Liberated Syndication Inc.

Consolidated Financial Statements as of and for the years ending December 31, 2023 and 2022, and the Report of Independent Registered Accounting Firm

Liberated Syndication Inc.

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SADLERGIBB
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Liberated Syndication Inc. ("the Company") as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2023 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matters

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

Valuation of Equity-Based Instruments

Critical Audit Matter Description

During the year ending December 31, 2023, the Company issued common stock and stock options which required management to assess the fair value of these instruments in order to record and disclose the equity-based compensation in these transactions. The Company's stock does not actively trade on an active market. The Company utilized a valuation methodology that incorporated various assumptions including replacement cost and also utilized a third-party valuation specialist to assist in the determination of the fair value of the Company's common stock.

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

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the following:

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

Sadler Gibb & Assoc.

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

Draper, UT
May 6, 2024

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LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2022

	As of December 31, 2023	As of December 31, 2022
CURRENT ASSETS:		
Cash	$ 5,420,335	$ 5,100,113
Accounts receivable, net	8,498,254	6,435,398
Prepaid expenses and other current assets	1,058,640	1,522,677
Current assets of discontinued operations	1,722,072	1,902,758
Total current assets	16,699,301	14,960,946
Prepaid expenses and other assets, net of current portion	448,016	991,762
Property and equipment, net	632,636	1,733,409
Operating lease right-of-use assets	989,746	1,319,152
Deferred tax assets, net	6,811,981	6,416,850
Definite life - intangible assets, net	10,057,502	12,797,905
Goodwill	43,076,800	43,076,800
Non-current assets of discontinued operations	—	18,076,993
Total assets	$ 78,715,982	$ 99,373,817
CURRENT LIABILITIES:		
Accounts payable	$ 5,798,505	$ 5,497,073
Accrued expenses and other current liabilities	2,402,373	1,782,139
Loans payable	2,500,000	2,000,000
Bridge loans payable to related parties, net	—	4,425,796
Income taxes payable	14,162	—
Other taxes payable	1,480,999	1,845,476
Deferred revenue	2,945,998	2,934,508
Registration payment arrangements	1,512,401	3,731,250
Contingent consideration	1,500,000	2,993,900
Current portion of operating lease liabilities	358,153	342,696
Current liabilities of discontinued operations	2,694,317	3,591,339
Total current liabilities	$ 21,206,908	$ 29,144,177
LONG TERM LIABILITIES:		
Deferred revenue, net of current portion	662,978	690,547
Operating lease liabilities, net of current portion	668,141	1,026,294
Loans payable, net of current portion	5,840,407	—
Contingent consideration, net of current portion	—	1,467,390
Long-term liabilities of discontinued operations	—	2,068,854
Total long-term liabilities	7,171,526	5,253,085
Total liabilities	$ 28,378,434	$ 34,397,262
STOCKHOLDERS' EQUITY		
Common stock - 200,000,000 shares authorized - $0.001 par value, 34,923,733 shares issued and 33,253,055 shares outstanding as of December 31, 2023, and 32,582,337 shares issued and 30,911,659 shares outstanding as of December 31, 2022	33,253	30,912
Less: Treasury stock (common stock: 1,670,678 at December 31, 2023 and 2022) at cost	(5,373,575)	(5,373,575)
Accumulated other comprehensive income	1,094,426	645,225
Additional paid-in capital	95,438,267	91,530,171
Accumulated deficit	(40,854,823)	(21,856,178)
Total stockholders' equity	50,337,548	64,976,555
Total liabilities and stockholders' equity	$ 78,715,982	$ 99,373,817

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

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Year ended December, 31	
	2023	**2022**
Revenue	$ 57,729,569	$ 57,178,368
Costs and operating expenses		
Cost of revenue (excluding depreciation and amortization)	27,761,678	27,440,586
General and administrative	12,639,118	13,371,139
Selling and customer support	9,678,824	10,662,287
Technology	5,402,087	5,627,250
Depreciation and amortization	3,913,928	3,546,700
Total costs and operating expenses	59,395,635	60,647,962
Operating loss from continuing operations	(1,666,066)	(3,469,594)
Other income (expense)		
Loss on disposal of property and equipment	—	(21,428)
Registration payment arrangements	(805,951)	(4,718,250)
Interest expense	(1,083,521)	(360,476)
Other income	178,861	65,213
Total other expense	(1,710,611)	(5,034,941)
Loss from continuing operations before (benefit from) provision for income taxes	(3,376,677)	(8,504,535)
Income tax benefit	(260,290)	(2,482,942)
Net loss from continuing operations	(3,116,387)	(6,021,593)
Loss from discontinued operations, net of tax	(43,864)	(309,350)
Loss on disposal of discontinued operations, net of tax	(15,838,394)	—
Net loss from discontinued operations	(15,882,258)	(309,350)
Net loss	$ (18,998,645)	$ (6,330,943)
NET LOSS PER COMMON SHARE FROM CONTINUING OPERATIONS-BASIC AND DILUTED	$ (0.10)	$ (0.21)
NET LOSS PER COMMON SHARE FROM DISCONTINUED OPERATIONS-BASIC AND DILUTED	(0.52)	(0.01)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED	$ (0.62)	$ (0.22)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC AND DILUTED	30,477,933	28,347,491
Net loss	$ (18,998,645)	$ (6,330,943)
Other comprehensive loss, net of tax:		
Change in cumulative translation adjustment	449,201	645,225
Total comprehensive loss attributable to common shareholders	$ (18,549,444)	$ (5,685,718)

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

LIBERATED SYNDICATION INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Common Stock		Common Stock Held in Treasury	Accumulated Other Comprehensive Income	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2021	26,590,651	$ 26,591	$(5,373,575)	$ —	$73,834,184	$(15,525,235)	$ 52,961,965
Non-cash compensation expense and issuance of common stock for services	71,333	71	—	—	1,544,525	—	1,544,596
Sale of common stock, net of issuance costs	1,265,338	1,265	—	—	4,743,735	—	4,745,000
Issuance of common stock in connection with acquisitions	1,566,668	1,567	—	—	5,717,439	—	5,719,006
Issuance of common stock in connection with Registration payment arrangement	1,427,870	1,428	—	—	5,353,072	—	5,354,500
Settlement of contingent consideration liability settled in shares	134,799	135	—	—	494,571	—	494,706
Repurchase and cancellation of shares	(145,000)	(145)	—	—	(157,355)	—	(157,500)
Cumulative translation adjustment	—	—	—	645,225	—	—	645,225
Net loss	—	—	—	—	—	(6,330,943)	(6,330,943)
Balance at December 31, 2022	30,911,659	$ 30,912	$(5,373,575)	$ 645,225	$91,530,171	$(21,856,178)	$ 64,976,555
Non-cash compensation expense and issuance of common stock for services	130,807	131	—	—	898,858	—	898,989
Shares issued for the settlement of a liability	68,882	69			125,119		125,188
Cumulative translation adjustment	—	—	—	449,201		—	449,201
Issuance of common stock in connection with registration payment arrangement	1,592,000	1,592	—	—	3,023,208	—	3,024,800
Settlement of contingent consideration liability settled in shares	549,707	549	—	—	1,043,894	—	1,044,443
Tax impact of held for sale classification	—	—	—	—	(1,182,983)	—	(1,182,983)
Net loss	—	—	—	—	—	(18,998,645)	(18,998,645)
Balance at December 31 2023	33,253,055	$ 33,253	$(5,373,575)	$ 1,094,426	$95,438,267	$(40,854,823)	$ 50,337,548

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

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Year ended December, 31	
	2023	**2022**
Cash Flows from Operating Activities		
Net loss	$ (18,998,645)	$ (6,330,943)
Less: loss from discontinued operations, net of tax	(15,882,258)	(309,350)
Net loss from continuing operations	$ (3,116,387)	$ (6,021,593)
Adjustments to reconcile net loss from continuing operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,913,928	3,540,939
Non-cash compensation expense, net of recapture	898,989	1,544,596
Fair value adjustment for contingent consideration	121,219	(78,074)
Deferred income taxes	(395,131)	(2,360,630)
Operating lease right-of-use asset cost	329,405	335,926
Loss on the disposal of property and equipment	—	21,428
Amortization of debt discount and transaction costs	213,498	75,200
Change in operating assets and liabilities:		
Accounts receivable, net	(2,062,856)	1,024,459
Prepaid expenses	1,007,783	(453,393)
Accounts payable	301,431	(2,200,381)
Income taxes payable	14,162	(12,944)
Other taxes payable	(364,479)	(126,725)
Accrued expenses and other current liabilities	(488,792)	3,509,661
Operating lease liabilities	(342,695)	(351,150)
Deferred revenue	(16,079)	(186,845)
Net cash provided from (used in) operating activities of continuing operations	$ 13,996	$ (1,739,526)
Net cash provided from (used in) operating activities from discontinued operations	(1,062,242)	(235,705)
Net cash provided from (used in) operating activities	$ (1,048,246)	$ (1,975,231)
Cash Flows from Investing Activities:		
Cost of acquisitions, net of cash acquired	—	(13,647,260)
Purchase of property, equipment and software development costs	(70,650)	(686,703)
Net cash used in investing activities from continuing operations	$ (70,650)	$ (14,333,963)
Net cash used in investing activities from discontinued operations	(233,647)	377,248
Net cash used in investing activities	$ (304,297)	$ (13,956,715)
Cash Flows from Financing Activities:		
Proceeds from issuance of common stock, net of issuance costs	—	4,745,000
Repurchase of common stock	—	(157,500)
Repayment on term loan and revolver	(3,500,000)	(1,600,000)
Payments of debt issue costs	—	(10,454)
Repayment of the bridge loan payable to related parties	(4,500,000)	—
Proceeds from issuance of debt, net of fees	9,701,113	—
Proceeds from issuance of loan payable to related parties, net of fees	—	4,372,500
Net provided from financing activities from continuing operations	$ 1,701,113	$ 7,349,546

LIBERATED SYNDICATION INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Net cash provided from financing activities from discontinued operations		—		—
Net cash provided from financing activities	$	1,701,113	$	7,349,546
Effect of exchange rate changes on cash and cash equivalents from discontinued operations		(5,121)		2,174
Net change in cash and cash equivalents	$	343,448	$	(8,580,226)
Cash and cash equivalents				
Cash and cash equivalents from continuing operations, beginning of year	$	5,100,113	$	13,824,057
Cash and cash equivalents from discontinued operations, beginning of year		143,718		—
Cash and cash equivalents at beginning of year	$	5,243,831	$	13,824,057
Cash and cash equivalents at end of year	$	5,587,279	$	5,243,831
Less: Cash and cash equivalents from discontinued operations, end of year		166,944		143,718
Cash and cash equivalents form continuing operations, end of year	$	5,420,335	$	5,100,113

	Year Ended December 31,			
	2023		2022	
Supplemental Disclosures of Cash Flow Information				
Cash paid during the periods for:				
Interest	$	705,973	$	209,605
Income taxes	$	29,314	$	13,114
Supplemental Disclosures of Cash Flow Investing and Financing Activities				
Fair value of shares issued as consideration for acquisition	$	—	$	5,719,006
Fair market value of estimated contingent consideration in connection with acquisition	$	—	$	5,663,555
Forfeiture of common stock	$	—	$	(157,500)
Noncash investing and financing activities				
Debt issuance costs	$	189,342	$	127,500
Right-of-use asset	$	—	$	107,431

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

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

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

• AdvertiseCast LLC, a Wisconsin limited liability company ("AdvertiseCast"), is a podcast advertising marketplace that connects podcasters to advertising agencies and brands and has full-service campaign management capabilities through its proprietary software platform that enables simple podcast advertising campaign creation and management. Advertising agencies and brands use AdvertiseCast to enable and manage advertising campaigns with podcast publishers.

• Webmayhem, Inc., a Pennsylvania corporation ("Libsyn"), provides a full suite of podcast hosting services for producers of content, including hosting and distribution tools, storage, bandwidth, syndication creation, distribution, and statistics tracking. Libsyn also offers an enterprise solution for professional media producers and corporate customers and a premium subscription service that provides producers a custom app and a podcast website where listeners can access their show, login to purchase a subscription, and get access to premium content.

• Pair Networks Inc., a Pennsylvania corporation ("Pair"), provides web hosting services and domain name registrations. Services include shared web hosting, e-commerce, fully managed virtual private and dedicated servers, customer self-managed dedicated servers, domain-name registration, co-location and content-delivery networks.

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

On October 12, 2022, the Company completed the acquisition of Julep Media GmbH, a German limited liability company ("Julep"). Germany's largest independent podcast advertising platform. See Note 2 for additional details about the Julep acquisition. On February 5, 2024, the Company completed the sale of Julep's assets and operations, which are presented as discontinued operations for all periods presented. See Notes 2, 3 and 17 for further discussion.

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

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

Our more significant estimates include:

- the estimated fair value of assets acquired and liabilities assumed in connection with business combinations;

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

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

Discontinued Operations – In the fourth quarter of 2023, the Company began the process of the divesting its interests in Julep Media GmbH, the German podcast advertising platform (the “Disposal Group”). As of December 31, 2023, the Company concluded that the plan to dispose of Julep met the criteria for classification as held for sale and discontinued operations. Accordingly, the assets and liabilities associated with the Disposal Group have been classified as held for sale in the consolidated balance sheets. Its financial results have been classified as discontinued operations in the consolidated statements of operations and cash flows for all periods presented. Refer to Note 3 - Held for Sale and Discontinued Operations for additional information. All financial statements and footnotes exclude discontinued operations unless otherwise noted.

Cash and Cash Equivalents – Cash consists primarily of amounts held on deposit with financial institutions. The Company’s cash deposits with banks are insured by the Federal Deposit Insurance Corporation up to $250,000 per account. At times, the cash balances held by the Company in financial institutions may exceed these insured limits. The Company has never experienced any losses related to these balances. The uninsured cash balance as of December 31, 2023 and 2022, was $2,801,176 and $2,549,703, respectively. The Company does not believe it is exposed to significant credit risk on cash and cash equivalents. The risk of loss attributable to these uninsured balances is mitigated by depositing funds in high credit quality financial institutions.

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

Accounts Receivable and Allowance for Credit Losses– Accounts receivable consist of trade receivables arising in the normal course of business. The Company adopted ASU 2016-13, Financial Instruments - Credit Losses, on January 1, 2023, as further described within the section below titled "Recently adopted accounting pronouncements." This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based on current and historical information.

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

	For the Years Ended December 31,	
	2023	2022
Allowance for credit losses, beginning balance	$ 214,000	$ 239,000
Provision for bad debts	452,262	92,966
Write offs of accounts receivable, net of recoveries	(402,262)	(117,966)
Allowance for credit losses, ending balance	$ 264,000	$ 214,000

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

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

Registry Deposits – Registry deposits represent amounts on deposit with, or receivable from, various domain name registries to be used by us to make payments for future domain registrations or renewals.

Prepaid Domain Name Registry Fees – Prepaid domain name registry fees represent amounts charged by a registry at the time a domain is registered or renewed. These amounts are initially recorded in prepaid expenses and amortized to cost of revenue over the same period revenue is recognized for the related domain registration contracts.

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

Internal Use Software Development Costs – The Company capitalizes certain internal use software development costs associated with creating and enhancing internal use software related to its platform and technology infrastructure. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects, and external direct costs of materials and services consumed in developing or obtaining the software. Software development costs that do not meet the criteria for capitalization are expensed as incurred and recorded in technology expenses in the consolidated statements of operations and comprehensive income.

Software development activities generally consist of three stages, (i) the planning stage, (ii) the application and infrastructure development stage, and (iii) the post implementation stage. Costs incurred in the planning and post implementation stages of software development, including costs associated with the post configuration training and repairs and maintenance of the developed technologies, are expensed as incurred. Internal use software development costs are amortized using a straight-line method over the estimated useful life of two to five years, commencing when the software is ready for its intended use.

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

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

Goodwill – The Company tests goodwill for impairment annually as of December 31, and whenever events occur or changes in circumstances indicate that impairment may have occurred. Impairment testing is performed for each of the Company's reporting units by first assessing qualitative factors to see if further testing of goodwill is required. If the Company concludes that it is more likely than not that a reporting unit's fair value is less than its carrying amount based on the qualitative assessment, then a quantitative test is required. The Company may also choose to bypass the qualitative assessment and perform the quantitative test. If the estimated fair value of a reporting unit exceeds its carrying value, the Company considers that goodwill is not impaired. If the carrying value of a reporting unit exceeds the estimated fair value of the reporting unit, there is an indication of impairment, and an impairment loss would be recorded equal to the difference, up to the amount of the carrying value of the goodwill. The Company completed its annual goodwill impairment test as of December 31, 2023, using a qualitative assessment approach. We did not recognize any impairment charges for Goodwill from continuing operations in 2023 and 2022. At December 31, 2023 and 2022, the carrying value of goodwill was $43.1 million.

Advertising Costs – Advertising costs are expensed as incurred and amounts to approximately $1,128,000 and $1,437,000 for the periods ending December 31, 2023, and 2022, respectively.

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

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

As of December 31, 2023 and 2022, the following financial assets and liabilities were measured at fair value on a recurring basis using the type of inputs shown:

		Fair Value Measurements Using		
		Inputs		
	December 31, 2023	Level 1	Level 2	Level 3
Money market funds included in cash equivalents	$ 1,044,426	$ 1,044,426	$ —	$ —
Contingent consideration short term liability	(1,500,000)	—	(1,500,000)	—
	$ (455,574)	$ 1,044,426	$ (1,500,000)	$ —

		Fair Value Measurements Using		
		Inputs		
	December 31, 2022	Level 1	Level 2	Level 3
Money market funds included in cash equivalents	$ 1,008,391	$ 1,008,391	$ —	$ —
Contingent consideration short term liability	(3,993,900)	—	—	(3,993,900)
Contingent consideration, net of current portion	(2,451,145)	—	—	(2,451,145)
	$ (5,436,654)	$ 1,008,391	$ —	$ (6,445,045)

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

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

Our revenue is categorized and disaggregated as follows:

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

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

Media Subscription Services – The Company facilitates the sale of producers' premium content through the sale of subscriptions. The amount earned per transaction is fixed when the producers determine the price for the sale of each subscription, and the Company earns a percentage of the subscription price. The performance obligation is providing the subscription hosting medium and billing services. Accordingly, the Company reports premium subscription revenue on a net basis over the subscription service period in which the performance obligation is satisfied.

Web Hosting – Web hosting services revenue primarily consists of website hosting products, website building products and services, website security products, an online shopping cart and online visibility products and email accounts. Consideration is recorded as deferred revenue when received, which is typically at the time of sale, and revenue is recognized over the period in which the performance obligations are satisfied, which is generally over the contract term.

Domains – Domains revenue primarily consists of domain registrations and renewals, domain privacy, domain application fees, domain back-orders, aftermarket domain sales and fee surcharges paid to the Internet Corporation for Assigned Names and Numbers ("ICANN"). Domain registrations provide a customer with the exclusive use of a domain during the applicable contract term. After the contract term expires, unless renewed, the customer can no longer access the domain. Consideration is recorded as deferred revenue when received, which is typically at the time of sale, and revenue, other than for aftermarket domain sales, is recognized over the period in which the performance obligations are satisfied, which is generally over the contract term. Aftermarket domain revenue is recognized when ownership of the domain is transferred to the buyer.

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

Equity-Based Compensation – Our equity-based awards are comprised of unrestricted stock awards and restricted (unvested) stock awards, stock options and restricted stock units during 2023 and 2022. These awards are issued under the 2018 Omnibus Equity Incentive Plan. Unrestricted and restricted (unvested) stock award and unit fair value is measured based on the fair market value of the underlying common stock on the date of grant. Awards vest and compensation is recognized over the requisite vesting period. The Company has made a policy election to recognize stock-based compensation expense for awards with vesting that is only based on service, using the straight-line attribution method, rather than the graded vesting attribution method. The Company accounts for forfeitures when they occur. The fair value of service-based stock option awards, if any, is determined using a Black-Scholes model. The fair value for market and performance-based awards, if any, is determined using a Monte Carlo simulation method.

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

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

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

The Company's leases may include renewal and termination options, which are included in the lease term if the Company concludes that it is reasonably certain that it will exercise the option. Some leases give the option to renew, with renewal terms that may extend the lease term. The exercise of lease renewal options is at the Company's sole discretion. The depreciable life of the ROU assets is limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Company is not likely to exercise any such purchase options as of December 31, 2023. Our lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes or other costs. Variable lease costs are expensed as incurred on the Consolidated Statements of Income.

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

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

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

Contingent consideration is adjusted to fair value in subsequent periods as an increase or decrease in general and administrative expenses. Acquisition-related costs are expensed as incurred. The Company acquired Julep and PAR during the year ended December 31, 2022. See Note 2 - Business Combinations.

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

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

Earnings Per Share – The Company computes earnings per share in accordance with FASB ASC Topic 260 Earnings Per Share, which requires the Company to present basic earnings per share and diluted earnings per share when the effect is dilutive (see Note 13 - Earnings Per Share).

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses, which requires entities to estimate all expected credit losses for financial assets measured at amortized cost basis, including trade receivables, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The Company adopted this guidance on January 1, 2023, and the adoption did not have a material impact to the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

No other new accounting pronouncements issued or effective during 2023 had, or are expected to have, a material impact on the Company's consolidated financial statements.

NOTE 2 – Business Combinations

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

The Company recorded approximately $121,000 and $435,000 increases to the contingent consideration liability with a corresponding expense recognized in contingent gain on our Consolidated Statements of Operations and Comprehensive Loss for the years ending December 31, 2023 and 2022, respectively. The Company reevaluated the fair value of the contingent consideration based on current information available to the Company subsequent to our acquisition using a similar methodology as described above.

The following table summarizes the preliminary purchase price allocations for the fair value of the PAR's net assets at the date of acquisition:

		Acquisition Date
Fair value of total consideration transferred		
Cash	$	5,326,744
Fair value of contingent stock issued at closing		967,395
Fair value of contingent consideration		2,670,716
Fair value of the earn-out payments		1,064,600
Fair value of total consideration transferred	$	10,029,455
Allocations		
Cash and cash equivalents	$	146,874
Accounts receivable		1,992,374
Liabilities assumed		(1,251,454)
Intangible assets		3,800,000
Goodwill		5,341,661
Total net identified assets acquired	$	10,029,455

The PAR acquisition's identifiable intangible assets include customer relationships. The fair values of these intangible assets under the fair value hierarchy were determined to be Level 3, which include unobservable inputs to determine the fair value of an asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for fair value estimates to be made in situations in which there is little, if any, market activity for an asset or liability at the measurement date. For more information on the fair value hierarchy, see Note 1.

The following table presents the fair values, valuation techniques and estimated useful lives for PAR's identifiable assets at the acquisition date:

Intangible Asset	Fair Value		Valuation Technique	Estimated Useful Like
Customer relationships	$	3,800,000	Multi-period excess earnings method	8 years

The fair values of customer relationships were determined through the valuation techniques described above using various judgmental assumptions such as discount rates, royalty rates and customer attrition rates, as applicable. The Company incurred acquisition costs totaling $0.6 million in the PAR acquisition, classified as "General and administrative expenses" in the Consolidated Statements of Operations in 2022.

PAR related results recorded in the Company's consolidated statements of operations from the acquisition date to December 31, 2022, included approximately $6,600,000 of revenue. The Company has not disclosed net income or loss since the acquisition date as the business was fully integrated into the Company's Podcast Advertising segment's operations and therefore it was impracticable to determine this amount.

The following pro forma financial information represents the consolidated financial information as if the PAR acquisition had been included in our consolidated results beginning on the first day of fiscal year 2022 to their acquisition date:

	Twelve Months Ended December 31, 2022
Pro forma net revenues from continuing operations	$ 58,787,200
Pro forma net (loss) from continuing operations	(5,483,455)
Pro forma loss per common share from continuing operations, basic and diluted	$ (0.19)
Pro forma weighted average number of common shares basic and diluted	28,378,664

The pro forma financial information for all periods presented above has been calculated after adjusting the results of PAR to reflect the business combination accounting effects resulting from the acquisition, including the amortization expense from acquired intangible assets and deal costs. The pro forma financial information is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the Company's fiscal 2022.

Julep Acquisition

On October 12, 2022 (the "Julep Closing Date"), the Company completed the acquisition of Julep Media GmbH, a German limited liability company ("Julep"). The purpose of the acquisition was to expand our presence in the European market.

On the Julep Closing Date, the Company consummated the transactions contemplated by the Share Purchase Agreement ("SPA"), by and among the Company, Julep, and the shareholders of Julep. Under the terms of the SPA, the Company acquired 100% of the outstanding stock of Julep for a purchase price comprising (i) $8.0 million in cash (subject to adjustments as provided for in the SPA for cash, working capital and indebtedness), (ii) forgiveness of the $500,000 loan the Company made to Julep in August 2022, (iii) $1.0 million in cash at the one year anniversary of the Julep Closing Date subject to the achievement of certain revenue targets, (iv) 1,300,000 shares of the Company's common stock ("Common Stock") subject to certain revenue thresholds, and (v) up to $9.0 million of earn-out payments to be paid out in cash pending achievement of specific revenue and EBITDA targets over the fiscal years 2022, 2023 and 2024. The fair value of the contingent consideration recognized on the acquisition date of $1,928,239 was estimated by applying an option pricing model. That measure was based on significant Level 3 inputs not observable in the market. Key assumptions include (1) discount rates of 3.52%-4.19%. (2) revenue volatility of 30.0% and (3) the probability that the revenue and EBITDA targets would be achieved.

The following table summarizes the purchase price allocations for the fair value of the Julep's net assets at the date of acquisition:

		Acquisition Date
Fair value of total consideration transferred		
Cash	$	8,500,000
Deferred cash payment		1,000,000
Fair value of contingent consideration		1,928,239
Fair value of contingent stock		4,719,000
Fair value of total consideration transferred	$	16,147,239
Allocations		
Cash and cash equivalents	$	473,466
Accounts receivable		1,290,346
Other assets, net of liabilities assumed		(1,658,533)
Deferred tax liability		(1,085,100)
Intangible assets		3,626,249
Goodwill		13,500,811
Total net identified assets acquired	$	16,147,239

The Julep's acquisition's identifiable intangible assets include customer relationships, trade names and developed technology. The fair values of these intangible assets under the fair value hierarchy were determined to be Level 3, which include unobservable inputs to determine the fair value of an asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for fair value estimates to be made in situations in which there is little, if any, market activity for an asset or liability at the measurement date. For more information on the fair value hierarchy, see Note 1.

The following table presents the provisional fair values, valuation techniques and estimated useful lives for Julep's identifiable assets at the acquisition date:

Intangible Asset	Fair Value		Valuation Technique	Estimated Useful Like
Customer relationships	$	103,018	Multi-period excess earnings method	8 years
Developed technology	$	2,060,369	Relief-from-royalty method	10 years
Trade names and trademarks	$	1,462,862	Relief-from-royalty method	3 years

The fair values of developed technology, tradenames and customer relationships were determined through the valuation techniques described above using various judgmental assumptions such as discount rates, royalty rates and customer attrition rates, as applicable. The Company incurred acquisition costs totaling $1.1 million in the Julep acquisition, classified as "General and administrative expenses" in the Consolidated Statements of Operations in 2022.

The Company decreased the contingent consideration liability with a corresponding gain recognized in discontinued operations, net of tax on our Consolidated Statements of Operations and Comprehensive Loss of approximately $1,984,000 and $944,000 in the years ending December 31, 2023, and 2022, respectively.

As of December 31, 2023, the Company concluded that the plan to dispose of Julep met the criteria for classification as held for sale and discontinued operations. Refer to Note 3 - Held for Sale and Discontinued Operations for additional information.

NOTE 3 – Held for Sale and Discontinued Operations

In the fourth quarter of 2023, the Company began the process of the divesting its interests in Julep Media GmbH, the German podcast advertising platform (the "Disposal Group"). After consideration of the relevant facts, the Company concluded the assets and liabilities of Julep met the criteria for classification as held for sale.

The Company concluded the actual and proposed disposal activities represented a strategic shift that will have a major effect on the Company's operations and financial results and qualified for presentation as discontinued operations in accordance with FASB ASC-205-20. Accordingly, the financial results of Julep are presented in the Consolidated Statements of Operations as discontinued operations for all periods presented. Current and non-current assets and liabilities of the disposal group as of the balance sheet date are presented in the Consolidated Balance Sheets as assets and liabilities held for sale for both periods presented. The Company closed the sale on February 5, 2024 (See Subsequent Events footnote 17). The assets and liabilities to be disposed of in connection with this transaction meet the held for sale criteria as of December 31, 2023.

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

We have separately reported the assets and liabilities of the discontinued operations in the consolidated balance sheets. The assets and liabilities have been reflected as discontinued operations in the consolidated balance sheets as of December 31, 2023 and 2022, and consist of the following:

	As of December 31,	
	2023	2022
CURRENT ASSETS - DISCONTINUED OPERATIONS:		
Cash	$ 166,944	$ 143,718
Accounts receivable, net	1,023,181	1,399,613
Prepaid expenses	248,266	359,427
Definite life - intangible assets, net	2,899,582	—
Goodwill	14,503,825	—
Impairment to net realizable value	(17,246,308)	—
Other	126,582	—
Current assets - Discontinued operations	$ 1,722,072	$ 1,902,758
Other	—	325,595
Definite life - intangible assets, net	—	3,604,450
Goodwill	—	14,146,948
Long-term assets - Discontinued Operations (1)	$ —	$ 18,076,993
CURRENT LIABILITIES - DISCONTINUED OPERATIONS:		
Accounts payable	$ 1,076,249	$ 1,601,317
Contingent consideration	—	1,000,000
Accrued expenses and other current liabilities	1,618,068	990,022
Total current liabilities	$ 2,694,317	$ 3,591,339
LONG TERM LIABILITIES:		
Deferred tax liability	$ —	$ 1,085,099
Contingent consideration, net of current	—	983,755
Long term liabilities - Discontinued Operations	$ —	$ 2,068,854

(1) The assets and liabilities of Julep are classified in current assets and liabilities, respectively, in the Consolidated Balance Sheet as of December 31, 2023, as the sale closed in the First quarter 2024. The assets and liabilities of Julep are classified in their respective current or long-term classifications in the Consolidated Balance Sheet as of December 31, 2022, in accordance with the nature and underlying classification of such assets and liabilities, as the sale did not occur within one-year of that date.

The results of operations from discontinued operations for the fiscal years 2023 and 2022, have been reflected as discontinued operations in the consolidated statements of operations and comprehensive loss and consist of the following:

	As of December 31,	
	2023	2022
Revenue	$ 5,831,574	$ 1,513,180
Costs and operating expenses		
Cost of revenue (excluding depreciation and amortization)	3,529,595	892,320
Selling, general and administrative	1,222,376	706,200
Depreciation and amortization	1,123,467	224,010
Total costs and operating expenses	5,875,438	1,822,530
Operating income (loss) from discontinued operations	(43,864)	(309,350)
Other income (expense)		
Loss recognized on classification as held for sale	(17,246,328)	—
Income (loss) from discontinued operations before income tax	(17,290,192)	(309,350)
Income tax (benefit) expense	1,407,934	—
Net income (loss) from discontinued operations	$ (15,882,258)	$ (309,350)

NOTE 4 - PROPERTY AND EQUIPMENT

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

	Life	December 31, 2023	December 31, 2022
Furniture, fixtures, and equipment	3-10 yrs	$ 8,491,923	$ 8,419,172
Leasehold improvements	3 - 5 yrs	2,678,848	2,678,848
Internally developed software	2 yrs	622,900	622,899
Software	3 yrs	2,247,734	2,247,734
Property, equipment, and software, gross		$ 14,041,405	$ 13,968,653
Less: Accumulated depreciation		(13,408,769)	(12,235,244)
Property & equipment, net		$ 632,636	$ 1,733,409

Internal-use software includes labor and license costs associated with software development for internal use. Depreciation expense for the periods ended December 31, 2023 and 2022 was $1,170,722, and $886,844, respectively.

NOTE 5 – COMPOSITION OF CERTAIN OTHER BALANCE SHEET ACCOUNTS

Prepaid expenses and other assets

Prepaid expenses and other assets as of December 31, 2023, and 2022, consist of:

	2023	2022
Prepaid Domain name registry fees and deposits	$ 468,433	$ 562,060
Tax receivable	—	117,497
Other prepaid expenses	590,207	843,120
Prepaid expenses and other current assets	$ 1,058,640	$ 1,522,677

Prepaid expenses and other assets, net of current portion

Prepaid expenses and other assets, net of current portion as of December 31, 2023, and 2022, consist of:

	2023	2022
Prepaid domain registry fees	$ 331,295	$ 352,531
Federal income tax receivable	77,004	627,004
Other	39,717	12,227
Total prepaid expenses and other assets, net of current portion	$ 448,016	$ 991,762

Accounts Payable

Accounts payable as of December 31, 2023, and 2022, consist of:

	2023	2022
Accounts payable - podcast publishers	$ 4,603,469	$ 3,795,238
Accounts payable - trade	1,195,036	1,701,835
Total accounts payable	$ 5,798,505	$ 5,497,073

NOTE 6 – GOODWILL AND OTHER DEFINITE-LIFE INTANGIBLE ASSETS

Goodwill - The change in the net carrying amount of goodwill by reportable segment as of December 31, 2023 and 2022 was as follows:

	December 31, 2023			
	Advertising	Podcast Hosting	Web Hosting	Total
Goodwill as of December 31, 2021	$ 21,379,628	$ 11,484,251	$ 4,903,920	$ 37,767,799
Acquisition of Julep and PAR	5,309,001	—	—	5,309,001
Goodwill as of December 31, 2022	$ 26,688,629	$ 11,484,251	$ 4,903,920	$ 43,076,800
Activity	—	—	—	—
Goodwill as of December 31, 2023	$ 26,688,629	$ 11,484,251	$ 4,903,920	$ 43,076,800

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

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

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net
Customer Relationships	$ 12,947,000	$ (5,933,140)	$ 7,013,860
Developed Technology	2,472,250	(672,188)	1,800,062
Intellectual Property	3,709,000	(3,179,143)	529,857
Trade Names & Trademarks	1,576,000	(862,277)	713,723
Total	$ 20,704,250	$ (10,646,748)	$ 10,057,502

As of December 31, 2022, the intangible assets and related accumulated amortization consisted of the following:

	December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net
Customer Relationships	$ 12,947,000	$ (4,244,283)	$ 8,702,717
Developed Technology	2,472,250	(408,104)	2,064,146
Intellectual Property	3,709,000	(2,649,285)	1,059,715
Trade Names & Trademarks	1,576,000	(604,673)	971,327
Total	$ 20,704,250	$ (7,906,345)	$ 12,797,905

During fiscal 2023, the Company assessed qualitative and quantitative factors and determined that it is not more likely than not that the fair values of its reporting units are less than their carrying amounts. Accordingly, the Company did not record any asset impairment charges on its goodwill or flagship assets that continued to meet the appropriate criteria during fiscal 2023. In performing its assessment, the Company believes it made reasonable accounting estimates based on the facts and circumstances that were available as of the testing date and considering the evolving situation resulting from the current inflationary environment. If actual results are not consistent with the assumptions and judgments used, there may be additional exposure to future impairment losses that could be material to the Company's results of operations.

Intangible asset amortization expense was $2,743,204 and $2,661,236 for 2023 and 2022, respectively. The remaining weighted average amortization period for acquired intangible assets was 5.4 years as of December 31, 2023. The estimated future amortization expenses related to other intangible assets as of December 31, 2023 are as follows:

For twelve months ending December 31,	
2024	$ 2,738,400
2025	1,622,603
2026	1,505,915
2027	1,422,600
2028	1,365,000
Thereafter	1,402,984
Total	$ 10,057,502

NOTE 7 - LOANS

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

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

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

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

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

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

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

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

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

The Company's December 31, 2023 term loan amortization payment of $500,000 was paid on January 2, 2024, as such the current portion of the term loan as of December 31, 2023 is $2,500,000. On January 16, 2024, the Company amended its 2023 loan agreement, closing the $2,000,000 revolving credit facility and lowering the minimum deposit balance to $3,500,000.

Subordinated Debt

On October 3, 2022, the Company entered into subordinated debt financing letter agreements ("Subordinated Notes") with Mill City Ventures III, Ltd. ("Mill City") and Camac Fund, LP ("Camac"), as lenders, pursuant to which the Company issued each party subordinated promissory notes in the amount of $2,250,000 with identical terms for an aggregate principal amount of $4,500,000 ("Subordinated Notes") for the purpose of acquiring Julep. Douglas M. Polinsky, Chief Executive Officer of Mill City, and Eric Shahinian, Chief Executive Officer of Camac, both sit on the Company's Board of Directors. Payment of the principal amount and accrued interest under the Subordinated Notes were due and payable by the borrower on April 3, 2023, and included an option for the borrower to prepay principal and interest at any time provided that any prepayment occurring before December 3, 2022, must include a premium in an amount equal to the difference of (i) the aggregate amount of Interest that would have accrued had the Subordinated Note been prepaid on December 3, 2022, less (ii) that amount of the prepayment that is properly characterized as interest. Amounts outstanding under the Subordinated Notes bear interest at a rate equal to 18.00% per annum. Obligations under the Subordinated Notes are subordinated to obligations under the 2017 Loan Agreement. The Subordinated Notes are subject to customary representations and warranties and events of default. If an event of default occurs and is continuing, the Company may be required to repay all amounts outstanding under the Subordinated Notes. Obligations under the Subordinated Notes are secured by substantially all of the Company's assets, subject to the senior rights of the lenders under the 2017 Loan Agreement.

The outstanding balance of these Subordinated Note's as of December 31, 2022, is classified as bridge loans payable to related parties, net in the consolidated balance sheet. The total net proceeds from the Subordinated Notes, after deducting the debt issuance costs of $137,954, was $4.4 million. The Subordinated Notes were repaid in full with all accrued interest in conjunction with and using the proceeds from the 2023 Amended Loan Agreement.

NOTE 8 - STOCK-BASED COMPENSATION

2018 Omnibus Equity Incentive Plan

On September 12, 2018, the Company held its annual meeting of stockholders (the "Annual Meeting") and the shareholders approved the Company's 2018 Omnibus Equity Incentive Plan (the "Plan"). The Plan provides certain incentives and awards to its officers, employees, directors and consultants. Under the Plan, the Compensation Committee has the sole authority, in its discretion, to make all determinations under the Plan. Under the Plan, up to 3,000,000 common shares are authorized to be granted. As of December 31, 2023, 1,221,835 awards remain available for grant under the Plan.

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

Stock-based compensation expense for the year ended December 31, 2023, and 2022 was $881,887 and $1,544,596, respectively, recognized in "General and administrative expenses" in the Consolidated Statements of Operations. As of December 31, 2023, the Company had not yet recognized compensation cost on unvested stock-based awards of $0.9 million, with a weighted average remaining recognition period of 2.6 years.

Stock Options

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

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

	2023	2022
Risk-free interest rate	4.33%	2.96%-3.67%
Expected volatility	55.0%	50.6%-51.6%
Expected term	5.9 years	5-6 years
Expected dividends	None	None

Stock options granted under the Plan generally vest over three years, subject to the holder's continued service through the vesting date and expire no later than 5 years from the date of grant.

The following table summarizes our stock option activity for the fiscal year ended December 31, 2023:

	Options Outstanding		
	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding - December 31, 2022	582,000	$ 3.73	
Options granted	50,000	1.90	
Options exercised	—	—	
Options canceled/expired	(129,337)	3.61	
Outstanding - December 31, 2023	502,663	$ 3.46	6.7
Vested and exercisable - December 31, 2023	315,637	$ 3.63	6.9

The aggregate intrinsic value of the Company's outstanding stock options as of December 31, 2023 was $0 and represents the total pretax intrinsic value (the difference between the fair value of the Company's common stock price on the last day of fiscal year 2023 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on the last trading day of fiscal year 2023. All options outstanding are expected to vest. We issue new common stock from our authorized shares upon the exercise of stock options.

Service-based Restricted Stock Awards and Restricted Stock Units Awards

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

Information regarding unvested restricted stock awards and restricted stock units for the year ended December 31, 2023 is summarized in the table below:

	Shares	**Weighted Average Grant Date Fair Value**
Unvested as of December 31, 2022	241,667	$ 3.63
Granted	250,000	1.90
Vested	(43,333)	3.64
Cancelled or Forfeited Awards	(120,000)	$ 3.60
Unvested shares as of December 31, 2023	328,334	$ 2.32

The weighted-average grant date fair values of restricted stock awards and restricted stock units granted during fiscal years 2023, and 2022 were $1.90, and $3.68 respectively. The fair values of restricted stock units that vested during fiscal years 2023, and 2022 were $3.63, and $3.60, respectively.

Market-Based Restricted Stock Units

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

The following table summarizes our market-based restricted stock unit activity for the year ended December 31, 2022:

	Market-Based Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2022	330,000	$ 1.09
Granted	100,000	0.11
Vested	—	—
Forfeited or Cancelled	(180,000)	1.21
Outstanding as of December 31, 2023	250,000	$ 1.02

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

	2023	2022
Risk-free interest rate	5.48	1.35%
Expected dividend yield	— %	— %
Expected volatility	60%	73%

Performance-Based Awards

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

The following table summarizes our performance-based restricted stock unit activity, for the fiscal year ended December 31, 2023:

	Performance-Based Restricted Stock Units	Weighted-Average Grant Date Fair Value
Unvested as of December 31, 2022	50,000	$ 3.62
Granted	—	—
Vested	(5,000)	3.63
Cancelled or Forfeited Awards	(35,000)	3.61
Unvested shares as of December 31, 2023	10,000	$ 3.63

NOTE 9 - CAPITAL STOCK

The Company has authorized 200,000,000 shares of common stock, $0.001 par value and 10,000 shares of preferred stock, $0.001 par value. As of December 31, 2023, 34,923,733 shares were issued and 33,253,055 were outstanding with 1,670,678 shares of treasury stock on hand, and no shares of preferred stock were issued or outstanding.

See the Consolidated Statement of Stockholders' Equity for activity of common shares issued and outstanding and shares held in treasury. See Note 8 - Stock-based compensation for discussion regarding share awards, vesting, forfeitures and other information pertaining to stock-based compensation matters. See Note 14 - Commitments and Contingencies regarding cancellation of 7,494,400 shares previously registered in the name of the Zhang Parties.

The Company closed the transactions contemplated by the Stock Purchase Agreement, dated March 29, 2021, by and between the Company and the purchasers set forth therein (the "Purchasers"), as amended, pursuant to which the Company sold to the Purchasers in a private transaction an aggregate of 6,633,338 shares of common stock for a purchase price of $3.75 per share, resulting in an aggregate purchase price of $24.875 million less $0.8 million in fees (the "PIPE Transaction"). Under the terms of a registration rights agreement, the Purchasers are entitled to certain payments ("Registration Delay Payments") if a registration statement is not filed by August 16, 2021, or effective by December 15, 2021 (the "Effectiveness Deadline"). They are also entitled to Registration Delay Payments for each 30-day period that any such delay continues. The obligations of the Company to pay Registration Delay Payments to any Purchaser could not accrue in any month or 30-day period in excess of one percent (1%) of such Purchaser's purchase price until the Effectiveness Deadline, after which obligations of the Company to pay Registration Delay Payments to such Purchaser cannot accrue in any month or 30-day period in excess of two percent (2%) of such Purchaser's purchase price. On March 21, 2022, an amendment to the registration rights agreement was executed by all Purchasers in the PIPE Transaction to allow the Registration Delay Payments to be paid quarterly in arrears and payable in cash or common stock at the option of the Company. The Company records such obligations in accordance with FASB ASC 825-20, Registration Payment Arrangements. The Company reviews its estimated liability quarterly. The liability is included on the Consolidated Balance Sheets under the heading "registration payment arrangement," and amounted to $1,512,401 as of December 31, 2023. Gains or losses resulting from the establishment of the liability are included in the Consolidated Statement of Operations in other income (expense) under the heading "registration payment arrangements" which amounted to loss of $805,951 and $4,718,250 during the year ended December 31, 2023, and 2022 respectively. Through December 31, 2023, the Company has issued 3,019,870 shares of common stock and paid $480,000 in cash to satisfy the accrued registration payment arrangement liability.

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

		For the Years Ended December 31,	
Name of Related Party Participant	Relationship	2023	2022
Hudson Executive	Director Ian Harris	$ 291,600	$ 1,710,000
Camac Partners	Director Eric Shahinian	259,200	1,520,000
JEC II Associates, LLC	Director Michael Torok	24,300	142,500
Brad Tirpak	Former CEO	32,400	190,000
		$ 607,500	$ 3,562,500

A summary of registration payment arrangement payable to related parties as of December 31, 2023, and 2022:

Name of Related Party Participant	Relationship	December 31, 2023	December 31, 2022
Hudson Executive	Director Ian Harris	$ 547,200	$ 1,350,000
Camac Partners	Director Eric Shahinian	486,400	1,200,000
JEC II Associates, LLC	Director Michael Torok	45,600	112,500
Brad Tirpak	Former CEO	60,800	150,000
		$ 1,140,000	$ 2,812,500

NOTE 10 - DISAGGREGATED AND DEFERRED REVENUE

Deferred revenue consists of the following:

	December 31, 2023	December 31, 2022
Current:		
Web hosting services	$ 1,571,949	$ 1,694,807
Domains	981,717	964,526
Podcast advertising	250,161	97,160
Media subscription services	142,171	178,015
Total current deferred revenue	$ 2,945,998	$ 2,934,508
Non-current:		
Web hosting services	26,090	31,772
Domains	636,888	658,775
Total non-current deferred revenue	$ 662,978	$ 690,547
Total deferred revenue	$ 3,608,976	$ 3,625,055

Deferred revenue as of December 31, 2023 is expected to be recognized as revenue as follows:

	Domains	Web hosting services	Podcast advertising	Media subscription services	Total deferred revenue
2024	$ 981,717	$ 1,571,949	$ 250,161	$ 142,171	$ 2,945,998
2025	292,720	22,445	—	—	315,165
2026	177,955	3,645	—	—	181,600
2027	103,825	—	—	—	103,825
2026	41,158	—	—	—	41,158
Thereafter	21,230	—	—	—	21,230
Total	$ 1,618,605	$ 1,598,039	$ 250,161	$ 142,171	$ 3,608,976

Disaggregated revenue consists of follow:

	For the Years Ended ended December 31, 2023	2022
Web hosting services	$ 9,060,997	$ 8,783,561
Podcast hosting (1)	14,873,019	15,689,759
Podcast advertising	32,315,541	31,331,295
Domains	1,480,012	1,373,753
Total revenue	$ 57,729,569	$ 57,178,368

(1) Podcast hosting includes media subscription services revenue.

NOTE 11 - Income Taxes

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

	For the Years Ended December 31, 2023	2022
Current:		
Federal	$ —	$ —
State	134,838	—
Total current	$ 134,838	$ —
Deferred:		
Federal	$ (579,404)	$ (1,888,282)
State	184,276	(594,661)
Total deferred	(395,128)	(2,482,943)
Income tax benefit	$ (260,290)	$ (2,482,943)

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

	December 31, 2023	December 31, 2022
Deferred tax assets (liabilities):		
Intangible assets – tax amortization	$ (2,139,901)	$ (2,284,231)
Depreciation and amortization	2,598,249	2,297,133
Net operating loss carryforwards	4,767,199	3,783,065
Investment in Foreign Subsidiaries	2,511,894	—
Non-cash compensation	578,071	398,471
Deferred revenue	186,724	187,068
Taxes and interest	152,309	199,028
Provision for uncollectible accounts	65,526	86,455
Transaction costs	178,505	733,159
Registration payment arrangements	395,493	1,016,702
Other	29,806	—
Deferred tax assets	$ 9,323,875	$ 6,416,850
Valuation allowance	(2,511,894)	—
Deferred tax assets, net	$ 6,811,981	$ 6,416,850

At December 31, 2023, the Company had $18,841,291 of net operating losses that are available to offset future taxable income in domestic jurisdictions. The amount of and ultimate realization of the benefits from the deferred tax assets for income tax purposes is dependent, in part, upon the tax laws in effect, the Company's future earnings, and other future events, the effects of which cannot be determined. During 2023 and 2022, the Company did not utilize any net operating losses relating to prior years in the filing of the Company's corporate income tax returns. As of December 31, 2023, the Company has a $77,004 U.S. federal income tax receivable resulting from prior overpayment of taxes. Income tax receivable is included in "Prepaid expenses and other assets, net of current portion" on our Consolidated Balance Sheets which will be utilized to offset future federal income taxes due.

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

	For the Years Ended December 31,	
	2023	2022
Benefit from income taxes at U.S. federal statutory rate	$ (987,192)	$ (1,850,916)
State and local income taxes, net of federal	(142,691)	(545,480)
Federal valuation allowance	(196,946)	—
State valuation allowance	390,80	—
Change in effective tax rate	—	44,236
Other	661,836	(129,687)
Nondeductible expenses	13,895	(1,096)
Total income tax (benefit) expense	$ (260,290)	$ (2,482,943)

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

We file U.S. federal and U.S. states returns. We are generally no longer subject to federal tax examinations for years prior to 2019 for U.S. federal tax returns or to state tax examinations for states tax returns prior to 2017. We also file VAT and GST returns internationally that remain subject to tax examinations since 2015. The Company incurred $173,991 and $484,561 of VAT and GST expense during 2023 and 2022, respectively.

NOTE 12 – LEASES

As of December 31, 2023, the Company leases an office space in Pittsburgh, Pennsylvania, and one photocopy machines. These leases are all classified as operating leases. Total rental expense for operating leases was approximately $380,000 and $416,000 for the years ended December 31, 2023 and 2022, respectively. Lease expense is classified as "General and Administrative" in our Consolidated Statements of Operations.

We have options to renew lease terms for the office space and photocopy machine. We evaluate renewal and termination options at the lease commencement date to determine if we are reasonably certain to exercise the option on the basis of economic factors. The weighted average remaining lease term for our operating leases as of December 31, 2023 was 2.7 years. The discount rate implicit within our leases is generally not determinable and therefore the Company determines the discount rate based on its incremental borrowing rate for purposes of classifying the lease and measuring the right-of-use asset and lease liability. The incremental borrowing rate for our leases is determined based on the lease term in a similar economic environment, adjusted for impacts of collateral. The weighted average discount rate used to measure our operating lease liabilities as of December 31, 2023 and 2022 was 4.42% and 4.42%, respectively.

Cash paid for amounts included in the measurement of lease liabilities for operating cash flow from operating leases was approximately $396,000 and $405,000 during the years ended years ended December 31, 2023 and 2022.

The minimum payments under operating lease agreements as of December 31, 2023 was:

Maturity of lease liabilities:	
Operating Lease Future Minimum Payments for the twelve months ending December 31,	**2023**
2024	$ 396,318
2025	396,318
2026	298,490
2027	833
Thereafter	—
Total lease payments	$ 1,091,959
Less amount of lease payment representing interest	(65,665)
Total present value of lease payments	$ 1,026,294

NOTE 13 - EARNINGS PER SHARE

Basic income per share is computed by dividing net income by the weighted-average number of shares of common stock issued and outstanding during the period, excluding stock awards with market or performance conditions that have not been met (the "Contingently Issuable Shares") and excluding unvested restricted service-based stock awards ("Potentially Dilutive Shares"). If conditions related to Contingently Issuable Shares are satisfied, the related shares are included in basic weighted average shares beginning on the day the condition is met. As of December 31, 2023, 1,287,126 Contingently Issuable Shares and 1,091,005 Potentially Dilutive Shares were excluded from the weighted-average basic shares outstanding calculations for earnings per share computation purposes. As of December 31, 2022, 1,300,000 Contingently Issuable Shares and 733,667 Potentially Dilutive Shares were excluded from the weighted-average basic shares outstanding calculations for earnings per share computation purposes.

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

The following table sets forth the computation of basic and diluted earnings per share and a reconciliation of the weighted average number of shares outstanding used in the computation of basic earnings per share to the total weighted average shares and dilutive securities outstanding used for determination of diluted earnings per share as of December 31, 2023 and 2022:

	For the Years Ended December 31,	
	2023	**2022**
Numerator:		
Net loss from continuing operations	$ (3,116,387)	$ (6,021,593)
Net loss from discontinued operations	(15,882,258)	(309,350)
Net loss	$ (18,998,645)	$ (6,330,943)
Denominator:		
Weighted-average shares of common stock outstanding	30,477,933	28,347,491
Plus: Dilutive effect of share based compensation	—	—
Weighted-average shares of common stock outstanding - diluted	30,477,933	28,347,491
Net loss per common share from continuing operations		
Basic and Diluted	$ (0.10)	$ (0.21)
Net loss per common share from discontinued operations		
Basic and Diluted	$ (0.52)	$ (0.01)
Net loss per common share		
Basic and Diluted	$ (0.62)	$ (0.22)

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of December 31, 2023 and 2022, the Company had approximately $0 and $547,123 of purchase commitments related to long-term non-cancelable agreements with providers to purchase data center capacity, such as power, bandwidth and colocation space, respectively. These amounts do not represent the Company's entire anticipated purchases in the future but represent only those items for which the Company was contractually committed as of December 31, 2023.

SEC Administrative Proceeding

On February 8, 2022, the Company was named as a respondent in an Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934, File No. 3-20737 (the "Order"). As stated in the Order, the SEC deemed it necessary and appropriate for the protection of investors that a public administrative proceeding be instituted pursuant to Section 12(j) of the Exchange Act of 1934 (the "Exchange Act") against the Company (the "Proceeding"), as a result of the Company's failure to file any periodic reports since it filed its Quarterly Report on Form 10-Q for the period ended September 30, 2020. On April 12, 2022, the Company submitted an offer of settlement to the SEC in which the Company consented to the revocation of the registration of the Company's common stock under the Exchange Act. On April 15, 2022, the SEC implemented the revocation, which, among other things, has the effect of prohibiting any member of a national securities exchange, broker, or dealer from effecting any transaction in, or induce the purchase or sale of, the securities of the Company thereby causing public trading in the Company's common stock to cease.

The Company continues to evaluate whether or when to re-register its common stock under Section 12 of the Exchange Act. There is no assurance that the Company will resume being a publicly traded company. Until such time as the Company effects such re-registration (of which it can give no assurance), the disclosure requirements under the Exchange Act, including the filing of periodic reports and proxy statements, are not applicable to the Company.

Legal Proceedings

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

FAB Universal Corporation ("FAB") v. Hongcheng Zhang et al.

In October 2020, the Company discovered that Zhang Hongcheng ("Zhang"), a citizen of the People's Republic of China ("PRC"), and certain other individuals associated with Zhang (collectively with Zhang, the "Zhang Parties"), had been convicted of financial crimes in a PRC Court in 2015 related to their obtaining shares of common stock of FAB, the Company's former parent, through fraudulent activities that began before 2012, and using such shares in a "ponzi scheme" in the PRC. Zhang was convicted of the crimes of Illegal Absorption of Public Saving and Obtaining Loans by Fraud and other Zhang Parties were convicted of the crime of Illegal Absorption of Public Savings. The criminal judgement was entered November 27, 2017.

The Zhang Parties and other shareholders of Digital Entertainment International Ltd. (collectively, the "DEI Stockholders") had acquired their shares in FAB in a fraudulent transaction with FAB, which ultimately resulted in the collapse of FAB as a going concern and the spin-off of the Company to former FAB shareholders. Due to their acquisition of FAB common stock in the fraudulent transaction, upon the spin-off distribution of the Company from FAB, the DEI Stockholders punitively became stockholders of the Company.

On November 25, 2020, the Company, as plaintiff, on its own behalf and derivatively on behalf of FAB, filed a complaint (the "Action") in the United States District Court for the District of Colorado (the "Court") against the DEI Stockholders. The Action alleges that the Zhang Parties have committed, against the Company and derivatively against on behalf of FAB, among other things, securities fraud under Colorado law, fraudulent concealment or nondisclosure of material information, and fraudulent representations. The Company successfully served three companies affiliated with Zhang, that are incorporated in the British Virgin Islands (the "BVI Entities") and the BVI Entities failed to satisfy the May 17, 2021 deadline for filing an answer to the Action. The Company filed a motion for default judgment on June 4, 2021 and a default was entered against the BVI Entities on June 7, 2021 by the court clerk. On May 25, 2022, the Court denied the Company's motion for default judgement and on June 8, 2022 granted the Company's motion to dismiss the case.

As of December 31, 2021, the Company had 35,616,146 shares of common stock outstanding of which 7,494,400 shares were registered in the name of the DEI Stockholders (the "DEI Shares"). Because the DEI Stockholders fraudulently obtained their shares of FAB common stock, and FAB later distributed shares in the Company in a spin-off transaction, the Board canceled the DEI Shares effective as of December 31, 2021. On January 11, 2022, the Company instructed the transfer agent to cancel the DEI Shares with the effective date of the cancellation as December 31, 2021 in accordance with the Board resolution. On January 18, 2022, the transfer agent cancelled the DEI Shares. The Company's transfer records reflect that on January 18, 2022, the number of issued and outstanding shares of the Company was reduced by 7,494,400 shares as a result of the cancellation of the shares.

At the instruction of the Board of Directors, the Company gave notice of the cancellation of the DEI Shares to the DEI Stockholders at the address of such holders as reflected in the Company's stock records. The Company also engaged an advisor in the PRC to assist with providing notice of the cancellation to the DEI Stockholders. The notice included instructions to the DEI Stockholders that if they believed they had a valid, non-fraudulent claim they were required to provide written notice to the Company of its intent to challenge the cancellation within 90 days of receipt or deemed receipt of the notice and must provide evidence supporting its claim. As of the date of this report, there have been no such claims filed by any of the DEI Stockholders.

FAB Universal Spin-Off

Although the Company does not expect to be liable for any obligations not expressly assumed by the Company from the spin- off, it is possible that the Company could be required to assume responsibility for certain obligations retained by FAB, the former parent company of the Company, should FAB fail to pay or perform its retained obligations. FAB may have obligations that at the present time are unknown or unforeseen. As the nature of such obligations are unknown, we are unable to provide an estimate of the potential obligation. However, should FAB incur such obligations, the Company may be financially obligated to pay any losses incurred.

401(K) Plan

The Company has a 401(k) plan and profit-sharing plan for the benefit of the employees of the Company. Employees are eligible to participate in the plan the first of the month following their hire date and attaining the age of 21. Profit sharing contributions are made at the discretion of the Board of Directors and vest 100% after the second year of service. The Company did not make any profit-sharing contributions to the plan during 2023 or 2022.

NOTE 15 - SEGMENT REPORTING

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

The Company is engaged in providing podcast hosting, podcast advertising services and web hosting. As of December 31, 2023, the Company's CEO was determined to be the chief operating decision maker ("CODM") who reviews the financial information of separate operating segments when making decisions about allocating resources and assessing performance of the group. The services provided by each operating segment are outlined in Note 1 - Organization, Basis of Presentation and Summary of Significant Accounting Policies. We operate and report our financial information in the following reportable business segments: podcast hosting services (Libsyn), internet hosting services (Pair) and podcast advertising (AdvertiseCast).

The following table presents summary information by segment for the twelve months ended December 31, 2023 and 2022, respectively:

(in thousands)	2023	2022
Revenue		
Podcast hosting	$ 14,875	$ 15,980
Podcast advertising	32,175	31,041
Web hosting service (1)	10,680	10,157
Total revenues	$ 57,730	$ 57,178
Cost of revenue		
Podcast hosting	$ 2,312	$ 2,207
Podcast advertising	23,615	23,510
Web hosting services	1,835	1,724
Total cost of revenue	$ 27,762	$ 27,441
Total assets		
Podcast hosting	$ 20,684	$ 20,815
Podcast advertising	45,980	45,796
Web hosting services	10,330	12,783
Discontinued operations	1,722	19,980
Total assets	$ 78,716	$ 99,374
Depreciation and amortization		
Podcast hosting	$ 1,059	$ 760
Podcast advertising	1,589	1,510
Web hosting services	1,266	1,277
Total depreciation and amortization	$ 3,914	$ 3,547

(1) Web hosting services revenue includes both web hosting and domain name registration revenue

Geographic revenue related to operations for the years ended December 31, 2023, and 2022 were as follows. Revenue is allocated to a geographic area based on the customer's country of domicile. No one country other than the United States represents more than 10% of net sales for 2023 or 2022:

	Total Revenue	
(in thousands)	**Year ended December 31, 2023**	**Year ended December 31, 2022**
United States	$ 51,409	$ 51,370
Foreign	6,321	5,808
Total	$ 57,730	$ 57,178

NOTE 16 - RELATED PARTIES

During the fiscal years ended December 31, 2023, and 2022, there were no transactions, and there are no currently proposed transactions, in which the Company was or is to be a participant and the amount involved exceeds the lesser of $120,000 or one percent of the average of the Company's total assets at year-end for the last two completed fiscal years, and in which any related person had or will have a direct or indirect material interest, except for as otherwise disclosed in these financials statements.

NOTE 17 - SUBSEQUENT EVENTS

The Company has evaluated events subsequent to December 31, 2023, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through May 6, 2024, the date and time the consolidated financial statements were issued, and it was determined that no subsequent events, unless otherwise disclosed herein or as follows, occurred that required recognition or disclosure in the consolidated financial statements.

On February 2, 2024, the Company entered into a share purchase agreement with Julep's former shareholders to sell interests in Julep Media GmbH for a nominal amount. The transaction closed on February 5, 2024 and was subject to approval from the Company's lenders. The Company will also cancel 1,287,126 contingent shares of common stock, which were issued in connection with the acquisition of Julep. The Company has presented the financial results of Julep as discontinued operations (see Note 3 – Held for Sale and Discontinued Operations).

On February 7, 2024, the Compensation Committee of the Company granted 297,500 restricted stock units under the Company's 2018 LTIP to its Directors with a fair value of $1.90. On the grant date, 100,000 RSU's vested immediately while the remaining restricted stock units shall vest on February 7, 2025, and are subject to accelerated vesting upon a change in control of the Company.

In February 2024, the Company paid the remaining $1,500,000 of contingent consideration due to the PAR Sellers in connection with the acquisition of PAR.

On March 31, 2024, the Company issued 398,000 shares to the Pipe Transaction investors for the first quarter 2024 Registration Delay Payment.