

Consumer: Leisure & Lifestyle

LiveXLive Media, Inc. | LIVX - \$2.72 - NASDAQ | Buy

Initiation of Coverage

Stock Data

52-Week Low - High	\$2.12 - \$7.23
Shares Out. (mil)	57.60
Mkt. Cap.(mil)	\$156.67
3-Mo. Avg. Vol.	88,774
12-Mo.Price Target	\$8.50
Cash (mil)	\$20.0
Tot. Debt (mil)	\$14.7

* Cash estimate includes a \$10.5mm registered direct offering, completed July 2019.

EPS \$

Yr Mar	—2019—	—2020E—	—2021E—
		Curr	Curr
1Q	(0.21)A	(0.21)A	(0.17)E
2Q	(0.20)A	(0.17)E	(0.17)E
3Q	(0.13)A	(0.17)E	(0.16)E
4Q	(0.19)A	(0.17)E	(0.16)E
YEAR	(0.72)A	(0.72)E	(0.66)E
P/E	NM	NM	NM

Revenue (\$ millions)

Yr Mar	—2019—	—2020E—	—2021E—
		Curr	Curr
1Q	7.6A	9.5A	14.8E
2Q	8.0A	10.4E	16.8E
3Q	9.0A	12.4E	20.1E
4Q	9.2A	13.7E	21.6E
YEAR	33.7A	46.0E	73.2E

LIVX One-Year Price and Volume History



LIVX: Center Stage in Music's Financial Renaissance; Initiate Buy and \$8.50 PT

Backboned by long-term rights to stream several of the most highly attended live music festivals and events - similar to prized media rights to the largest sporting events each year - LIVX is uniquely positioned to capture accelerated wallet share in the subscription streaming music market. Paid subscription music is the largest revenue generator of the recorded music industry, growing to 255mm current global subscribers from ~100mm in 2015 with projections for ~1.2b subscribers by 2030.

The Holy Grail of Distributed Music Content. LIVX's exclusive live music streaming rights to several of the largest music events each year; major music labels/artist agreements for privileged live content and; original programming with backstage and a community driven live music lifestyle events offer first-mover positioning at the heart of three surging media segments: Digital music streaming, over-the-top streaming and U.S. live music (coalescing to a \$70b U.S. market).

LIVX at the Eye of the Storm of Music and Media. Driven by streaming, U.S. recorded music revenues have shown a multi-year revival with subscription streaming accounting for more than half of the \$10b total. "Over-the-top," a merger between television and digital, has grown to a ~\$30b industry from under \$20b in 2016. "Live everything" has become must-have content, with live music growing to over \$29b through concert and festival expansions and live experiences woven into the fabric of music listeners (RIAA, IFPI).

Music's Answer to ESPN for Sports; LIVX Subscriber Acceleration. June quarterly paid subscribers increased ~50% to 733,00 representing 90% of total revenue, all of it recurring. Similar to ESPN for sports, LIVX has captured a significant portion of the live music market with up to 1,000 live music events through exclusive agreements with global media companies, such as iHeartMedia and Insomniac, as well as exclusive major album release parties and other original music/artist oriented live programming. Further, LIVX's partnership with Tesla (TSLA-Neutral-\$225.86), pre-installing North America Tesla deliveries with LIVX subscriptions offers visible subscription growth.

Valuation: Many ways to win. At just one percent share of 2030's forecasted subscription market, LIVX should generate over \$160mm of EBITDA or \$51mm PV discounted 11 years at 11%, inferring shares trade at 3.0x EV/EBITDA. At 10x EV/EBITDA, shares would trade for ~\$8.50, our price target. However, we also note: 1) A CY20 EV/Sales multiple in-line with peers equates to ~\$6 per share; 2) Assets acquired, such as exclusive digital "real estate" for certain live events (Rock in Rio - up to 1.5mm attendees in years past, EDC - 400,000 attendees, etc.) could emerge as similar to acquired TV rights of the NFL/NBA by ESPN, which pays \$1.9b/\$1.4b a year and; 3) LIVX live growing digital library could also materialize as an irreplaceable asset.

TABLE OF CONTENTS

Investment Thesis.....3

A “Live” Differential – LIVX Wallet Share to Increase.....4

Industry Tailwind One: Music Subscription Streaming8

Industry Tailwind Two: Over-the-Top Technologies.....12

Industry Tailwind Three: Live Music13

Revenue Driver Analysis and Forecast.....14

Management Team and BOD Positions Forward Opportunities.....16

Balance Sheet.....17

Valuation and Price Target18

Description of Company.....19

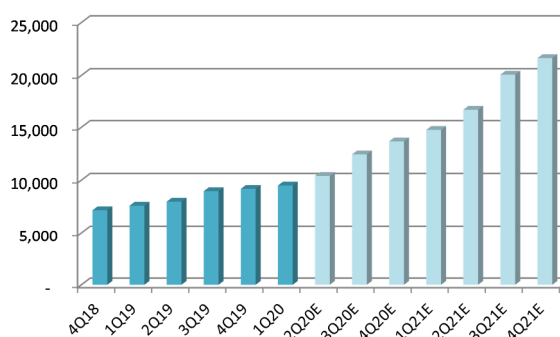
Corporate History20

Risks.....21

INVESTMENT THESIS

- 1) Positioned to capture accelerated wallet share, near-term, in the recurring revenue subscription streaming music market due to differentiated, significant live music and music entertainment access and multiple bundling opportunities with major carriers, over-the-top and social media platforms.
- 2) Strong music subscription streaming industry tailwinds driven by consumer preference for on-demand, customized, curated, commercial-free music delivered across multiple platforms (smart phones, connected vehicles, smart speakers, etc.).
- 3) Strong Over-the-Top ("OTT") and Live Music Tailwinds combine with streaming music subscription momentum, positioning LIVX's business model at the epicenter of three large, quickly growing industry segments.
- 4) Underappreciated top-tier management and BOD lineup comprised of well-known innovators and deal makers in traditional and digital entertainment. Uniquely positioned to close on transformative media transactions well-above its current market cap.
- 5) Valuation does not encapsulate our anticipation of a 1% capture of the subscription music market over the next ~11 years, which equates to \$8.50 per share of present value, our price target, illustrated below. Alternatively, a CY20 EV/Sales multiple in-line with peers equates to ~\$6 per share. In addition, assets acquired, such as such as exclusive digital "real estate" for certain live events (Rock in Rio - up to 1.5mm attendees in years past, EDC - 400,000 attendees, etc.) could emerge as similar to acquired TV rights of the NFL/NBA by ESPN, which pays \$1.9b/\$1.4b a year. LIVX's growing digital library could also materialize to an irreplaceable asset. We do not include such asset value considerations in our current target price.

LIVX Historical and Forecasted Revenue, ~90% Recurring



Source: SEC filings and ROTH Capital Partners

LIVE MUSIC DIFFERENTIAL – LIVX WALLET SHARE TO INCREASE

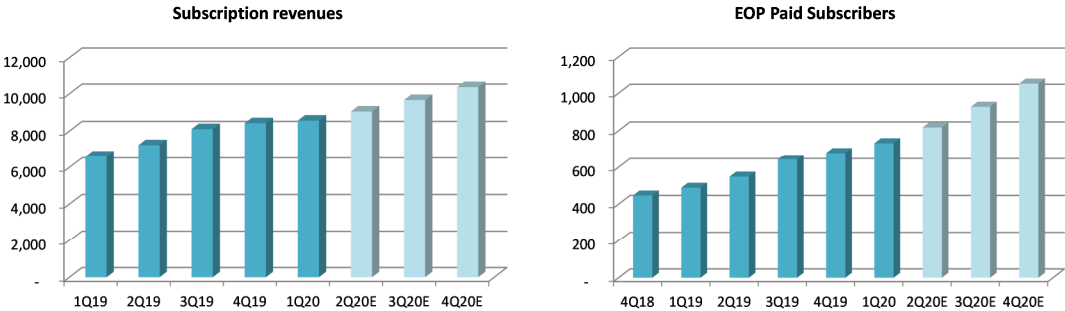
LIVX offers a unique opportunity to invest in the only live music focused streaming provider with a recently reached critical mass of live content, in our view.

While deep-pocket competitor providers pose subscription streaming music market share penetration challenges, LIVX’s acute focus on live music and live music related entertainment divorces it from companies such as Spotify (SPOT), Pandora Media (PNDORA), Apple Music Unlimited (AAPL) and Sirius XM (SIRI).

LIVX’s first-mover advantage, numerous exclusive long-term agreements and understanding of broadcasting coveted live content positions it as a possible acquisition target, in our view (larger peers only recently acknowledged a new emphasis on live music content).

In the interim, LIVX should continue to gain streaming music market share driven by increasing content breadth, geographic reach and offered applications.

Of note, LIVX’s partnership with Tesla, calls for North America Tesla deliveries to be pre-installed with LIVX subscriptions, offering visible baseline subscription growth, in our view (see page 14, “Revenue Driver Analysis and Forecast,” for more detail)



Source: SEC filings and ROTH Capital Partners

Filling the Subscription Funnel with Live Content

Key to subscriber growth is a continuation of: 1) Content relationships and partnerships, 2) The introduction of new concepts and; 3) Advancement of platform distribution/applications.

LIVX Live Event Critical Mass: Key Performance Indicators

	F120	F219	Growth
Livestreamed Events	9	5	80%
Total Views (millions)	28	18	56%

Source: SEC Documents and ROTH Capital Partners

Content Relationships and Partnerships

LIVX remains the only live music focused streaming provider and is continually adding new global partners, many of which are long-term exclusive arrangements, creating a competitive moat.

LIVX has now captured a significant portion of the live music market with up to 1,000 live music events through multiple agreements with global and regional media companies.

We believe LIVX's critical mass of live content has only recently been reached offering a potential "tipping point" for viral subscriber growth over time.

LIVX Deal Example – "insomniac" (in partnership with LiveNation) – March 2018



Source: Google Images and ROTH Capital Partners

LIVX possesses a five-year, exclusive global digital broadcast right across all insomniac events, including up to 20 festivals and 100 events annually.

Rights include the festival, "EDC," in Las Vegas, attended by over 400,000 people over three days.

Overall, insomniac live events draw four million attendees across more than six countries (Source: "Summer of Streaming Continues," LiveXLive Press Release, August 2018).

LIVX Deal Example – iHeartMedia (March 2019)



Source: Google Images and ROTH Capital Partners

LIVX possesses exclusive global livestreaming rights for 17 marquee events, including iHeart Country Festival, iHeart Wango Tango, Daytime Stage at the iHeart Radio Music Festival.

iHeart reaches a 250 million monthly active listeners, with 255,000 listeners per minute on over 1,500 stations. iHeart has 145m social media followers. (Source: DMR Business Statistics).

Outside of broadcasting the events, exposure from the iHeart/LIVX partnership is significant in terms of advertising of events and their broadcast.

From April 2018 to March 2019, LIVX has showcased over 400 live artist performances. A small snapshot of events include Rock in Rio (Metallica, Maroon 5, Justin Timberlake, Bon Jovi, Guns N' Roses); EDC Las Vegas – Las Vegas, Nevada (May 2018; Above & Beyond, Marshmello, Martin Garrix, Diplo) and; Weezer iHeartRadio Theater – New York, New York (February 2019 record release party).

The Introduction of New Concepts

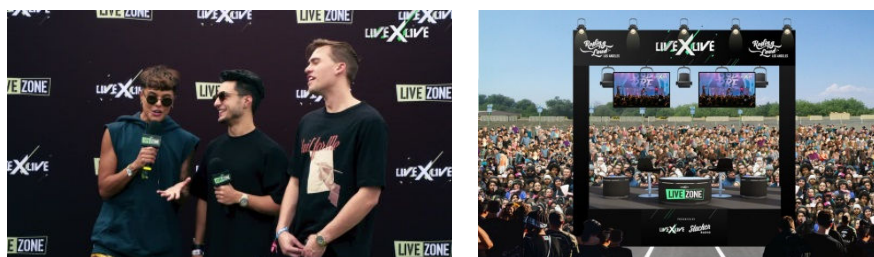
LIVX has introduced multiple new concepts surrounding live music including album release parties with artists, podcasts featuring exclusive interviews, storytelling, music news and, LiveZone, the “SportsCenter of Music Festival Coverage.”

LiveZone (December 2018)

LiveZone offers on-site music shows that provide pre- and post-show coverage.

LiveZone offers live interviews with artists, managers and attendees. It broadcasts from all over the festival grounds including onstage, from the side stage, backstage and from the crowd.

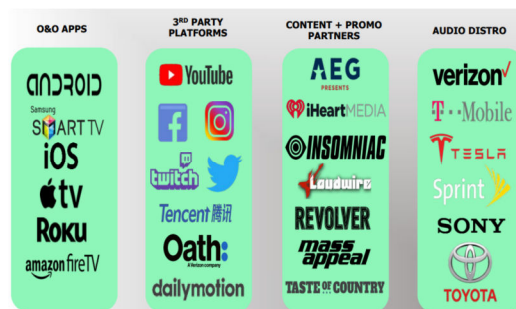
The offering also offers a platform for brands and sponsor advertisements (see page 14).



Source: Google Images and ROTH Capital Partners

Advancement of platform distribution/applications

LIVX is launched across all major digital platforms, including YouTube, Facebook Live, Amazon Fire TV and Apple TV.

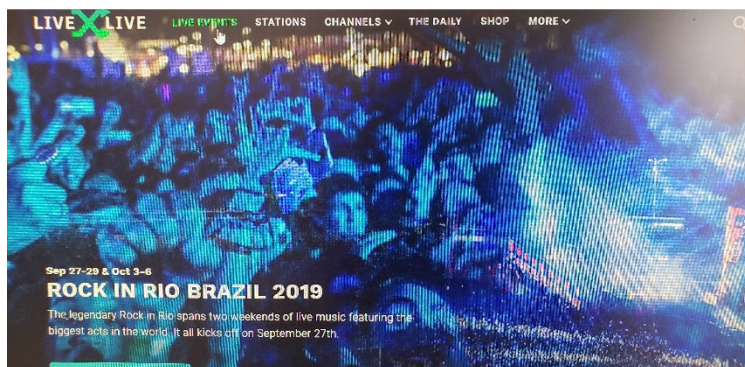


Source: LIVX Investor Presentation, August 2019 and ROTH Capital Partners

LiveXLive Next Generation. In May 2019, LIVX launched its Next Generation LiveXLive application. Before its launch, LIVX offered its Slacker Radio (for background on Slacker Radio, see page 20, “Corporate History”) and LiveXLive video services operate on separate platforms.

The LiveXLive application combined its services on a single platform, broadening access and unified brands. The app features multiple live channels for live video broadcasts with multi-view perspectives of

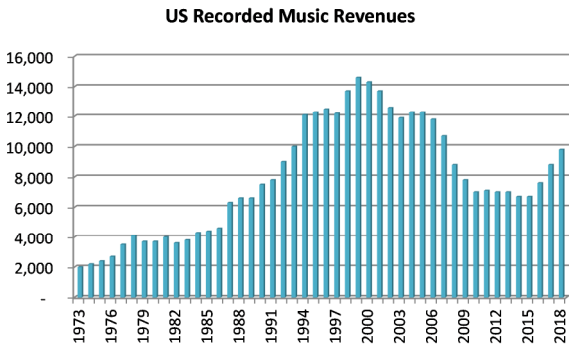
stages, vertical edge-to-edge video, a video player to support both livestreams and video on-demand playback. It also utilizes data-informed, human curation for streaming music stations.



**Note the curser hovering over the, "Live Events" offering on the LiveXLive Application
Source: LiveXLive Web Site and ROTH Capital Partners*

MUSIC’S REVITALIZATION – UNDERPINNED BY SUBSCRIPTION STREAMING REVENUE

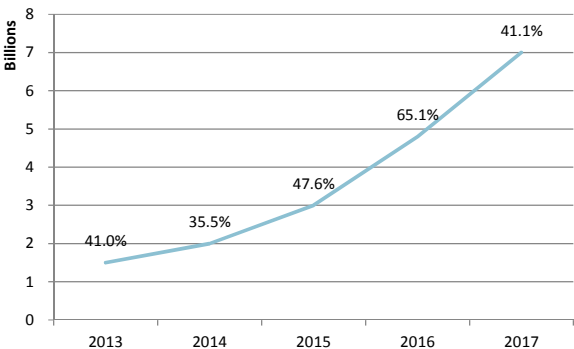
Recorded music revenue has grown for the last three consecutive years, the first time since 1999. Industry revenue still remains 33% below its 1999 peak.



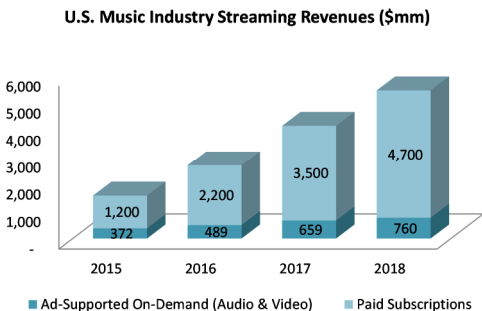
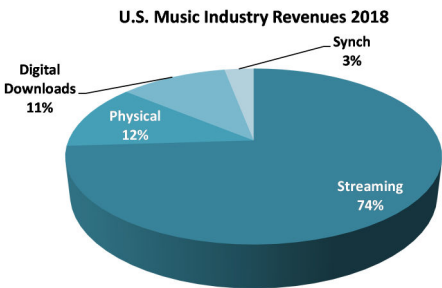
Source: RIAA and ROTH Capital Partners

The primary driver of increased music revenue has been streaming revenue.

Percentage Growth of Subscription Streaming Revenue



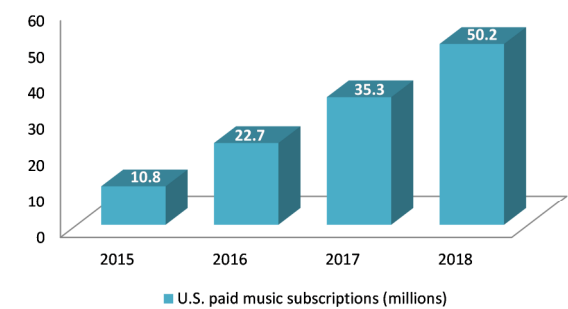
Source: IFPI and ROTH Capital Partners



Source: RIAA and ROTH Capital Partners

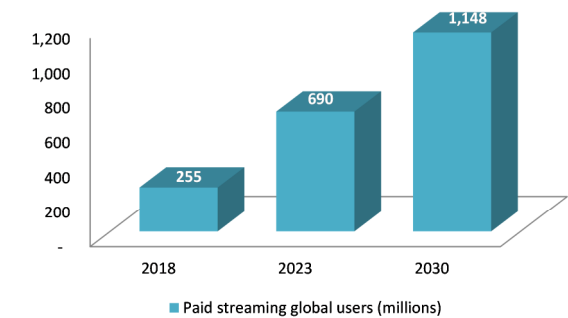
A paid subscription has been the primary driver of steaming growth - and thus recorded music growth. There were 255mm global paid music streaming subscribers at the end of CY18 (Source: IFPI).

Paid US Subscription Users Reached over ~50mm in CY18 of Global Users



Source: RIAA and ROTH Capital Partners

Estimates, including Goldman Sachs, forecast 1.2b paid music streaming subscribers by 2030 with paid streaming revenue of \$28b.



Source: RIAA and ROTH Capital Partners

LIVX Global

LIVX has continually broadened its global streaming subscriber reach. In May 2019, LIVX announced a distribution partnership agreement with Tencent Video, allowing Tencent the exclusive rights to distribute the LIVX produced livestream of insomniac’s EDC Las Vegas throughout China. Tencent has more than 89 million subscribers.

LIVX Current Global Reach



Source: LIVX Investor Presentation, August 2019 and ROTH Capital Partners

Why Consumers Are Showing a Preference for Subscription Streaming

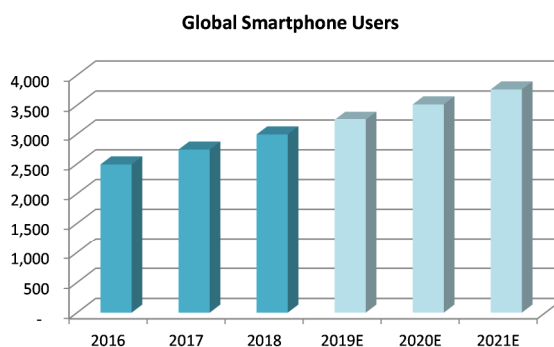
Consumers have been adopting subscription music streaming for the following reasons:

- i. Commercial free.
- ii. On-demand access to millions of songs both newly released and catalogued.
- iii. Customized/personalized, curated experience. Consumers create their own playlists and customized genre frames
- iv. Ability to follow certain specific artists or bands and share findings with friends or on social media.
- v. Ability for users to “discover” content by searching within their own consumer preferences with no new purchase risk.
- vi. Delivery agnostic. All major delivery systems, including smart phones, connected vehicles and smart speaker show continued adoption levels.

We believe music subscription streaming is anchored by access to large-scale technology access, including smart phone growth, connected vehicles and smart speakers.

Smart Phone User Growth

We estimate 7% to 8% of smartphone users use paid streaming services. Along with growing global smartphone users, penetration of paid streaming users should also increase. We believe global smartphone user penetration will grow to 18% by 2023, coinciding the 622mm subscription streaming user base forecast above.



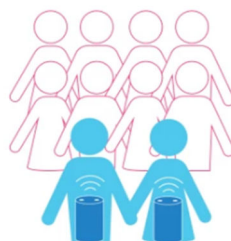
Source: Newzoo

Smart Speakers

Smart speaker growth, anchored by Amazon Echo, has increased to over 50mm global units and growing (Amazon, SEC filings).

We believe smart speakers (Amazon Echo, Google Home, Sonos One, Apple HomePod, etc.), will continue to drive higher paid music streaming penetration.

19.7% of U.S. Adults Use Smart Speakers



Source: Techcrunch and ROTH Capital Partners

Connected cars

According to Statista, 98% of new cars sold will be connected to the Internet by 2020. Connected cars provide yet another growing platform to distribute subscription streaming music.



Of note, LiveXLive is pre-loaded in Tesla North American deliveries. The Tesla partnership, illustrated in our forecast analysis on page 14, provides solid visibility to forward estimates, in our view.

Source: Google Images and ROTH Capital Partners

OVER-THE-TOP TECHNOLOGY GROWTH

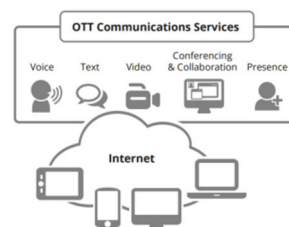
Over-the-top (OTT) refers to film and television content provided via a high-speed internet connection rather than a cable or satellite provider (Source, Investopedia).

With the growth of broadband (~82% U.S. penetration, according to Future Insights), OTT technologies are being quickly adopted.

We believe OTT will become a significant carrier of music subscription streaming. OTT goals include driving overall viewing time, increasing consumer spending. As such, we believe music is a key content component yet to be fully exploited. Most recently, LIVX made its application available through the Roku, Apple TV and Amazon Fire platforms.

Given large content requirements of OTT technologies (such as Netflix), we believe there are significant opportunities for LIVX to be ported to multiple OTT platforms, potentially creating bundling opportunities.

U.S. OTT revenue is expected to grow at a 10.3% compounded annual growth rate to \$23.7b in 2023 from \$14.5b in 2018, with 2023 video-on-demand leading sales at \$17.8b (Source: PricewaterhouseCoopers).



Source: Google Images and ROTH Capital Partners

LIVE MUSIC GROWTH

Live Music revenue is expected to increase at a CAGR of 3.3% from 2018 to 2022, reaching \$30.6b (\$24.4b from ticket sales with the rest coming ancillary revenue – sponsorships and other). (*PWC, Global Entertainment and Media Outlook 2018 – 2022*).

There are over 2,000 music festivals worldwide (Source: LIVX FY19 10-K).

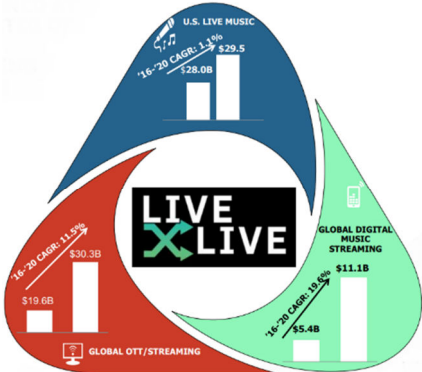
According to Neilson, ~52% of the U.S. population attends some sort of live music event each year.

LIVX Possesses the Largest Library of Digital Broadcast Rights for Music Festivals



Source: LIVX Investor Presentation, August 2019

LIVX Resides in the Epicenter of Subscription Growth, OTT Growth and Live Music Growth, Outlined Above



Source: LIVX Investor Presentation, August 2019

REVENUE DRIVER ANALYSIS AND FORECAST

Subscription Services

	F1Q19	F2Q19	F3Q19	F4Q19	FY19	F1Q20	F2Q20E	F3Q20E	F4Q20E	FY20E	F1Q21E	F2Q21E	F3Q21E	F4Q21E	FY21E
Total Revenue	7,590	7,968	8,964	9,179	33,701	9,498	10,399	12,439	13,668	46,004	14,758	16,754	20,074	21,640	73,226
Revenue Growth YoY	NA	NA	NA	NA	NA	25%	31%	39%	49%	37%	55%	61%	61%	58%	59%
Subscription services	6,621	7,244	8,108	8,425	30,398	8,565	9,313	10,555	12,009	40,443	13,545	15,233	17,061	18,986	64,825
% of Total Revenue	87%	91%	90%	92%	90%	90%	90%	85%	88%	88%	92%	91%	85%	88%	89%
Primary OEM Customer	2,200	2,900	4,000	4,600	13,700	5,000	5,776	6,661	7,472	24,910	8,241	9,138	10,141	11,060	38,581
Revenue per month, per Subscription	\$4.51	\$4.40	\$4.20	\$4.13	\$4.31	\$3.89	\$3.80	\$3.75	\$3.80	\$3.81	\$3.89	\$3.95	\$3.98	\$4.18	\$4.00
YoY Growth	NA	NA	NA	NA	NA	-14%	-14%	-11%	-8%	-12%	0%	4%	6%	10%	5%
Per Quarter, per Subscription	\$13.54	\$13.19	\$12.61	\$12.39	\$12.93	\$11.68	\$11.40	\$11.25	\$11.40	\$11.43	\$11.68	\$11.86	\$11.93	\$12.54	\$12.00
EOP Paid Subscribers (thousands)	489	549	643	680	680	733	864	1,085	1,340	1,340	1,603	1,888	2,194	2,501	2,501
Beginning of Period Paid Subscribers	440	489	549	643	643	680	733	864	1,085	1,085	1,340	1,603	1,888	2,194	2,194
Average Paid Subscribers	465	519	596	662	662	707	799	975	1,213	1,213	1,472	1,745	2,041	2,348	2,348
Actual Sequential Growth	42	60	94	37	680	53	131	221	255	660	263	285	306	307	1,161
% Sequential Growth	NA	12%	17%	6%	NA	8%	18%	26%	24%	97%	20%	18%	16%	14%	87%
% YoY Growth	NA	NA	NA	NA	NA	50%	57%	69%	97%	119%	118%	102%	87%	87%	87%

Source: SEC filings and ROTH Capital Partners

~90% of LIVX revenue is generated from subscription services. Subscription services are sold on multiple platforms, including OEMs and represent 100% recurring revenue to LIVX.

Paid LIVX subscribers can choose between free service (limited features and not commercial free) up to \$9.99 for access to all LIVX features. At F1Q20, revenue per month per subscription averaged \$3.89.

BASIC FREE	PLUS \$3.99/month	PREMIUM \$9.99/month
Personalize your radio experience	Personalized radio with no interruptions	The ultimate listening experience
<ul style="list-style-type: none"> ✓ Handcrafted stations ✓ Custom stations ○ Ad-free ○ Maximum audio quality ○ Unlimited skips ○ Listen offline ○ Play on demand 	<ul style="list-style-type: none"> ✓ Handcrafted stations ✓ Custom stations ✓ Ad-free ✓ Maximum audio quality ✓ Unlimited skips ○ Listen offline ○ Play on demand 	<ul style="list-style-type: none"> ✓ Handcrafted stations ✓ Custom stations ✓ Ad-free ✓ Maximum audio quality ✓ Unlimited skips ✓ Listen offline ✓ Play on demand

Source: Company Website, August 2019

Margins on subscription services average ~30%.

LIVX has multiple OEM customers such automobile manufacturers Tesla, Toyota, Honda, Dodge, Subaru and others.

Tesla

LIVX's most prominent OEM agreement is with Tesla, comprising ~53% of F1Q20 total revenue. Tesla installs LIVX application in its equipment and provides the service to its customers. Tesla does not charge the car owners a fee for the service. We believe LIVX generates \$3 per month, per North American Tesla delivery, providing visibility into forward subscription revenue, in our view.

Advertising and Licensing

	F1Q19	F2Q19	F3Q19	F4Q19	FY19	F1Q20	F2Q20E	F3Q20E	F4Q20E	FY20E	F1Q21E	F2Q21E	F3Q21E	F4Q21E	FY21E
Advertising & Licensing	969	724	856	754	3,303	933	1,086	1,883	1,659	5,561	1,213	1,520	3,013	2,654	8,401
% YoY Growth	NA	NA	NA	NA	NA	-4%	50%	120%	120%	68%	30%	40%	60%	60%	51%
Revenue Growth YoY	NA	NA	NA	NA	NA	25%	31%	39%	49%	37%	55%	61%	61%	58%	59%
% Sequential Growth	NA	NA	NA	NA	NA	24%	16%	73%	-12%	68%	-27%	25%	98%	-12%	51%

Source: SEC filings and ROTH Capital Partners

Due to a growing subscriber base, LIVX has committed sales and production geared toward advertising and licensing. Generally, Advertising and Licensing represents ~10% of total revenue, though we forecast this to increase to over 11% next year and believe it will ultimately represent ~15% of sales as the model matures.

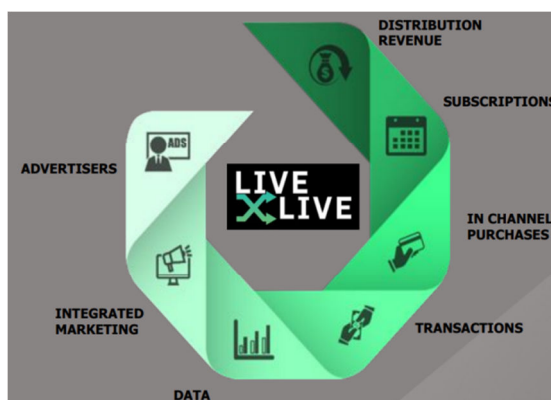
Advertising revenue primarily consists of revenues generated from the sale of audio, video, and display advertising space to third-party advertising exchanges.

Current major sponsors include Kia and Samsung. LIVX has cited an expectation to generate ~\$250,000 in sponsorship revenue per major festival event in the near-term.

Licensing revenue primarily consists of sales of licensing rights to digitally stream its live music services in certain geographies

The Fly-Wheel Below Spins as Content and Subscribers Increase

Illustrated below, we believe LIVX has multiple revenue generating opportunities, including merchandising – even upcoming festival ticket sales.



Source: LIVX Investor Presentation, August 2019

Costs of Sales

Major costs of sales include royalties to record labels, publishers and digital rights organizations. Further, production costs of festivals range from \$200,000 to \$350,000 per festival (depending on size, etc.). LIVX also provides a revenue share program with festival owners ranging from 35% to 50%.

Our Forecast versus Guidance

Current FY20 guidance is for \$50mm and \$65mm of revenue and \$10mm to \$15mm of adjusted operating loss. We project total revenue of \$46mm and a \$16mm operating loss. Notably, this does not impact our stock valuation which is based on longer-term music subscription streaming share penetration.

We believe the Street would view making or exceeding guidance as a positive, though expectations seem to be muted (consensus revenue estimates are ~2% below the low-end of issued guidance).

We believe the LIVX could introduce major new partnerships, vastly expanding its subscriber reach in the near-term. However, without additional visibility, we have not included that into our forecast. Further, our forecast does not include acquisition revenue, which we believe is probable given LIVX's stated business growth strategy of "build and buy."

MANAGEMENT TEAM AND BOD POSITIONS FORWARD OPPORTUNITIES

LIVX has assembled a team comprised of several of traditional and digital entertainment's well-known top innovators and deal makers that investors would more likely expect in billion-dollar media or streaming companies, in our view.

Management Segmentation

Management	Relevant Experience
Mr. Robert Ellin Chairman and Chief Executive Officer	<ul style="list-style-type: none"> * Over 30 years of investment and turnaround experience * Deep relationships in media and entertainment, & prior public company experience as Executive Chairman of Mandalay Digital Group - now Digital Turbine (APPS: buy)
Mr. Dermot McCormack President, LiveXLive	<ul style="list-style-type: none"> * Renowned digital media and music executive * Oversaw video and studios at AOL and digital media for Viacom's music group
Mr. Doug Schaer Chief Operating Officer	<ul style="list-style-type: none"> * Experienced business strategist specializing in franchise asset development in entertainment and sports
Mr. Michael Zemetra Chief Financial Officer	<ul style="list-style-type: none"> * Built and led financial organizations across multi-billion-dollar companies * Former Vice President of Finance at J2 Global, and previously the SVP and Chief Accounting Officer at Demand Media

Source: LIVX Investor Presentation, August 2019

Board of Directors

Directors	Relevant Experience
Mr. Ramin Arani Independent Director	<ul style="list-style-type: none"> * Former lead manager of Fidelity's Puritan Fund * Current Board member of Vice Media, Ellen Digital and Opportunity Network
Mr. Patrick Wachberger Independent Director	<ul style="list-style-type: none"> * Founder and CEO of Picture Perfect Entertainment * Former Chairman of Lionsgate Films
Mr. Kenneth Solomon Independent Director	<ul style="list-style-type: none"> * Chairman and CEO of the Tennis Channel * Partner at Arcadia Investment Partners and Chairman of Ovation TV
Mr. Craig L. Foster Independent Director	<ul style="list-style-type: none"> * Former Chief Financial Officer and Chief Accounting Officer of Amobee, Inc.
Mr. Jay Krigsman Independent Director	<ul style="list-style-type: none"> * Executive Vice President and Asset Manager of The Krausz Companies
Mr. Tim Spengler Independent Director	<ul style="list-style-type: none"> * Current President of Dentsu Aegis * Former President of Clear Channel Media and Interpublic Group

Source: LIVX Investor Presentation, August 2019

BALANCE SHEET

(in \$000)	Mar-18		Jun-18		Sep-18		Dec-18		Jun-19	
ASSETS										
Cash and cash equivalents	10,285	15%	15,855	23%	14,064	22%	14,294	24%	13,704	23%
Restricted cash	3,685	5%	185	0%	185	0%	235	0%	235	0%
Accounts receivable, net	2,990	4%	3,444	5%	3,395	5%	3,714	6%	4,314	7%
Prepaid expense and other assets	1,759	3%	1,508	2%	1,582	2%	1,124	2%	1,311	2%
Property and equipment, net	393	1%	960	1%	1,476	2%	2,036	3%	2,720	5%
Goodwill	5,377	8%	5,377	8%	5,377	8%	9,672	16%	9,672	16%
Intangible assets, net	43,499	64%	41,076	60%	38,653	60%	28,731	48%	26,943	46%
Other assets	39	0%	39	0%	39	0%	39	0%	0	0%
TOTAL ASSETS	68,027	100%	68,444	100%	64,771	100%	59,845	100%	58,899	100%
LIABILITIES AND STOCKHOLDERS' EQUITY										
Accounts payable, accrued liabilities	19,874	29%	21,654	32%	25,030	39%	29,495	49%	30,827	52%
Note payable	294	0%	299	0%	303	0%	308	1%	312	1%
Bank debt	3,500	5%	0	0%	0	0%	0	0%	0	0%
Deferred revenue	1,046	2%	932	1%	877	1%	986	2%	950	2%
Secured convertible notes, net	0	0%	0	0%	1,271	2%	1,697	3%	2,111	4%
Unsecured convertible notes, net	4,916	7%	4,199	6%	4,346	7%	4,546	8%	4,741	8%
Secured convertible notes, net of discount and current maturities	0	0%	9,606	14%	8,451	13%	8,090	14%	10,284	17%
TOTAL LIABILITIES	29,630	44%	36,690	54%	40,278	62%	45,104	75%	49,225	84%
TOTAL STOCKHOLDERS' EQUITY										
	38,397	56%	31,754	46%	24,493	38%	14,741	25%	9,674	16%
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	68,027	100%	68,444	100%	64,771	100%	59,845	100%	58,899	100%

Source: SEC filings and ROTH Capital Partners

*Note LIVX's current cash balance is closer to \$20mm following a completed public offering of 5mm shares at \$2.10 per share in July, 2019.

Warrant discussion

LIVX has ~\$9.8mm in senior secured debentures at a 12.75% rate which mature June 2021. The conversion strike is \$10 per share. LIVX also carries ~\$4.9mm in unsecured convertible notes at a 7.5% rate that mature May 2021. The conversion strike is \$3 per share. Chairman and CEO Mr. Robert Ellin controls the entity owning the unsecured convertible notes.

VALUATION

We value shares at ~\$8.50 utilizing the present value of our expectation of 1% share penetration of the streaming subscription music market by 2030.

Our valuation assumes 1% of 1.2b streaming subscription music subscribers by 2030.

We calculate the 12mm subscribers would generate ~\$4 per month in subscription fees or \$576mm in revenue. We believe sponsorships and licensing should be at least 12% of total revenue, or \$75mm.

Combined, total revenue should be ~\$650mm.

At a 25% margin, which we believe could prove conservative, EBITDA would total \$162.5mm.

Discounted over a period of 11 years with a discount rate of 11%, \$162.5mm equates to ~\$51mm.

This equates to a PV EV/EBITDA of ~3.0x and a PV EV/Sales of 1.3x.

At 10x EV/EBITDA (a multiple well-below comparisons), share would trade close to ~\$9.

LIVX also trades for 2.2x CY20 EV/Sales. At the peer average, LIVX would trade for \$6 per share.

Peer Comparison Chart

Company	Rating	Ticker	8/19/2019 Price	Shares Outstanding	2018 EV/EBITDA	2019 EV/EBITDA	2020 EV/EBITDA	2018 EV/SALES	2019 EV/SALES	2020 EV/SALES
Alphabet Inc.	NC	GOOGL	\$ 1,200.44	346.1	6.2x	5.x	4.x	2.3x	1.8x	1.4x
Amazon.com Inc.	NC	AMZN	\$ 1,816.12	494.7	26.6x	20.6x	16.1x	3.8x	3.1x	2.5x
Apple Inc.	NC	AAPL	\$ 210.35	4,519.2	12.2x	11.3x	11.1x	3.8x	3.3x	3.2x
Facebook Inc.	NC	FB	\$ 186.17	2,853.0	14.7x	12.6x	9.9x	8.8x	6.9x	5.5x
Live Nation Entertainment Inc.	NC	LYV	\$ 71.47	213.1	18.9x	17.3x	15.2x	1.5x	1.4x	1.3x
Netflix Inc.	NC	NFLX	\$ 309.38	437.8	70.7x	45.5x	32.2x	9.x	7.2x	6.x
Roku Inc.	NC	ROKU	\$ 134.96	116.2	474.x	430.6x	250.x	20.9x	14.1x	10.4x
Sirius XM Holdings Inc.	NC	SIRI	\$ 6.18	4,449.8	15.3x	14.7x	13.8x	5.9x	4.6x	4.3x
Snap Inc.	NC	SNAP	\$ 16.16	1,379.3	-36.5x	na	600.x	17.8x	12.7x	9.5x
Spotify Technology SA	NC	SPOT	\$ 150.10	179.7	-2288.5x	na	907.5x	4.8x	3.8x	3.x
Tencent Holdings Ltd.	NC	0700.HK	\$ 333.40	9,555.2	27.x	22.x	18.2x	10.2x	8.1x	6.4x
Vivendi SA	NC	VIVPA	\$ 25.74	1,271.1	24.8x	16.8x	14.7x	2.3x	2.3x	2.1x
World Wrestling Entertainment Inc.	NC	WWE	\$ 71.93	78.7	30.8x	27.6x	11.9x	5.9x	5.6x	4.2x
Average					-123.4x	48.x	146.5x	7.5x	5.8x	4.6x
Average less SNAP, ROKU, and SPOT					24.7x	19.3x	14.7x	5.3x	4.4x	3.7x

Source: Elkon and ROTH Capital Partners

We also note that assets acquired, such as such as exclusive digital "real estate" for certain live events (Rock in Rio - up to 1.5mm attendees in years past, EDC - 400,000 attendees, etc.) could emerge as similar to acquired TV rights of the NFL/NBA by ESPN, which pays \$1.9b/\$1.4b a year.

Finally, LIVX's growing digital library could also materialize to an irreplaceable asset. We do not include such asset value considerations in our current target price.

COMPANY DESCRIPTION

LiveXLive ("LIVX") is a digital media company focused on live music entertainment. LIVX operates LiveXLive, a live music video streaming platform and producer of original music-related content, delivering on-demand music experiences from of the world's top music festivals and concerts. Listeners also have access to premium original content, artist exclusives and industry interviews.

LIVX primary source of revenue is from subscriptions to its digital entertainment platform. Additional revenue comes from sponsorships, licensing and advertisements.

LIVX has globally livestreamed premiere music festivals from all over the world, producing in excess of 360 hours of original content that features more than 440 artists since May 2018. In addition, the company has developed a slate of original programming that includes more than 300 pieces of short-form content comprised of live performances, podcasts, artist interviews, lifestyle segments, and show pilots.

HISTORICAL CORPORATE SNAPSHOT

LiveXLive was originally a subsidiary of Loton Corp, a multimedia and lifestyle OTC Company backed by Trinad Capital, which was led by LIVX's Executive Chairman and CEO Robert Ellin.

In August 2017, Loton Corp formally changed its name to LiveXLive Media, Inc. and ticker to LIVX, reflecting its stated goal of becoming a leading destination for premium music content.

In December 2017, LIVX announced the sale of 5mm shares at \$4 per shares and an exercised over-allotment option to purchase of 460,200 shares. Total gross proceeds were \$21.8m.

In February 2018, LIVX was approved for listing on the NASDAQ Capital Market.

In January 2018, LIVX announced it closed the acquisition of Slacker Radio, a streaming music and personalized radio subscription service.

Net consideration for Slacker Radio was \$28.6mm consisting of ~8mm shares of LIVX valued at \$26.1mm, cash of \$2.5mm and the assumption of \$21.5mm in liabilities.

In July 2018, LIVX sold \$10.7mm in 12.75% debentures with a conversion price of \$10 per share.

In July 2019, LIVX sold 5mm shares of common stock at \$2.10 per share.

RISKS

The recorded music industry is highly concentrated, with Universal, Warner and Sony commanding over ~80% market share. Should it begin to curtail the supply chain, catalog content and other subscription based offerings would likely contract, lowering overall subscription streaming music demand.

LIVX business with Tesla accounted for ~41% of revenue for the year ended March 31, 2019. Any degradation of the business relationship with Tesla would be detrimental to our forecast.

Should the popularity of subscription music streaming decrease, it would be detrimental to our forecast as ~90% of it is derived from subscription streaming revenue. Similarly, LIVX's ability to attract and retain users is sensitive to changing public tastes in music and technology.

Subscription streaming and subscription music streaming is extremely competitive with multiple peers possessing considerable more liquidity and access to capital than LIVX.

VALUATION

We value shares at ~\$8.50 utilizing the present value of our expectation of 1% share penetration of the streaming subscription music market by 2030. We calculate the 12mm subscribers (1.2b expected by 2030) will generate ~\$4 per month in subscription fees or \$576mm in revenue. We believe sponsorships and licensing will be at least 12% of total revenue, or an additional \$75mm, totaling \$650mm of revenue. At a 25% EBITDA margin, EBITDA would total \$162.5mm. Discounted back a period of 11 years with a discount rate of 11%, \$162.5mm equates to \$50mm. This equates to a PV EV/EBITDA of ~3.0x. At 10x (a multiple well-below comparisons), shares would trade close to ~\$8.50. Impediments to our price target include a material change to key OEM agreements, specifically with Tesla; lack of ability to convert viewership to paid subscriptions; the absence of key management contract renewals and; lack of ability to fund additional content creation or execute on certain acquisition strategies.

RISKS

Risks that could impede shares of LIVX from achieving our \$9 price target include: 1) Consumer behavior away from current music and technology trends ("fad" risk); 2) A loss of its Tesla contract, which accounted for ~41% of revenue in its year ended March 2019; 3) A negative shift in the domestic economy; 4) A lack of market share traction for multiple reasons including but not limited to lack of content creation and larger competitor dominance given more significant liquidity and access to capital; 5) A lack of profit history and 6) The recording label's overall ability to control the content supply chain.

COMPANY DESCRIPTION

LiveXLive ("LIVX") is a digital media company focused on live music entertainment. LIVX operates LiveXLive, a live music video streaming platform and producer of original music-related content, delivering on-demand music experiences from of the world's top music festivals and concerts. Listeners also have access to premium original content, artist exclusives and industry interviews.

LiveXLive primary source of revenue is from subscriptions to its digital entertainment platform. Additional revenue comes from sponsorships, licensing and advertisements.

MENTIONED COMPANIES

TSLA

(\$000)	2018 FY18	Jun-18 F1Q19	Sep-18 F2Q19	Dec-18 F3Q19	Mar-19 F4Q19	2019 FY19	Jun-19 F1Q20	Sep-19 F2Q20E	Dec-19 F3Q20E	Mar-20 F4Q20E	2020 FY20E	Jun-20 F1Q21E	Sep-20 F2Q21E	Dec-20 F3Q21E	Mar-21 F4Q21E	2020 FY21E
REVENUES																
Revenues	7,195	7,590	7,968	8,964	9,179	33,701	9,498	10,399	12,439	13,668	46,004	14,758	16,754	20,074	21,640	73,226
% yoy	na	na	na	na	28%	368%	25%	31%	39%	49%	37%	55%	61%	61%	58%	59%
OPERATING EXPENSES																
Cost of sales	6,694	8,435	8,135	7,571	7,029	31,170	9,013	8,839	10,324	11,071	39,248	12,249	13,905	15,657	16,879	58,692
% of total revenues	93%	111%	102%	84%	77%	92%	95%	85%	83%	81%	85%	83%	83%	78%	78%	80%
Gross Profit	501	(845)	(167)	1,393	2,150	2,531	485	1,560	2,115	2,597	6,756	2,509	2,848	4,416	4,761	14,534
% yoy	nm	nm	nm	29%	405%	405%	NA	NA	52%	21%	167%	417%	83%	109%	83%	115%
% of total revenues	7%	-11%	-2%	16%	23%	8%	5%	15%	17%	19%	15%	17%	17%	22%	22%	20%
Sales and marketing	662	914	1,306	963	1,349	4,532	1,711	1,872	2,115	2,187	7,884	2,214	2,262	2,509	2,489	9,473
% of total revenues	na	12%	16%	11%	15%	13%	18%	18%	17%	16%	17%	15%	14%	13%	12%	13%
Product development	1,578	1,843	1,969	1,825	2,329	7,966	2,423	2,704	3,172	3,349	11,647	3,468	3,770	4,316	4,436	15,990
% of total revenues	22%	24%	25%	20%	25%	24%	26%	26%	26%	25%	25%	24%	23%	22%	21%	22%
General and administrative expenses	10,715	4,077	3,664	4,470	5,210	17,421	4,825	4,077	4,077	4,077	17,056	4,077	4,077	4,077	4,077	16,308
% of total revenues	149%	54%	46%	50%	57%	52%	51%	39%	33%	30%	37%	28%	24%	20%	19%	22%
EBITDA	(12,454.0)	(7,679.0)	(7,106.0)	(5,865.0)	(6,738.0)	(27,388)	(8,474.0)	(7,092.7)	(7,248.9)	(7,015.7)	(29,831.3)	(7,250.1)	(7,260.2)	(6,485.8)	(6,241.0)	(27,237.1)
Amortization of intangible assets	2,423	2,423	2,410	(117)	1,788	6,504	1,788	1,800	1,800	1,835	7,223	1,835	1,835	1,835	1,835	7,340
% of total revenues	34%	32%	30%	-1%	19%	19%	19%	17%	14%	13%	16%	12%	11%	9%	8%	10%
Operating income	(14,877)	(10,102)	(9,516)	(5,748)	(8,526)	(33,892)	(10,262)	(8,893)	(9,049)	(8,851)	(37,054)	(9,085)	(9,095)	(8,321)	(8,076)	(34,577)
Adjusted Operating income (D&A, Stock-Comp Add-back)		(4,554)					(4,589)	(3,993)	(4,149)	(3,916)	(16,646)	(4,150)	(4,160)	(3,386)	(3,141)	(14,837)
% yoy	na	-439%	-211%	-112%	-18%	-128%	-2%	7%	-57%	-4%	-9%	-11%	-2%	8%	9%	7%
OTHER INCOME																
Interest expense, net	(3,922)	(616)	(782)	(839)	(890)	(3,127)	(870)	(874)	(874)	(874)	(3,491)	(874)	(874)	(874)	(874)	(3,495)
Other expense	(215)	(50)	(27)	24	(325)	(378)	166	0	0	0	166	0	0	0	0	0
Total other income	(4,137)	(666)	(809)	(815)	(1,215)	(3,505)	(704)	(874)	(874)	(874)	(3,325)	(874)	(874)	(874)	(874)	(3,495)
Pretax income	(19,014)	(10,768)	(10,325)	(6,563)	(9,741)	(37,397)	(10,966)	(9,767)	(9,923)	(9,724)	(40,380)	(9,959)	(9,969)	(9,195)	(8,950)	(38,072)
% of total revenue	nm	nm	nm	nm	nm	nm	nm	nm	nm	(1)	(1)	(1)	(1)	nm	(0)	(1)
Income tax provision (benefit)	6	0	66	0	7	73	0	0	0	0	0	0	0	0	0	0
% tax rate	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Loss from discontinued operations	(19,020)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated net income (loss)	(23,336)	(10,768)	(10,259)	(6,563)	(9,748)	(37,338)	(10,966)	(9,767)	(9,923)	(9,724)	(40,380)	(9,959)	(9,969)	(9,195)	(8,950)	(38,072)
EPS	(0.59)	(0.21)	(0.20)	(0.13)	(0.19)	(0.72)	(0.21)	(0.17)	(0.17)	(0.17)	(0.72)	(0.17)	(0.17)	(0.16)	(0.16)	(0.66)
Shares outstanding	39,595	51,528	51,950	51,985	52,136	51,899	52,320	57,620	57,620	57,620	57,620	57,620	57,620	57,620	57,620	57,620

Source: ROTH Capital and SEC Filings

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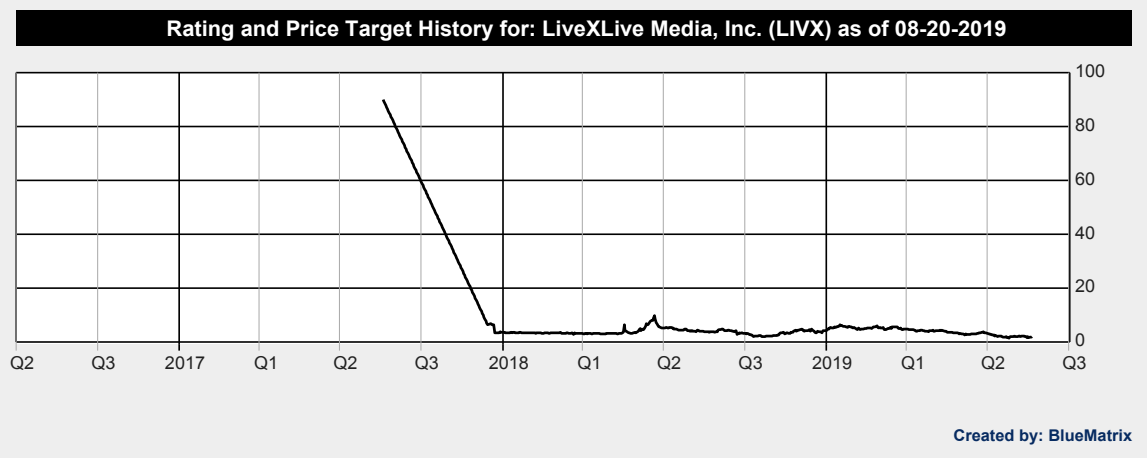
8/20/2019

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Disclosures:

ROTH makes a market in shares of LiveXLive Media, Inc. and Tesla, Inc. and as such, buys and sells from customers on a principal basis.

Shares of LiveXLive Media, Inc. may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

IB Serv./Past 12 Mos.

Rating	Count	Percent	as of 08/21/19	
			Count	Percent
Buy [B]	272	75.35	152	55.88
Neutral [N]	45	12.47	18	40.00
Sell [S]	5	1.39	2	40.00
Under Review [UR]	39	10.80	19	48.72

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Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

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