



PodcastOne, Inc.

PODC (NASDAQ) - Buy \$5 Price Target

Initiation Report – June 6, 2024

Initiating PodcastOne – Theater of the Mind – Buy \$5 Target

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Podcasting is Growing Rapidly and PodcastOne is the Only U.S. Public Pure Play

- We initiate coverage of PodcastOne with a Buy rating and \$5 target.
- It is the tenth largest podcast publisher in the U.S. and the only publicly-traded U.S. pure play.
- Podcasting is a rapidly growing advertising medium, with roughly \$3 billion in revenue this year and a 30% CAGR.
- Advertisers like podcast because, since it is spoken word content, listeners listen more attentively, including to ads. Listeners also hit all the right demographics and PodcastOne targets the demographic sweet spots.
- In keeping with 73% ownership parent LiveOne's focus, PodcastOne is focused on profitability. Revenue per impression was up 32% in the March quarter versus two quarters prior and the company looks to have turned the corner from a profitability standpoint, with \$2.2 million in EBITDA expected in F25, and \$4.0 million in F26.
- The company also has a number of strategic initiatives in the pipeline, and additional monetization initiatives such as talent tours and licensing rights to television productions.

Rating	Buy	Earnings Per Share	Normalized to exclude unusual items			
Target Price	\$5.00	FYE - March	FY2023	FY2024	FY2025E	FY2026E
Ticker Symbol	PODC	1Q - June	(\$0.00)	(\$0.01)	(\$0.06)	(\$0.07)
Market	NASDAQ	2Q - September	(\$0.00)	(\$0.52)	(\$0.07)	(\$0.07)
Stock Price	\$1.98	3Q - December	(\$0.01)	(\$0.11)	(\$0.07)	(\$0.07)
52 wk High	\$5.80	4Q - March	(\$0.03)	(\$0.05)	(\$0.07)	(\$0.07)
52 wk Low	\$1.43	Year	(\$0.06)	(\$0.68)	(\$0.27)	(\$0.27)
Shares Outstanding:	98.6 M	Revenue (\$mm)	\$34.6	\$43.3	\$56.6	\$64.5
Public Market Float:	22.4 M	EV/Rev	1.3X	1.0X	0.8X	0.7X
Avg. Daily Volume	47,109	EBITDA (\$mm)	(\$0.5)	\$0.7	\$2.2	\$4.0
Market Capitalization:	\$47 M	EV/EBITDA	-88.6X	68.3X	20.2X	11.3X
Institutional Holdings:	0.6%					
Dividend Yield:	0.0%					

Risks/Valuation

- The dominant risk is that the company's competitors are mainly much larger, diversified media companies.
- We value PODC shares at 1.8x our FY26 revenue estimate, reflecting a 10% premium versus radio comps.

Company description: PodcastOne is the only publicly-traded podcasting pure play company in the U.S. It has 185 programs over a range of popular genres. Unique for an American media company, it offers content targeted at the entire market – both ends of the political spectrum.

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Theater of the Mind – Initiating PodcastOne at Buy

We initiate coverage of PodcastOne with a Buy rating and \$5 price target. Podcasting is a popular media category among both consumers and advertisers. PodcastOne is the only pure play in the sector. Based on data from Podtrac, it ranks #12 but the number of unique monthly listeners (5.7 million) #11 by the number of downloads and streams for its podcasts (19.1 million in April) and #6 with 185 active shows. Most other larger podcast publishers such as iHeart, New York Times and Disney, are primarily publishing their own content, whereas PodcastOne has a diverse mix of its own programs and those of its contracted talent such as Adam Carolla and Lady Gang. While most media outlets, and many podcast publishers, target either liberal or conservative audiences, PodcastOne is unique with a balanced approach and some of both. We think it makes sense to target the entire addressable audience, rather than half of it.

The company has a \$47 million market cap, but 73% is owned by parent LiveOne (LVO – rated Buy) so the float is just \$1 million. We forecast revenue of \$56.6 million and EBITDA of \$2.2 million for F25 (ended March 31, 2025). For F26, we forecast revenue of \$64.5 million and EBITDA of \$4.0 million. Radio comps trade at 1.6x trailing revenue whereas PODC shares trade at just 0.6x our F26 estimate. If we project that PODC shares will trade up to 10% premium to radio comps, we get to an \$5 per share valuation for PODC. There are no other U.S. podcasting pure play comps, which is why we use radio comps. But according to data from Statista, podcast advertising revenue should have a 30% CAGR from 2020 to 2025, versus negative 1% for radio advertising. The publicly traded radio sector is not healthy with one company (Audacy) in bankruptcy and another going dark (Salem Media). These facts would, in our opinion, argue for a premium valuation for PODC shares above the multiple of radio stocks and we think our 10% premium may prove conservative. Offsetting this is the illiquidity and very limited float of PodcastOne shares, which would argue for a discount.

Podcasting Represents the Rise of the Attention Economy

According to Wikipedia *“A podcast is a program made available in digital format for download over the Internet. A podcast series usually features one or more recurring hosts engaged in a discussion about a particular topic or current event. Discussion and content within a podcast can range from carefully scripted to completely improvised.”*

Podcasts typically contain advertising, just like traditional TV or radio shows, but the content is often more closely tied to the content with the hosts often reading the ads. Listeners pay more attention to podcast ads than radio ads since they are already actively listening to a spoken podcast, so listening to the ad is more natural. The Interactive Advertising Bureau (IAB) dubs this “The Rise of the Attention Economy”. By contrast, much radio content is music, which is just listened to in the background, and ads are ignored. According to Statista, podcast advertising revenue is expected to be \$3.3 billion this year, versus \$12.5 billion for radio with the radio market about 4x larger than the podcast market. But as recently as 2020, radio ad revenue was about 15x podcast ad revenue, so the gap is quickly closing.

Per IAB, the following are the major industry categories for podcasting advertising as of 2022:

- Financial services at 14%
- Arts, media and entertainment at 13%
- Consumer packaged goods at 10%
- Retail at 9%

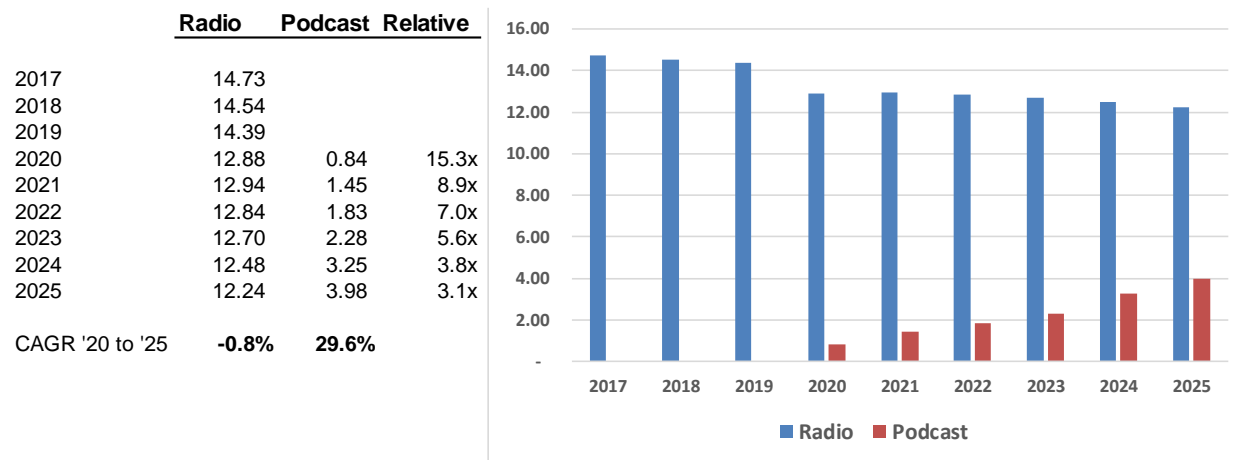
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- Pharma at 7%
- Telco at 5%

This data is from 2022, when certain industries were still significantly impacted by the tail-end of the pandemic so travel and tourism was just 3% of revenue and restaurants at 1%. With the rapid recovery in these industries since the pandemic, we suspect that these numbers have significantly accelerated since the pandemic.

Podcasting Advertising Revenue is Growing at Double Digits, While Radio Recede



Source: Statista

According to IAB, podcast advertising is growing roughly twice as fast as the broad digital advertising category overall which includes social media, paid search, display, digital video and digital audio.



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PodcastOne Was in Podcasting When Podcasting Wasn't Cool

PodcastOne is both a podcast platform and publisher of its own podcast content. It was founded in 2012 by co-founders Norm Pattiz and current President Kit Gray. Pattiz was an industry legend, previously founding Westwood One Radio in 2006, now part of Cumulus Media. Shortly before Cumulus acquired Westwood One, he left to found a new radio company, Courtside Group, in 2010 and PodcastOne was founded as part of Courtside in 2012. Pattiz was named to the National Radio Hall of Fame in 2009. He mentored Mr. Gray who was 35 when PodcastOne was founded. As an experienced radio executive, he was one of the first to recognize the industry shift from radio, where advertising revenue is in decline, to podcasting, where it is growing. Mr. Pattiz sold his company to LiveOne in 2020 for \$18 million, staying on with LiveOne and becoming an important confidante and mentor to CEO Rob Ellin. It is due to Mr. Pattiz's influence that the company was renamed from LiveXLive to LiveOne in 2021, and its brand names end in the word one. Sadly, Mr. Pattiz passed in 2022, but his legacy lives on with the insight he shared with Messrs. Ellin and Gray, the podcasting strategy, and the brand names.

PodcastOne has been publicly traded since August 2023 with LiveOne consolidating its results and owning 73% of shares. It has 185 podcast shows, having added 30 to date in F24, and 100 in its pipeline. While it is still mainly an audio-only podcasting company, it is increasingly expanding its content into vodcasts, simply turning the cameras on its existing podcast productions. In its SEC filings, PodcastOne describes itself as being in the relationship industry, with two types of relationships: the talent and the advertisers who are attracted by the audience the talent's podcasts attract. In this report we describe the talent relationship process and our take on a curated list of six representative podcasts.

PodcastOne also has strong and unique relationships with publishers. Mr. Gray also discussed with us that while listeners are growing, there is a shakeout among podcast publishers and distributors. Major platforms such as Spotify are culling their number of programs while some platforms such as Rooster have ceased entirely. Warner Bros. Discovery announced on March 6th that it was shutting down its Rooster Teeth media business and attempting to sell off the Rooster podcast business. As we discuss below, PodcastOne is also attracting podcasts from other platforms such as Dear Media, which recently lost Jackie Schimmel and her popular Bitch Bible podcast to PodcastOne.

The company describes its talent management process as a White Glove service with its own unique CMS (content management system). Most companies describe their products and services as unique and/or superior, but PodcastOne appears to truly have a competitive advantage and the talent wins to back up their claims. Podcasting is a large and lucrative business for talent such as Jackie Schimmel and Adam Carolla. Mr. Gray attributes the successful recruitment of Ms. Schimmel and the 13-year (and counting) longevity of the Carolla relationship to their CMS. PodcastOne is unique in that it engages with publishers to collaborate on strategy and includes them on sales calls to prospective advertisers. Using its CMS, its publishers have real-time access to data on impressions and revenue, whereas some platforms do not provide this critical information. The company hires a third party to manage its CMS and the data is aggregated from the many sources that track podcast data. They also use Verizon's content delivery network (CDN) with servers around the world, to speed the delivery of podcasts.

Consistent with LiveOne's articulated strategy of being creator-focused on identifying and introducing new talent, PodcastOne has its own LaunchpadOne simple platform where people with new ideas for podcasts can produce and distribute their own podcasts. This platform has over 1,000 shows, but most generate only a few hundred impressions. It likely generates minimal revenue, but it costs very little to create and operate. The company does insert its own ads, with no revenue split to talent, and in return gives them free use of the platform to store and distribute their content to all major podcast listening platforms. Talent can source and insert their own ads, pocketing the revenue. It gives the company a first look at breaking talent as it sees who has large numbers of impressions.

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Featured podcasts on LaunchpadOne include:

- Your Favorite Blockhead
- Elevation Lifestyle
- The Dance Room
- Prickly and Blooming
- Ghost Freak'n Talk'n
- The Real Housewives of Reality

Strong Senior Management Team

- **Rob Ellin** – Executive Chairman. Ellin is a serial entrepreneur having founded, run, and sold several successful startups since starting LiveOne in 2009 taking it public in December 2017 at \$4 per share. Mr. Ellin is the face of the company and strategic mastermind, but he surrounds himself with lower-key, competent senior managers. He has a large, personal financial interest in LiveOne, owning 24%, and takes no salary, aligning himself with investors. LiveOne acquired PodcastOne in 2020, with Mr. Ellin becoming Executive Chairman while its founder, and radio industry legend, Norm Pattiz, stayed on.
- **Kit Gray** – Mr. Gray is the President of PodcastOne and is fortunate enough to have co-founded PodcastOne in 2012 and be mentored by National Radio Hall of Fame member and Westwood One founder Norm Pattiz. At a 2020 investor conference, Mr. Pattiz explained how a young Kit Gray taught him about the podcast industry. PodcastOne explains that it is in the relationship business, with two key constituencies – podcast talent and advertisers. Mr. Gray's forte is on the talent side, and he has a personal friendship with key talent such as Adam Carolla, the most downloaded podcast host ever, according to the Guinness Book of World Records. Mr. Gray works out of his home in the rural Florida panhandle, which makes sense for the head of a company that operates virtually. We discuss our conversation with Mr. Gray in more detail later in this report.
- **Sue McNamara** – Chief Revenue Officer. PodcastOne is in the advertising sales business and fortunately, it has one of the best in the industry in Ms. McNamara. She spent over 20 years in radio sales for CBS and successfully translated her experience to podcasting and PodcastOne. We are not just impressed by the amount of revenue her 12-person team brings in, but the diversity and match with the audience for each podcast. Such a strong CRO frees up Mr. Gray for his talent management role, allowing him to successfully land a number of well-known new properties as the industry goes through a maturation shakeup.
- **Aaron Sullivan** – CFO. Mr. Sullivan has been with LiveOne since becoming controller in 2019 and became interim CFO of LiveOne in 2021 with the departure of its more seasoned (e.g. expensive) CFO. He was only recently named CFO in February. It has been our experience that the controller does the heavy lifting in terms of financial filings and in fact we have seen no interruption in the informative, timely financial filings the company has long produced. We met with Mr. Sullivan on our recent visit to LiveOne's headquarters in Beverly Hills and found him to be a competent, mild-mannered counterpart to the CEO's more exuberant personality. Sullivan has a good ability to communicate complex financial issues and educate the financial community, staying within the bounds of reg FD, but pointing investors to public but perhaps obscure disclosures. With the public listing of PodcastOne in 2023, Mr. Sullivan became CFO of both companies.
- **Eli Dvorkin** – Chief Content Officer. Mr. Dvorkin is the one senior executive we have yet to meet. He has been with the company since inception, and is another Norm Pattiz protégé having joined Westwood One in 2005, just after graduating from Humboldt State University.

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Sampling the Content – Liberal Ladies and Conservative Men

During our call with PodcastOne President Kit Gray, he curated a list of six representative podcasts, which we listened to and comment on below. The company's audience is 58% female. While management does not say that the audience is skewed towards housewives, logically they have more time and are likely over-represented in the audience. Even supposedly non-gendered content, like crime podcasts, skew more towards women. The good news is that women are loved by advertisers because they tend to make household purchasing decisions, many love to shop and with the changes in the media landscape, they are more elusive to reach. Podcasts are ideal, since not only can they reach women audiences, but they can also track them since most ads on the podcasts we listened to included some kind of discount if listeners entered the podcast code. So, advertisers can directly track the spending. In the summaries below, we list the advertisers on each.

LadyGang – The Hollywood Girl Posse



Source: Company reports

“Are you afraid to be alone with your own thoughts? Would you rather hear stories and conversations from three idiots stumbling through womanhood? Well, you're in the right place! From the minds and mouths of Keltie Knight, Jac Vanek, and Becca Tobin, the LADYGANG podcast intends to make women feel less alone. Each week the ladies welcome celebrity guests, experts, or chat amongst themselves about all things lady.”

Given the female focus of PodcastOne, we decided to dive into decidedly female content with LadyGang. The podcast logo shows the three hosts, supposedly naked in a bathtub. The three hosts are very likely similar to the audience demographics:

Keltie Colleen Knight - 42 years old - Ms. Knight is a three-time Emmy Award-winning Canadian television personality, a New York Times best-selling author, and a former professional dancer.

Rebecca Grace Tobin (Becca) – 38 years old - Ms. Tobin is an American actress, singer, and dancer. She played the character Kitty Wilde on the Fox musical comedy-drama series Glee.

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Jac Vanek - 37 years old - Ms. Vanek has her own fashion line, with products on sites such as Zumiez and Shopify. She has long been a fashion and music influencer. Per her bio: “Her unconventional Jac Vanek brand continues to defy boundaries of the fashion industry, and her sassy graphics and slogans are widely worn by celebrities.”

The podcast has been around since 2015 and has boasted nearly 200 million downloads. It has won or been nominated for awards such as People’s Choice, Webby, and Entertainment Weekly where it won Podcast of the Year in 2015. They have also published a book – “Act Like a Lady” – which was a New York Times bestseller.

We began by sampling their 26-minute episode of March 14th and found it focused on often taboo female topics such as menopause, periods, dildos, and uterine cancer – topics that pretty much appeal to the exact opposite of the Duck Dynasty audience. Given the fashion expertise of the gang, they also opined on the topic of counterfeit fashion shoes. About halfway through the podcast, three ads were inserted.

- **Jenni Kayne** – a high-end women’s fashion brand with a website and 26 retail stores in upper-income locales such as West Hollywood, CA., Greenwich, CT, and Naples, FL.
- **Great Jones** – a high-end cookware website.
- **Huggies** – the Kimberly Clark diaper brand.

The ads took about three minutes with each voiced by the LadyGang talent, although not live. The sponsors all appeal to women, with no overlaps and two feature more expensive products. We could definitely picture a LadyGang listener wearing a Jenni Kayne outfit, and cooking on Great Jones cookware while their child wears Huggies. So, this first listen was a good representation of both LadyGang and PodcastOne.

However, given the strong female-focused topics of our first exposure to the gang, we then sampled the 23-minute March 28th podcast whose topics were less gender-centric. They had a light-hearted discussion of what is called the “jump scare” in horror movies (sound effects leading up to a big scare) and how jump scares are used in other genres with an example from Instagram. Again, the ads were a mix of one large company and two more female-focused ads, with the first two voiced by LadyGang talent.

- **ExpressVPN** is perhaps the largest and most popular VPN. The ad focused on using it to get around Netflix geo-blocking, where Netflix checks your location and only shows ads where it has a license. By spoofing the location with ExpressVPN, the ad says viewers can avoid this restriction
- **Just Thrive Health** – this company sells probiotics, antioxidants, memory stimulus, and other health supplements online and in retail stores. Its products are not gender-specific, but its marketing focuses on women.
- **Hazel the Beauty RN** – this was apparently a locally inserted ad in New York City (where we streamed from) as it is a beauty consultation service run by a New York area registered nurse.

We note the diversity of these ads and the creativity of the PodcastOne ad sales team in assembling such a diverse group of advertisers, and we only listened to two of their podcasts.

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Jennifer and Pumps are the Ladies of I've Had It



Source: Company reports

The I've Had it podcast features two women from Oklahoma who notably go against the conservative, religious, bible-belt image of the state. Their bios are:

“Angie “Pumps” Sullivan was born in Tulsa, Oklahoma, and was raised in Oklahoma City. An attorney by trade, she managed to find another eccentric in the profession, having worked for Josh Welch early in her career. She and Josh remain as close as ever – and she and Jennifer, while polar opposites, are also best friends.” She is apparently still practicing law because she mentioned a situation with a soda vending machine at a courthouse. She also appears on the Bravo show “Sweet Home Oklahoma”.

“Jennifer Welch was born in Dallas, Texas, and moved to Oklahoma City when she was seven. She is “happily divorced” from Josh Welch, with whom she lives and raises their two sons, Dylan (15) and Roman (13). Having built up her own firm for the last twenty years, Jennifer is a highly accomplished interior designer and equally adept at residential and commercial projects. In addition to her work in Oklahoma City, Jennifer has completed projects in Nashville, Dallas, Palm Springs, Denver, and Hawaii, among others. She is a perfectionist with an “eagle eye” for every detail.”

We listened to the 48-minute March 27th podcast. Again, the podcast is a somewhat cynical, light-hearted look at topics of particular interest to women, with the hosts, and presumably the audience, skewing a bit older (vs. LadyGang’s audience demographics) as both hosts are in their 50s. We were not sure what to make of the criticisms of conservatives, MAGA, and the religious who they say “oppose other people being happy” because the hosts spend their podcast doing the same thing. At one point they mocked lesbians for their supposed superiority in sports and called out a group of “lesbian mee-maws” for trying to enter an empty pickleball court before their allotted time. However, at the end of the podcast, they mention pride-themed I've Had It merchandise on their site. Our take is that their podcast is all in good fun, and it should be taken in the light-hearted vein it is intended.

The topics discussed criticized people who are nostalgic with the hosts' theory that back then people could act like “dicks” whereas they are called out for such behavior now. In another segment, attorney Angie

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Sullivan tells a story about how the vending machine in the local courthouse dropped her Diet Dr. Pepper from a height, causing it to splash all over her when she opened it. In another, she recalled spilling wine onto the crotch of a date at a Flip's Wine Bar in Oklahoma City, so apparently spilled beverages are a theme for them. It's not clear if Flip's or Dr. Pepper paid for their promos but presumably, they picked up business from the podcast.

Since we listened to a 48-minute podcast, we were treated to two, three-advertiser, three-minute ad blocks.

- **Arizona State University** – this was an inserted, stock, generic ad for the well-known online university.
- **McDonald's** – this was another ad for a well-known, national brand and this was voiced by the podcast talent.
- **Peloton** – this was also an ad for a well-known national company.

Since the podcast is presumably targeted towards a female audience, we can see listeners studying for degrees online at ASU, eating McDonald's food, and then working it off on a rented Peloton featured in the ad.

The second ad block also featured three companies popular with women.

- **Etsy** – this is a publicly traded online company featuring crafts and other products.
- **Quince** – this is a women's fashion brand, and the ad was voiced by the talent discussing how they loved the company's V-neck Cami products, which retail for \$40 on the site. So, this is a bit of a lower price point than the luxury goods sold by the LadyGang in places like Southampton, and presumably more popular with their Oklahoma and other red state audiences.
- **Stitch Fix** – this company is also publicly traded and sells curated outfits for men and women with the I've Had It ad featuring their woman's offering. Presumably one can also wear a Quince camisole with a Stich Fix outfit. Again, this sponsor seems appropriate as we can't see the upscale L.A. LadyGang audience wearing pre-selected mail-order outfits, but the company likely appeals more to the I've Had It audience.

Again, like the other ads we can see Jennifer and Pumps, and their presumably similar audience buying using Etsy products and wearing Quince and Stitch Fix apparel.

After listening to the ladies kvetch, we shifted our focus.

Cold Case Files Brings the Stories from A&E to Podcasting



Source: Company reports

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Cold Case Files is a very well-known brand of crime drama long popular on the A&E cable channel, then Netflix, and now also on PodcastOne. According to Mr. Gray, this genre is also very popular with its large female audience. The official description is: "Cold Case Files is a reality legal show/documentary on the cable channel A&E Network and the rebooted series on Netflix. It is hosted by Bill Kurtis and the original series was produced by Tom Golden. The show documents the investigation of many long-unsolved murders (referred to as "cold cases" in detectives' parlance) through the use of modern forensic science (especially recent advances in DNA techniques), and criminal psychology, in addition to recent breakthroughs in the case(s) involving previously silent witnesses. Some episodes of the series have now been adapted into a podcast of the same name, "Cold Case Files," hosted by Brooke Gittings and featuring the voice of the original Cold Case Files host, Bill Kurtis. The podcast is part of the PodcastOne podcast network in conjunction with A&E."

We listened to the 41-minute March 30 podcast which included two stories. It began with an ad for Arizona State University, which does have a criminology major for cold case fans so they can turn their interest into a career. The first story involved serial killers David Gore and his cousin Fred Waterfield and their abduction of teens Regan Martin and Lynn Elliott in 1983. This was a grizzly story told in the voice of Ms. Martin including rape and the murder of Ms. Elliott. It was not actually a cold case as the perpetrators were arrested on the day of the event and Mr. Gore was executed in 2012, with Mr. Waterfield receiving two life sentences as the accomplice.

At the 15-minute mark, there was an ad for language app Rosetta Stone, with Cold Case Files listeners receiving a 50% discount on lifetime subscriptions.

After the break, the podcast went into the story of Alaskan hunters Gary and Scott and their ordeal after their plane caught fire and crash-landed near their hunting cabin in Talkeetna, Alaska. We found it to be a gripping tale of human survival with, happily, both men rescued after a day and recovering from severe burns. The story was interrupted in the middle with a one-minute commercial break for the company's recently acquired, award-winning podcast "Was I in a Cult?" and then a spot for Hotels.com. At the end, there were three ads – one for Pluto TV, one for CloudStrike, and a Spanish-language ad for McDonald's. The inclusion of a Spanish ad in an English-language podcast was perplexing.

Your Welcome with Michael Malice



Source: Company reports

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We next shifted our listening focus to three male-hosted podcasts with the first being “Your Welcome” with Michael Malice. The host’s real name is Michael Krechmer – age 43. He is a, is a Ukrainian-American anarchist, author, and podcaster.

Tagline: “Michael Malice brings his unique perspective - and plenty of sick burns - as he discusses everything from North Korea to American politics and culture with a bevy of guests.”

We listened to the one-hour March 24th podcast with guest David Rubin. Your Welcome is an outspoken, conservative podcast with a conservative host and conservative guests. The sponsor was a company called Fast Growing Trees which bills itself as the largest online nursery. The topics started with the recent departure of Candace Owens from Daily Wire and reports of discord between her and Daily Wire owner Ben Shapiro. For the uninitiated, both are very well-known in the online world, and both are extremely controversial and popular. Most of the podcast revolved around Rubin’s recent visit to Israel and a discussion of the Hamas-Israel war. Both the host and guest were strongly on the side of Israel. The discussion morphed into a discussion of American politics and the Biden administration. Listening to the podcast, we couldn’t help but think what PodcastOne liberal hosts Jennifer and Pumps from I’ve Had It would say about Malice and Rubin.

At the 24-minute mark, Michael Malice voiced an ad for the sponsor, Fast Growing Trees, and discussed how he purchased one of their trees with a gift certificate he was given. Apparently, conservative podcast listeners are a target audience for online nurseries. The second ad was an insert for PodcastOne’s own Varnamtown podcast (which we discuss later) discussing how this real-life town has issues with crooked cops and brother against brother. There was no closing ad. So, either Fast Growing Trees paid a higher amount to be the sole third-party sponsor, or it is tougher to place ads for conservative podcasts than for the liberal female podcasts we listened to.

Jordan Harbinger - Former Wall Street Lawyer and Broker Turned Podcaster



Source: Company reports

Attempting to listen to Mr. Harbinger’s podcast sends the new listener to sites across the World Wide Web. His podcast is prominently listed first among the podcasts shown on the company’s home page. But clicking on the logo offers an option to subscribe or to listen on Apple, Spotify, or Outcast. Clicking on the most recent episode sends one to jordanharbinger.com. The one hour and 16-minute Friday, April 5th podcast covered four topics, per the website:

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- Your alcoholic sister's in an abusive relationship, and you worry your nieces are in danger. What can you do?
- Taking over from a clueless old boss can be challenging. How can you forge ahead without tinging new business relationships with his old-boss smell?
- "Your dad gave me an STD! Wanna share a toilet?"
- Your immigrant parents seem to have your best interests in mind. It's a shame they're so racist.

It included an impressive array of diverse advertisers:

- **Nissan** – the world's 9th largest auto manufacturer
- **BetterHelp** - the Teladoc-owned mental health telemedicine company that advertises across many PodcastOne podcasts. Presumably, podcast listeners are more apt to get their medical services via telemedicine.
- **Quince** - a clothing website offering listeners a discount.
- **Conspirituality** - a podcast which "dismantles" cults.

As the topic list shows, Mr. Harbinger's webcast is largely apolitical, covering common, daily life topics. The April 5th first topic was about a passenger on a flight to Japan who took his shoes off and had an extreme foot odor problem. So, the audience is people fascinated by unusual topics. Presumably, this audience is also a key target for low-end Japanese cars such as Nissan and the other sponsors.

At the 14-minute mark, Mr. Harbinger smoothly segued into a discussion of an international trip to a discussion of sponsor Flykitt.com which offers jet lag treatment kits for \$99 per flight, although there is a Jordan Harbinger discount.

Adam Carolla Holds the Guinness World Record for the Most Downloaded Podcast



Source: Company reports

Adam Carolla – age 60, is an American radio personality, comedian, actor, and podcaster. According to the Guinness World Records in 2011, his is the "most downloaded podcast". He is probably the most famous

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of PodcastOne's talent and has a personal friendship with Kit Gray, so hopefully he will stay at the venue for a long time. The show's official tagline is "Adam shares his thoughts on current events, relationships, airport security, specialty pizzas, politics, and anything else he can complain about. Five days a week and completely uncensored, Adam welcomes a wide range of guests to join him in the studio for in-depth interviews and a front-row seat to his unparalleled ranting. Let's not forget Bryan Bishop (Bald Bryan) on sound effects. Check it out as Adam hangs out with some of his pals like Larry Miller, David Allen Grier, Dr. Drew Pinsky, Dana Gould, Doug Benson, and many, many more."

He started his current show as a radio show for Infinity Broadcasting in 2005 to replace Howard Stern, when Stern jumped to Sirius Satellite Radio. After his host radio station switched formats, and his show was cancelled, he moved to podcasting. Thus, he was one of the pioneers of the format, and his show is still going strong. His views, and those of his guests, are decidedly conservative. Doing the math, if he has done five two-hour podcasts every week since 2009 that's almost 8,000 hours of podcast and tens of millions of dollars in advertising revenue. Thus Mr. Carolla is a money machine for PodcastOne, and himself of course, and is probably the best example of the value of the company's portfolio.

Mr. Carolla's podcasts are each over two hours long, similar to a show on the radio, so we would imagine that most listeners tune in and out, rather than committing two hours a day, five days a week to listen to every episode. We listened to the first 30 minutes of the April 4th show, which featured guests Sage Steele and Jason "Mayhem" Miller. Ms. Steele is a 51-year-old outspoken former ESPN host. She is also a rare, conservative, black female which, as Mr. Carolla points out, makes her anathema in liberal media, such as Disney-owned ESPN, and a darling on conservative platforms such as Mr. Carolla's podcast. Again, we note that, unlike major media outlets such as Fox and NBC, PodcastOne is serving both sides of the strongly divided ideological spectrum in the U.S., which we view as a very smart financial decision.

The advertising in the segment we listened to included a 30-second opening spot for Lasik.com and a 30-second spot for Amazon-owned Whole Foods. Amazon is extremely well-capitalized and able to pay top dollar for spots on the most downloaded podcast ever.

Varnamtown – True Crime Podcast About Small North Carolina Town Has Become a Big Hit



Source: Company reports

The Varnamtown podcast is a true-crime podcast hosted by Kyle MacLachlan and Joshua Davis. This podcast has proven to be enormously successful recently, ranking 5th in downloads for new podcasts on Apple. MacLachlan is a 65-year-old actor best known for his role on *Twin Peaks*. Varnamtown is referred

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to as a real-life Twin Peaks. When MacLachlan heard the story he contacted investigative reporter Joshua Davis, who researched it, and the two collaborate on the podcast. Varnamtown is a fishing community in the extreme southern tip of North Carolina near the Atlantic Ocean and South Carolina. It was founded by Roland Varnam and most of its population are either Varnams or people related to a Varnam through marriage. It has a population of just 63 and is less than one square mile. It was first settled in 1860 and incorporated as a town in 1988. Three of the six town council members have the same surname.

The amazing story of the podcast was that in the 1980s famed Colombian drug czar Pablo Escobar struck a deal with the Varnams to land his planes coming from Colombia with cocaine. Varnamtown is out of the way and the Drug Enforcement Administration was on to Escobar at his old landing site of Miami. Varnamtown was far enough away and rural enough to theoretically escape detection from the DEA, but close enough to South America so their drug flights could make it there without refueling. The podcast, which is only eight episodes, relates the story of how unlimited money and cocaine affect a tiny rural town.

We sought to listen to the first episode, dated January 24, 2024, but only recent episodes are available for free on the PodcastOne website. So, we turned to YouTube, which is where about one-fifth of podcast listeners get their webcasts. This 31-minute episode set the stage for the story and told how family patriarch Dale Varnam struck the deal with Escobar, coming into enormous wealth. It told the story of how the plane formerly owned by rock band REO Speedwagon, still emblazoned with their logo, landed in Varnamtown for a drug delivery. Eventually, when the feds caught on to what was happening, Dale saved himself by turning state's witness (which is presumably how so much detailed information on the story has come out) eventually leading to the prosecution of about 300 people, which was about the population of the town then. So, he eventually turned in most of the population.

The 31-minute podcast was interrupted at the 8- and 16-minute marks for one-minute commercials. The commercial at 8 minutes was voiced by the hosts and was for Teladoc-owned BetterHelp, which offers mental health treatment using telemedicine technology. The second ad was 30 seconds long and was for HelloFresh, which is a publicly-traded company out of Germany that sells meal kits in markets around the world. Varnamtown listeners can get a free added breakfast item with their purchase of a meal kit using the Varnamtown code. In our opinion, this podcast is fascinating and we listened to all eight episodes.

Varnamtown is an example of PodcastOne content that can be further monetized. At a recent conference Kit Gray and Rob Ellin described how another podcast was just licensed to a television production company for an upfront payment of \$70,000 and \$50,000 for each of 26 episodes produced annually. That works out to almost \$4 million in incremental revenue over three years, if all episodes are picked up, for no additional spending on the company's past, so pure cash flow. We think Varnamtown will follow, and now that the model is working, we expect many more episodes. Just the advertising on the podcasts generates positive EBITDA, while ancillary licensing is all potential added profit.

Advertisers are Flocking to PodcastOne Because It Works

Today, PodcastOne is on track to exceed \$50 million in annual revenue, with 5.5 million unique monthly listeners listening to its 185 podcasts and is ranked number 12 in the podcast industry by Podtrac. About 95% of revenue comes from advertising and advertisers are clamoring for podcast advertising. The reasons why are apparent. Mr. Gray put it succinctly when we asked him why: "It works." Unlike music, listeners have to actively listen to spoken word content and process it to enjoy it. Mr. Gray calls it the "theater of the mind" since listeners have to supply the visuals in their minds. In this report, we reviewed six key podcasts and note that the advertising is well-synced to the podcasts. In some cases, the ad is segued from the discussion (e.g. a recent discussion on jet lag by Jordan Harbinger segued to an ad for jet lag treatment company flykitt.com). In many cases, the ad is voiced by the podcast talent. In all of the podcasts we listened to, the advertisers' products are appropriate to the podcast's target audience (e.g. LadyGang ads for Huggies, fashion company Jenni Kayne and upscale cookware company Great Jones). We also noted

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that the ad breaks are relatively short and positioned throughout the podcasts. We noted that there was no advertiser overlap, with no two advertisers on a podcast competing in the same industry.

The U.S. podcast industry today is huge with estimated revenue of over \$3 billion. The industry is dominated by major media companies with iHeart leading followed by the major media companies including Disney, Comcast, and Paramount. With listeners switching from radio to podcast, many of the major radio companies such as iHeart and NPR have followed Mr. Pattiz's lead and have moved into podcasting in a big way.

The company's head of sales is Sue McNamara, based in New York City. She has 30 years of radio sales experience and was previously a rising, and eventually senior, sales executive at CBS Radio. She made the switch to podcasting in 2019, joining PodcastOne. When asked about PodcastOne's advertising revenue success, Mr. Gray's answers turn to the strong 12-person sales team led by Ms. McNamara. After several days of listening to their podcasts, we were impressed with the fact that the company has signed so many corporations to advertise their brand such as Huggies for Kimberly-Clark and Whole Foods for Amazon. It also has added an array of small companies with strong representation from web retailers such as Quince and Fast-Growing Trees. Presumably, if a listener turns to the internet for entertainment, they will also do so when shopping and for other services.

About a third of the company's ads are programmatic and the rest are via traditional sales channels, either direct or through ad agencies. Programmatic advertising uses algorithm technology to identify appropriate outlets (both podcast and web) to automatically place ads. The algorithms look at traffic data and other metrics to determine the best venue for its customers' ads. While the process is technology driven, PodcastOne does have a human sales rep interfacing with the programmatic ad placement companies. The other two-thirds of advertising is direct with about 80% of that to agencies and 20% directly to advertisers such as Microsoft and Home Depot. The agencies have told PodcastOne and its peers "We want moms" and with a 58% female skew and significant mom-oriented programming, PodcastOne has their ears.

PodcastOne is Available on All Major Distribution Platforms and Supported by Major Advertisers

FEATURED PLATFORMS			OUR ADVERTISER NETWORK						
									
									
									
									
									
									
									

Source: Company reports

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PodcastOne's audience demographics are what advertisers crave. They are 58% female, 38% are in the 25-34 age range and 35% have household incomes above \$100k. Recent data shows that Gen Z now spends about as much time listening to podcasts as they do watching TV. Women predominantly drive purchasing decisions; young people are forming purchasing patterns that will last a lifetime and making household purchases that will last for many years. And obviously, the higher the household income, the more they have to spend. These demographics are also elusive for advertisers now almost universally eschewing traditional media such as print and linear TV and eagerly flocking to new media such as streaming and podcasts.

The way the podcast industry works is that there are podcast creators and podcast publishers. PodcastOne is both. Podcast digital files are distributed using a technology called RSS (RDF Site Summary) to streaming services such as Apple, YouTube or Spotify. The publishers commercials are included, preserving their revenue stream and RSS allows them to keep the ads fresh and updated.

Podcast listening is dominated by Apple, with about a 40% share, and YouTube, at about 20% but nearly every major media company now includes podcasts. PodcastOne is agnostic as to the distribution channel and its podcasts are available on every platform where podcasts are available including Spotify, iHeart, and Amazon. Its customers' ads are included in the podcasts on these channels, so its revenue stream is preserved using RSS feeds that allow publishers to keep its content fresh on distributor platforms. After 45 days it removes embedded ads and replaces them with markers so it can constantly sell fresh ads. This is not a new development. Back in the '60s, The Flintstones included embedded ads with Fred and Wilma smoking its sponsor's Winston cigarettes, but these embedded ads have long been removed in favor of current ads on reruns.

Analyzing the Numbers: Downloads and Impressions are the Key Performance Indicators

PodcastOne provides investors with two KPIs in addition to reporting revenue. The KPIs are downloads included in the SEC filings, and downloads and streams (D&S) in the earnings releases. Both have to be looked at using numerous adjustments, but they are the only non-financial metrics reported for PodcastOne. Downloads and streams are the most useful data, reported in each of the company's last three earnings releases, most recently at 19.1 million, and are more succinctly referred to as impressions. This number comports with the number reported by widely respected industry watcher Podtrac but only represents the most recent month's data. Podtrac also does not include YouTube streams, which are about 20% of industry streams. As we discuss later, our model relies on impressions and is normalized for several factors such as the exclusion of YouTube data. By our math, the company generates about 16 cents in revenue every time someone listens to one of their podcasts and a little over two cents in gross profit.

The download data is erratic and influenced by a number of major factors. First, the company lost two large podcast providers. Hubbard Broadcasting was an early investor and distributed their podcasts through PodcastOne but contributed zero revenue. They pulled their podcasts in the March 2023 quarter. Second, Action Park Media pulled their podcasts in the September 2023 quarter. Those are the two major ones, but Mr. Gray described to us a process this year to focus on more profitable podcasts so smaller less successful podcasts have presumably also gone away.

The other major change is that Apple significantly changed its download algorithm with the release of iOS 17 in September 2023. The actual explanation is much more detailed (and explained well in an April 2, 2024, article on Podnews) but it resulted in Apple devices actually downloading about two-thirds as many podcasts industry-wide after this operating system release, for devices with the updated operating system installed. Previously, if an iOS user watched one episode of a podcast, iOS would download all the episodes for that podcast and continue doing so until the user stopped listening for 15 days. That could mean hundreds of additional downloads beyond the one the user requested, stored on their device for future watching. After iOS 17, if a user listens to a podcast the device now only downloads new episodes, again until the user stops listening for 15 days. So, there are far fewer downloads, and while downloads still exceed the number of podcasts actually listened to, the disparity is not nearly as great. According to

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Podnews, after the update, major podcasting companies saw a 32% decline in downloads with Podtrac reporting a 15% decline for most large shows. While podcasting companies had long complained about this issue to Apple, it wasn't until Apple's battery and storage teams noticed the significant impact on battery life and storage capacity that it was addressed. When we adjust PodcastOne's reported numbers, downloads and streams are less erratic, although still down during the fiscal year ending March 2024.

Making matters more complicated is that podcast publishers have no way of knowing if a downloaded podcast was ever watched. This has always been known across the industry, and understood by both podcasters and advertisers, but it makes selling ads based on viewership imprecise.

For the fiscal year ended March 31, 2023 revenue was up 25% versus the prior year period. For the first three quarters of the year, revenue remained around \$10.5 million as the company focuses on more profitable podcasts with Mr. Gray discussing a shift in focus from revenue to EBITDA. With the fourth quarter result of revenue of \$11.7 million and positive EBITDA of \$258k, this new strategy came through in the financials.

Move Toward Profitability is Evident in Significant Revenue/Impression Increase



Source: Company reports

The company currently has 185 shows with over 300 episodes per week and added 30 new shows in F24, culling some others. The top 60 shows generate about 90% of revenue.

In forecasting PodcastOne revenue, in addition to trends in greater viewership, it is important to keep in mind a number of announcements:

- First, PodcastOne has provided F25 guidance for revenue of \$51 million to \$56 million.
- It has 100 new shows in its pipeline and 10 M&A deals (two announced LOIs). The term pipeline implies not all will close. The company can now use its PODC shares for acquisitions and Mr. Gray has pledged that all will be accretive.
- It now makes available its 100 top podcasts on Tesla cars in the U.S. where LiveOne provides the Tesla Radio service under a white label relationship. There are nearly 3 million electric vehicles registered in the United States and half are Teslas. We view in-car listening as an ideal market for podcasts since the driver can listen without taking their eyes off the road. As a paying subscriber,

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we have noticed that LiveOne has also made podcasts available on its other, less popular channels such as its website and Roku app.

- Our estimates are for PodcastOne revenue of \$56.6 million in F25, and \$64.5 million in F26. Consensus is for revenue of \$50.4 million, and \$65.6 million in each of these years.
- Reported gross margin for F24 was 13.8%. For ads sourced from agencies, the agency gets about 60% of revenue. The publisher then gets around 85% of the net with a gross margin of roughly 15%, rising slightly in F25 and F26, per our model.

LiveOne announced plans to publicly list PodcastOne in mid-2022, currently retaining a 73% stake with trading commencing at the end of August 2023. As part of this process, PodcastOne incurs incremental public company expenses, cutting into EBITDA. As noted, its focus is now on EBITDA, and with its growing top line and guidance for positive EBITDA going forward, our model suggests the swing to positive EBITDA is now permanent, with significant growth expected ahead. As noted, with payments to talent and ad agencies consuming around 85% of revenue, the company only has around 15% of revenue for overhead (including new public company expenses) R&D, sales and marketing, and EBITDA. So, while it is unrealistic to see this as a 20% EBITDA margin business, we forecast it at 4% in F25 and 6% in F25 with the key being to ramp up revenue enough to cover the fixed components of operating expenses. We forecast \$2.2 million for PodcastOne in F25 (consensus is \$1.6 million), growing to \$4.0 million in F26. Our consolidated income forecast is on page 20.

We Value PODC Shares at \$5

Our comps table is on page 21 of this report. Since there are no other publicly-traded U.S. podcasting pure play comps, we use a range of eight radio comps from Beasley Broadcasting at a \$20 million market cap up to Sirius XM with a \$10 billion market cap.

Radio comps trade at an average of 1.6x trailing twelve months' revenue and 8.5x on an EV/EBITDA basis. Given the much faster growth of podcasting revenue, versus the revenue decline of radio revenue, we value PODC shares at a premium. Our \$5 target equates to 1.8x our F26 revenue estimate or about a 10% premium.

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PODC Shares Are Rallying Off Their December Low of \$1.45



Source: Factset Data Systems

The chart above shows the strong rally recovery in PODC shares, after bottoming in December 2023 at \$1.45 during. It appears that a support level around \$1.70 per share has now been put in place. Our target is \$5; however, the shares were unable to sustain a price level above \$3 in the November 2023 timeframe. Things have changed dramatically since then both in a gradual improvement in market sentiment towards microcaps and in terms of PodcastOne becoming a more reliable EBITDA generation story.



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PodcastOne, Inc. – Income Forecast

Dollars in thousands, except per share data
Fiscal years ended March 31

	FY2024					FY2025E					FY2026E					
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	
	June	Sept	Dec	March		June	Sept	Dec	March		June	Sept	Dec	March		
Downloads - normalized	93,539	129,810	86,306	59,157	368,812											
Revenue per download	\$0.11	\$0.08	\$0.12	\$0.20	\$0.12											
Impressions - normalized	79,050	87,975	72,000	73,946	312,971	80,000	85,000	95,000	96,000	356,000	97,000	98,000	99,000	100,000	394,000	
Revenue per impression	\$0.14	\$0.12	\$0.15	\$0.16	\$0.14	\$0.15	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.17	\$0.17	\$0.16	
Revenue	10,637	10,516	10,442	11,707	43,302	12,000	13,600	15,390	15,648	56,638	15,520	16,072	16,335	16,600	64,527	
YoY growth	22.0%	23.8%	21.6%	32.4%	25.0%	12.8%	29.3%	47.4%	33.7%	30.8%	29.3%	18.2%	6.1%	6.1%	13.9%	
Seq growth	20.3%	-1.1%	-0.7%	12.1%		2.5%	13.3%	13.2%	1.7%		-0.8%	3.6%	1.6%	1.6%		
Cost of Sales	8,222	9,057	9,387	10,660	37,326	10,080	11,424	12,774	12,988	47,266	12,882	13,340	13,395	13,612	53,228	
	77.3%	86.1%	89.9%	68.0%	86.2%	84.0%	84.0%	83.0%	83.0%	83.5%	83.0%	83.0%	82.0%	82.0%	82.5%	
Gross Margin	2,415	1,459	1,055	1,047	5,976	1,920	2,176	2,616	2,660	9,372	2,638	2,732	2,940	2,988	11,299	
As a percent of revenue	22.7%	13.9%	10.1%	8.9%	13.8%	16.0%	16.0%	17.0%	17.0%	16.5%	17.0%	17.0%	18.0%	18.0%	17.5%	
Sales and Marketing	1,250	1,451	732	1,125	4,558	720	816	923	939	3,398	931	964	980	996	3,872	
As a percent of revenue	11.8%	13.8%	7.0%	9.6%	10.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Product Development	27	28	15	15	85	-	-	-	-	-	-	-	-	-	-	
As a percent of revenue	0.3%	0.3%	0.1%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
General and Administrative	920	1,215	2,601	712	5,448	2,400	2,720	3,078	3,130	11,328	3,104	3,214	3,267	3,320	12,905	
As a percent of revenue	8.6%	11.6%	24.9%	6.1%	12.6%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	24.2%	
Amortization	25	191	307	373	896	250	250	250	250	1,000	250	250	250	250	1,000	
Operating income	193	(1,426)	(2,600)	(1,178)	(5,011)	(1,450)	(1,610)	(1,635)	(1,658)	(6,353)	(1,647)	(1,696)	(1,557)	(1,578)	(6,478)	
Operating margin	1.8%	-13.6%	-24.9%	-10.1%	-11.6%	-12.1%	-11.8%	-10.6%	-10.6%	-11.2%	-10.6%	-10.6%	-9.5%	-9.5%	-10.0%	
Interest expense	(1,593)	(654)	-	-	(2,247)	-	-	-	-	-	-	-	-	-	-	
Change in fair value of derivatives	1,190	(8,793)	-	-	(7,603)	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	184	184	-	-	-	-	-	-	-	-	-	-	
	(403)	(9,447)	-	184	(9,666)	-	-	-	-	-	-	-	-	-	-	
Pretax Income	(210)	(10,873)	(2,600)	(994)	(14,677)	(1,450)	(1,610)	(1,635)	(1,658)	(6,353)	(1,647)	(1,696)	(1,557)	(1,578)	(6,478)	
Taxes	-	-	-	55	55	-	-	-	-	-	-	-	-	-	-	
Net income - continuing ops	(210)	(10,873)	(2,600)	(1,049)	(14,732)	(1,450)	(1,610)	(1,635)	(1,658)	(6,353)	(1,647)	(1,696)	(1,557)	(1,578)	(6,478)	
Net income margin	-2.0%	-103.4%	-24.9%	-9.0%	-34.0%	-12.1%	-11.8%	-10.6%	-10.6%	-11.2%	-10.6%	-10.6%	-9.5%	-9.5%	-10.0%	
Diluted shares outstanding	20,000	20,714	23,072	23,125	21,768	23,225	23,325	23,425	23,525	23,375	23,625	23,725	23,825	23,925	23,775	
Seq change	(106,653.5)	714.2	2,358.0	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
EPS diluted	(\$0.01)	(\$0.52)	(\$0.11)	(\$0.05)	(\$0.68)	(\$0.06)	(\$0.07)	(\$0.07)	(\$0.07)	(\$0.27)	(\$0.07)	(\$0.07)	(\$0.07)	(\$0.07)	(\$0.27)	
Adjusted EBITDA																
GAAP Net Income	(210)	(10,873)	(2,600)	(1,049)	(14,732)	(1,450)	(1,610)	(1,635)	(1,658)	(6,353)	(1,647)	(1,696)	(1,557)	(1,578)	(6,478)	
Addback:																
Depreciation and amortization	86	253	372	438	1,148	350	350	350	350	1,400	350	350	350	350	1,400	
Stock-based comp	84	854	1,786	921	3,645	1,700	1,700	1,800	2,000	7,200	2,000	2,200	2,400	2,500	9,100	
Non-recurring	-	413	86	77	881	-	-	-	-	-	-	-	-	-	-	
Other non-recurring	403	9,447	-	(129)	9,721	-	-	-	-	-	-	-	-	-	-	
Adjusted EBITDA	363	94	(356)	258	663	600	440	515	692	2,247	703	854	1,193	1,272	4,022	
Margin	3.4%	0.9%	-3.4%	2.2%	1.5%	5.0%	3.2%	3.3%	4.4%	4.0%	4.5%	5.3%	7.3%	7.7%	6.2%	

Source: Company reports and Litchfield Hills Research LLC



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PodcastOne, Inc. – Comparables

Company Name	Fiscal Period	Price	Shares Outstanding Diluted	Market Value	Enterprise Value	Sales	EBITDA	Enterprise Value/Sales	Enterprise Value/EBITDA
PodcastOne	12/31/2023	\$1.98	23.12	41.90	40.49	64.53	4.02	0.6x	10.1x
PODC @ FY2026E	03/31/2026	\$1.98	23.12	41.90	40.49	64.53	4.02	0.6x	10.1x
PODC @ FY2026E on \$5 target	03/31/2026	\$5.00	23.12	115.61	114.21	64.53	4.02	1.8x	28.4x
Beasley Broadcast Group, Inc. C	03/31/2024	\$0.65	30.47	19.87	297.07	243.71	18.70	1.2x	15.9x
Cumulus Media, Inc. Class A	03/31/2024	\$2.14	16.69	50.54	995.32	838.91	92.32	1.2x	10.8x
iHeartMedia, Inc. Class A	03/31/2024	\$1.03	149.80	144.96	5,829.89	3,738.82	673.84	1.6x	8.7x
Mediaco Holding, Inc. Class A	03/31/2024	\$1.07	25.08	49.80	96.39	31.76	(6.61)	3.0x	-
Saga Communications, Inc. Class A	03/31/2024	\$17.00	6.06	106.29	84.36	112.13	14.42	0.8x	5.9x
Sirius XM Holdings, Inc.	03/31/2024	\$2.57	3,865.00	9,962.78	19,468.78	8,971.00	2,653.00	2.2x	7.3x
Townsquare Media, Inc. Class A	03/31/2024	\$10.95	18.76	163.91	661.97	450.75	88.96	1.5x	7.4x
Urban One Inc Class A	09/30/2023	\$2.31	47.72	87.84	659.90	489.39	180.43	1.3x	3.7x
Average								1.6x	8.5x

Source: FactSet Research Systems, Company reports, and Litchfield Hills Research LLC



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Disclosures:

Analyst Certification

We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

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Litchfield Hills Research LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

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