

December 30, 2024



Salem Media Group Substantially Strengthens its Balance Sheet by Repaying All \$159.4 Million of its Long-Term Debt and Brings in New Strategic Investor

CAMARILLO, Calif.--(BUSINESS WIRE)-- [Salem Media Group, Inc.](#) (OTCQX: SALM) announced today that it has entered into a series of transactions pursuant to which it has repurchased all \$159.4 million of its outstanding 7.125% Senior Secured Notes due 2028 (the "2028 Notes") at a \$37.1 million discount, including accrued interest, has issued \$40 million of a new series of convertible preferred stock, and has agreed to sell seven radio stations and enter into a marketing agreement for total consideration of \$90 million.

David Santrella, Salem's Chief Executive Officer said, "Upon the closing of these three transactions, we will have transformed and significantly improved Salem's balance sheet and capital structure. With the exception of its revolving line of credit, Salem will have no outstanding debt. Salem will also have the benefit of working with an important new strategic investor that is expected to bring significant new opportunities to the company as well as offer incredible expertise in the area of digital media." David Santrella added, "As a result of these transactions, our ability to service our national ministry partners and listeners with the important content provided by Salem has been greatly enhanced."

2028 Notes Repurchase

On December 23, 2024, the Company repurchased all \$159.4 million of its outstanding 2028 Notes, in consideration for payment of \$104 million in cash and the issuance of an aggregate of \$24 million in subordinated unsecured promissory notes ("Subordinated Notes") to the holders of the 2028 Notes. Upon completion of the repurchase, the 2028 Notes were cancelled and the Indenture relating to the 2028 Notes was discharged. In connection with the repurchase, the Company and the holders of the Subordinated Notes agreed that, upon the earlier of the closing of the radio stations sale described below and June 22, 2025, the Company will exchange all of the Subordinated Notes for 24,000 shares of newly issued Series A Preferred Stock, which will have an initial liquidation preference of \$1,000 and accrue quarterly dividends, payable in cash or in kind at the option of the Company, at a rate of 5% for the first two years after issuance, 7.5% for the following two years, and 10% after the fourth year after issuance, and contains certain mandatory redemption obligations, subject to the prior repayment of the Company's outstanding senior debt.

Series B Convertible Preferred Stock

On December 23, 2024, the Company issued \$40 million of newly issued Series B Convertible Preferred Stock (the “Series B Preferred Stock”) to The Christian Community Foundation, Inc., d/b/a WaterStone (“Waterstone”), the proceeds of which were used for the repurchase of the 2028 Notes. The Series B Preferred Stock has an initial liquidation preference of \$1,000 per share and is convertible into the Company’s Class A and Class B Common Stock at a conversion price based on the trailing 90-day VWAP of the Common Stock at the time of conversion, subject to limits that the maximum number of shares issuable on conversion will not exceed 49% of the issued and outstanding shares of the Company’s Common Stock or 46% of the Company’s voting rights.

Waterstone’s investment in Salem Media Group will be overseen by Rick von Gnechten, COO of WaterStone. Rick previously served as CFO for a \$2 billion NYSE-listed public company (Fortune 600) recognized by Dow Jones survey as one of the top 10 public companies for governance and disclosure practices.

Radio Stations Sale

On December 23, 2024, the Company entered into an agreement with Educational Media Foundation (“EMF”), the owner of the nation’s two largest Christian music radio networks (K-LOVE and Air1) with over 1,000 broadcast signals across all 50 states, for the sale of the Company’s Contemporary Christian Music formatted radio stations in Atlanta (WFSH-FM), Cleveland (WFHM-FM), Colorado Springs (KBIQ-FM), Dallas (KLTY-FM), Los Angeles (KFSH-FM), Portland (KFIS-FM) and Sacramento (KKFS-FM) (collectively “the Stations”) for aggregate consideration of \$80 million (the “Radio Stations Sale”), and will enter into an advertising and marketing agreement for \$10 million. The Radio Stations Sale is subject to customary closing conditions and is expected to close in the first half of 2025. EMF will start operating the Stations pursuant to an Affiliation Agreement on or about February 1, 2025. In addition, the Company issued EMF a senior secured promissory note due 2027 in the principal amount of \$72 million (the “Promissory Note”), a portion of the proceeds of which were used for the repurchase of the 2028 Notes. The Promissory Note, which will be terminated upon consummation of the Radio Stations Sale, is secured by substantially all of the assets of the Company and certain subsidiary guarantors and will bear interest at 3-month SOFR + 1.00% starting July 1, 2025.

Regarding the sale, Edward G. Atsinger, the Company’s Executive Chairman and co-founder said, “We have made a strategic decision to exit the Contemporary Christian Music format in order to pay off all of Salem’s long-term debt. We could not be more delighted that the buyer is EMF. EMF has demonstrated over many years a unique ability and dedication to creating and distributing the highest quality Christian music content to its listeners in a positive and encouraging way. I am confident that their impact on listeners and their communities will be incredibly effective.”

Extension of ABL

Finally, on December 23, 2024, the Company completed a one-year extension of its Asset Based Loan revolving facility with Siena Lending Group.

The Series B Preferred Stock and Subordinated Notes were issued, and the Series A Preferred Stock will be issued, to investors the Company believes to be accredited investors, through private placements. None of the Series A Preferred Stock, Series B Preferred Stock or Subordinated Notes have been or will be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States

or to U.S. persons absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any state securities laws.

The Company retained Guggenheim Securities, LLC to serve as the Company's financial advisor in connection with the 2028 Notes Repurchase.

This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities and shall not constitute an offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Salem Media Group, Inc.

Salem Media Group is America's leading multimedia company specializing in Christian and conservative content, with media properties comprising radio, digital media and book and newsletter publishing. Each day Salem serves a loyal and dedicated audience of listeners, readers and viewers numbering in the millions nationally. With its unique content focus, Salem provides compelling audio and video programming, text content, fresh commentary and relevant information from some of the most respected figures across the Christian and conservative media landscape. Learn more about Salem Media Group, Inc. at www.salemmedia.com.

About WaterStone

WaterStone is a 501c(iii) organization dedicated to honoring God through the transformational power of giving, serving givers at the intersection of faith and finance, and building the kingdom by transforming assets to living water.

Forward-Looking Statements

Statements used in this press release that relate to future plans, events, financial results, prospects or performance are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those anticipated as a result of certain risks and uncertainties, including but not limited to the ability of Salem to close the Radio Stations Sale or to close and integrate announced transactions, market acceptance of Salem's radio station formats, competition from new technologies, inflation and other adverse economic conditions, and other risks and uncertainties detailed from time to time in Salem's quarterly and annual reports and other filings available on their website at <https://investor.salemmedia.com/>. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Salem undertakes no obligation to update or revise any forward-looking statements to reflect new information, changed circumstances or unanticipated events.

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