees. Prior to March 31, 2019, only Slacker employees were eligible to participate in the 401(k) Plan. Employees are eligible to participate in the 401(k) Plan the first day of the calendar month following their date of hire. The Company may make discretionary matching contributions to the 401(k) Plan on behalf of its employees up to a maximum of 100% of the participant’s elective deferral up to a maximum of 5% of the employees’ annual compensation. The Company’s matching contributions were not material to the financial statements for the three and nine months ended December 31, 2024 and 2023.

Note 15 — Stockholders’ Deficit

Authorized Common Stock and Authority to Create Preferred Stock

The Company has the authority to issue up to 510,000,000 shares, consisting of 500,000,000 shares of the Company’s common stock, \$0.001 par value per share, and 10,000,000 shares of the Company’s preferred stock, \$0.001 par value per share (the “preferred stock”).

The Company may issue shares of preferred stock from time to time in one or more series, each of which will have such distinctive designation or title as shall be determined by the Company’s board of directors and will have such voting powers, full or limited, or no voting powers, and such preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated in the resolution or resolutions providing for the issue of such class or series of preferred stock as may be adopted from time to time by the Company’s board of directors. The Company’s board of directors will have the power to increase or decrease the number of shares of preferred stock of any series after the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased, the shares constituting such decrease will resume the status of authorized but unissued shares of preferred stock.

It is not possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of the common stock until and unless the Company’s board of directors determines the specific rights of the holders of the preferred stock; however, these effects may include: restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock, or delaying or preventing a change in control of the Company without further action by the stockholders.

Stock Repurchase Program

In December 2020, the Company announced that its board of directors has authorized the repurchase of up to two million shares of its outstanding common stock from time to time. In November 2022, the Company announced that its board of directors has authorized it to expand its stock repurchase program by up to an additional \$2,000,000 worth of shares of its common stock to be repurchased from time to time. The timing, price, and quantity of purchases under the program will be at the discretion of our management and will depend upon a variety of factors including share price, general and business market conditions, compliance with applicable laws and regulations, corporate and regulatory requirements, and alternative uses of capital. The program may be expanded, suspended, or discontinued by our board of directors at any time. Although our board of directors has authorized this stock repurchase program, there is no guarantee as to the exact number of shares, if any, that will be repurchased by us, and we may discontinue purchases at any time that management determines additional purchases are not warranted. We cannot guarantee that the program will be consummated, fully or all, or that it will enhance long-term stockholder value. The program could affect the trading price of our common stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our common stock. In addition, this program could diminish our cash reserves. The Company purchased 558,247 and 1,101,498 shares of its common stock under its stock repurchase program for the nine months ended December 31, 2024 and 2023 for a total of \$1.0 million and \$1.7 million, respectively.

Series A Preferred Stock

The Series A Preferred Stock is convertible at any time at a Holder's option into shares of the Company's common stock, at a price of \$2.10 per share of common stock, bears a dividend of 12% per annum, is perpetual and has no maturity date. At the option of the Company, the dividend was to be paid in-kind for the first 12 months after April 1, 2024 (the "Effective Date"), and thereafter, the Holders had the option to select whether subsequent dividend payments shall be paid in kind or in cash; provided, that as long as any Series A Preferred Stock is held by the "Harvest Funds", Trinad Capital shall receive the dividend solely in kind. The Series A Preferred Stock shall have no voting rights, except as set forth in the Certificate of Designation or as otherwise required by law.

The Company had the option (the "Optional Redemption Right"), on or before the Mandatory Redemption Date (as defined herein), to purchase up to \$5,000,000 in aggregate of the then outstanding shares of Series A Preferred Stock held by the Harvest Funds at a cash redemption price per share of Series A Preferred Stock equal to the Stated Value (the "Redemption Price"). The Company was required on or before August 3, 2024 (the "Mandatory Redemption Date"), and in any event if prior to the Mandatory Redemption Date the Company consummated any financing transaction in which the Company, directly or indirectly, raised, in aggregate, gross proceeds of more than \$20,000,000 of new capital, to purchase \$5,000,000 in aggregate of the then outstanding shares of Series A Preferred Stock held by the Harvest Funds (the "Mandatory Redemption Amount") at the Redemption Price (the "Mandatory Redemption"). If the Optional Redemption Right was exercised up to the full \$5,000,000 amount, the Mandatory Redemption requirement would be terminated; provided, that if the Optional Redemption Right was exercised in any amount less than \$5,000,000, the Mandatory Redemption Amount would be reduced by the amount that the Optional Redemption Right has been elected and exercised. Without the prior express consent of the majority of the votes entitled to be cast by the holders of Series A Preferred Stock outstanding at the time of such vote (the "Majority Holders"), the Company shall not authorize or issue any additional or other shares of its capital stock that are (i) of senior rank to the Series A Preferred Stock or (ii) of pari passu rank to the Series A Preferred Stock, in each case in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation.

Pursuant to the Exchange Agreements, the Company agreed that at any time that any of the shares of Series A Preferred Stock issued to the Harvest Funds are outstanding, (i) to directly or through its 100% owned subsidiaries (as applicable), to own on a fully diluted basis at least 66% of the total equity and voting rights of any and all classes of securities of each of PodcastOne, Slacker, PPV One, Inc., and LiveXLive Events, LLC subsidiaries of the Company, (ii) not to issue shares of its common stock or convertible equity securities at a price less than \$2.10 per share (subject to certain exceptions), provided, that such consent shall not be required in connection with any merger, acquisition or other business combinations of the Company and/or any of its subsidiaries with any unaffiliated third party, (iii) not to raise more than an aggregate of \$20,000,000 of capital in one or more offerings, including without limitation, one or more equity or debt offerings or a combination thereof, on an accumulated basis commencing after February 3, 2023 (the "Qualified Offering"); provided, that such consent shall not be required for any equity financing of the Company at a price of \$2.25 per share or above, and (iv) if after February 3, 2023 the Company distributes any of its assets or any shares of its common stock or Common Stock Equivalents (as defined in the Exchange agreements) of any of its subsidiaries pro rata to the record holders of any class of shares of its common stock, the Company shall distribute to the Holders its pro rata portion of any such distribution (calculated on an as-converted basis with respect to the then outstanding Series A Preferred Stock) concurrently with the distribution to the then record holders of any class of its common stock (including an applicable distribution of shares of PodcastOne's common stock to the Harvest Funds in connection with PodcastOne's Spin-Out and special dividend of PodcastOne's common stock to the Company's stockholders of record), in each case without the Majority Holders' prior written consent. Any breach of the aforementioned covenants shall constitute a material breach, which if uncured, shall result in the issuance of an aggregate of 56,473 shares of the Company's restricted common stock (the "Default Shares") to the Holders for each five trading days (or pro rata thereof) after the date of the breach; provided, that if such breach is cured within the applicable cure period, no Default Shares shall be issued.

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In accordance with ASC 480, the Company classified \$5.0 million of its Series A Preferred Stock as temporary equity due to the Company's obligation to redeem \$5.0 million of the Series A Preferred Stock on or before 18 months after issuance for cash, which also contains a substantive conversion feature. The redemption feature was not deemed to be closely and clearly related to the equity-type host instrument. Accordingly, it was accounted for as a liability at inception based on its fair value of \$0.2 million with subsequent changes in fair value included in earnings.

On the Effective Date, the Company entered into Letter Agreements (collectively, the "Agreements") with (i) Harvest Small Cap Partners Master, Ltd. ("HSCPM"), (ii) Harvest Small Cap Partners, L.P. ("HSCP" and together with HSCPM, the "Harvest Funds"), and (iii) Trinad Capital Master Fund Ltd., a fund controlled by Mr. Ellin, the Company's Chief Executive Officer, Chairman, director and principal stockholder ("Trinad Capital" and collectively with the Harvest Funds, the "Holders"), the holders of the Company's Series A Perpetual Convertible Preferred Stock, par value \$0.001 per share (the "Series A Preferred Stock"), with a stated value of \$1,000 per share. Pursuant to the Agreements (i) the Holders converted approximately \$11.4 million worth of shares of Series A Preferred Stock into shares of the Company's common stock, at a price of \$2.10 per share, as follows: HSCPM converted 5,602.09 shares of Series A Preferred Stock into 2,667,664 shares of the Company's common stock, HSCP converted 2,397.91 shares of Series A Preferred Stock into 1,141,860 shares of the Company's common stock, and Trinad Capital converted 3,395.09 shares of Series A Preferred Stock into 1,616,709 shares of the Company's common stock (collectively, the "Shares"), and (ii) HSCPM, HSCP and Trinad Capital received 910,340, 389,660 and 535,399 three-year warrants to purchase the Company's common stock exercisable at a price of \$2.10 per share (collectively, the "Warrants"). The Company accounted for the redemption of the Series A Preferred Stock as a Redemption and extinguished \$5.0 million of mezzanine equity and \$6.4 million of permanent equity. In addition, the Company recorded the fair value of the common stock issued in the amount of \$10.0 million and the fair value of the common stock warrants of \$1.6 million to equity in accordance with ASC 260, Earnings Per Share. The derivative associated with the mezzanine equity was extinguished and a gain was recognized for the nine months ended December 31, 2024 in the amount of \$0.6 million. The difference between the carrying value of the Series A Preferred Stock extinguished, and the fair value of the common stock and common stock warrants issued was recorded as a deemed dividend in the amount of \$0.3 million. In addition, pursuant to the Agreements, the Harvest Funds agreed (x) that any future dividends payable on the Series A Preferred Stock shall be paid in-kind or in cash at the option of the Company; provided, that as long as any Series A Preferred Stock is held by the Harvest Funds, Trinad Capital shall receive the dividend solely in kind, (y) to remove the Mandatory Redemption.

The change in fair value of the embedded derivative included in the statement of earnings was a loss of \$0.5 million for the nine months ended December 31, 2024.

In accordance with ASC 480, the Company classified \$16.2 million of the Series A Preferred Stock as permanent equity in the financial statements as it was not subject to mandatory redemption at the option of the holder. The Company concluded that the Series A Preferred Stock is more akin to an equity-type instrument than a debt-type instrument, therefore the conversion features associated with the Series A preferred stock classified as permanent equity were deemed to be clearly and closely related to the host instrument and not a derivative under ASC 815. Accordingly, the Series A Preferred Stock was not accreted to the redemption amount in effect on the balance sheet date.

Each share of Series A Preferred Stock is entitled to receive cumulative dividends payable at a rate per annum of 12% of the Series A Stated Value. During the nine months ended December 31, 2024 and 2023, the Company issued 1,169 and 2,427 shares of its Series A Preferred Stock as a dividend in accordance with terms of the Certificate of Designation. As of December 31, 2024, there were 13,588 shares of Series A Preferred Stock issued and outstanding, and 6,470,558 shares of the Company's common stock were underlying such shares of Series A Preferred Stock as of such date based on its conversion price.

2016 Equity Incentive Plan

The Company's board of directors and stockholders approved the Company's 2016 Equity Incentive Plan, as amended (the "2016 Plan") which reserved a total of 12,600,000 shares of the Company's common stock for issuance. On September 17, 2020, our stockholders approved the amendment to the 2016 Plan to increase the number of shares available for issuance under the plan by 5,000,000 shares increasing the total up to 17,600,000 shares which the Company formally increased on June 30, 2021. Incentive awards authorized under the 2016 Plan include, but are not limited to, nonqualified stock options, incentive stock options, restricted stock awards, restricted stock units, performance grants intended to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and stock appreciation rights. If an incentive award granted under the 2016 Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to the Company in connection with the exercise of an incentive award, the shares subject to such award and the surrendered shares will become available for further awards under the 2016 Plan.

The Company recognized share-based compensation expense of \$1.4 million and \$2.3 million during the three months ended December 31, 2024 and 2023, respectively. The Company recognized share-based compensation expense of \$5.4 million and \$5.8 million during the nine months ended December 31, 2024 and 2023, respectively. As of December 31, 2024, unrecognized compensation costs for unvested awards was \$0.6 million, which is expected to be recognized over a weighted-average service period of 1.66 years. The total tax benefit recognized related to share-based compensation expense was none for the three and nine months ended December 31, 2024 and 2023.

The following table summarizes the activity of our options issued under the 2016 Equity Plan to employees during the nine months ended December 31, 2024:

	Number of Shares	Weighted-Average Exercise Price per Share
Outstanding as of March 31, 2024	2,266,667	\$ 3.73
Granted	-	-
Exercised	-	-
Forfeited or expired	(40,000)	\$ 3.81
Outstanding as of December 31, 2024	<u>2,226,667</u>	<u>\$ 3.73</u>
Exercisable as of December 31, 2024	<u>2,207,917</u>	<u>\$ 3.72</u>

The following table summarizes the activity of our restricted stock units under the 2016 Equity Plan issued to employees during the nine months ended December 31, 2024:

	Number of Shares
Outstanding as of March 31, 2024	1,384,581
Granted	954,638
Vested	(1,495,793)
Cancelled	-
Outstanding as of December 31, 2024	<u>843,426</u>

PodcastOne 2022 Equity Plan

On December 15, 2022, the PodcastOne’s board of directors and the Company as the sole stockholder, through its wholly owned subsidiary, LiveXLive PodcastOne, Inc., approved PodcastOne’s 2022 Equity Incentive Plan (the “2022 Plan”) which reserved a total of 2,000,000 shares of PodcastOne’s common stock for issuance. Incentive awards authorized under the 2022 Plan include, but are not limited to, nonqualified stock options, incentive stock options, restricted stock awards, restricted stock units, performance grants intended to comply with Section 162(m) of the Code and stock appreciation rights. If an incentive award granted under the 2022 Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to PodcastOne in connection with the exercise of an incentive award, the shares subject to such award and the surrendered shares will become available for further awards under the 2022 Plan.

The following table summarizes the activity of the Company's restricted stock units issued to its employees under the 2022 Plan during the nine months ended December 31, 2024:

	Number of Shares
Nonvested as of March 31, 2024	591,560
Granted	339,467
Vested	(228,335)
Forfeited or expired	(13,250)
Nonvested as of December 31, 2024	689,442

As of December 31, 2024, PodcastOne has granted incentive awards underlying 1,214,527 shares of PodcastOne's common stock under the 2022 Plan with a fair value of \$3.23 per share. 525,085 of the awards had vested or have been forfeited as of December 31, 2024. As of December 31, 2024, PodcastOne recognized \$2.1 million of stock compensation for vested restricted stock units. Unrecognized compensation costs for unvested PodcastOne restricted stock units issued to employees was \$1.8 million, which is expected to be recognized over a weighted-average service period of 0.26 years.

Non- Controlling Interest

On September 8, 2023, the Company completed its spin out of PodcastOne from the Company with PodcastOne becoming a standalone publicly trading company (the "Spin-Out"), as a result of which 4.3 million shares of PodcastOne common stock were issued to holders outside of the Company resulting in a non-controlling interest in PodcastOne of 21.64%. The stock dividend of 4.3 million shares was a non-reciprocal transfer between PodcastOne and non-LiveOne shareholders. As a result, the transaction was recorded as a change in non-controlling interest under ASC 810, which resulted in an increase to non-controlling interest of \$ 1.5 million. In the Spin-Out, PodcastOne issued an additional 3.2 million shares to non-LVO holders primarily from the conversion of the PC1 Bridge Loan which resulted in a non-controlling interest of 26.50%, resulting in an increase of \$2.5 million to non-controlling interest within the accompanying condensed consolidated statement of stockholders' deficit and mezzanine equity during the year ended March 31, 2024. In addition, as a result of the completion of the Spin-Out and the PodcastOne shares of common stock being publicly traded, the variability in the terms of the warrants issued as part of the PC1 Bridge Loan was resolved so that the warrants issued to purchase PodcastOne's common stock were reclassified to equity and classified within non-controlling interest in the amount of \$5.9 million during the year ended March 31, 2024. The Company had a non-controlling interest of 28.06% as of December 31, 2024.

Note 16 — Business Segments and Geographic Reporting

The Company determined its operating segments in accordance with ASC 280, “Segment Reporting” (“ASC 280”).

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Beginning in the second quarter of Fiscal 2024, management has determined that the Company has three operating segments (PodcastOne, Slacker and Media Group). The Audio Group consists of the Company's PodcastOne and Slacker subsidiaries and the Media Group consists of the Company's remaining subsidiaries. As a result of the Spin-Out of PodcastOne, the Company's chief operating decision maker ("CODM") began to make decisions and allocate resources based on three operating segments of the business (PodcastOne, Slacker and Media group). The Company's operating segments reflects the manner in which its CODM reviews results and allocates resources. The CODM reviews operating segment performance exclusive of share-based compensation expense, amortization of intangible assets, depreciation, and other expenses (including legal fees, expenses, and accruals) related to acquisitions, associated integration activities, and certain other non-cash charges. As a result, the segment information for the prior periods has been recast to conform with the current period presentation.

The Company's three operating segments are also consistent with its internal organizational structure, which is the way the Company assesses operating performance and allocates resources.

Customers

The Company has one external customer that accounts for more than 10% of its revenue and accounts receivable. Such original equipment manufacturer (the "OEM") provides premium Slacker service in its new vehicles. Total revenues from the OEM were \$13.5 million and \$15.5 million for the three months ended December 31, 2024 and 2023, respectively. Total revenues from the OEM were \$49.6 million and \$43.7 million for the nine months ended December 31, 2024 and 2023, respectively. Total receivables from the OEM were 10% and 29% of total accounts receivable as of December 31, 2024 and March 31, 2024, respectively.

Segment and Geographic Information

The Company's operations are based in the United States. All material revenues of the Company are derived from the United States. All long-lived assets of the Company are located in the United States, of which \$0.3 million resides in PodcastOne, \$3.3 million in Slacker and \$0.2 million is attributed to our Media Operations.

We manage our working capital on a consolidated basis. Accordingly, segment assets are not reported to, or used by, our management to allocate resources to or assess performance of our segments, and therefore, total segment assets and related depreciation and amortization have not been presented.

The following tables present the results of operations for our reportable segments for the three and nine months ended December 31, 2024 and 2023:

	Three months ended December 31, 2024				
	PodcastOne	Slacker	Media	Corporate expenses	Total
Revenue	\$ 12,710	\$ 14,355	\$ 2,381	\$ -	\$ 29,445
Net income (loss)	\$ (1,583)	\$ (862)	\$ (995)	\$ (2,198)	\$ (5,638)

	Three months ended December 31, 2023				
	PodcastOne	Slacker	Media	Corporate expenses	Total
Revenue	\$ 10,442	\$ 16,838	\$ 3,965	\$ -	\$ 31,245
Net income (loss)	\$ (2,600)	\$ 5,127	\$ (3,148)	\$ (1,603)	\$ (2,224)

	Nine months ended December 31, 2024				
	PodcastOne	Slacker	Media	Corporate expenses	Total
Revenue	\$ 38,022	\$ 52,617	\$ 4,478	\$ -	\$ 95,117
Net income (loss)	\$ (4,618)	\$ 6,356	\$ (4,072)	\$ (7,179)	\$ (9,513)

	Nine months ended December 31, 2023				
	PodcastOne	Slacker	Media	Corporate expenses	Total
Revenue	\$ 31,595	\$ 48,331	\$ 7,615	\$ -	\$ 87,541
Net income (loss)	\$ (13,683)	\$ 7,377	\$ 136	\$ (4,496)	\$ (10,666)

Geographic Information

All material revenues of the Company are derived from the United States. All long-lived assets of the Company are located in the United States.

Note 17 — Fair Value Measurements

The following table presents the fair value of the Company's financial liabilities that are measured at fair value on a recurring basis (in thousands):

	March 31, 2024			
	Fair Value	Hierarchy Level		
		Level 1	Level 2	Level 3
Assets:				
Prepaid expenses - common stock issued subject to market adjustment at settlement	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Bifurcated embedded derivative on Series A Preferred Stock	\$ 607	\$ -	\$ -	\$ 607
	\$ 607	\$ -	\$ -	\$ 607

The following table presents a reconciliation of the Company's financial liabilities that are measured at Level 3 within the fair value hierarchy (in thousands):

	Amount
Balance as of March 31, 2024	\$ 607
Change in fair value of bifurcated embedded derivatives, reported in earnings	(607)
Balance as of December 31, 2024	\$ -

Note 18 — Subsequent Events

On January 13, 2025, the Company and SoundExchange, Inc. (“SX”) agreed to extend the payment period for the remaining balance due under the settlement agreement entered into by the parties by 24 months to January 2027, with the balance to be repaid in equal monthly payments over such period.

On January 15, 2025, PodcastOne entered into a three-year Enterprise Service and Advertising Agreement (the “Agreement”) with ART19 LLC (“ART19”), a subsidiary of Amazon.com, Inc. to move the existing network of PodcastOne programming to the ART19 hosting platform. The Agreement is expected to drive additional monetization opportunities across PodcastOne’s vast library of popular podcasts. Pursuant to the Agreement ART19 is required to pay the Company a minimum guarantee of \$15.0 million over the term of the Agreement based on PodcastOne achieving certain minimum impressions amount, which guarantee is subject to adjustment as provided in the Agreement, including if PodcastOne achieves higher minimum impressions amounts. In addition, the Agreement provides for a revenue share split between the Company and ART19 based on gross sales revenue achieved by PodcastOne under the Agreement.

On January 28, 2025, the Company entered into the 2025 Business Loan Agreement with the Senior Lender to update certain terms of the ABL Credit Facility, including to reduce the principal amount outstanding under the Promissory Note to \$3,750,000, reflecting the Company’s repayment of \$3,250,000 of the principal amount of the Promissory Note as of such date, and to extend the maturity date of the Promissory Note to November 20, 2025. Pursuant to the 2025 Change in Terms Agreement entered into in connection with the 2025 Business Loan Agreement, the Company is agreed to repay the remaining outstanding principal amount of the Promissory Note in 9 equal monthly payments of \$400,000 each beginning February 20, 2025, and the final 10th payment of \$151,291.67 on November 20, 2025. Pursuant to the 2025 Business Loan Agreement, the requirement that the Company and its related entities shall at all times maintain a certain minimum cash deposit with the Senior Lender is maintained at \$5,000,000. The ABL Credit Facility continues to be collateralized by a first lien on all of the assets of the Company and its subsidiaries. Borrowings under the ABL Credit Facility are subject to certain covenants as set forth in the 2025 Business Loan Agreement and bear interest at a rate equal to the “Money Rate” column of The Wall Street Journal (Western Edition) as determined by the Senior Lender plus 2.50%, resulting in the initial rate of 10.00% and provided, that it shall not be less than 7.50%. The Company may prepay at any time without penalty all or a portion of the amount owed to the Senior Lender. The 2025 Business Loan Agreement includes customary events of default and various financial and other covenants with which the Company has to comply in order to maintain borrowing availability, including maintaining required minimum liquidity amount and Borrowing Base capacity. The occurrence of an event of default could result in the acceleration of all obligations of the Company to the Senior Lender with respect to indebtedness, whether under the 2025 Business Loan Agreement or otherwise. Other covenants include, but are not limited to, covenants limiting or restricting the Company’s ability to incur indebtedness, incur liens, enter into mergers or consolidations involving debt, dispose of assets, make loans and investments and pay dividends. In connection with the 2025 Business Loan Agreement, the Promissory Note issued to the Senior Lender continues in effect except as modified by the 2025 Business Loan Agreement and the 2025 Change in Terms Agreement.

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

As used herein, “LiveOne,” the “Company,” “we,” “our” or “us” and similar terms include LiveOne, Inc. and its subsidiaries, unless the context indicates otherwise. The following discussion and analysis of our business and results of operations for the three and nine months ended December 31, 2024, and our financial conditions at that date, should be read in conjunction with our condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q (this “Quarterly Report”).

Forward-Looking Statements

Certain statements contained in this Quarterly Report that are not statements of historical fact constitute “forward-looking statements” within the meaning of the Securities Litigation Reform Act of 1995, notwithstanding that such statements are not specifically identified. These forward-looking statements relate to expectations or forecasts for future events, including without limitation our earnings, revenues, expenses or other future financial or business performance or strategies, or the impact of legal or regulatory matters on our business, results of operations or financial condition. These statements may be preceded by, followed by or include the words “may,” “might,” “will,” “would,” “could,” “should,” “will likely result,” “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “continue,” “target” or the negative or other variations thereof or comparable terminology. These forward-looking statements are not guarantees of future performance and are based on information available to us as of the date of this Quarterly Report and on our current expectations, forecasts and assumptions, and involve substantial risks and uncertainties. Actual results may vary materially from those expressed or implied by the forward-looking statements herein due to a variety of factors, including: our reliance on our largest OEM customer for a substantial percentage of our revenue; our ability to consummate any proposed financing, acquisition, spin-out, special dividend, distribution or transaction, including the proposed special dividend and spin-out of our pay-per-view business, the timing of the consummation of such proposed event, including the risks that a condition to consummation of such proposed event would not be satisfied within the expected timeframe or at all or that the consummation of any proposed financing, acquisition, spin-out, special dividend, distribution or transaction, the timing of the consummation of such proposed event will not occur; our ability to continue as a going concern; our reliance on one key customer for a substantial percentage of our revenue; if and when required, our ability to obtain additional capital, including to fund our current debt obligations and to fund potential acquisitions and capital expenditures; our ability to attract, maintain and increase the number of our users and paid members; our ability to identify, acquire, secure and develop content; our ability to successfully implement our growth strategy, our ability to acquire and integrate our acquired businesses, the ability of the combined business to grow, including through acquisitions which we are able to successfully integrate, and the ability of our executive officers to manage growth profitably; uncertain and unfavorable outcome(s) of any legal proceedings pending or that may be instituted against us, our subsidiaries, or third parties to whom we owe indemnification obligations and/or our ability to pay any amounts due in connection with any such legal proceedings; changes in laws or regulations that apply to us or our industry; our ability to recognize and timely implement future technologies in the music and live streaming space; our ability to capitalize on investments in developing our service offerings, including the LiveOne App to deliver and develop upon current and future technologies; significant product development expenses associated with our technology initiatives; our ability to deliver end-to-end network performance sufficient to meet increasing customer demands; our ability to timely and economically obtain necessary approval(s), releases and or licenses on a timely basis for the use of our music content on our service platform; our ability to obtain and maintain international authorizations to operate our service over the proper foreign jurisdictions our customers utilize; our ability to expand our service offerings and deliver on our service roadmap; our ability to timely and cost-effectively produce, identify and or deliver compelling content that brands will advertise on and or customers will purchase and or subscribe to across our platform; general economic and technological circumstances in the music and live streaming digital markets; our ability to obtain and maintain licenses for content used on our music platforms; the loss of, or failure to realize benefits from, agreements with our music labels, publishers and partners; unfavorable economic conditions in our industry and economy as a whole; our ability to expand our domestic or international operations, including our ability to grow our business with current and potential future music labels, festivals, publishers, or partners; the effects of service interruptions or delays, technology failures, material defects or errors in our software, damage to our equipment or geopolitical restrictions; costs associated with defending pending or future intellectual property infringement actions and other litigation or claims and/or our ability to pay any amounts due in connection with any such litigation or claims; increases in our projected capital expenditures due to, among other things, unexpected costs incurred in connection with the roll out of our technology roadmap or our plans of expansion in North America and internationally; fluctuation in our operating results; the demand for live and music streaming services and market acceptance for our products and services; our ability to generate sufficient cash flow to make payments on our indebtedness; our incurrence of additional indebtedness in the future; our ability to extend and/or refinance our indebtedness and/or repay our indebtedness when due; the effect of the conditional conversion feature of our Series A Preferred Stock; our compliance with the covenants in our debt agreements; our intent to repurchase shares of our and/or PodcastOne's common stock from time to time under our announced stock repurchase program and the timing, price, and quantity of repurchases, if any, under the program; risks and uncertainties applicable to the businesses of our subsidiaries; and other risks and uncertainties set forth herein. Other factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, those set forth below in Part II – Item 1A. Risk Factors of this Quarterly Report and in Part I – Item 1A. Risk Factors of our 2024 Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission (the “SEC”) on July 1, 2024 (the “2024 Form 10-K”), as well as other factors and matters described herein or in the annual, quarterly and other reports we file with the SEC. Except as required by law, we do not undertake any obligation to update forward-looking statements as a result of as a result of new information, future events or developments or otherwise.

Overview of the Company

We are a pioneer in the acquisition, distribution and monetization of live music, Internet radio, podcasting and music-related streaming and video content. Our principal operations and decision-making functions are located in North America. We manage and report our businesses as a single operating segment. Our senior management regularly reviews our operating results, principally to make decisions about how we allocate our resources and to measure our segment and consolidated operating performance. In prior fiscal years we generated a majority of our revenue primarily through membership services from our streaming radio and music services and to a lesser extent, through advertising and licensing across our music platform. In the fourth quarter of our fiscal year ended March 31, 2020, we began generating ticketing, sponsorship and promotion-related revenue from live music events through our February 2020 acquisition of React Presents. In May 2020, we launched a new pay-per-view (“PPV”) offering enabling new forms of artist revenue including digital tickets, tipping, digital meet and greets, merchandise sales and sponsorship. In July 2020, we entered the podcasting business with the acquisition of PodcastOne and in December 2020, we entered the merchandising business with the acquisition of CPS. Through the operations of our DayOne Music Publishing, Drumify and Splitmind subsidiaries, we operate our music publishing and artist and brand development businesses.

For the three months ended December 31, 2024 and 2023, we reported revenue of \$29.4 million and \$31.2 million, respectively. We have one customer that accounted for more than 10% of its revenue during the three months ended December 31, 2024 and 2023. The customer is an original equipment manufacturer (the “OEM”) who provides premium Slacker service in all of their new vehicles. In the three months ended December 31, 2024 and 2023, total revenue from the OEM was \$13.5 million and \$15.5 million, respectively.

Key Corporate Developments for the Quarter Ended December 31, 2024

In January 2025, total paid and monthly active ad-supported users exceeded 860k. Direct-billed Premium subscribers have increased by 78% and overall direct-billed subscribers have increased by 130% since October 2024, when we announced a new conversion program with Tesla.

On October 1, 2024, we announced an amended relationship with our largest OEM customer. Effective December 1, 2024, the OEM customer no longer subsidizes our products to some of its customers, however, we offer all OEM customer vehicles in North America the opportunity to convert to become direct subscribers of our LiveOne music app. The direct subscription to our LiveOne app allows such users for the first time to access their LiveOne music and LiveOne’s other service offerings directly across all of their devices. Our LiveOne music streaming button/icon, which allows users to directly connect their subscription to LiveOne, is expected to remain in the OEM customer’s music streaming services dashboard in perpetuity. The OEM customer will continue to pay us monthly for qualifying grandfathered vehicles for the term of the OEM license agreement.

On January 15, 2025, PodcastOne entered into a three-year Enterprise Service and Advertising Agreement (the “Agreement”) with ART19 LLC (“ART19”), a subsidiary of Amazon.com, Inc. to move the existing network of PodcastOne programming to the ART19 hosting platform. The Agreement is expected to drive additional monetization opportunities across the PodcastOne’s vast library of popular podcasts. Pursuant to the Agreement, ART19 is required to pay the Company a minimum guarantee of \$15.0 million plus over the term of the Agreement based on PodcastOne achieving certain minimum impressions amount, which guarantee is subject to adjustment as provided in the Agreement, including if PodcastOne achieves higher minimum impressions amounts. In addition, the Agreement provides for a revenue share split between the Company and ART19 based on gross sales revenue achieved by PodcastOne under the Agreement.

On January 28, 2025, we entered into the 2025 Business Loan Agreement with the Senior Lender to update certain terms of the ABL Credit Facility, including to reduce the principal amount outstanding under the Promissory Note to \$3,750,000, reflecting our repayment of \$3,250,000 of the principal amount of the Promissory Note as of such date, and to extend the maturity date of the Promissory Note to November 20, 2025.

Basis of Presentation

The following discussion and analysis of our business and results of operations and our financial conditions is presented on a consolidated basis. In addition, a brief description is provided of significant transactions and events that have an impact on the comparability of the results being analyzed.

Opportunities, Challenges and Risks

During our fiscal year ended March 31, 2024, we derived 57% of our revenue from paid memberships and the remainder from advertising, ticketing, sponsorship, merchandising and licensing. Our revenue for the nine months ended December 31, 2024, was comprised of 55% from paid members, 40% from advertising and 5% from merchandise.

We believe our operating results and performance are, and will continue to be, driven by various factors that affect the music industry. Our ability to attract, grow and retain users to our platform is highly sensitive to rapidly changing public music preferences and technology and is dependent on our ability to maintain the attractiveness of our platform, content and reputation to our customers. Beyond fiscal year 2024, the future revenue and operating growth across our music platform will rely heavily on our ability to grow our member base in a cost effective manner, continue to develop and deploy quality and innovative new music services, provide unique and attractive content to our customers, continue to grow the number of listeners on our platform and live music festivals we stream, grow and retain customers and secure sponsorships to facilitate future revenue growth from advertising and e-commerce across our platform.

As our music platform continues to evolve, we believe there are opportunities to expand our services by adding more content in a greater variety of formats such as podcasts and video podcasts, extending our distribution to include pay television, OTT and social channels, deploying new services for our members, artist merchandise and live music event ticket sales, and licensing user data across our platform. Our acquisitions of PodcastOne and CPS are reflective of our flywheel operating model. Conversely, the evolution of technology presents an inherent risk to our business. Today, we see large opportunities to expand our music services within North America and other parts of the world where we will need to make substantial investments to improve our current service offerings. As a result, and during the fiscal year ending March 31, 2025, we will continue to invest in product and engineering to further develop our future music apps and services, and we expect to continue making significant product development investments to our existing technology solutions over the

next 12 to 24 months to address these opportunities.

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On October 1, 2024, we announced an amended relationship with our largest OEM customer. Effective December 1, 2024, the OEM customer no longer subsidizes our products to some of its customers, however, we offer all OEM customer vehicles in North America the opportunity to convert to become direct subscribers of our LiveOne music app. The direct subscription to our LiveOne app allows such users for the first time to access their LiveOne music and LiveOne's other service offerings directly across all of their devices. Our LiveOne music streaming button/icon, which allows users to directly connect their subscription to LiveOne, is expected to remain in the OEM customer's music streaming services dashboard in perpetuity. As a result, we believe that we now have a unique opportunity to convert as many of such OEM's drivers as possible to a higher priced LiveOne subscription service creating a meaningful upside opportunity for us, and we are working in good faith with such OEM customer to convert as many of these drivers as possible. The OEM customer will continue to pay us monthly for qualifying grandfathered vehicles for the term of the OEM license agreement.

As our platform matures, we also expect our Contribution Margins*, adjusted earnings before income tax, depreciation and amortization ("Adjusted EBITDA")* and Adjusted EBITDA Margins* to improve in the near and long term, which are non-GAAP measures as defined in section following below titled, "Non-GAAP Measures". Historically, our live events business has not generated enough direct revenue to cover the costs to produce such events, and as a result generated negative Contribution Margins*, Adjusted EBITDA*, Adjusted EBITDA Margins* and operating losses. Historically, we produced and digitally distributed the live music performances of many of these large global music events to fans all around the world.

Growth in our music services is also dependent upon our ability to convert as many of the OEM drivers as possible to become direct subscribers of our LiveOne app, the number of customers that use and pay for our services, the attractiveness of our music platform to sponsors and advertisers and our ability to negotiate favorable economic terms with music labels, publishers, artists and/or festival owners, and the number of consumers who use our services. Growth in our margins is heavily dependent on our ability to convert as many of the OEM drivers as possible to become direct subscribers of our LiveOne app and to otherwise grow our membership base in a cost-efficient manner, coupled with the managing the costs associated with implementing and operating our services, including the costs of licensing music with the music labels, producing, streaming and distributing video and audio content and sourcing and distributing personalized products and gifts. Our ability to attract and retain new and existing customers will be highly dependent on our ability to convert as many of the OEM drivers as possible to become direct subscribers of our LiveOne app and to implement and continually improve upon our technology and services on a timely basis and continually improve our network and operations as technology changes and as we experience increased network capacity constraints as we continue to grow.

For the quarter ended December 31, 2024 and 2023, all material amounts of our revenue were derived from customers located in the United States and moreover, our largest OEM customer accounted for 46% and 49% of our consolidated revenue, respectively. This significant concentration of revenue from one customer poses risks to our operating results, and any change in the means this customer utilizes our services beyond December 31, 2024 could cause our revenue to fluctuate significantly.

In the long term, we plan to expand our business internationally in places such as Europe, Asia Pacific and Latin America, and as a result will continue to incur significant incremental upfront expenses associated with these growth opportunities.

Consolidated Results of Operations

Three Months Ended December 31, 2024, as compared to Three Months Ended December 31, 2023

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

	Three Months Ended December 31,	
	2024	2023
Revenue:	\$ 29,445	\$ 31,245
Operating expenses:		
Cost of sales	22,292	23,267
Sales and marketing	1,763	1,514
Product development	1,115	694
General and administrative	5,241	5,880
Impairment of intangibles	3,807	115
Amortization of intangible assets	340	528
Total operating expenses	34,558	31,998
Income (loss) from operations	(5,113)	(753)
Other income (expense):		
Interest expense, net	(544)	(1,279)
Other expense	34	(207)
Total other income (expense), net	(510)	(1,486)
(Loss) income before income taxes	(5,623)	(2,239)
Provision for (benefit from) income taxes	15	(15)
Net loss	(5,638)	(2,224)
Net loss attributable to non-controlling interest	(405)	(650)
Net loss attributed to LiveOne	\$ (5,233)	\$ (1,574)
Net loss per share - basic and diluted	\$ (0.06)	\$ (0.02)
Weighted average common shares – basic and diluted	95,501,753	87,882,364

The following table sets forth the depreciation expense included in the above line items (in thousands):

	Three Months Ended December 31,		% Change
	2024	2023	
Depreciation expense			
Cost of sales	\$ 39	\$ 37	5%
Sales and marketing	64	58	10%
Product development	464	460	1%
General and administrative	243	284	-14%
Total depreciation expense	\$ 810	\$ 839	-3%

The following table sets forth the stock-based compensation expense included in the above line items (in thousands):

	Three Months Ended December 31,		% Change
	2024	2023	
Stock-based compensation expense			
Cost of sales	\$ 269	\$ 289	-7%
Sales and marketing	99	583	-83%
Product development	16	(238)	-107%
General and administrative	991	1,621	-39%
Total stock-based compensation expense	<u>\$ 1,375</u>	<u>\$ 2,255</u>	<u>-39%</u>

The following table sets forth our results of operations, as a percentage of revenue, for the periods presented:

	Three Months Ended December 31,	
	2024	2023
Revenue	100%	100%
Operating expenses		
Cost of sales	76%	74%
Sales and marketing	6%	5%
Product development	4%	2%
General and administrative	18%	19%
Impairment of intangibles	13%	0%
Amortization of intangible assets	1%	2%
Total operating expenses	<u>117%</u>	<u>102%</u>
(Loss) income from operations	-17%	-2%
Other income (expense), net	-2%	-5%
Income (loss) before income taxes	<u>-19%</u>	<u>-7%</u>
Income tax provision (benefit)	0%	0%
Net loss	-19%	-7%
Net loss attributable to non-controlling interest	-1%	-2%
Net loss attributed to LiveOne	<u>-18%</u>	<u>-5%</u>

Revenue

Revenue was as follows (in thousands):

	Three Months Ended December 31,		% Change
	2024	2023	
Membership services	\$ 14,292	\$ 16,858	-15%
Advertising	12,851	10,592	21%
Merchandising	2,302	3,795	-39%
Total Revenue	<u>\$ 29,445</u>	<u>\$ 31,245</u>	<u>-6%</u>

Membership Revenue

Membership revenue decreased \$2.6 million, or 15%, to \$14.3 million for the three months ended December 31, 2024, as compared to \$16.9 million for the three months ended December 31, 2023. The decrease was primarily a result of the change in terms with our largest OEM customer. Beginning on December 1, 2024, we began converting customers directly to our LiveOne music app as our largest OEM customer no longer subsidized our product.

Advertising Revenue

Advertising revenue increased \$2.3 million, or 21%, to \$12.9 million for the three months ended December 31, 2024, as compared to \$10.6 million for the three months ended December 31, 2023, which is primarily attributable to growth in our barter revenue year-over-year.

Merchandising

Merchandising revenue decreased \$1.5 million, or 39%, to 2.3 million for the three months ended December 31, 2024, as compared to \$3.8 million the three months ended December 31, 2023, which is due to a reduction in demand from both retail partners and our direct to consumer merchandising business.

Cost of Sales

Cost of sales was as follows (in thousands):

	Three Months Ended December 31,		% Change
	2024	2023	
Membership	\$ 8,244	11,300	-27%
Advertising	12,163	9,558	27%
Production and Ticketing	90	171	-47%
Merchandising	1,796	2,238	-20%
Total Cost of Sales	\$ 22,293	\$ 23,267	-4%

Membership

Membership cost of sales decreased by \$3.1 million, or 27%, to \$8.2 million for the three months ended December 31, 2024, as compared to \$11.3 million for the three months ended December 31, 2023. The decrease was in line with the lower membership revenues noted above.

Advertising

Advertising cost of sales increased by \$2.6 million, or 27%, to \$12.2 million for the three months ended December 31, 2024, as compared to \$9.6 million for the three months ended December 31, 2023. The increase was primarily attributable to growth in our revenue share expense which is in line with increases noted above.

[Table of Contents](#)*Production and Ticketing*

Production cost of sales decreased by \$0.1 million, or 47%, to \$0.1 million for the three months ended December 31, 2024, as compared to \$0.2 million for the three months ended December 31, 2023. The decrease can be attributed to the decrease in events year over year.

Merchandising

Merchandising cost of sales decreased by \$0.4 million, or 20%, to \$1.8 million for the three months ended December 31, 2024, as compared to \$2.2 million for the three months ended December 31, 2023 due to the Company purchasing a higher amount of merchandise in the prior year for advertising.

Other Operating Expenses

Other operating expenses were as follows (in thousands):

	Three Months Ended December 31,		% Change
	2024	2023	
Sales and marketing expenses	\$ 1,763	\$ 1,514	16%
Product development	1,115	694	61%
General and administrative	5,241	5,880	-11%
Impairment of intangible assets	3,807	115	3210%
Amortization of intangible assets	340	528	-36%
Total Other Operating Expenses	<u>\$ 12,266</u>	<u>\$ 8,731</u>	<u>40%</u>

Sales and Marketing Expenses

Sales and Marketing expenses increased by \$0.3 million, or 16%, to \$1.8 million for the three months ended December 31, 2024, as compared to \$1.5 million for the three months ended December 31, 2023, primarily driven by employee costs.

Product Development

Product development expenses increased by \$0.4 million, or 61%, to \$1.1 million for the three months ended December 31, 2024, as compared to \$0.7 million for the three months ended December 31, 2023, which was driven by an increase in employee costs.

General and Administrative

General and administrative expenses decreased by \$0.6 million, or 11%, to \$5.2 million for the three months ended December 31, 2024, as compared to \$5.9 million for the three months ended December 31, 2023, largely due to a decrease in share-based compensation of \$0.6 million.

Impairment of Intangible Assets

Impairment of intangible assets increased \$3.7 million to \$3.8 million for the three months ended December 31, 2024, as compared to \$0.2 million for the three months ended December 31, 2023, which is attributed to the impairment of intangible assets of Slacker (see Note 5 – Goodwill and Intangible Assets to our condensed consolidated financial statements included elsewhere in this Quarterly Report).

Amortization of Intangible Assets

Amortization of intangible assets decreased by \$0.2 million, or 36%, to \$0.3 million for the three months ended December 31, 2024, as compared to \$0.5 million for the three months ended December 31, 2023. The decrease can be attributed to a portion of the intangible assets reaching their full lives of amortization.

Total Other Income (Expense)

Total other income (expense) was as follows (in thousands):

	Three Months Ended December 31,		% Change
	2024	2023	
Total other income (expense), net	<u>\$ (510)</u>	<u>\$ (1,486)</u>	<u>-66%</u>

Total other expense decreased by \$1.0 million, or 66%, to \$0.5 million of expense for the three months ended December 31, 2024, as compared to \$1.5 million of expense for the three months ended December 31, 2023. The decrease is primarily driven by a reduction of interest expense due to the pay down of the line of credit.

Net Income (Loss) Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests for the three months ended December 31, 2024 was \$0.4 million compared to \$0.7 million for the three months ended December 31, 2023, which resulted from the Spin-Out of PodcastOne and DayOne Publishing.

Business Segment Results*Three Months Ended December 31, 2024, as compared to Three Months Ended December 31, 2023***Audio Group - PodcastOne Operations**

Our Audio Group Operations, which include our PodcastOne operating results were, and discussions of significant variances are, as follows (in thousands):

	Three Months Ended		% Change
	December 31,		
	2024	2023	
Revenue	\$ 12,710	\$ 10,442	22%
Cost of Sales	11,983	9,387	28%
Sales & Marketing, Product Development and G&A	1,840	3,385	-46%
Intangible Asset Amortization	125	307	-59%
Operating Income (Loss)	\$ (1,238)	\$ (2,637)	-53%
Operating Margin	-10%	-25%	-61%
Adjusted EBITDA*	\$ (670)	\$ (356)	88%
Adjusted EBITDA Margin*	-5%	-3%	55%

* See “—Non-GAAP Measures” below for the definition and reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin.

[Table of Contents](#)*Revenue*

Revenue increased \$2.2 million, or 22%, during the three months ended December 31, 2024, primarily due to increased advertising.

Operating Income (Loss)

Operating loss decreased by \$1.4 million or 53%, for the three months ended December 31, 2024, as the increase in revenue was higher than the increase in operating expenses due to growing the business.

Adjusted EBITDA

Adjusted EBITDA* decreased by \$0.3 million, or 88%, to \$(0.7) million for the three months ended December 31, 2024, as compared to \$(0.4) million for the three months ended December 31, 2023. This was largely due to an increase in general and administrative cost associated with operating as a public company.

Audio Group - Slacker Operations

Our Audio Group Operations, which include our Slacker operating results were, and discussions of significant variances are, as follows (in thousands):

	Three Months Ended December 31,		% Change
	2024	2023	
Revenue	\$ 14,355	\$ 16,838	-15%
Cost of Sales	8,419	11,124	-24%
Sales & Marketing, Product Development and G&A	2,492	1,498	66%
Intangible Asset Amortization	3,896	89	4278%
Operating Income (Loss)	\$ (452)	\$ 4,127	-111%
Operating Margin	-3%	25%	-113%
Adjusted EBITDA*	\$ 4,272	\$ 6,786	-37%
Adjusted EBITDA Margin*	30%	40%	-26%

* See “—Non-GAAP Measures” below for the definition and reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin.

Revenue

Revenue decreased \$2.5 million, or 15%, during the three months ended December 31, 2024, primarily due to a change in revenue model with our largest OEM customer.

Operating Income

Operating income decreased by \$4.6 million, or 111%, for the three months ended December 31, 2024, driven by the decrease in revenue along with an impairment of \$3.8 million in the period.

Adjusted EBITDA

Adjusted EBITDA* decreased by \$2.5 million, or 37%, to \$4.3 million for the three months ended December 31, 2024, as compared to \$6.8 million for the three months ended December 31, 2023. This was largely due to lower revenue achieved for the three months ended December 31, 2024, which resulted in a lower Contribution Margin in the current period.

Media Group Operations

Our Media Group Operations which consist of all of our other operating subsidiaries outside of PodcastOne and Slacker operating results were, and discussions of significant variances are, as follows (in thousands):

	Three Months Ended December 31,		% Change
	2024	2023	
Revenue	\$ 2,381	\$ 3,965	-40%
Cost of Sales	1,890	2,756	-31%
Sales & Marketing, Product Development and G&A	1,241	2,075	-40%
Intangible Asset Amortization	126	247	-49%
Operating Income (Loss)	\$ (876)	\$ (1,113)	-21%
Operating Margin	-37%	-28%	31%
Adjusted EBITDA*	\$ (526)	\$ (2,366)	-78%
Adjusted EBITDA Margin*	-22%	-60%	-63%

* See “—Non-GAAP Measures” below for the definition and reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin.

[Table of Contents](#)*Revenue*

Revenue decreased \$1.6 million, or 40%, to \$2.4 million during the three months ended December 31, 2024, as compared to \$4.0 million for the three months ended December 31, 2023, primarily due to decrease in merchandising revenue due to a reduction in demand from both retail partners and our direct to consumer business.

Operating Income (Loss)

Operating loss decreased by \$0.2 million, or 21%, to \$0.9 million for the three months ended December 31, 2024 from \$1.1 million for the three months ended December 31, 2023, as a result of an increase in Contribution Margin coupled with the decrease in expenses due to a decrease in general and administrative expenses.

Adjusted EBITDA

Adjusted EBITDA* loss decreased by \$1.9 million, or 78%, to a \$(0.5) million loss for the three months ended December 31, 2024, as compared to a \$(2.4) million loss for the three months December 31, 2023. This was largely due to the decrease in revenue compared to the prior year.

Corporate expense

Our Corporate operating results and discussions of significant variances are, as follows (in thousands):

	Three months ended December 31,		% Change 2024 vs. 2023
	2024	2023	
Sales & Marketing, Product Development, and G&A	\$ 2,546	\$ 1,130	125%
Operating Loss	\$ (2,546)	\$ (1,130)	125%
Operating Margin	N/A	N/A	-%
Adjusted EBITDA*	\$ (1,535)	\$ (751)	104%

* See “—Non-GAAP Measures” below for the definition and reconciliation of Adjusted EBITDA.

Operating Loss

Operating loss increased by \$1.4 million, or 125%, to \$2.5 million for the three months ended December 31, 2024, as compared to \$1.1 million for the three months ended December 31, 2023, largely due to an increase in employee costs.

Adjusted EBITDA

Corporate Adjusted EBITDA* loss decreased \$0.7 million, or 104%, to \$(1.5) million for the three months ended December 31, 2024 as compared to \$(0.8) million for the three months ended December 31, 2023. The decrease was largely due to the increase in costs noted above.

Nine Months Ended December 31, 2024, as compared to Nine Months Ended December 31, 2023

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

	Nine Months Ended December 31,	
	2024	2023
Revenue:	\$ 95,117	\$ 87,541
Operating expenses:		
Cost of sales	71,897	63,015
Sales and marketing	4,685	5,671
Product development	3,346	3,379
General and administrative	17,031	17,641
Impairment of intangible assets	3,983	115
Amortization of intangible assets	1,474	1,227
Total operating expenses	102,416	91,048
Loss from operations	(7,299)	(3,507)
Other income (expense):		
Interest expense, net	(2,211)	(3,477)
Other income (expense)	52	(3,639)
Total other expense, net	(2,159)	(7,116)
Loss before provision for income taxes	(9,458)	(10,623)
Provision for income taxes	55	43
Net loss	(9,513)	(10,666)
Net loss attributable to non-controlling interest	(1,251)	(997)
Net loss attributed to LiveOne	\$ (8,262)	\$ (9,669)
Net loss per share – basic and diluted	\$ (0.10)	\$ (0.13)
Weighted average common shares – basic and diluted	94,858,531	87,477,623

The following table sets forth the depreciation expense included in the above line items (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Depreciation expense			
Cost of sales	\$ 114	\$ 108	6%
Sales and marketing	199	145	37%
Product development	1,433	1,327	8%
General and administrative	746	859	-13%
Total depreciation expense	\$ 2,492	\$ 2,439	2%

The following table sets forth the stock-based compensation expense included in the above line items (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Stock-based compensation expense			
Cost of sales	\$ 919	\$ 1,229	-25%
Sales and marketing	161	803	-80%
Product development	277	409	-32%
General and administrative	4,009	3,408	18%
Total stock-based compensation expense	<u>\$ 5,366</u>	<u>\$ 5,849</u>	<u>-8%</u>

The following table sets forth our results of operations, as a percentage of revenue, for the periods presented:

	Nine Months Ended December 31,	
	2024	2023
Revenue	100%	100%
Operating expenses		
Cost of sales	76%	72%
Sales and marketing	5%	6%
Product development	4%	4%
General and administrative	18%	20%
Impairment of intangible assets	4%	0%
Amortization of intangible assets	2%	1%
Total operating expenses	<u>108%</u>	<u>104%</u>
Loss from operations	-8%	-4%
Other income (expense)	0%	-4%
Loss before income taxes	-10%	-12%
Income tax provision	0%	0%
Net loss	-10%	-12%
Net loss attributable to non-controlling interest	-1%	-1%
Net loss attributed to LiveOne	<u>-9%</u>	<u>-11%</u>

Revenue

Revenue was as follows (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Membership services	\$ 52,618	\$ 48,498	8%
Advertising	38,234	32,108	19%
Merchandising	4,265	6,794	-37%
Sponsorship and licensing	-	126	-100%
Ticket/Event	-	15	-100%
Total Revenue	<u>\$ 95,117</u>	<u>\$ 87,541</u>	<u>9%</u>

Membership Revenue

Membership revenue increased \$4.8 million, or 8%, to \$52.6 million for the nine months ended December 31, 2024, as compared to \$48.5 million for the months ended December 31, 2023. The increase was primarily as a result of member growth with our largest OEM customer.

Advertising Revenue

Advertising revenue increased \$6.1 million, or 19%, to \$38.2 million for the nine months ended December 31, 2024, as compared to \$32.1 million for the nine months ended December 31, 2023, which is primarily attributable to growth in revenue at PodcastOne year-over-year.

Merchandising

Merchandising revenue decreased \$2.5 million, or 37%, to \$4.3 million for the nine months ended December 31, 2024, as compared to \$6.8 million the nine months ended December 31, 2023, which is due to a reduction in demand from both retail partners and our direct to consumer merchandising business.

Sponsorship and Licensing

Sponsorship and licensing revenue decreased by \$0.1 million, or 100%, to none for the nine months ended December 31, 2024, as compared to \$0.1 million for the nine months ended December 31, 2023. The decrease was primarily due to no significant events occurring for the nine months ended December 31, 2024.

Ticket/Event

Ticket/Event revenue decreased by \$15,000, or 100%, to none for the nine months ended December 31, 2024, as compared to \$15,000 for the nine months ended December 31, 2023, driven by the lack of any in-person events during the current year period.

Cost of Sales

Cost of sales was as follows (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Membership	\$ 32,806	\$ 31,382	5%
Advertising	35,377	27,035	31%
Production and Ticketing	202	(311)	-165%
Merchandising	3,512	4,909	-28%
Total Cost of Sales	<u>\$ 71,897</u>	<u>\$ 63,015</u>	<u>14%</u>

Membership

Membership cost of sales increased by \$1.4 million, or 5%, to \$32.8 million for the nine months ended December 31, 2024, as compared to \$31.4 million for the nine months ended December 31, 2023. The increase was in line with the higher membership revenues noted above.

Advertising

Advertising cost of sales increased by \$8.3 million, or 31%, to \$35.4 million for the nine months ended December 31, 2024, as compared to \$27.0 million for the nine months ended December 31, 2023. The increase was primarily attributable to growth in revenue share expense year-over-year.

Production and Ticketing

Production and ticketing cost of sales increased by \$0.5 million, or 165%, to \$0.2 million for the nine months ended December 31, 2024, as compared to a credit of \$0.3 million for the nine months ended December 31, 2023. The Company started to reduce the number of events held beginning with the nine months ended December 31, 2023. In addition, the Company negotiated reduction on past payables owed with vendors in the prior year.

Merchandising

Merchandising cost of sales decreased by \$1.4 million, or 28%, to \$3.5 million for the nine months ended December 31, 2024, as compared to \$4.9 million credit for the nine months ended December 31, 2023 due to lower merchandising revenues noted above and a write off of merchandise during the nine months ended December 31, 2023.

Other Operating Expenses

Other operating expenses were as follows (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Sales and marketing expenses	\$ 4,685	\$ 5,671	-17%
Product development	3,346	3,379	-1%
General and administrative	17,031	17,641	-3%
Impairment of intangible assets	3,983	115	3363%
Amortization of intangible assets	1,474	1,227	20%
Total Other Operating Expenses	\$ 30,519	\$ 28,033	9%

Sales and Marketing Expenses

Sales and Marketing expenses decreased by \$1.0 million, or 17%, to \$4.7 million for the nine months ended December 31, 2024, as compared to \$5.7 million for the nine months ended December 31, 2023, primarily driven by reduced employee costs.

Product Development

Product development expenses decreased by \$0.1 million, or 1%, to \$3.3 million for the nine months ended December 31, 2024, as compared to \$3.4 million for the nine months ended December 31, 2023, which was driven by a decrease in employee costs as compared to the prior year.

General and Administrative

General and administrative expenses increased by \$0.3 million, or 20%, to \$1.5 million for the nine months ended December 31, 2024, as compared to \$1.2 million for the nine months ended December 31, 2023, largely due to an increase in share-based compensation of \$0.6 million offset by a \$0.3 million decrease in cost attributed to accounting, licenses and payroll.

Impairment of Intangible Assets

Impairment of intangible assets increased \$4.0 million, to \$3.6 million for the nine months ended December 31, 2024, as compared to \$0.1 million for the nine months ended December 31, 2023, which is attributed to the impairment of intangible assets of Slacker in the period, see (Note 5 – Goodwill and Intangible Assets to our condensed consolidated financial statements included elsewhere in this Quarterly Report).

Amortization of Intangible Assets

Amortization of intangible assets increased by \$0.3 million, or 20%, to \$1.5 million for the nine months ended December 31, 2024, as compared to \$0.2 million for the nine months ended December 31, 2023. The increase can be attributed to the addition of intangibles attributed to acquired podcast at PodcastOne.

Total Other Income (Expense)

Total other income (expense) was as follows (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Total other expense, net	\$ (2,159)	\$ (7,116)	-70%

Total other income (expense) decreased by \$5.6 million, or 70%, to \$2.2 million of expense for the nine months ended December 31, 2024, as compared to \$7.1 million of expense for the nine months ended December 31, 2023. The increase is primarily driven by a reduction of the gain from changes in derivative liabilities of \$4.1 million in the prior year and a decrease in interest expense of \$1.9 million due to the conversion of the Bridge Loan.

Net Income (Loss) Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests for the nine months ended December 31, 2024 was \$1.8 million, compared to \$1.0 million for the nine months ended December 31, 2023, which resulted from the Spin-Out of PodcastOne and DayOne Publishing.

Business Segment Results*Nine Months Ended December 31, 2024, as compared to Nine Months Ended December 31, 2023***Audio Group - PodcastOne Operations**

Our Audio Group Operations, which include our PodcastOne operating results were, and discussions of significant variances are, as follows (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Revenue	\$ 38,022	\$ 31,595	20%
Cost of Sales	34,834	26,666	31%
Sales & Marketing, Product Development and G&A	6,099	8,239	-26%
Intangible Asset Amortization	1,006	523	92%
Operating Loss	\$ (3,917)	\$ (3,833)	2%
Operating Margin	-10%	-12%	-15%
Adjusted EBITDA*	\$ (1,389)	\$ 405	-443%
Adjusted EBITDA Margin*	-4%	1%	-385%

* See “—Non-GAAP Measures” below for the definition and reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin.

[Table of Contents](#)*Revenue*

Revenue increased \$6.4 million, or 20%, during the nine months ended December 31, 2024, primarily due to increased advertising.

Operating Income (Loss)

Operating loss increased by \$0.1 million or 2%, for the nine months ended December 31, 2024, as the increase in revenue was lower than the increase in operating expenses due to growing the business.

Adjusted EBITDA

Adjusted EBITDA* decreased by \$1.8 million, or 443%, to \$(1.4) million for the nine months ended December 31, 2024, as compared to \$0.4 million for the nine months ended December 31, 2023. This was largely due to an increase in general and administrative cost associated with operating as a public company.

Audio Group - Slacker Operations

Our Audio Group Operations, which include our Slacker operating results were, and discussions of significant variances are, as follows (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Revenue	\$ 52,617	\$ 48,331	9%
Cost of Sales	33,343	31,751	5%
Sales & Marketing, Product Development and G&A	6,799	6,679	2%
Intangible Asset Amortization	4,081	268	1423%
Operating Income	\$ 8,394	\$ 9,633	-13%
Operating Margin	16%	20%	-20%
Adjusted EBITDA*	\$ 15,504	\$ 12,551	24%
Adjusted EBITDA Margin*	29%	26%	13%

* See “—Non-GAAP Measures” below for the definition and reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin.

Revenue

Revenue increased \$4.3 million, or 9%, during the nine months ended December 31, 2024, primarily due to increased membership revenue as a result of increased membership growth with our largest OEM customer.

Operating Income

Operating income decreased by \$1.2 million or 13%, for the nine months ended December 31, 2024, as the increase in revenue of \$4.3 million was lower than the increase in operating expenses of \$5.5 million primarily due to the \$3.8 million impairment charge.

Adjusted EBITDA

Adjusted EBITDA* increased by \$3.1 million, or 24%, to \$15.5 million for the nine months ended December 31, 2024, as compared to \$12.6 million for the nine months ended December 31, 2023. This was largely due to additional Contribution Margin in the current period.

Media Group Operations

Our Media Group Operations which consist of all of our other operating subsidiaries outside of PodcastOne and Slacker operating results were, and discussions of significant variances are, as follows (in thousands):

	Nine Months Ended December 31,		% Change
	2024	2023	
Revenue	\$ 4,478	\$ 7,615	-41%
Cost of Sales	3,720	4,598	-19%
Sales & Marketing, Product Development and G&A	4,364	5,572	-22%
Intangible Asset Amortization	370	551	-33%
Operating Loss	\$ (3,976)	\$ (3,106)	28%
Operating Margin	-89%	-41%	118%
Adjusted EBITDA*	\$ (1,993)	\$ (836)	138%
Adjusted EBITDA Margin*	-45%	-11%	305%

* See “—Non-GAAP Measures” below for the definition and reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin.

[Table of Contents](#)*Revenue*

Revenue decreased \$3.1 million, or 41%, to \$4.5 million during the nine months ended December 31, 2024, as compared to \$7.6 million for the nine months December 31, 2023, primarily due to decrease in merchandising revenue due to a reduction in demand from both retail partners and our direct to consumer business.

Operating Income (Loss)

Operating loss increased by \$0.9 million, or 28%, to \$4.0 million for the nine months ended December 31, 2024 from \$3.1 million for the nine months ended December 31, 2023, as a result of a decrease in Contribution Margin coupled with the increase in expenses due to an increase in general and administrative expenses.

Adjusted EBITDA

Adjusted EBITDA* loss increased by \$1.1 million, or 138%, to a \$(2.0) million loss for the nine months ended December 31, 2024, as compared to a \$(0.8) million loss for the nine months December 31, 2023. This was largely due to the increase in operating loss compared to the prior year.

Corporate expense

Our Corporate operating results and discussions of significant variances are, as follows (in thousands):

	Nine months ended December 31,		Change 2024 vs. 2023	%
	2024	2023		
Sales & Marketing, Product Development, and G&A	\$ 7,800	\$ 6,201		26%
Operating Loss	\$ (7,800)	\$ (6,201)		26%
Operating Margin	N/A	N/A		-%
Adjusted EBITDA*	\$ (4,794)	\$ (3,928)		22%

* See “—Non-GAAP Measures” below for the definition and reconciliation of Adjusted EBITDA.

Operating Loss

Operating loss increased by \$1.6 million, or 26%, to \$7.8 million for the nine months ended December 31, 2024, as compared to \$6.2 million for the nine months ended December 31, 2023, largely due to an increase in employee costs, legal and accounting costs.

Adjusted EBITDA

Corporate Adjusted EBITDA* loss increased \$0.9 million, or 22%, to \$(4.8) million for the nine months ended December 31, 2024 as compared to \$(3.9) million for the year ended December 31, 2023. The increase was largely due to the increase in costs noted above.

Non-GAAP Measures

Contribution Margin

Contribution Margin is a non-GAAP financial measure defined as Revenue less Cost of Sales.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net income (loss) before (a) non-cash GAAP purchase accounting adjustments for certain deferred revenue and costs, (b) legal, accounting and other professional fees directly attributable to acquisition activity, (c) employee severance payments and third party professional fees directly attributable to acquisition or corporate realignment activities, (d) certain non-recurring expenses associated with legal settlements or reserves for legal settlements in the period that pertain to historical matters that existed at acquired companies prior to their purchase date, (e) depreciation and amortization (including goodwill impairment, if any), and (f) certain stock-based compensation expense. We use Adjusted EBITDA to evaluate the performance of our operating segment. We believe that information about Adjusted EBITDA assists investors by allowing them to evaluate changes in the operating results of our business separate from non-operational factors that affect net income (loss), thus providing insights into both operations and the other factors that affect reported results. Adjusted EBITDA is not calculated or presented in accordance with GAAP. A limitation of the use of Adjusted EBITDA as a performance measure is that it does not reflect the periodic costs of certain amortizing assets used in generating revenue in our business. Accordingly, Adjusted EBITDA should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss), and other measures of financial performance reported in accordance with GAAP. Furthermore, this measure may vary among other companies; thus, Adjusted EBITDA as presented herein may not be comparable to similarly titled measures of other companies.

Adjusted EBITDA Margin

Adjusted EBITDA Margin is a non-GAAP financial measure that we define as the ratio of Adjusted EBITDA to Revenue.

The following table sets forth the reconciliation of Adjusted EBITDA to net loss, the most comparable GAAP financial measure for the three and nine months ended December 31, 2024 and 2023 (in thousands):

	Net Income (Loss)	Depreciation and Amortization	Stock-Based Compensation	Non- Recurring Acquisition and Realignment Costs	Other (Income) Expense	(Benefit) Provision for Taxes	Adjusted EBITDA
Three Months Ended December 31, 2024							
Operations – PodcastOne	\$ (1,583)	\$ 188	\$ 718	\$ 6	\$ -	\$ 1	\$ (670)
Operations – Slacker	(862)	4,621	228	23	262	-	4,272
Operations – Other	(995)	197	222	21	29	-	(526)
Corporate	(2,198)	1	207	222	219	14	(1,535)
Total	\$ (5,638)	\$ 5,007	\$ 1,375	\$ 272	\$ 510	\$ 15	\$ 1,541

Three Months Ended December 31, 2023							
Operations – PodcastOne	\$ (2,600)	\$ 372	\$ 1,786	\$ 86	\$ -	\$ -	\$ (356)
Operations – Slacker	5,127	749	(178)	116	972	-	6,786
Operations – Other	(3,148)	361	266	129	26	-	(2,366)
Corporate	(1,603)	3	381	(5)	488	(15)	(751)
Total	\$ (2,224)	\$ 1,485	\$ 2,255	\$ 326	\$ 1,486	\$ (15)	\$ 3,313

	Net Income (Loss)	Depreciation and Amortization	Stock-Based Compensation	Non- Recurring Acquisition and Realignment Costs	Other (Income) Expense	(Benefit) Provision for Taxes	Adjusted EBITDA
Nine Months Ended December 31, 2024							
Operations – PodcastOne	\$ (4,618)	\$ 1,201	\$ 1,972	\$ 44	\$ -	\$ 12	\$ (1,389)
Operations – Slacker	6,356	6,114	1,260	199	1,575	-	15,504
Operations - Other	(4,072)	628	739	622	90	-	(1,993)
Corporate	(7,179)	5	1,395	448	494	43	(4,794)
Total	\$ (9,513)	\$ 7,948	\$ 5,366	\$ 1,313	\$ 2,159	\$ 55	\$ 7,328

Nine Months Ended December 31, 2023							
Operations – PodcastOne	\$ (13,683)	\$ 710	\$ 2,724	\$ 804	\$ 9,850	\$ -	\$ 405
Operations – Slacker	7,377	2,156	1,036	989	993	-	12,551
Operations - Other	136	789	478	394	(2,633)	-	(836)
Corporate	(4,496)	13	1,611	(5)	(1,094)	43	(3,928)
Total	\$ (10,666)	\$ 3,668	\$ 5,849	\$ 2,182	\$ 7,116	\$ 43	\$ 8,192

The following table sets forth the reconciliation of Contribution Margin to Revenue, the most comparable GAAP financial measure (in thousands):

	Three Months Ended December 31,	
	2024	2023
Revenue:	\$ 29,445	\$ 31,245
Less:		
Cost of sales	(22,292)	(23,267)
Amortization of developed technology	(787)	(775)
Gross Profit	6,366	7,203
Add back amortization of developed technology:	787	775
Contribution Margin	\$ 7,153	\$ 7,978
	Nine Months Ended December 31,	
	2024	2023
Revenue:	\$ 95,117	\$ 87,541
Less:		
Cost of sales	(71,897)	(63,015)
Amortization of developed technology	(2,253)	(2,248)
Gross Profit	20,967	22,278
Add back amortization of developed technology:	2,253	2,248
Contribution Margin	\$ 23,220	\$ 24,526

Liquidity and Capital Resources

Current Financial Condition

As of December 31, 2024, our principal sources of liquidity were our cash and cash equivalents, including restricted cash balances in the amount of \$11.0 million, which primarily are invested in cash in banking institutions in the U.S. The vast majority of our cash proceeds were received as a result of our operations, incurrence of debt, the issuance of convertible notes and public offerings of our common shares. As of December 31, 2024, we have a senior secured line of credit of \$4.3 million, the Capchase Loan (as defined below) of \$0.8 million and an SBA loan balance of \$0.2 million.

As reflected in our condensed consolidated financial statements included elsewhere in this Quarterly Report, we have a history of losses and incurred a net loss of \$9.5 million for the nine months ended December 31, 2024, and cash provided by operating activities of \$10.6 million for the nine months ended December 31, 2024 and had a working capital deficiency of \$18.1 million as of December 31, 2024. These factors, among others, raise substantial doubt about our ability to continue as a going concern within one year from the date that the financial statements are issued. Our condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to execute our strategy and on our ability to raise additional funds through the sale of equity and/or debt securities via public and/or private offerings.

On October 1, 2024, we announced an amended relationship with our largest OEM customer. Effective December 1, 2024, the OEM customer no longer subsidizes our products to some of its customers, however, we offer all OEM customer vehicles in North America the opportunity to convert to become direct subscribers of our LiveOne music app. The direct subscription to our LiveOne app allows such users for the first time to access their LiveOne music and LiveOne's other service offerings directly across all of their devices. Our LiveOne music streaming button/icon, which allows users to directly connect their subscription to LiveOne, is expected to remain in the OEM customer's music streaming services dashboard in perpetuity. The OEM customer will continue to pay us monthly for grandfathered vehicles for the term of the OEM license agreement. Accordingly, the change in our relationship with the OEM customer in October 2024 is likely to cause our liquidity and cash flows to fluctuate significantly beyond December 31, 2024. Our liquidity will depend upon our ability to convert as many of the OEM drivers as possible to become direct subscribers of our LiveOne app and the OEM customer continuing to pay for any grandfather users, as well as our ability to enter into new B2B agreements to provide our services that could materially contribute to our liquidity and cash flows. In addition, our liquidity will depend on our ability to negotiate with our music labels, publishers and other partners to achieve flexibility in the terms of our license agreements to match our OEM driver conversions. Furthermore, our liquidity will be dependent on our ability to extend and/or refinance the terms of our senior secured line of credit and/or our ability to pay any amounts that we have agreed to pay under the SX Settlement Agreement.

Our long-term ability to continue as a going concern is dependent upon our ability to increase revenue, reduce costs, achieve a satisfactory level of profitable operations, and obtain additional sources of suitable and adequate financing. Our ability to continue as a going concern is also dependent its ability to further develop and execute on our business plan. We may also have to reduce certain overhead costs through the reduction of salaries and other means and settle liabilities through negotiation. There can be no assurance that management's attempts at any or all of these endeavors will be successful.

Sources of Liquidity

On June 2, 2021, we entered into a Business Loan Agreement (the "Original Business Loan Agreement") with East West Bank (the "Senior Lender"), which provided for a revolving credit facility collateralized by all of the assets of our Company and our subsidiaries. In connection with the Original Business Loan Agreement, we issued a promissory note, dated as of June 2, 2021, to the Senior Lender in the principal amount of \$7,000,000 (the "Promissory Note") and established the revolving line of credit in the amount of \$7.0 million (the "Revolving Credit Facility"), maturing on June 2, 2023. In July 2022, we extended the maturity date of our revolving credit facility to June 2024 and its variable interest rate was increased to 2.5%. On September 8, 2023 and effective as of August 22, 2023, we entered into a new Business Loan Agreement (the "2023 Business Loan Agreement") with the Senior Lender, to convert our revolving credit facility with the Senior Lender into an assets backed loan credit facility with the Senior Lender, which continued to be collateralized by a first lien on all of the assets of our Company and our subsidiaries (the "ABL Credit Facility"). The 2023 Business Loan Agreement provided us with borrowing capacity of up to the Borrowing Base (as defined in the 2023 Business Loan Agreement). On January 28, 2025, we entered into the 2025 Business Loan Agreement with the Senior Lender to update certain terms of the ABL Credit Facility, including to reduce the principal amount outstanding under the Promissory Note to \$3,750,000, reflecting the Company's repayment of \$3,250,000 of the principal amount of the Promissory Note as of such date, and to extend the maturity date of the Promissory Note to November 20, 2025. Pursuant to the 2025 Change in Terms Agreement entered into in connection with the 2025 Business Loan Agreement, we agreed to repay the remaining outstanding principal amount of the Promissory Note in 9 equal monthly payments of \$400,000 each beginning February 20, 2025, and the final 10th payment of \$151,291.67 on November 20, 2025. Pursuant to the 2025 Business Loan Agreement, the requirement that we and our related entities shall at all times maintain a certain minimum cash deposit with the Senior Lender is maintained at \$5,000,000. The ABL Credit Facility continues to be collateralized by a first lien on all of the assets of the Company and its subsidiaries.

In July 2022, PodcastOne completed a private placement offering (the "PC1 Bridge Loan") of its unsecured convertible notes with an original issue discount of 10% (the "OID") in the aggregate principal amount of \$8.8 million (the "PC1 Notes") to certain accredited investors and institutional investors (collectively, the "Purchasers"), for gross proceeds of \$8,035,000 pursuant to the Subscription Agreements entered into with the Purchasers. In connection with the sale of the PC1 Notes, the Purchasers received warrants (the "PC1 Warrants") to purchase a number of shares of PodcastOne's common stock, par value \$0.00001 per share (See Note 8 – PodcastOne Bridge Loan). As part of the PC1 Bridge Loan, we purchased \$3,000,000 (excluding the OID) worth of PC1 Notes. As of December 31, 2024 all of the PC1 Bridge Loan has been converted into common stock of PodcastOne.

In August 2023, we entered into a Loan and Security Agreement with Capchase Inc. ("Capchase") pursuant to which we borrowed \$1.7 million to further develop and acquire certain podcasts acquired by PodcastOne and for general working capital (the "Capchase Loan"). The Capchase Loan is subordinated to the ABL Credit Facility and bears an interest rate of 9%, which is included in the monthly amortization payments of approximately \$73,100, with the final amortization payment due on February 4, 2026. (See Note 7 – Notes Payable).

Our cash flows from operating activities are significantly affected by our cash-based investments in our operations, including acquiring live music events and festivals rights, our working capital, and corporate infrastructure to support our ability to generate revenue and conduct operations through cost of services, product development, sales and marketing and general and administrative activities. Cash used in investing activities has historically been, and is expected to be, impacted significantly by our investments in business combinations, our platform, and our infrastructure and equipment for our business offerings, and sale of our investments. We expect to make additional strategic acquisitions to further grow our business, which may require significant investments, capital raising and/or acquisition of additional debt in the near and long term. Over the next twelve to eighteen months, our net use of our working capital could be substantially higher or lower depending on the number and timing of new live festivals and paid members that we add to our businesses.

Subject to applicable limitations in the instruments governing our outstanding indebtedness, we may from time to time repurchase our debt, including the unsecured convertible notes, in the open market, through tender offers, through exchanges for debt or equity securities, in privately negotiated transactions or otherwise.

In the future, we may utilize additional commercial financings, bonds, notes, debentures, lines of credit and term loans with a syndicate of commercial banks or other bank syndicates and/or issue equity securities (publicly or privately) for general corporate purposes, including acquisitions and investing in our intangible assets, music equipment, platform and technologies. We may also use our current cash and cash equivalents to repurchase some or all of our unsecured convertible notes, and pay down our debt, in part or in full, subject to repayment limitation set forth in the credit agreement. Management plans to fund its operations over the next twelve months through the combination of improved operating results, spending rationalization, and the ability to access sources of capital such as through the issuance of equity and/or debt securities. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to us. We filed a universal shelf Registration Statement on Form S-3 (the "Shelf S-3") with the SEC, which was declared effective by the SEC on February 17, 2022. Under the Shelf S-3, we have the ability to raise up to \$150.0 million in cash from the sale of our equity, debt and/or other financial instruments. The Shelf S-3 will expire on February 17, 2025, subject to an extended period during which we may continue utilize the Shelf S-3 as permitted by applicable SEC rules. We filed a new universal shelf Registration Statement on Form S-3 (the "New Shelf S-3") with the SEC on February 13, 2025, which has not yet been declared effective by the SEC as of the date of this Quarterly Report. Under the New Shelf S-3, we will have the ability to raise up to \$150.0 million in cash from the sale of our equity, debt and/or other financial instruments. In May 2024, we entered into a Sales Agreement with Roth Capital Partners, LLC ("Roth"), pursuant to which we may, while the Shelf S-3 continues to be effective (or during the Extended Period) or if the New Shelf S-3 is declared effective by the SEC, offer and sell shares of our common stock having an aggregate offering price of up to \$25 million from time to time through Roth acting as our sales agent. As of the filing of this Quarterly Report, we have not sold any shares under such agreement.

Sources and Uses of Cash

The following table provides information regarding our cash flows for the nine months ended December 31, 2024 and 2023 (in thousands):

	Nine Months Ended December 31,	
	2024	2023
Net cash provided by operating activities	\$ 10,638	\$ 3,804
Net cash used in investing activities	(2,128)	(2,780)
Net cash used in financing activities	(4,768)	(3,220)
Net change in cash, cash equivalents and restricted cash	\$ 3,742	\$ (2,196)

Cash Flows Provided by Operating Activities

For the nine months ended December 31, 2024

Net cash provided by operating activities of \$10.6 million primarily resulted from our net loss during the period of \$9.5 million, which included non-cash charges of \$11.9 million largely comprised of depreciation and amortization, stock-based compensation, change in fair value of derivatives and impairment of intangibles. The remainder of our sources of cash used in operating activities of \$8.2 million was from changes in our working capital, primarily from timing of accounts receivable, accounts payable and accrued liabilities, accrued royalties, and deferred revenue.

For the nine months ended December 31, 2023

Net cash provided by operating activities of \$3.8 million primarily resulted from our net loss during the period of \$10.7 million, which included non-cash charges of \$15.5 million largely comprised of depreciation and amortization, stock-based compensation, change in fair value of derivatives and amortization of debt discount. The remainder of our sources of cash used in operating activities of \$1.0 million was from changes in our working capital, primarily from timing of accounts receivable, accounts payable and accrued liabilities, accrued royalties, and deferred revenue.

Cash Flows Used In Investing Activities

For the nine months ended December 31, 2024

Net cash used in investing activities of \$2.1 million was primarily due to the purchase of equipment during the nine months ended December 31, 2024.

For the nine months ended December 31, 2023

Net cash used in investing activities of \$2.8 million was due to the purchase of equipment of \$2.1 million and the purchase of intangibles of \$0.7 million during the nine months ended December 31, 2023.

Cash Flows Provided by Financing Activities

For the nine months ended December 31, 2024

Net cash used in financing activities of \$4.8 million was due to the repayment on our line of credit of \$2.8 million, payment of dividends of \$0.5 million, repayment of our Capchase Loan of \$0.5 million and repurchase of common stock under the Company's share repurchase program of \$1.0 million.

For the nine months ended December 31, 2023

Net cash used in financing activities of \$3.2 million was due to the repayment of PodcastOne's Bridge Loan of \$3.0 million and repurchase of common stock under our share repurchase program of \$1.7 million and notes payable of \$0.2 million offset by \$1.7 million from the proceeds on the Cap Chase loan.

Debt Covenants

As of December 31, 2024 we were in compliance under the Capchase Loan and the ABL Credit Facility.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required for smaller reporting companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

As of the end of the period covered by this Quarterly Report, we carried out an evaluation (the "Evaluation"), under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

Limitations of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to reasonably ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. A control system, no matter how well designed and operated, can provide only reasonable assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports. Inherent limitations to any system of disclosure controls and procedures include, but are not limited to, the possibility of human error and the circumvention or overriding of such controls by one or more persons. In addition, we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, and our system of controls may therefore not achieve its desired objectives under all possible future events.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting, during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CEO and CFO Certifications

Exhibits 31.1 and 31.2 to this Quarterly Report are the Certifications of our Chief Executive Officer and Chief Financial Officer, respectively. These Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act (the “Section 302 Certifications”). This Item 4 of this Quarterly Report, which you are currently reading, is the information concerning the Evaluation referred to above and in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are from time to time, party to various legal proceedings arising out of our business. Certain legal proceedings in which we are involved are discussed in Note 13 - Commitments and Contingencies, to the condensed consolidated financial statements included elsewhere in this Quarterly Report, and are incorporated herein by reference. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

Item 1A. Risk Factors.

We operate in a rapidly changing environment that involves a number of risks, which could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I-Item 1A under the heading “Risk Factors” in our Annual Report. During the nine months ended December 31, 2024, there were no material changes to the risk factors that were disclosed in our Annual Report on Form 10-K for the year ended March 31, 2024 except as noted below

Risks Related to Our Business and Industry

We rely on our largest OEM customer for a substantial percentage of our revenue. The loss of our largest OEM customer or the significant reduction of business or growth of business from such customer could significantly adversely affect our business, financial condition and results of operations.

Our business is dependent, and we believe that it will continue to depend on our customer relationship with Tesla, which accounted for 52% of our consolidated revenue for the nine months ended December 31, 2024, and 52% of our consolidated revenue for the nine months ended December 31, 2023. Our existing agreement with Tesla governs our music services to certain of its car user base in North America, including our audio music streaming services. As of October 2024, Tesla has extended the term of our license agreement (the “license agreement”) until at least May 2026, and the license agreement is expected to continue to be renewed thereafter on its terms. Tesla has agreed to pay us for any grandfathered users for the term of the license agreement, however Tesla will no longer pay us for any other users beginning in December 2024. If we fail to maintain certain minimum service level requirements related to our service with Tesla or other obligations related to our technology or services, Tesla may terminate the license agreement to provide them with such service. Tesla may also terminate our license agreement for convenience at any time with prior notice to us. If Tesla terminates our license agreement, further modifies the services that we provide to Tesla under such agreement, requires us to renegotiate the terms of such agreement or we are unable to renew such agreement on mutually agreeable terms, no longer pays for and/or makes our music services available to Tesla’s paid grandfathered car user base, no longer makes an option for its car users to sign up for LiveOne, becomes a native music service provider, replaces our music services with one or more of our competitors and/or we experience a significant further reduction of business from Tesla, our business, financial condition and results of operations would be materially adversely affected.

In addition, membership revenue we generate from Tesla from grandfathered car users is indirectly subsidized by Tesla to its customers, which Tesla plans to carry indefinitely but is not obligated to do so, including the ability to make available, terminate and/or change our music services for convenience at any time with prior notice to us. Should our membership revenue services no longer be subsidized by and/or made available by Tesla to its grandfathered customers or if Tesla reclassifies or renegotiates with us the definition of a paid grandfathered member or demands credit for past members that no longer meet such requirement, there can be no assurance that we will continue to maintain the same number of paid grandfathered members or receive the same levels of membership service revenue from such members. There is no assurance that we would be able to replace Tesla or lost business with Tesla with one or more customers that generate comparable revenue. Furthermore, there could be no assurance that Tesla will continue indefinitely to pay us for grandfathered car users.

Tesla has also integrated Spotify Premium to the car’s in-dash touchscreen for its Model S, Model X and Model 3 vehicles. Tesla owners now have access to our music streaming services, as well as those of Spotify and TuneIn natively. There is no assurance that our music streaming services will be available in every current and/or future Tesla model. Furthermore, our current and future competitors like Spotify, Apple Music, Tesla (if it becomes a native music service provider) and others may have more well-established brand recognition, more established relationships with, and superior access to content providers and other industry stakeholders, greater financial, technical and other resources, more sophisticated technologies or more experience in the markets in which we compete. If we are unable to compete successfully for users against our competitors by maintaining and increasing our presence and visibility, the number of users of our network may fail to increase as expected or decline and our advertising sales, membership fees and other revenue streams will suffer.

We rely on our relationship with our largest OEM customer for a substantial percentage of our potential subscribers who are now eligible to convert to become direct customers of LiveOne. Our inability to convert a significant number of these subscribers could cause a significant reduction of our business and could significantly adversely affect our business, financial condition and results of operations.

Our business is dependent, and we believe that it will continue to depend on our customer relationship with Tesla, our largest OEM customer. Commencing in October 2024, we began working with Tesla to convert Tesla's connectivity package users to become direct subscribers (members) of our Premium or Plus service. The direct subscription to LiveOne allows such users for the first time to access their LiveOne music and LiveOne's other service offerings directly across all of their devices. LiveOne's music streaming button/icon, which allows users to directly connect their subscription to LiveOne, is expected to remain in Tesla's music streaming services dashboard in perpetuity. As a result, we believe we now have a unique opportunity to convert as many of Tesla's drivers as possible to a higher priced LiveOne subscription service creating a meaningful upside opportunity for our Company, and we are working in good faith with Tesla to convert as many of these drivers as possible.

We believe that with the full cooperation from Tesla, we can convert a substantial number of such users to become direct subscribers of LiveOne. However, there is no assurance that we would be able to convert a substantial number of such users to become direct subscribers of LiveOne and/or replace Tesla or lost business with Tesla with one or more other B2B customers that generate comparable revenue. If we fail to convert a significant number of these drivers as direct subscribers of LiveOne that could cause a significant reduction of our business and could significantly adversely affect our business, financial condition and results of operations. In addition, even such drivers elect to directly pay for their subscription to LiveOne services, there can be no assurance that we will continue to maintain the same number of paid subscribers or receive the same levels of subscription service revenue and subscription revenue may substantially fluctuate accordingly. Accordingly, there could be no assurance that our revenue and/or EBITDA continues to grow at the same rate of growth as in 2024 calendar year or at all.

We have incurred significant operating and net losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.

As reflected in our consolidated financial statements included elsewhere herein, we have a history of losses, incurred significant operating and net losses in each year since our inception, including net losses of \$9.5 million and \$13.3 million for the nine months ended December 31, 2024 and fiscal year ended March 31, 2024, respectively, and cash provided by operating activities of \$10.57 million and \$3.8 million for the nine months ended December 31, 2024 and fiscal year ended March 31, 2024, respectively. As of December 31, 2024, we had an accumulated deficit of \$254.3 million and a working capital deficit of \$18.1 million.

We expect to continue to incur substantial and increased expenses as we continue to execute our business approach, including expanding and developing our content and platform and potentially making other accretive acquisitions, and anticipate incurring additional losses until such time that we can generate significant increases to our revenues, and/or reduce our operating costs and losses. To date, we have financed our operations exclusively through the sale of equity and/or securities (including convertible securities), and after PodcastOne's acquisition by us on July 1, 2020, through our sale of PodcastOne's and our equity and/or debt securities (including convertible securities). The size of our future net losses will depend, in part, on the rate of future expenditures and our ability to significantly grow our business and increase our revenues. We expect to continue to incur substantial and increased expenses as we grow our business. We also expect a continued increase in our expenses associated with our operations as a publicly-traded company. We may incur significant losses in the future for a number of other reasons, including unsuccessful acquisitions, costs of integrating new businesses, expenses, difficulties, complications, delays and other unknown events. As a result of the foregoing, we expect to continue to incur significant losses for the foreseeable future and we may not be able to achieve or sustain profitability.

The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered by a growing company, the difficulties that may be encountered with integrating acquired companies and the highly competitive environment in which we operate. For example, while several companies have been successful in the digital music streaming industry and the online video streaming industry, companies have had no or limited success in operating a premium Internet network devoted to live music and music-related video content. We cannot assure you that our business will be profitable or that we will ever generate sufficient revenue to fully meet our expenses and support our anticipated activities.

Our ability to meet our total liabilities of \$55.1 million as of December 31, 2024, and to continue as a going concern, is dependent on our ability to increase revenue, reduce costs, achieve a satisfactory level of profitable operations, obtain additional sources of suitable and adequate financing and further develop and execute on our business plan. We may never achieve profitability, and even if we do, we may not be able to sustain being profitable. As a result of the going concern uncertainty, there is an increased risk that you could lose the entire amount of your investment in our company, which assumes the realization of our assets and the satisfaction of our liabilities and commitments in the normal course of business.

We may be subject to risks associated with artificial intelligence and machine learning technology

Recent technological advances in artificial intelligence ("AI") and machine learning technology may pose risks to us. Our use of AI could give rise to legal or regulatory action, create liabilities, or materially harm our business. While we aim to develop and use AI and machine learning technology responsibly and attempt to mitigate ethical and legal issues presented by its use, we may ultimately be unsuccessful in identifying or resolving issues before they arise. Further, as the technology is rapidly evolving, costs and obligations could be imposed on us to comply with new regulations.

We also could be exposed to the risks of machine learning technology if third-party service providers or any counterparties, whether or not known to us, also use machine learning technology in their business activities. We will not be in a position to control the use of such technology in third-party products or services. Use by third-party service providers could give rise to issues pertaining to data privacy, data protection, and intellectual property considerations.

Advancements in AI technology may adversely affect our business model and competitive position.

The rapid development and adoption of AI technologies pose risks to our operations, user engagement, and revenue generation. AI tools may enable the creation of high-quality synthetic music that could compete with licensed content from our platform, reducing demand for traditional music streaming services. Additionally, the use of AI by competitors to enhance user personalization, recommend content, or improve discovery may surpass our technological capabilities, potentially diminishing our market share.

Further, our reliance on AI for functions such as recommendation algorithms, fraud detection, and content moderation introduces operational risks. Errors or biases in our AI systems could result in a poor user experience, reduced engagement, or potential reputational harm. If we fail to maintain or advance our AI capabilities or if we are perceived as lagging behind in AI innovation, our business, financial condition, and results of operations could be adversely affected.

Moreover, as regulators worldwide consider new policies regarding AI development, use, and intellectual property rights, our business may face increased compliance costs or limitations on our ability to use AI tools effectively. Such regulations could impact the availability or cost of AI technologies and hinder our ability to innovate, further exacerbating competitive pressures.

Wildfires and other natural disasters in and around Los Angeles may disrupt our operations and adversely impact our business.

Our headquarters and a significant portion of our operations are located in Los Angeles, a region prone to wildfires and other natural disasters such as earthquakes and power outages. Wildfires, in particular, pose a material risk to our physical infrastructure, employee safety, and overall business continuity.

In the event of a wildfire, our offices or facilities may suffer physical damage or experience operational interruptions due to evacuations, smoke contamination, or power grid failures. Such disruptions could impede our ability to maintain service availability, impacting user experience and leading to potential revenue loss. Additionally, prolonged wildfires may affect our employees' ability to work safely, either in-office or remotely, further affecting productivity and operations.

We may also incur significant costs related to disaster recovery efforts, relocation of personnel, or investments in infrastructure to mitigate future risks. While we maintain disaster recovery and business continuity plans, these measures may not fully protect against the adverse effects of natural disasters.

Increased data protection regulation may result in increased complexities and risk in connection with the operation of our business and our products.

Our business is highly dependent on information systems and technology. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Cybersecurity has become a priority for regulators in the U.S. and around the world. Recently, the SEC adopted rules requiring public companies to disclose material cybersecurity incidents on Form 8-K and periodic disclosure of a registrant's cybersecurity risk management, strategy, and governance in annual reports. The rules became effective beginning with annual reports for fiscal years ending on or after December 15, 2023, and beginning with Form 8-Ks on December 18, 2023. The SEC has also particularly focused on cybersecurity, and we expect increased scrutiny of our policies and systems designed to manage our cybersecurity risks and our related disclosures as a result. We also expect to face increased costs to comply with the new SEC rules, including increased costs for cybersecurity training and management. The SEC has indicated in recent periods that one of its examination priorities for the Division of Examinations is to continue to examine cybersecurity procedures and controls, including testing the implementation of these procedures and controls.

There may be substantial financial penalties or fines for breach of privacy laws (which may include insufficient security for our personal or other

sensitive information). Non-compliance with any applicable privacy or data security laws represents a serious risk to our business. Some jurisdictions have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal information. Breaches in security could potentially jeopardize our or our stockholders' or counterparties' confidential or other information processed and stored in, or transmitted through, our computer systems and networks (or those of our third-party vendors), or otherwise cause interruptions or malfunctions in our or our stockholders' or our counterparties' or third parties' operations, which could result in significant losses, increased costs, disruption of our business, liability to our stockholders and other counterparties, fines or penalties, litigation, regulatory intervention or reputational damage, which could also lead to loss of stockholders.

Finally, there has been significant evolution and developments in the use of AI technologies. We cannot fully determine the impact or cybersecurity risk of such evolving technology to our business at this time.

If we do not respond to technological innovations or changes or upgrade our technology systems, our growth prospects and results of operations could be adversely affected.

To remain competitive, we must continue to enhance and improve the functionality, features and security of our technology infrastructure. Infrastructure upgrades may require significant capital investment outside of the normal course of business. In the future, we will likely need to improve and upgrade our technology, database systems and network infrastructure to allow our business to grow in both size and scope. Without such improvements, our operations might suffer from unanticipated system disruptions, slow performance or unreliable service levels, any of which could negatively affect our ability to provide rapid customer service. We may face significant delays in introducing new services or developing new technologies. Moreover, if we do not keep pace with the rapid innovations and changes taking place in information technology in our industry, we could be at a competitive disadvantage. Further, the rapid dissemination and increasing transparency of information, particularly for public companies, increases the risks to our business that could result from negative media or announcements about ethics lapses, improper behavior or other operational problems, which could lead clients to terminate or reduce their relationships with us. If competitors introduce new products and services using new technologies, our proprietary technology and systems may become less competitive, and our business may be harmed. In addition, the expansion and improvement of our systems and infrastructure may require us to commit substantial financial, operational and technical resources, with no assurance that our business will improve.

Risks Related to Our Company

We may not have the ability to repay the amounts then due under our senior ABL Credit Facility at maturity.

Over the term of the loan and at maturity, the outstanding principal amount of our ABL Credit Facility and the Capchase Loan, will become due and payable by us in installments. As of December 31, 2024, \$1.4 million is due in fiscal 2025 and \$3.7 million due in fiscal 2026.

Our failure to repay any outstanding amount under our ABL Credit Facility would constitute a default under such facility. A default would increase the interest rate to the default rate under the ABL Credit Facility or the maximum rate permitted by applicable law until such amount is paid in full. A default under the ABL Credit Facility could also lead to a default under agreements governing our future indebtedness, including the Capchase Loan. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay our ABL Credit Facility or make cash payments thereon. Furthermore, upon the occurrence and during the continuation of any event of default, the senior lender shall have the right to, among other things, take possession of our and our subsidiaries' assets and property constituting the collateral thereunder and the right to assign, sell, lease or otherwise dispose of all or any part of the collateral.

If we do not comply with the provisions of the ABL Credit Facility, the Capchase Loan and/or the SX Settlement, such parties may terminate their obligations to us, accelerate our debt and/or require us to repay all outstanding amounts owed thereunder.

The ABL Credit Facility and the Capchase Loan contain provisions that limit our operating activities, including covenant relating to the requirement to maintain a certain amount cash (as provided in the senior credit facility loan agreement). If an event of default occurs and is continuing, the applicable lender may among other things, terminate its obligations thereunder, accelerate its debt and require us to repay all amounts thereunder. For example, on October 13, 2022, a judgement was ordered in favor of SoundExchange, Inc. ("SX") against us and Slacker in the United States District Court Central District of California in the amount of approximately \$9.8 million. On October 13, 2022, the court entered a judgment against the defendants for the amount of \$9,765,397. In February 2023, we settled the dispute (the "SX Settlement Agreement") to pay the outstanding amount in equal monthly payments subject to increase in the event we complete certain future financings. As of December 31, 2024, we owed \$4.1 million to SX under the SX Settlement Agreement. The SX Settlement Agreement, as amended in January 2025, requires us and Slacker to pay SX the remaining sum on or before February 1, 2027, in 24 equal monthly payments (excluding the January 2024 payment paid by us as of the date of this Quarterly Report). If for any reason we and Slacker fail to comply with the terms of the SX Settlement Agreement, SX will have the right to declare a default under the SX Settlement Agreement and at its option require us to repay all outstanding amounts owed thereunder and/or enforce its consent judgment and/or pursue a new judgment against us and/or Slacker, which would materially adversely impact our business, operating results and financial condition. Our debt agreements with the ABL Credit Facility and Capchase Loan lenders contain a covenant that if a material adverse change occurs in our financial condition, or if such senior secured lender reasonably believes the prospect of payment or performance of their loan is materially impaired, the lender at its option may immediately accelerate its debt and require us to repay all outstanding amounts owed thereunder. If for any reason we and Slacker fail to comply with the terms of the SX Settlement Agreement, our senior credit facility provider, and which would then also allow Capchase to declare a default under their loan agreement with us, may declare an event of default and at its option may immediately accelerate its debt and require us to repay all outstanding amounts owed under the senior credit facility provider, which would materially adversely impact our business, operating results and financial condition. As of December 31, 2024 we were in compliance with covenants under the ABL Credit Facility and the Capchase Loan.

Our debt agreements contain restrictive and financial covenants that may limit our operating flexibility, and our substantial indebtedness may limit cash flow available to invest in the ongoing needs of our business.

We have a significant amount of indebtedness. Our total outstanding consolidated indebtedness as of December 31, 2024 was \$5.2 million, net of fees and discounts. While we have certain restrictions and covenants with our current indebtedness, we could in the future incur additional indebtedness beyond such amount. Our existing debt agreements with ABL Credit Facility lender and the Capchase Loan lenders contain certain restrictive covenants that limit our ability to merge with other companies or consummate certain changes of control, make certain investments, pay dividends or repurchase shares of our common stock, transfer or dispose of assets, or enter into various specified transactions. We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of our senior secured lenders, terminate our existing debt agreements and/or repay the amount owed to such lenders. Our debt agreements also contain certain covenants, including maintaining a minimum cash amount at all times and are secured by substantially all of our assets. There is no guarantee that we will be able to generate sufficient cash flow or sales to pay the principal and interest owed under our debt agreements or to satisfy all of the covenants. We and/or our subsidiaries may also incur significant additional indebtedness in the future.

Our substantial debt combined with our other financial obligations and contractual commitments could have other significant adverse consequences, including:

- requiring us to dedicate a substantial portion of cash flow from operations to the payment of interest on, and principal of, our debt, which will reduce the amounts available to fund working capital, capital expenditures, product development efforts and other general corporate purposes;
- increasing our vulnerability to adverse changes in general economic, industry and market conditions;
- obligating us to restrictive covenants that may reduce our ability to take certain corporate actions or obtain further debt or equity financing;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

We intend to satisfy our current and future debt service obligations with our existing cash and cash equivalents and funds from external sources, including equity and/or debt financing. However, we may not have sufficient funds or may be unable to arrange for additional financing to pay the amounts due under our existing debt. Funds from external sources may not be available on acceptable terms, if at all. In the event of an acceleration of amounts due under our debt instruments as a result of an event of default, including upon the occurrence of an event that would reasonably be expected to have a material adverse effect on our business, operations, properties, assets or condition or a failure to pay any amount due, we may not have sufficient funds or may be unable to arrange for additional financing to repay our indebtedness or to make any accelerated payments.

We depend upon third-party licenses for sound recordings and musical compositions and other content and an adverse change to, loss of, or claim that we do not hold any necessary licenses may materially adversely affect our business, operating results and financial condition.

To secure the rights to stream sound recordings and the musical compositions embodied therein, we enter into license agreements to obtain licenses from rights holders such as record labels, aggregators, artists, music publishers, performing rights organizations, collecting societies and other copyright owners or their agents, and pay substantial royalties or other consideration to such parties or their agents around the world. Though we work diligently in our efforts to obtain all necessary licenses to stream sound recordings and the musical compositions embodied therein, there is no guarantee that the licenses available to us now will continue to be available in the future at rates and on terms that are favorable or commercially reasonable or at all. The terms of these licenses, including the royalty rates that we are required to pay pursuant to them, may change as a result of changes in our bargaining power, changes in the industry, changes in the laws and regulations, or for other reasons. Increases in royalty rates or changes to other terms of these licenses may materially impact our business, operating results, and financial condition.

We enter into license agreements to obtain rights to stream sound recordings, including from the major record labels that hold the rights to stream a significant number of sound recordings, such as Universal Music Group, Sony Music Entertainment, Warner Music Group and SX, as well as others. If we fail to obtain these licenses or if any of such licenses are terminated or suspended, the size and quality of our catalog may be materially impacted and our business, operating results and financial condition could be materially harmed.

We generally obtain licenses for two types of rights with respect to musical compositions: mechanical rights and public performance rights. With respect to mechanical rights, for example, in the United States, the rates we pay are, to a significant degree, a function of a ratemaking proceeding conducted by an administrative agency called the Copyright Royalty Board. The rates that the Copyright Royalty Board set apply both to compositions that we license under the compulsory license in Section 115 of the Copyright Act of 1976 (the “Copyright Act”), and to a number of direct licenses that we have with music publishers for U.S. rights, in which the applicable rate is generally pegged to the statutory rate set by the Copyright Royalty Board. The most recent proceeding before the Copyright Royalty Board (the “Phonorecords III Proceedings”) set the rates for the Section 115 compulsory license for calendar years 2018 to 2022. The Copyright Royalty Board issued its initial written determination on January 26, 2018. The rates set by the Copyright Royalty Board may still be modified if a party appeals the determination and are also subject to further change as part of future Copyright Royalty Board proceedings. If any such rate change increases, our sound recordings and musical compositions license costs may substantially increase and impact our ability to obtain content on pricing terms favorable to us, and it could negatively harm our business, operating results and financial condition and hinder our ability to provide interactive features in our services or cause one or more of our services not to be economically viable. Based on management’s estimates and forecasts for the next two fiscal years, we currently believe that the proposed rates will not materially impact our business, operating results, and financial condition. However, the proposed rates are based on a variety of factors and inputs which are difficult to predict in the long-term. If Slacker’s business does not perform as expected or if the rates are modified to be higher than the proposed rates, its content acquisition costs could increase and impact its ability to obtain content on pricing terms favorable to us, which could negatively harm Slacker’s business, operating results and financial condition and hinder its ability to provide interactive features in its services, or cause one or more of Slacker’s services not to be economically viable.

In the United States, public performance rights are generally obtained through intermediaries known as performing rights organizations (“PROs”), which negotiate blanket licenses with copyright users for the public performance of compositions in their repertory, collect royalties under such licenses, and distribute those royalties to copyright owners. The royalty rates available to Slacker today may not be available to it in the future. Licenses provided by two of these PROs, the American Society of Composers, Authors and Publishers (“ASCAP”) and Broadcast Music, Inc. (“BMI”), cover the majority of the music we stream and are governed by consent decrees relating to decades old litigations. In 2019, the U.S. Department of Justice indicated that it was formally reviewing the relevance and need of these consent decrees. Changes to the terms of or interpretation of these consent decrees up to and including the dissolution of the consent decrees, could affect our ability to obtain licenses from these PROs on reasonable terms, which could harm its business, operating results, and financial condition. In addition, an increase in the number of compositions that must be licensed from PROs that are not subject to the consent decrees, or from copyright owners that have withdrawn public performance rights from the PROs, could likewise impede Slacker’s ability to license public performance rights on favorable terms. As of December 31, 2024, we owed \$17.5 million in aggregate royalty payments to such PROs.

In other parts of the world, including Europe, Asia, and Latin America, we obtain mechanical and performance licenses for musical compositions either through local collecting societies representing publishers or from publishers directly, or a combination thereof. We cannot guarantee that its licenses with collecting societies and its direct licenses with publishers provide full coverage for all of the musical compositions we make available to our users in such countries. In Asia and Latin America, we are seeing a trend of movement away from blanket licenses from copyright collectives, which is leading to a fragmented copyright licensing landscape. Publishers, songwriters, and other rights holders choosing not to be represented by collecting societies could adversely impact our ability to secure favorable licensing arrangements in connection with musical compositions that such rights holders own or control, including increasing the costs of licensing such musical compositions, or subjecting us to significant liability for copyright infringement.

With respect to podcasts and other non-music content, we produce or commission the content itself or obtain distribution rights directly from rights holders. In the former scenario, we employ various business models to create original content. In the latter scenario, we and/or PodcastOne negotiates licenses directly with individuals that enable creators to post content directly to our service after agreeing to comply with the applicable terms and conditions. We are dependent on those who provide content on our service complying with the terms and conditions of our license agreements as well as the PodcastOne Terms and Conditions of Use. However, we cannot guarantee that rights holders or content providers will comply with their obligations, and such failure to do so may materially impact our business, operating results, and financial condition.

There also is no guarantee that we have all of the licenses we need to stream content, as the process of obtaining such licenses involves many rights holders, some of whom are unknown, and myriad complex legal issues across many jurisdictions, including open questions of law as to when and whether particular licenses are needed. Additionally, there is a risk that rights holders, creators, performers, writers and their agents, or societies, unions, guilds, or legislative or regulatory bodies will create or attempt to create new rights that could require us to enter into license agreements with, and pay royalties to, newly defined groups of rights holders, some of which may be difficult or impossible to identify.

Even when we can enter into license agreements with rights holders, we cannot guarantee that such agreements will continue to be renewed indefinitely. For example, from time to time, our license agreements with certain rights holders and/or their agents may expire while we negotiate their renewals and, per industry custom and practice, we may enter into brief (for example, month-, week-, or even days-long) extensions of those agreements or provisional licenses and/or continue to operate on an at will basis as if the license agreement had been extended, including by our continuing to make music available. During these periods, we may not have assurance of long-term access to such rights holders' content, which could have a material adverse effect on its business and could lead to potential copyright infringement claims. Furthermore, if we fail to timely make any royalty or license payments to such rights holders, they may elect to terminate or suspend our license agreements with them.

It also is possible that such agreements will never be renewed at all. The lack of renewal, or suspension or termination, of one or more of our license agreements, or the renewal of a license agreement on less favorable terms, also could have a material adverse effect on its business, financial condition, and results of operations.

For the years ended March 31, 2024 and 2023, our management concluded that our disclosure controls and procedures and our internal control over financial reporting were not effective due to the existence of material weaknesses in our internal control over financial reporting during such periods. If we are unable to establish and maintain effective disclosure controls and internal controls over financial reporting, our ability to produce accurate financial statements on a timely basis or prevent fraud could be impaired, and the market price of our securities may be negatively affected.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet PodcastOne's reporting obligations. In addition, any testing by our Company conducted in connection with Section 404, or the subsequent testing by our independent registered public accounting firm, if and when required, may reveal additional deficiencies in its internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. For our fiscal years ended March 31, 2024 and 2023, our management conducted an assessment of its disclosure controls and procedures and our internal control over financial reporting and concluded that they were ineffective for each of such periods, due to the existence of certain material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected and corrected on a timely basis.

In connection with the preparation of our consolidated financial statements for the year ended March 31, 2024, our management identified a material weaknesses as follows: our management's identification of and accounting for significant and unusual transactions, specifically accounting for debt. This material weakness was remediated during the nine months ended December 31, 2024.

In connection with preparation of our consolidated financial statements for the year ended March 31, 2023, our management identified material weaknesses in the following: our controls related to the preparation of the financial statements were not adequately designed to ensure the accuracy and completeness of amounts and disclosures and the classification between current and noncurrent liabilities; and our management's identification of and accounting for significant and unusual transactions, specifically accounting for business combinations, including push down accounting. This material weakness was remediated during the year ended March 31, 2024.

If we are unable to establish and maintain proper and effective disclosure controls and procedures and internal control over financial reporting, it may not be able to produce timely and accurate financial statements.

Risks Related to the Ownership of Our Common Stock

Conversion of our Series A Preferred Stock will dilute the ownership interest of our existing stockholders, including holders who had previously converted their convertible notes, or may otherwise depress the price of our common stock.

As of December 31, 2024, the shares of our Series A Preferred Stock are convertible into approximately 6.47 million shares of our common stock at a price of \$2.10 per share of common stock. The conversion of some or all of the shares of our Series A Preferred Stock into shares of our common stock will dilute the ownership interests of our existing stockholders. In addition, any sales in the public market of the shares of our common stock issuable upon such conversion and/or any anticipated conversion of the Series A Preferred Stock into shares of our common stock could adversely affect prevailing market prices of our common stock.

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

Other than as set forth below and as reported in our Current Reports on Form 8-K, there have been no other sales or issuances of unregistered securities during the period covered by this Quarterly Report that were not registered under the Securities Act.

During the nine months ended December 31, 2024, we issued 880,460 shares of our common stock valued at \$1.4 million to various consultants. We valued these shares at prices between \$0.67 and \$1.98 per share, the market price of our common stock on the date of issuance.

During the nine months ended December 31, 2023, we issued 768,187 shares of our common stock valued at \$1.1 million to various consultants. We valued these shares at prices between \$0.64 and \$1.82 per share, the market price of our common stock on the date of issuance.

We believe the offers, sales and issuances of the securities described above were made in reliance on the exemption from registration contained in Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated thereunder and involved a transaction by an issuer not involving any public offering. Each of the recipients of securities in any transaction exempt from registration either received or had adequate access, through employment, business or other relationships, to information about us.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
October 1, 2024 – October 31, 2024	-	\$ -	4,418,286	\$ 6,500,000
November 1, 2024 – November 30, 2024	-	\$ -	4,418,286	\$ 6,500,000
December 1, 2024 – December 31, 2024	-	\$ -	4,418,286	\$ 6,500,000
Total (October 1, 2024 – December 31, 2024)	-	\$ -	4,418,286	\$ 6,500,000

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Certificate of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 8, 2017).
3.2	Certificate of Amendment to the Certificate of Incorporation of the Company, dated as of September 30, 2017 (Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1, Amendment No. 3, filed with the SEC on October 6, 2017).
3.3	Bylaws of the Company (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on August 8, 2017).
3.4	Amendment No. 1 to the Bylaws of the Company (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on January 14, 2021).
3.5	Certificate of Merger, dated as of September 30, 2021, between the Company and LiveOne, Inc. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 12, 2021).
4.1	Promissory Note, dated as of June 2, 2021, issued by the Company to East West Bank (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 11, 2021).
4.2	Form of Warrants, dated July 15, 2022, issued by PodcastOne to the purchasers of PodcastOne's 10% Original Issue Discount Convertible Promissory Notes, dated July 15, 2022 (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2022).
4.3	Certificate of Designation of Preferences, Rights and Limitations of Series A Perpetual Convertible Preferred Stock of the Company, dated as of February 2, 2023 (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC February 7, 2023).
10.1†	Form of Director/Officer Indemnification Agreement (Incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K, filed with the SEC on April 30, 2014).
10.2†	The Company's 2016 Equity Incentive Plan (Incorporated by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 14, 2016).
10.3†	Amendment No. 1 to the Company's 2016 Equity Incentive Plan (Incorporated by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on February 13, 2019).
10.4†	Amendment No. 2 to the Company's 2016 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 6, 2021).
10.5†	Form of Director Option Agreement under 2016 Equity Incentive Plan (Incorporated by reference to Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 14, 2016).
10.6†	Form of Employee Option Agreement under 2016 Equity Incentive Plan (Incorporated by reference to Exhibit 10.25 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 14, 2016).
10.7†	Employment Agreement, dated as of September 7, 2017, between the Company and Robert S. Ellin (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on September 8, 2017).
10.8†	Amendment No. 1 to Employment Agreement, dated as of December 15, 2017, between the Company and Robert Ellin (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 15, 2017).
10.9†	Amendment No. 2 to Employment Agreement, dated as of December 14, 2017, between the Company and Robert Ellin. (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on February 14, 2023).
10.10†	Employment Agreement, dated as of January 24, 2024, between the Company and Aaron Sullivan (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on form 8-K, filed with the SEC on January 30, 2024).

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10.11†	The Company's 2023 Annual Bonus Plan (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on form 8-K, filed with the SEC on January 30, 2024).
10.12	Business Loan Agreement, dated as of January 28, 2025, between the Company and East West Bank (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 3, 2025).
10.13	Commercial Security Agreement, dated as of June 2, 2021, between the Company and East West Bank (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on June 11, 2021).
10.14	Change in Terms Agreement, dated as of January 28, 2025, between the Company and East West Bank (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 3, 2025).
10.15	Exchange Agreement, dated as of February 3, 2023, between the Company and Harvest Small Cap Partners, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2023).
10.16	Exchange Agreement, dated as of February 3, 2023, between the Company and Harvest Small Cap Partners, Ltd. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2023).
10.17	Exchange Agreement, dated as of February 3, 2023, between the Company and Trinad Capital Master Fund Ltd. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2023).
10.18	Loan and Security Agreement, dated as of August 2, 2023, between the Company and Capchase Inc. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 8, 2023).
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† Management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

Date: February 14, 2025

LIVEONE INC.

By: /s/ Robert S. Ellin
Name: Robert S. Ellin
Title: Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: February 14, 2025

By: /s/ Aaron Sullivan
Name: Aaron Sullivan
Title: Chief Financial Officer and
Executive Vice President
(Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION OF CEO PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert S. Ellin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LiveOne, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2025

/s/ Robert S. Ellin

Robert S. Ellin
Chief Executive Officer

**CERTIFICATION OF CFO PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Aaron Sullivan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LiveOne, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2025

/s/ Aaron Sullivan

Aaron Sullivan
Chief Financial Officer

**CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of LiveOne, Inc. (the "Company") on Form 10-Q for the quarter ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert S. Ellin, as the Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert S. Ellin

Robert S. Ellin
Chief Executive Officer

February 14, 2025

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

**CERTIFICATION OF CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of LiveOne, Inc. (the "Company") on Form 10-Q for the quarter ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Aaron Sullivan, as the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Aaron Sullivan

Aaron Sullivan
Chief Financial Officer

February 14, 2025

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.