

SALEM MEDIA GROUP, INC.



DELAWARE
State of Incorporation

770 PASEO CAMARILLO STE. 325, CAMARILLO CA 93010
Company Address

Telephone: (805) 987-0400
Corporate Website: www.salemmedia.com
Company Email: ir@salemmedia.com

SIC Code:4832

Quarterly Report For the period ending June 30, 2026 (the "Reporting Period")

The number of shares outstanding of our Class A Common Stock is 26,117,069 and Class B Common Stock is 5,553,696 as of June 30, 2026

The number of shares outstanding of our Class A Common Stock is 26,129,755 and Class B Common Stock is 5,553,696 as of March 31, 2026 (end of previous reporting period)

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes ☐ No ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes ☐ No ☒

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes ☐ No ☒

INDEX TO FINANCIAL STATEMENTS

	PAGE
<u>Disclosure Statement</u>	3
<u>Condensed Consolidated Balance Sheets</u>	6
<u>Condensed Consolidated Statements of Operations</u>	7
<u>Condensed Consolidated Statements of Stockholders' Equity</u>	8
<u>Condensed Consolidated Statements of Cash Flows</u>	9
<u>Notes to the Condensed Consolidated Financial Statements</u>	11
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23

Item 1 Exact name of the issuer and the address of its principal executive offices.

Salem Media Group, Inc.
770 Paseo Camarillo, Suite 325
Camarillo, CA 93010

Item 2 Shares outstanding.

Class A	Outstanding at June 30, 2026
Common Stock, \$0.01 par value per share	26,117,069 shares
Class B	Outstanding at June 30, 2026
Common Stock, \$0.01 par value per share	5,553,696 shares

As of June 30, 2026, we had approximately 121 stockholders of record (not including the number of persons or entities holding stock in nominee or street name through various brokerage firms) of Class A common stock and two stockholders of record of Class B common stock.

Item 3 Interim financial statements.

The interim financial statements are attached at the end of this Disclosure Statement.

	Page
Condensed Consolidated Balance Sheets	6
Condensed Consolidated Statements of Operations	7
Condensed Consolidated Statements of Stockholders' Equity	8
Condensed Consolidated Statements of Cash Flows	9

Item 4 Management's discussion and analysis or plan of operation.

The company's Management's Discussion and Analysis of Financial Condition and Results of Operations are attached at the end of this Disclosure Statement starting on page 23.

Off-Balance Sheet Arrangements.

There are no off-balance sheet arrangements.

Item 5 Legal proceedings.

Please refer to Footnote 13 - Commitments and Contingencies attached at the end of this Disclosure Statement starting on page 21.

Item 6 Defaults upon senior securities.

None noted.

Item 7 Other information.

Note noted.

Item 8 Exhibits.

None noted.

Item 9 Certifications.

I, David P. Santrella, certify that:

1. I have reviewed this quarterly disclosure statement of Salem Media Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 12, 2026



David P. Santrella
Chief Executive Officer

I, Evan D. Masyr, certify that:

1. I have reviewed this quarterly disclosure statement of Salem Media Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 12, 2026



Evan D. Masyr
Executive Vice President and
Chief Financial Officer

CERTAIN DEFINITIONS

Unless the context requires otherwise, all references in this quarterly report to “Salem” or the “company,” including references to Salem by “we” “us” “our” and “its” refer to Salem Media Group, Inc. and our subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Salem makes “forward-looking statements” from time to time in both written reports (including this quarterly report) and oral statements, within the meaning of federal and state securities laws. Disclosures that use words such as the company “believes,” “anticipates,” “estimates,” “expects,” “intends,” “will,” “may,” “intends,” “could,” “would,” “should,” “seeks,” “predicts,” or “plans” and similar expressions are intended to identify forward-looking statements, as defined under the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of such safe harbor provisions.

You should not place undue reliance on these forward-looking statements, which reflect our expectations based upon data available to the company as of the date of this quarterly report. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from expectations. Except as required by law, the company undertakes no obligation to update or revise any forward-looking statements made in this quarterly report. Any such forward-looking statements, whether made in this quarterly report or elsewhere, should be considered in context with the various disclosures made by Salem about its business.

SALEM MEDIA GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share and per share data)

	December 31, 2025 (Note 1)	June 30, 2026 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents and restricted cash	\$ 2,411	\$ 131
Accounts receivable (net of allowance for expected credit losses of \$6,784 in 2025 and \$5,826 in 2026)	21,492	19,871
Unbilled revenue	1,941	1,677
Prepaid expenses	4,374	5,369
Other receivables (net of allowances for expected credit losses of \$340 in 2025 and 2026)	4,024	4,321
Total current assets	34,242	31,369
Property and equipment, net of accumulated depreciation	57,630	51,100
Operating lease right-of-use assets	39,156	36,820
Financing lease right-of-use assets	32	44
Broadcast licenses	151,754	145,823
Goodwill	23,335	23,335
Amortizable intangible assets, net of accumulated amortization	3,052	2,559
Other assets (net of allowances for expected credit losses of \$147 in 2025 and \$605 in 2026)	6,333	5,528
Total assets	<u>\$ 315,534</u>	<u>\$ 296,578</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,627	\$ 22,631
Contract liabilities	13,154	11,037
Current portion of operating lease liabilities	8,179	8,147
Current portion of financing lease liabilities	22	20
Other current liabilities	213	248
Total current liabilities	43,195	42,083
Long-term debt, less current portion	10,557	4,302
Operating lease liabilities, less current portion	37,485	34,888
Financing lease liabilities, less current portion	12	26
Deferred income taxes	30,226	27,599
Contract liabilities, long-term	10,381	9,719
Other long-term liabilities	5,998	6,564
Total liabilities	137,854	125,181
Commitments and contingencies (Note 13)		
Stockholders' Equity:		
Redeemable Series A preferred stock, \$0.01 par value; authorized 24,000 shares at December 31, 2025 and June 30, 2026; 24,000 shares issued and outstanding at December 31, 2025 and June 30, 2026	—	—
Redeemable Series B convertible preferred stock, \$0.01 par value and \$1,000 liquidation value; authorized 40,000 share, 40,000 shares issued and outstanding at December 31, 2025 and June 30, 2026	—	—
Class A common stock, \$0.01 par value; authorized 80,000,000 shares; 28,522,236 and 28,505,175 issued and 26,204,586 and 26,117,069 outstanding at December 31, 2025 and June 30, 2026, respectively	285	285
Class B common stock, \$0.01 par value; authorized 20,000,000 shares; 5,553,696 issued and outstanding at December 31, 2025 and June 30, 2026	56	56
Additional paid-in capital	314,532	314,984
Accumulated deficit	(102,391)	(109,004)
Accumulated other comprehensive income	(796)	(889)
Treasury stock, at cost (2,317,650 and 2,388,106 shares at December 31, 2025 and June 30, 2026, respectively)	(34,006)	(34,035)
Total stockholders' equity	177,680	171,397
Total liabilities and stockholders' equity	<u>\$ 315,534</u>	<u>\$ 296,578</u>

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

SALEM MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	(Unaudited)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2026	2025	2026
Total net revenue	\$ 54,149	\$ 45,933	\$ 105,853	\$ 91,824
Operating expenses:				
Selling, general and administrative expenses, (including \$549 and \$556 for the three months ended June 30, 2025 and 2026, respectively, and \$1,101 and \$1,109 for the six months ended June 30, 2025 and 2026, respectively, paid to related parties)	51,182	40,162	102,610	81,899
Unallocated corporate expenses exclusive of depreciation and amortization shown below (none were paid to related parties)	4,242	4,755	9,319	9,835
Restructuring costs	363	—	4,048	—
Depreciation and amortization	2,630	2,246	5,321	4,660
Impairment of indefinite-lived long-term assets other than goodwill	25,214	4,818	25,214	4,818
Net (gain) loss on the disposition of assets	(7,145)	(1,634)	(9,016)	(2,477)
Total operating expenses	76,486	50,347	137,496	98,735
Operating loss	(22,337)	(4,414)	(31,643)	(6,911)
Other income (expense):				
Interest income	71	6	81	14
Interest expense	(357)	(438)	(744)	(872)
Net miscellaneous income and (expenses)	236	(13)	542	(15)
Net loss before income taxes	(22,387)	(4,859)	(31,764)	(7,784)
Benefit from income taxes	(4,795)	(1,447)	(7,041)	(1,802)
Net loss	\$ (17,592)	\$ (3,412)	\$ (24,723)	\$ (5,982)
Basic loss per share data:				
Basic loss per share Class A and Class B common stock	\$ (0.55)	\$ (0.11)	\$ (0.81)	\$ (0.19)
Diluted loss per share data:				
Diluted loss per share Class A and Class B common stock	\$ (0.55)	\$ (0.11)	\$ (0.81)	\$ (0.19)
Basic weighted average Class A and Class B shares outstanding	31,774,490	31,672,909	30,506,700	31,678,690
Diluted weighted average Redeemable Series B Convertible Preferred shares, Class A and Class B shares outstanding	31,774,490	31,672,909	30,506,700	31,678,690

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

SALEM MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands, except share data)

	Redeemable Series A Preferred		Redeemable Series B Convertible Preferred		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Stockholders' equity, December 31, 2024	—	—	40,000	—	23,980,741	\$285	5,553,696	\$56	\$289,573	(\$66,878)	\$—	(\$34,006)	\$188,985
Stock-based compensation	—	—	—	—	—	—	—	—	145	—	—	—	145
Restricted shares	—	—	—	—	2,347,000	23	—	—	(23)	—	—	—	—
Redeemable Series B convertible preferred stock issuance costs	—	—	—	—	—	—	—	—	—	(159)	—	—	(159)
Net loss	—	—	—	—	—	—	—	—	—	(7,131)	—	—	(7,131)
Stockholders' equity, March 31, 2025	—	—	40,000	—	26,327,741	\$263	5,553,696	\$56	\$289,536	(\$74,009)	\$—	(\$34,035)	\$181,840
Stock-based compensation	—	—	—	—	—	—	—	—	206	—	—	—	206
Restricted shares	—	—	—	—	1,228,000	12	—	—	(12)	—	—	—	—
Issuance of Redeemable Series A preferred stock	24,000	—	—	—	—	—	—	—	24,000	—	—	—	24,000
Issuance of shares in investment	—	—	—	—	1,071,428	11	—	—	589	—	—	—	600
Dividends accrued	—	—	—	—	—	—	—	—	—	(257)	—	—	(257)
Net loss	—	—	—	—	—	—	—	—	—	(17,592)	—	—	(17,592)
Stockholders' equity, June 30, 2025	24,000	—	40,000	—	28,627,169	\$286	5,553,696	\$56	\$314,319	(\$91,858)	—	—	\$188,797

	Redeemable Series A Preferred		Redeemable Series B Convertible Preferred		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Stockholders' equity, December 31, 2025	24,000	—	40,000	—	28,522,236	\$285	5,553,696	\$56	\$314,532	(\$102,391)	\$ (796)	(\$34,006)	\$177,680
Stock-based compensation	—	—	—	—	—	—	—	—	235	—	—	—	235
Restricted shares forfeited	—	—	—	—	(4,375)	—	—	—	—	—	—	—	—
Treasury stock purchased	—	—	—	—	—	—	—	—	—	—	—	(29)	(29)
Unrealized loss in investment, net of tax	—	—	—	—	—	—	—	—	—	—	(72)	—	(72)
Dividends	—	—	—	—	—	—	—	—	—	(315)	—	—	(315)
Net loss	—	—	—	—	—	—	—	—	—	(2,570)	—	—	(2,570)
Stockholders' equity, March 31, 2026	24,000	—	40,000	—	28,517,861	\$285	5,553,696	\$56	\$314,767	(\$105,276)	\$ (868)	(\$34,035)	\$174,929
Stock-based compensation	—	—	—	—	—	—	—	—	217	—	—	—	217
Restricted shares forfeited	—	—	—	—	(12,686)	—	—	—	—	—	—	—	—
Unrealized loss in investment, net of tax	—	—	—	—	—	—	—	—	—	—	(21)	—	(21)
Dividends	—	—	—	—	—	—	—	—	—	(316)	—	—	(316)
Net loss	—	—	—	—	—	—	—	—	—	(3,412)	—	—	(3,412)
Stockholders' equity, June 30, 2026	24,000	—	40,000	—	28,505,175	\$285	5,553,696	\$56	\$314,984	(\$109,004)	\$ (889)	(\$34,035)	\$171,397

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

SALEM MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2025	2026
OPERATING ACTIVITIES		
Net loss	\$ (24,723)	\$ (5,982)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	351	452
Depreciation and amortization	5,321	4,660
Amortization of deferred financing costs	298	354
Non-cash lease expense	5,158	4,172
Provision for bad debts	(431)	(1,130)
Deferred income taxes	(12,867)	(2,627)
Impairment of indefinite-lived long-term assets other than goodwill	25,214	4,818
Gain on troubled debt restructuring	(202)	—
Net (gain) loss on the disposition of assets	(9,016)	(2,477)
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	6,265	2,596
Prepaid expenses and other current assets	(759)	(1,237)
Accounts payable and accrued expenses	(2,458)	748
Operating lease liabilities	(4,420)	(3,404)
Contract liabilities	9,121	(2,779)
Other liabilities	5,350	(9)
Net cash provided by (used in) operating activities	2,202	(1,845)
INVESTING ACTIVITIES		
Cash paid for capital expenditures net of tenant improvement allowances	(2,966)	(1,769)
Equity investment in limited liability corporation	(1,000)	—
Proceeds from sale of long-lived assets	82,854	7,146
Other	(65)	642
Net cash provided by investing activities	78,823	6,019
FINANCING ACTIVITIES		
Repayment of secured promissory note	(72,000)	—
Proceeds from borrowings under ABL Facility	64,792	102,664
Payments on ABL Facility	(66,661)	(108,919)
Payments of debt issuance costs	(62)	(12)
Purchase of treasury stock	—	(29)
Payments of acquisition-related contingent earn-out consideration	—	(143)
Payments on financing lease liabilities	(20)	(15)
Book overdraft	(1,313)	—
Net cash used in financing activities	(75,264)	(6,454)
Net increase (decrease) in cash and cash equivalents	5,761	(2,280)
Cash and cash equivalents and restricted cash at beginning of year	—	2,411
Cash and cash equivalents and restricted cash at end of year	\$ 5,761	\$ 131

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

SALEM MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Dollars in thousands)

	Six Months Ended June 30,	
	2025	2026
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Cash paid for interest	\$ 535	\$ 578
Cash paid for interest on finance lease liabilities	\$ 2	\$ 2
Cash paid for income taxes, net of refunds	\$ 484	\$ 733
Other supplemental disclosures of cash flow information:		
Barter revenue	\$ 1,017	\$ 671
Barter expense	\$ 1,505	\$ 817
Non-cash investing and financing activities:		
Issuance of Class A Common Stock for investment	\$ 600	\$ —
Right-of-use assets acquired through operating leases	\$ 9,952	\$ 2,179
Right-of-use assets acquired through financing leases	\$ 12	\$ 27
Estimated present value of contingent-earn out consideration	\$ —	\$ 1,868

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

SALEM MEDIA GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

Description of Business

Salem Media Group, Inc. (“Salem” “we,” “us,” “our” or the “company”) is a domestic multimedia company specializing in Christian and conservative content. Our media properties include radio broadcasting and digital media businesses.

The accompanying Condensed Consolidated Financial Statements of Salem include the company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements of Salem include the company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Information with respect to the three and six months ended June 30, 2025 and 2026 is unaudited. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) for interim financials. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited interim financial statements contain all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the financial position, results of operations and cash flows of the company. The unaudited interim financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Annual Report for Salem for the year ended December 31, 2025. Our results are subject to seasonal fluctuations and therefore, the results of operations for the interim periods presented are not necessarily indicative of the results of operations for a full year.

The balance sheet at December 31, 2025 included in this report has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP. Certain reclassifications have been made to the prior year financial statements to conform to the presentation in the current year, which had no impact on the previously reported financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions as facts and circumstances dictate. Actual results could differ from those estimates.

Segment Reporting

We have one operating and reportable segment and present the comparative periods on a consolidated basis to reflect the one reportable segment. We consider the Chief Operating Decision Maker (“CODM”) to be a collective group of senior executives. The Company’s CODM is regularly provided financial information consistent with the Condensed Consolidated Statement of Operations presented within.

The CODM reviews many metrics including but not limited to consolidated net income/loss and Adjusted EBITDA as profitability measures for purposes of making operating decisions, assessing financial performance and allocating resources. In addition to these financial metrics, the CODM will review metrics such as audience trends and changes in profit margins. Further, the CODM reviews and utilizes selling, general and administrative expenses, and corporate expenses at the consolidated level to manage the Company’s operations.

We continually review our business unit classifications to align with operational changes in our business and may make changes as necessary.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no changes to our significant accounting policies described in Note 2 to our Annual Report for the year ended December 31, 2025, that have had a material impact on our Condensed Consolidated Financial Statements and related notes.

Recent Accounting Pronouncements

Changes to accounting principles are established by the Financial Accounting Standards Board (“FASB”) in the form of Accounting Standards Update (“ASUs”) to the FASB’s Codification. We consider the applicability and impact of all ASUs on our financial position, results of operations, cash flows, or presentation thereof. Described below are ASUs that may be applicable to our financial position, results of operations, cash flows, or presentation thereof. ASUs not listed below were

assessed and determined to not be applicable to our financial position, results of operations, cash flows, or presentation thereof.

Accounting Standards Adopted in 2026

In July 2025, the FASB issued guidance that provides the option to elect a practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. This amendment is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. The adoption did not have a material impact on our financial statements or related disclosures.

Recent Accounting Standards or Updates Not Yet Effective

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements* (“ASU 2025-11”). ASU 2025-11 clarifies and reorganizes certain aspects of interim reporting guidance, including disclosure requirements related to events occurring since the end of the most recent annual reporting period, and enhances the presentation and usability of interim financial statement disclosures. ASU 2025-11 is effective for interim reporting periods within fiscal years beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact that adoption of ASU 2025-11 will have on our financial statements and related disclosures. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. Under this ASU, all references to prescriptive and sequential software development stages are eliminated and capitalization of software costs is required to start when management has authorized and committed to funding the software project and it is probable that the project will be completed and the software will be used to perform the function intended. This standard is effective for annual reporting periods beginning after December 15, 2027 and for interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)*. The standard requires further disaggregation of relevant expense captions in a separate note to the financial statements. The standard is effective for annual reporting periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact of this standard on our financial statements and related disclosures.

NOTE 3. RECENT TRANSACTIONS

During the six-month periods ended June 30, 2025 and 2026, we completed the following transactions:

Acquisitions

We invested \$5.0 million in a limited liability company that owns, distributed, and marketed a motion picture that was released in October 2025, to which we have received \$1.4 million in proceeds. Due to lower ticket sales, we recorded a \$2.3 million impairment at December 31, 2025. The net investment balance of \$1.0 million at June 30, 2026 is reflected at cost in other assets.

Divestitures

On June 30, 2026, we sold our building in Irving, Texas, for \$6.0 million, resulting in a pre-tax gain of \$1.7 million.

On March 26, 2026, we sold the economic interest in the tower site in Honolulu, Hawaii for \$0.7 million, resulting in a pre-tax gain of \$0.7 million.

The following table presents our dispositions for the same period of the prior year:

<u>Divestiture Date</u>	<u>Description</u>	<u>Total Consideration</u>	<u>Gain (Loss) on the Disposition of Assets</u>
<i>(Dollars in thousands)</i>			
April 4, 2025	Seven Contemporary Christian Music (“CCM”) radio stations	\$ 80,000	\$ 11,200
February 1, 2025	Greenville, South Carolina office building	1,000	563
January 14, 2025	Nashville, Tennessee easement and economic interest in a tower lease	1,020	818
January 6, 2025	KZTS-AM and two FM Translators in Little Rock, Arkansas	700	526

Pending Transactions

On May 29, 2026 we entered into a Local Marketing Agreement (“LMA”) with a related party for one of our radio stations in Miami, Florida. They started operating the station under the LMA effective June 1, 2026.

On May 12, 2026 we entered into a definitive agreement to be acquired by The Christian Community Foundation, Inc., d/b/a WaterStone in a transaction that will take the company private and strengthen our long-term mission across radio, digital media, streaming, podcasting, and television. Under the terms of the agreement, WaterStone will acquire all outstanding shares of our common stock for \$1.00 per share.

The transaction was unanimously approved by our Board of Directors and approved by the shareholders. The transaction is expected to close in August 2026, subject to regulatory approval.

NOTE 4. REVENUE RECOGNITION

The following table presents our revenues disaggregated by revenue source as follows:

	Six Months Ended June 30,	
	2025	2026
	(Dollars in thousands)	
By Source of Revenue:		
Block Programming – National	\$ 26,335	\$ 24,434
Block Programming – Local	10,345	9,911
Broadcast Programming Revenue	36,680	34,345
Spot Advertising – National	2,531	2,846
Spot Advertising – Local	9,103	7,789
Network Advertising	8,494	7,217
Broadcast Advertising Revenue	20,128	17,852
Infomercials	254	145
Other Revenue	3,078	2,284
Other Broadcast Revenue	3,332	2,429
Digital Advertising	25,966	20,986
Digital Streaming	3,734	3,637
Digital Downloads	3,505	3,119
Digital Subscriptions	9,126	9,238
Other Digital Revenue	216	218
Digital Revenue	42,547	37,198
Book Sales	588	—
Estimated Sales Returns & Allowances	—	—
Net Book Sales	588	—
Self-Publishing Fees	2,554	—
Other Publishing Revenue	24	—
Publishing Revenue	3,166	—
Total Revenue	\$ 105,853	\$ 91,824
Timing of Revenue Recognition		
Point in Time	\$ 104,971	\$ 90,758
Rental Income (1)	882	1,066
Total Revenue	\$ 105,853	\$ 91,824

- (1) Rental income is not applicable to FASB ASC Topic 606, but shown for the purpose of identifying each revenue source presented in total revenue on our Condensed Consolidated Financial Statements within this quarterly report.

Refer to Footnote 4 – Revenue Recognition of our annual report for the year ended December 31, 2025 for a description of each of our revenue streams under ASC 606.

Trade and Barter Transactions

In broadcasting, trade or barter agreements are commonly used to reduce cash expenses by exchanging advertising time for goods or services. We may enter barter agreements to advertising for goods or services that can be used in our business or that can be sold to our audience under Listener Purchase Programs. The terms of these barter agreements permit us to preempt the barter advertising campaign in favor of customers who purchase the advertising campaign for cash. The value of these non-cash exchanges are included in revenue at an amount equal to the fair value of the goods or services we receive. Each

transaction must be reviewed to determine that the products, supplies, and/or services we receive have economic substance, or value to us. We record barter operating expenses upon receipt and usage of the products, supplies and services, as applicable. We record barter revenue as advertising campaigns are delivered, which represents the point in time that control is transferred to the customer thereby completing our performance obligation. Barter revenue is recorded on a gross basis unless an agency represents the programmer, in which case, revenue is reported net of the commission retained by the agency.

Trade and barter revenue and expenses were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2026	2025	2026
<i>(Dollars in thousands)</i>				
Net broadcast barter revenue	\$ 489	\$ 282	\$ 1,017	\$ 671
Net broadcast barter expense	\$ 567	\$ 335	\$ 1,505	\$ 817

NOTE 5. PROPERTY AND EQUIPMENT

We account for property and equipment in accordance with FASB ASC Topic 360-10, *Property, Plant and Equipment*.

The following is a summary of the categories of our property and equipment:

	As of	
	December 21, 2025	June 30, 2026
<i>(Dollars in thousands)</i>		
Buildings	\$ 14,166	\$ 7,077
Office furnishings and equipment	29,601	25,559
Antennae, towers and transmitting equipment	73,867	73,869
Studio, production, and mobile equipment	30,750	29,505
Computer software and website development costs	37,390	37,836
Automobiles	1,472	1,340
Leasehold improvements	19,648	19,717
	\$ 206,894	\$ 194,903
Less accumulated depreciation	(177,073)	(171,137)
	29,821	\$ 23,766
Land	\$ 23,063	22,212
Construction-in-progress	4,746	5,122
	\$ 57,630	\$ 51,100

Depreciation expense was approximately \$2.3 million and \$2.0 million for the three months ended June 30, 2025, and 2026, respectively and \$4.6 million and \$4.2 million for the six-month periods ended June 30, 2025 and 2026, respectively. We periodically review long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. This review requires us to estimate the fair value of the assets using significant unobservable inputs that reflect our own assumptions about the estimates that market participants would use in measuring fair value, including assumptions about risk. If actual future results are less favorable than the assumptions and estimates we used, we are subject to future impairment charges, the amount of which may be material. There were no indications of impairment during the period ended June 30, 2026.

NOTE 6. OPERATING AND FINANCE LEASE RIGHT-OF-USE ASSETS

Leasing Transactions

Our leased assets include offices and studios, transmitter locations, antenna sites, towers, tower sites, and land. Our lease portfolio has remaining terms ranging from less than one-year up to forty years. Many of these leases contain options to extend the term from five to twenty years, the exercise of which is at our sole discretion. Renewal options are excluded from our calculation of lease liabilities unless we are reasonably assured to exercise the renewal option. Our lease agreements do not contain residual value guarantees or material restrictive covenants. We lease certain properties from our principal stockholders or from trusts and partnerships created for the benefit of our principal stockholders and their families. These leases are designated as Related Party leases in the details provided. We are obligated to pay taxes, insurance, and common area maintenance charges under a majority of our lease agreements.

Operating leases are reflected on our balance sheet within operating lease ROU assets and the related current and non-current operating lease liabilities. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from lease agreement. Operating lease ROU assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based

upon the present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectation regarding the lease terms. Variable lease costs, such as common area maintenance, property taxes and insurance, are expensed as incurred. There were no indications of impairment during the period ended June 30, 2026.

The various discount rates are based on our incremental borrowing rate due to the rate implicit in the leases not being readily determinable. The incremental borrowing rate is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. We used publicly available information about low-grade debt, adjusted for the effect of collateralization; to determine the various rates it would pay to finance transactions over similar time periods.

Balance Sheet

Supplemental balance sheet information related to leases was as follows:

Operating Leases	June 30, 2026		
	(Dollars in thousands)		
	Related Party	Other	Total
Operating leases ROU assets	\$ 4,670	\$ 32,150	\$ 36,820
Operating lease liabilities (current)	\$ 1,311	\$ 6,836	\$ 8,147
Operating lease liabilities (non-current)	3,559	31,329	34,888
Total operating lease liabilities	\$ 4,870	\$ 38,165	\$ 43,035

Weighted Average Remaining Lease Term

Operating leases	7.1 years
Finance leases	3.0 years

Weighted Average Discount Rate

Operating leases	8.51%
Finance leases	8.03%

Lease Expense

The components of lease expense were as follows:

Six Months Ended June 30, 2026	
(Dollars in thousands)	
Amortization of finance lease ROU Assets	\$ 14
Interest on finance lease liabilities	2
Finance lease expense	16
Operating lease expense	6,024
Variable lease expense	470
Short-term lease expense	171
Total lease expense	\$ 6,681

Supplemental Cash Flow

Supplemental cash flow information related to leases was as follows:

Six Months Ended June 30, 2026	
(Dollars in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 6,424
Operating cash flows from finance leases	1
Financing cash flows from finance leases	15
Leased assets obtained in exchange for new operating lease liabilities	\$ 2,179
Leased assets obtained in exchange for new finance lease liabilities	27

Maturities

Future minimum lease payments under leases that had initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2026, are as follows:

	Operating			Finance	
	Related Party	Other	Total		Total
	<i>(Dollars in thousands)</i>				
2026	\$ 1,567	\$ 8,709	\$ 10,276	\$ 22	\$ 10,298
2027	1,278	9,063	10,341	7	10,348
2028	825	8,558	9,383	14	9,397
2029	680	6,972	7,652	5	7,657
2030	495	4,324	4,819	2	4,821
Thereafter	1,867	16,806	18,673	1	18,674
Undiscounted Cash Flows	\$ 6,712	\$ 54,432	\$ 61,144	\$ 51	\$ 61,195
Less: imputed interest	(1,842)	(16,267)	(18,109)	(5)	(18,114)
Total	\$ 4,870	\$ 38,165	\$ 43,035	\$ 46	\$ 43,081
Reconciliation to lease					
Lease liabilities – current	\$ 1,311	\$ 6,836	\$ 8,147	\$ 20	\$ 8,167
Lease liabilities – long-term	3,559	31,329	34,888	26	34,914
Total Lease Liabilities	\$ 4,870	\$ 38,165	\$ 43,035	\$ 46	\$ 43,081

NOTE 7. BROADCAST LICENSES

We account for broadcast licenses in accordance with FASB ASC Topic 350 *Intangibles—Goodwill and Other*. We do not amortize broadcast licenses, but rather test for impairment annually or more frequently if events or circumstances indicate that the value may be impaired. In the case of our broadcast radio stations, we would not be able to operate the properties without the related broadcast license for each property. Broadcast licenses are renewed with the FCC every eight years for a nominal fee that is expensed as incurred. We continually monitor our stations' compliance with the various regulatory requirements that are necessary for the FCC renewal and all of our broadcast licenses have been renewed. We expect all of our broadcast licenses to be renewed in the future and therefore, we consider our broadcast licenses to be indefinite-lived intangible assets. We are not aware of any legal, competitive, economic, or other factors that materially limit the useful life of our broadcast licenses.

As a result of changes in the weighted average cost of capital ("WACC") we performed an interim review of broadcast licenses for impairment at June 30, 2026. We performed an assessment of the amount by which the prior year estimated fair value exceeded the carrying value of the broadcast license and the year-to-date market revenues as compared to the forecasted market revenue used in the prior year valuation under the start-up income approach.

Based on our assessment, we engaged Bond & Pecaro, an independent third-party appraisal and valuation firm, to assist us with determining the enterprise value of 22 of our market clusters. The estimated fair value of each market cluster was determined using the Greenfield Method, a form of the income approach. The premise of the Greenfield Method is that the value of a broadcast license is equivalent to a hypothetical start-up in which the only asset owned by the station as of the valuation date is the broadcast license. This approach eliminates factors that are unique to our operation of the station, including its format and historical financial performance. The method then assumes the entity has to purchase, build, or rent all of the other assets needed to operate a comparable station to the one in which the broadcast license is being utilized as of the valuation date. Cash flows are estimated and netted against all start-up costs, expenses and investments necessary to achieve a normalized and mature state of operations, thus reflecting only the cash flows directly attributable to the broadcast license. A multi-year discounted cash flow approach is then used to determine the net present value of these cash flows to derive an indication of fair value. For cash flows beyond the projection period, a terminal value is calculated using the Gordon constant growth model and long-term industry growth rate assumptions based on long-term industry growth and Gross Domestic Product ("GDP") inflation rates.

The primary assumptions used in the Greenfield Method are:

- (1) gross operating revenue in the station's designated market area,
- (2) normalized market share,
- (3) normalized profit margin,
- (4) duration of the "ramp-up" period to reach normalized operations, (which was assumed to be three years),
- (5) estimated start-up costs (based on market size),
- (6) ongoing replacement costs of fixed assets and working capital,
- (7) the calculations of yearly net free cash flows to invested capital; and
- (8) amortization of the intangible asset, or the broadcast license.

The assumptions used reflect those of a hypothetical market participant and not necessarily the actual or projected results of Salem. The key estimates and assumptions used in the start-up income valuation for our broadcast licenses were as follows:

Broadcast Licenses	June 30, 2025	December 31, 2025	June 30, 2026
Risk-adjusted discount rate	9.0%	8.5%	9.0%
Operating profit margin ranges	3.1% - 29.1%%	2.3% - 27.2%%	2.3% - 27.2%%
Long-term revenue growth rates	(0.5)%	(0.5)%	(0.5)%

The risk-adjusted discount rate reflects the WACC developed based on data from same or similar industry participants and publicly available market data as of the measurement date.

Based on our review and analysis, we determined that the carrying value of broadcast licenses in eleven of our market clusters were impaired as of the interim testing period ending June 30, 2026. We recorded an impairment charge of \$4.8 million to the value of broadcast licenses in Boston, Chicago, Cleveland, Colorado Springs, Columbus, Los Angeles, Miami, Orlando, Philadelphia, and San Francisco. The impairment charges were driven by increases in the WACC. We believe that these factors are indicative of trends in the industry as a whole and not unique to our company or operations.

The table below presents the results of our interim impairment testing under the start-up income approach at June 30, 2026:

Market Cluster	Excess Fair Value June 30, 2026
Atlanta, GA	20.3%
Boston, MA	(1.3)%
Chicago, IL	(3.2)%
Cleveland, OH	(19.2)%
Colorado Springs, CO	(23.9)%
Columbus, OH	(5.7)%
Dallas, TX	3.6%
Denver, CO	375.0%
Detroit, MI	3.5%
Houston, TX	1,683.5%
Little Rock, AR	34.0%
Los Angeles, CA	(7.4)%
Miami, FL	(4.5)%
Minneapolis, MN	12.1%
Orlando, FL	(10.2)%
Philadelphia, PA	(24.3)%
Phoenix, AZ	15.7%
Pittsburgh, PA	139.0%
San Antonio, TX	178.6%
San Francisco, CA	(16.2)%
Tampa, FL	17.3%
Washington, DC	58.1%

The following table presents the changes in broadcasting licenses that include acquisitions and divestitures of radio stations and FM translators as described in Note 3 – Recent Transactions as described below.

Broadcast Licenses	Twelve Months Ended December 31, 2025	Six Months Ended June 30, 2026
<i>(Dollars in thousands)</i>		
Balance before cumulative loss on impairment, beginning of period	\$ 272,250	\$ 264,760
Accumulated loss on impairment, beginning of period	(90,386)	(113,006)
Balance after cumulative loss on impairment, beginning of period	181,864	151,754
Disposition of radio stations and FM translators	(4,896)	—
Surrender of FCC broadcast license	—	(1,113)
Loss on impairment	(25,214)	(4,818)
Balance, end of period after cumulative loss on impairment	\$ 151,754	\$ 145,823
Balance, end of period before cumulative loss on impairment	\$ 264,760	\$ 263,220
Accumulated loss on impairment, end of period	(113,006)	(117,397)
Balance, end of period after cumulative loss on impairment	\$ 151,754	\$ 145,823

NOTE 8. GOODWILL

We account for goodwill in accordance with FASB ASC Topic 350 *Intangibles—Goodwill and Other*. We do not amortize goodwill, but rather test for impairment annually or more frequently if events or circumstances indicate that an asset may be impaired. We perform our annual impairment testing during the fourth quarter of each year, which coincides with our budget and planning process for the upcoming year. There were no indications of impairment during the six months ended June 30, 2026.

The following table presents the changes in goodwill including business acquisitions as described in Note 3 - Recent Transactions as described below.

Goodwill	Twelve Months Ended December 31, 2025	Six Months Ended June 30, 2026
	<i>(Dollars in thousands)</i>	
Balance, beginning of period before cumulative loss on impairment	\$ 30,047	\$ 30,805
Accumulated loss on impairment	(7,470)	(7,470)
Balance, beginning of period after cumulative loss on impairment	22,577	23,335
Acquisition of digital media business	2,166	—
Disposition of publishing business	(1,408)	—
Ending period balance	\$ 23,335	\$ 23,335
Balance, end of period before cumulative loss on impairment	30,805	30,805
Accumulated loss on impairment	(7,470)	(7,470)
Ending period balance	\$ 23,335	\$ 23,335

NOTE 9. AMORTIZABLE INTANGIBLE ASSETS

The following tables provide a summary of our significant classes of amortizable intangible assets:

As of December 31, 2025			
	Cost	Accumulated Amortization	Net
	<i>(Dollars in thousands)</i>		
Customer lists and contracts	\$ 23,677	\$ (23,508)	\$ 169
Domain and brand names	18,048	(16,433)	1,615
Favorable and assigned leases	1,479	(1,479)	—
Subscriber base and lists	11,696	(10,473)	1,223
Non-compete agreements	1,612	(1,567)	45
Other amortizable intangible assets	1,308	(1,308)	—
	<u>\$ 57,820</u>	<u>\$ (54,768)</u>	<u>\$ 3,052</u>

As of June 30, 2026			
	Cost	Accumulated Amortization	Net
	<i>(Dollars in thousands)</i>		
Customer lists and contracts	\$ 23,677	\$ (23,557)	\$ 120
Domain and brand names	18,053	(16,660)	1,393
Favorable and assigned leases	1,479	(1,479)	—
Subscriber base and lists	11,696	(10,650)	1,046
Non-compete agreements	1,612	(1,612)	—
Other amortizable intangible assets	1,308	(1,308)	—
	<u>\$ 57,825</u>	<u>\$ (55,266)</u>	<u>\$ 2,559</u>

Amortization expense was approximately \$0.4 million and \$0.2 million for the three-months ended June 30, 2025 and 2026, respectively and \$0.7 million and \$0.5 million for the six-month periods ended June 30, 2025 and 2026, respectively. Based on the amortizable intangible assets as of June 30, 2026, we estimate amortization expense for the next five years to be as follows:

Year ended December 31,	Amortization Expense
	<i>(Dollars in thousands)</i>
2026 (July – Dec)	\$ 399
2027	766
2028	547

2029	535
2030	312
Thereafter	—
Total	\$ 2,559

NOTE 10. RESTRUCTURING

On December 30, 2024 we announced the sale of our remaining seven CCM radio stations. In connection with the sale, we committed to a plan that resulted in the elimination of certain positions, the termination and/or payment of certain contracts that no longer provide us with any economic benefit and other cost-savings initiatives. The plan was authorized and communicated by management in January 2025. The accrued restructuring costs as of December 31, 2025 and June 30, 2026 were \$0.2 million and \$0.1 million, respectively. The accrued restructuring costs are presented under the accounts payable and accrued expenses line on the face of the Condensed Consolidated Balance Sheets.

The following summarizes restructuring and restructuring related charges for the three and six-month periods ended June 30, 2025:

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
	<i>(Dollars in thousands)</i>	
Employee termination benefits	\$ 28	\$ 2,216
Contract termination costs	214	600
Other associated costs	121	1,232
	\$ 363	\$ 4,048

The restructuring costs are presented on a separate line on the face of the Condensed Consolidated Statements of Operations.

NOTE 11. DEBT

Salem Media Group, Inc. has no independent assets or operations, the subsidiary guarantees relating to certain debt are full and unconditional and joint and several, and any subsidiaries of Salem Media Group, Inc. other than the subsidiary guarantors are minor.

As of June 30, 2026, the Asset-Based Revolving Credit Facility (“ABL”), had a borrowing base of \$15.4 million, \$4.3 million in outstanding borrowings, \$2.5 million in letters of credit, a \$2.0 million availability block, resulting in a \$6.6 million borrowing base availability.

Our weighted average interest rate was 7.98% and 7.23% at December 31, 2025, and June 30, 2026, respectively.

In addition to the ABL, we also have interest obligations related to our long-term debt as follows as of June 30, 2026:

- \$4.3 million outstanding borrowings under the ABL facility, with interest payments due at Secured Overnight Financing Rate (“SOFR”) plus 4.5% per annum with a SOFR floor of 4.3%;
- \$2.5 million in standby letters of credit with interest payment at an annual rate of 4.5%; and
- Commitment fee of 0.35% per annum on the unused portion of the ABL Facility.

Asset-Based Revolving Credit Facility

On December 26, 2023, we entered into an agreement with Siena Lending Group, Inc. (“Siena”) to provide us a \$26.0 million asset based loan (“ABL Facility”) revolving facility. The proceeds from this ABL Facility were used to pay off the previous ABL Facility from Wells Fargo Bank, National Association and to provide additional working capital for the company. First priority perfected security interests and liens on all present and future accounts receivable, inventory, deposits and security accounts and certain owned real property and other equity interests of the company and each of our direct and indirect subsidiaries and second priority perfected security interests and liens on all other present and future assets of the company.

The ABL Facility is a \$26.0 million credit facility due December 26, 2027, which includes a \$3.0 million sub-facility for standby letters of credit.

Availability under the ABL Facility is subject to a borrowing base consisting of (a) 90% of the eligible accounts receivable plus (b) 90% of the eligible unbilled receivable not to exceed \$5.0 million and (c) a calculated amount based on the value of certain real property. An Availability Block not to exceed \$2 million will be required should the company not maintain a fixed charge coverage ratio of 1. As of June 30, 2026, the fixed charge coverage ratio was (0.4). The Availability Block will remain in effect until such time as the company resumes meeting the Fixed Charge Coverage Ratio covenant.

As of June 30, 2026, the amount available under the ABL Facility was \$6.6 million of which \$4.3 million was outstanding and \$2.5 million is drawn on a letter of credit. All borrowings under the ABL Facility accrue interest at a rate equivalent to 30 Day Term SOFR Rate plus 4.5% per annum with a SOFR floor of 4.3%. There is an unused line fee of 0.35% per annum. A

prepayment fee of 2% of the total ABL Facility amount is due if the ABL Facility is retired in the first 12 months following the closing date; 1% during the subsequent 13-30 month period following the closing date and 0% thereafter until maturity of the ABL Facility. Additionally, a letter of credit fee of 4.5% per annum would be charged on the face amount of all letter of credits issued, payable monthly in arrears calculated on the basis of actual days elapsed in a year of 360 days. Other standard fees with respect to letters of credit would also apply.

We recorded debt issuance costs of \$1.9 million as an asset being amortized to non-cash interest expense over the term of the ABL Facility using the effective interest method. During the three and six months ended June 30, 2025, \$0.1 million and \$0.3 million, respectively, of debt issuance costs associated with the ABL Facility was amortized to interest expense. During the three and six months ended June 30, 2026, \$0.2 million and \$0.3 million, respectively, of debt issuance costs associated with the ABL Facility was amortized to interest expense. At June 30, 2026, the blended interest rate on amounts outstanding under the ABL Facility was 8.80%.

We report outstanding balances on the ABL Facility as long-term regardless of the maturity date based on use of the ABL Facility to fund ordinary and customary operating cash needs with frequent repayments. We believe that our borrowing capacity under the ABL Facility allows us to meet our ongoing operating requirements, fund capital expenditures and satisfy our debt service requirements for at least the next twelve months. As of June 30, 2026, accrued and unpaid interest on the ABL Facility was \$0.1 million.

Maturities of Long-Term Debt and Capital Lease Obligations

Principal repayment requirements under all long-term debt agreements outstanding at June 30, 2026

For the Year Ended June 30,	Amount <i>(Dollars in thousands)</i>
2027	\$ 4,302
2028	—
2029	—
2030	—
2031	—
Thereafter	—
	\$ 4,302

NOTE 12. INCOME TAXES

We recognize deferred tax assets and liabilities for future tax consequences attributable to differences between our consolidated financial statement carrying amount of assets and liabilities and their respective tax bases. We measure these deferred tax assets and liabilities using enacted tax rates expected to apply in the years in which these temporary differences are expected to reverse. We recognize the effect on deferred tax assets and liabilities resulting from a change in tax rates in income in the period that includes the date of the change.

At December 31, 2025, we had net operating loss carryforwards for federal income tax purposes of approximately \$29.8 million that expire in years 2033 through 2037 and for state income tax purposes of approximately \$253 million that expire in years 2026 through 2045. For financial reporting purposes at December 31, 2025, we had a valuation allowance of \$23.6 million, net of federal benefit, to offset the pre-2018 federal net operating losses and state net operating losses.

During the interim period ended June 30, 2026, we computed the income tax provision using an estimated effective annual rate based on projected full-year results. We updated our forecast to reflect an expected taxable loss for the 2026 calendar year. In accordance with the guidance under FASB ASC Topic 740-270-25-4, the estimated annual effective tax rate reflects the anticipated generation and utilization of operating losses and the related deferred tax impacts, including valuation allowances.

The income tax benefit that results from applying the federal statutory tax rate to pretax income differs from the actual benefit primarily due to state income taxes and permanent items.

The amortization of our indefinite-lived intangible assets for tax purposes, but not for book purposes, creates deferred tax liabilities. A reversal of deferred tax liabilities may occur when indefinite-lived intangibles: (1) become impaired; or (2) are sold, which would typically only occur in connection with the sale of the assets of a station or groups of stations or the entire company in a taxable transaction. Due to the amortization for tax purposes and not for book purposes of our indefinite-lived intangible assets, we expect to continue to generate deferred tax liabilities in future periods exclusive of any impairment losses in future periods. These deferred tax liabilities and net operating loss carryforwards result in differences between our provision for income tax and cash paid for taxes.

We review and reevaluate uncertain tax positions on a quarterly basis. Changes in assumptions may result in the recognition of a tax benefit or an additional charge to the tax provision.

NOTE 13. COMMITMENTS AND CONTINGENCIES

We enter into various agreements in the normal course of business that contain minimum guarantees. Minimum guarantees are typically tied to future events, such as future revenue earned in excess of the contractual level. Accordingly, the fair value of these arrangements is zero.

We may record contingent earn-out consideration representing the estimated fair value of future liabilities associated with acquisitions that may have additional payments due upon the achievement of certain performance targets. The fair value of the contingent earn-out consideration is estimated as of the acquisition date as the present value of the expected contingent payments as determined using weighted probabilities of the expected payment amounts. We review the probabilities of possible future payments to estimate the fair value of any contingent earn-out consideration on a quarterly basis over the earn-out period. Actual results are compared to the estimates and probabilities of achievement used in our forecasts. Should actual results of the acquired business increase or decrease as compared to our estimates and assumptions, the estimated fair value of the contingent earn-out consideration liability will increase or decrease, up to the contracted limit, as applicable. Changes in the estimated fair value of the contingent earn-out consideration are reflected in the results of operations in the period in which they are identified. Changes in the estimated fair value of the contingent earn-out consideration may materially impact and cause volatility in our operating results.

We and our subsidiaries, incident to our business activities, are parties to a number of legal proceedings, lawsuits, arbitration and other claims. Such matters are subject to many uncertainties and outcomes that are not predictable with assurance. We evaluate claims based on what we believe to be both probable and reasonably estimable. We maintain insurance that may provide coverage for such matters. Consequently, we are unable to ascertain the ultimate aggregate amount of monetary liability or the financial impact with respect to these matters. We believe, at this time, that the final resolution of these matters, individually and in the aggregate, will not have a material adverse effect upon our consolidated financial position, results of operations or cash flows.

NOTE 14. STOCK INCENTIVE PLAN

The following table reflects the components of stock-based compensation expense recognized in the Condensed Consolidated Statements of Operations for the three and six-month periods ended June 30, 2025, and 2026:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2026	2025	2026
	(Dollars in thousands)		(Dollars in thousands)	
Stock option compensation expense included in unallocated corporate expenses	\$ 63	\$ 26	\$ 125	\$ 67
Restricted stock shares compensation expense included in unallocated corporate expenses	49	84	88	172
Stock option compensation expense included in selling, general and administrative expenses	7	3	28	9
Restricted stock shares compensation expense included in selling, general and administrative expenses	87	104	110	204
Total stock-based compensation expense, pre-tax	\$ 206	\$ 217	\$ 351	\$ 452
Tax expense for stock-based compensation expense	(54)	(56)	(91)	(117)
Total stock-based compensation expense, net of tax	\$ 152	\$ 161	\$ 260	\$ 335

There were no stock option grants during the six-month period ending June 30, 2025 and 2026.

Activity with respect to our option awards during the six-month period ended June 30, 2026 is as follows:

Options	Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
(Dollars in thousands, except weighted average exercise price and weighted average grant date fair value)					
Outstanding at January 1, 2026	2,080,500	\$ 1.58	\$ 0.99	3.7 years	\$ —
Granted	—	—	—	—	—
Exercised	—	—	—	—	—
Forfeited or expired	(151,125)	2.61	1.30	—	—
Outstanding at June 30, 2026	1,929,375	1.51	0.97	3.4 years	\$ —
Exercisable at June 30, 2026	1,421,877	1.61	0.96	2.4 years	—
Expected to Vest	1,901,547	1.51	0.97	3.4 years	\$ —

Activity with respect to our restricted stock awards during the six-month period ended June 30, 2026 is as follows:

Restricted Stock Awards	Shares	Weighted Average Grant Date Fair	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
<i>(Dollars in thousands, except weighted average exercise price and weighted average grant date fair value)</i>				
Outstanding at January 1, 2026	3,470,067	\$ 0.59	2.5 years	\$ —
Granted	—	—	—	—
Lapsed	(750,260)	0.56	—	318
Forfeited	(17,061)	0.60	—	—
Outstanding at June 30, 2026	<u>2,702,746</u>	0.60	2.2 years	\$ —

The aggregate intrinsic value represents the difference between the company's closing stock price on June 30, 2026 of \$0.98 and the option exercise price of the shares for stock options that were in the money, multiplied by the number of shares underlying such options. The total fair value of options vested during the periods ended June 30, 2025, and 2026 was \$0.2 million and \$0.3 million, respectively.

As of June 30, 2026, there was \$0.1 million of total unrecognized compensation cost related to non-vested stock option awards. This cost is expected to be recognized over a weighted-average period of 1.3 years. As of June 30, 2026, there was \$1.2 million of total unrecognized compensation cost related to non-vested restricted stock awards. This cost is expected to be recognized over a weighted-average period of 2.2 years.

NOTE 15. STOCKHOLDERS' EQUITY

Refer to Footnote 16 – Stockholders' Equity of our annual report for the year ended December 31, 2025 for a description of each of our securities.

Redeemable Series A Preferred Stock

On December 23, 2024, the company entered into a Note Repurchase Agreement with the noteholders of the 7.125% Senior Secured Notes due 2028 and issued \$24.0 million in aggregate principal amount of unsecured debt to the noteholders. Upon the earlier to occur of (i) the close of the sale of the CCM radio stations or (ii) six months from the closing of the repurchase, the unsecured debt will automatically convert into 24,000 shares of newly authorized Series A Preferred Stock. The unsecured debt converted to Series A Preferred Stock upon the close of the sale of the CCM stations on April 4, 2025. The company has 24,000 authorized shares of Series A Preferred Stock, with \$0.01 par value per share.

The holders of Series A Preferred Stock are entitled to receive cumulative dividends, out of any assets legally available, prior and in preference to any declaration or payment of any dividend on the common stock, at the applicable dividend rate of 5.0% per annum until the second anniversary of issuance, 7.5% until the fourth anniversary and 10.0% after the fourth anniversary. Dividends accrue whether or not declared by the board of directors. Dividends are payable only when and if declared by the board of directors. The \$1.9 million in accrued interest and dividends is reflected in other long-term liabilities at June 30, 2026.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events reflect all applicable transactions through the date of the filing.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

General

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Condensed Consolidated Financial Statements and related notes under this quarterly report. Our Condensed Consolidated Financial Statements are not directly comparable from period to period due to acquisitions and dispositions. Refer to Note 3 of our Condensed Consolidated Financial Statements under this quarterly report for details of each of these transactions.

Historical operating results are not necessarily indicative of future operating results. Actual future results may differ from those contained in or implied by any forward-looking statements as a result of various factors. These factors include, but are not limited to:

- risks and uncertainties relating to the need for additional funds to execute our business strategy;
- our ability to access borrowings under our ABL Facility;
- reductions in revenue forecasts;
- our ability to renew our broadcast licenses;
- changes in interest rates;
- the timing of our ability to complete any acquisitions or dispositions;
- costs and synergies resulting from the integration of any completed acquisitions;
- our ability to drive and manage revenue growth;
- our ability to effectively manage costs;
- the popularity of radio as a broadcasting and advertising medium;
- changes in consumer demand;
- the impact of general economic conditions in the United States or in specific markets in which we do business;
- the impact of inflation increasing operating costs and changing consumer habits;
- industry conditions, including existing competition and future competitive technologies;
- disruptions or postponements of advertising schedules and programming in response to national or world events;
- our ability to generate revenue from new sources, including local commerce and technology-based initiatives; and
- the impact of regulatory rules or proceedings that may affect our business from time to time, and the future write-off of any material portion of the fair value of our FCC broadcast licenses and goodwill.

Because these factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any of these forward-looking statements. In addition, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which the statement is made, to reflect the occurrence of unanticipated events or otherwise, except as required by law.

Overview

Salem is a domestic multimedia company specializing in Christian and conservative content, with media properties comprising radio broadcasting, and digital media. Our content is intended for audiences interested in Christian and family-themed programming and conservative news talk. We maintain a website at www.salemmedia.com.

Our principal sources of revenue include:

- the sale of block program time to national and local program producers;
- the sale of advertising time on our radio stations to national and local advertisers;
- the sale of banner advertisements on our station websites or on our mobile applications;
- the sale of digital advertisements on our station websites or on our mobile applications;
- the sale of advertisements included in digital newsletters;
- fees earned for the creation of custom digital media campaigns for our customers through Salem Surround;
- the sale of advertising time on our national network;
- the syndication of programming on our national network;
- the sale of advertising time through podcasts and video-on-demand services;
- product sales and royalties for on-air host materials, podcasts, programs and media content including documentary motion pictures, films;
- other revenue such as events, including ticket sales and sponsorships, listener purchase programs, where revenue is generated from special discounts and incentives offered to our listeners from our advertisers; talent fees for voice-overs or custom endorsements from our on-air personalities and production services, and rental income for studios, towers or office space;

- the support and promotion to stream third-party content on our websites;
- the digital delivery of newsletters to subscribers; and
- the number of video and graphic downloads.

The rates we can charge for airtime, advertising and other products and services are dependent upon several factors, including:

- audience share;
- how well programs and advertisements perform for our clients;
- the size of the market and audience reached;
- the number of impressions delivered;
- the number of advertisements and programs streamed;
- the number of page views achieved;
- the number of downloads completed;
- the number of events held, the number of event sponsorships sold and the attendance at each event;
- general economic conditions; and
- supply and demand for airtime on a local and national level.

Broadcasting

Our foundational business is radio broadcasting, which includes the ownership and operation of radio stations in large metropolitan markets, our national networks and our national sales firms, including Salem Surround.

Advertising revenue is recorded on a gross basis unless an agency represents the advertiser, in which case revenue is reported net of the commission retained by the agency.

Broadcast revenue is impacted by the rates radio stations can charge for programming and advertising time, the level of airtime sold to programmers and advertisers, the number of impressions delivered, or downloads made, and the number of events held, including the size of the event and the number of attendees. Block programming rates are based upon our stations' ability to attract audiences that will support the program producers through contributions and purchases of their products. Advertising rates are based upon the demand for advertising time, which in turn is based on our stations' and networks' ability to produce results for their advertisers. We market ourselves to advertisers based on the responsiveness of our audiences. We do not subscribe to traditional audience measuring services for most of our radio stations. In five markets, we subscribe to Nielsen Audio, which develops monthly reports measuring a radio station's audience share in the demographic groups targeted by advertisers. Each of our radio stations and our networks has a pre-determined level of time available for block programming and/or advertising, which may vary at different times of the day.

Our results are subject to seasonal fluctuations. As is typical in the broadcasting industry, our second and fourth quarter advertising revenue typically exceeds our first and third quarter advertising revenue. Seasonal fluctuations in advertising revenue correspond with quarterly fluctuations in the retail industry. Additionally, we experience increased demand for political advertising during election even numbered years, over non-election odd numbered years. Political advertising revenue varies based on the number and type of candidates as well as the number and type of debated issues.

Our cash flows from broadcasting may be affected by transitional periods experienced by radio stations when, based on the nature of the radio station, our plans for the market, or other circumstances, we find it beneficial to change the station format. During this transitional period, when we develop a radio station's listener and customer base, the station may generate negative or insignificant cash flow.

In broadcasting, trade or barter agreements are commonly used to reduce cash expenses by exchanging advertising time for goods or services. We may enter barter agreements to exchange airtime or digital advertising for goods or services that can be used in our business or that can be sold to our audience under Listener Purchase Programs. The terms of these barter agreements permit us to preempt the barter airtime or digital campaign in favor of customers who purchase the airtime or digital campaign for cash. The value of these non-cash exchanges is included in revenue in an amount equal to the fair value of the goods or services we receive. Each transaction must be reviewed to determine that the products, supplies and/or services we receive have economic substance, or value to us. We record barter operating expenses upon receipt and usage of the products, supplies and services, as applicable. We record barter revenue as advertising spots or digital campaigns are delivered, which represents the point in time that control is transferred to the customer thereby completing our performance obligation. Barter revenue is recorded on a gross basis unless an agency represents the programmer, in which case revenue is reported net of the commission retained by the agency. During each of the six-month periods ended June 30, 2025 and 2026, 99% of our broadcast revenue was sold for cash.

Broadcast business expenses include: (i) employee salaries, commissions and related employee benefits and taxes, (ii) facility expenses such as lease expense and utilities, (iii) marketing and promotional expenses, (iv) production and programming expenses, and (v) music license fees. In addition to these expenses, our network incurs programming costs and lease expenses for satellite communication facilities.

Digital Media

Our digital media business provides Christian, conservative, investing, retirement, e-commerce, audio and video streaming, and other resources digitally through the web and mobile applications.

Digital media revenue is impacted by the rates our sites can charge for advertising time, the level of advertisements sold, the number of impressions delivered, or the number of products sold, and the number of digital subscriptions sold. Like our broadcasting businesses, our second and fourth quarter advertising revenue from our digital media businesses generally exceeds the businesses's first and third quarter advertising revenue. This seasonal fluctuation in advertising revenue corresponds with quarterly fluctuations in the retail advertising industry. We also experience fluctuations in quarter-over-quarter comparisons based on the date on which Easter is observed, as this holiday generates a higher volume of product downloads from our church product websites. Additionally, we experience increased demand for advertising time and placement during election years for political advertisements.

The primary business expenses incurred by our digital media businesses include: (i) employee salaries, commissions and related employee benefits and taxes, (ii) facility expenses such as lease expense and utilities, (iii) marketing and promotional expenses, (iv) royalties, (v) streaming costs, and (vi) cost of goods sold associated with e-commerce sites.

Publishing

Our publishing business included our self-publishing services through Salem Author Services. On July 1, 2025, we sold this business.

Known Trends and Uncertainties

Ongoing global supply chain disruptions from the pandemic, military conflict in Ukraine and Israel, increases in consumer prices, persistent inflation, and the Federal Reserve's raising of the federal funds interest rate may have a material adverse impact on our business. To the extent that any of these factors interfere with our customers' advertising and promotional spending, we could experience reductions in revenue growth rates and increasing pressure to contain costs. Reductions in revenue could adversely affect our operating results, financial condition, and results of operations. These uncertainties could materially impact significant accounting estimates related to, but not limited to, allowances for doubtful accounts, impairments, and right-of-use assets. As a result, many of our estimates and assumptions require increased judgment and carry a higher degree of variability and volatility.

We have experienced increases in lease expense associated with escalations tied to changes in the Consumer Price Index ("CPI") and higher variable costs associated with Common Area Maintenance ("CAM") charges. CPI increased 3.5% for the twelve months ending June 30, 2026. Higher energy costs and the impact of inflation resulted in higher CAM charges.

Revenue growth from the sale of broadcast airtime is negatively impacted by audiences spending less time commuting, certain automobile manufacturers removing AM radio signals, increases in other forms of content distribution, and decreases in the length of time spent listening to broadcast radio as compared to audio streaming services, podcasts, and satellite radio. These factors may lead advertisers to conclude that the effectiveness of radio has diminished. We continue to enhance our digital assets to complement our broadcast content. The increased use of smart speakers and other voice activated platforms that provide audiences with the ability to access AM and FM radio stations offers potential sources for radio broadcasters to reach audiences.

Digital revenue is impacted by the nature and delivery of page views and the number of advertisements appearing on each page view. While page views continue to show growth, the number of page views from desktop devices continue to decline in favor of page views from mobile devices. Page views from mobile devices carry a lower number of advertisements per page and are generally sold at lower rates. The shift from desktop page views to mobile device views negatively impacts revenue as mobile devices carry lower rates and less advertisement per page. We also experience declines in page views from changes in algorithms, including algorithms that limit political content and from browsers that block third-party cookies limiting advertising delivery.

Non-GAAP Financial Measures

Management uses certain non-GAAP financial measures defined below in communications with investors, analysts, rating agencies, banks, and others to assist such parties in understanding the impact of various items on our financial statements. We use these non-GAAP financial measures to evaluate financial results, develop budgets, manage expenditures and as a measure of performance under compensation programs.

Our presentation of these non-GAAP financial measures should not be considered as a substitute for or superior to the most directly comparable financial measures as reported in accordance with GAAP.

Item 10(e) of Regulation S-K defines and prescribes the conditions under which certain non-GAAP financial information may be presented in this quarterly report. We closely monitor EBITDA, Adjusted EBITDA, and Adjusted Free cashflow, all of which are non-GAAP financial measures. We believe that these non-GAAP financial measures provide useful information about our core operating results, and thus, are appropriate to enhance the overall understanding of our financial performance. These non-GAAP financial measures are intended to provide management and investors with a more complete understanding of our underlying results, trends, and performance.

We define EBITDA as net income (loss) before interest, taxes, depreciation, and amortization. We define Adjusted EBITDA as EBITDA before gains or losses on the disposition of assets, before changes in the estimated fair value of contingent earn-out consideration, before restructuring costs, before impairments, before net miscellaneous income and expenses, before gain (loss) on early retirement of debt, and before non-cash compensation expense. EBITDA and Adjusted EBITDA are commonly used by the broadcast and media industry as important measures of performance and are used by investors and analysts who report on the industry to provide meaningful comparisons between broadcasters. EBITDA and Adjusted EBITDA are not measures of liquidity or of performance in accordance with GAAP and should be viewed as a supplement to and not a substitute for or superior to our results and financial condition presented in accordance with GAAP. Our definitions of EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures reported by other companies.

For all non-GAAP financial measures, investors should consider the limitations associated with these metrics, including the potential lack of comparability of these measures from one company to another.

Reconciliation of Non-GAAP Financial Measures:

In the table below, we present a reconciliation of Adjusted EBITDA to EBITDA to Net Loss, the most directly comparable GAAP measure. EBITDA and Adjusted EBITDA are non-GAAP financial performance measures that are not to be considered a substitute for or superior to the most directly comparable measures reported in accordance with GAAP.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2026	2025	2026
	(Dollars in thousands)			
Reconciliation of Adjusted EBITDA to EBITDA to Net Loss				
Net loss	\$ (17,592)	\$ (3,412)	\$ (24,723)	\$ (5,982)
Plus interest expense, net of capitalized interest	357	438	744	872
Plus benefit from income taxes	(4,795)	(1,447)	(7,041)	(1,802)
Plus depreciation and amortization	2,630	2,246	5,321	4,660
Less interest income	(71)	(6)	(81)	(14)
EBITDA	\$ (19,471)	\$ (2,181)	\$ (25,780)	\$ (2,266)
Plus net (gain) loss on the disposition of assets	(7,145)	(1,634)	(9,016)	(2,477)
Plus impairment of indefinite-lived long-term assets other than goodwill	25,214	4,818	25,214	4,818
Plus restructuring costs	363	—	4,048	—
Plus net miscellaneous (income) and expenses	(236)	13	(542)	15
Plus non-cash stock-based compensation	206	217	351	452
Adjusted EBITDA	\$ (1,069)	\$ 1,233	\$ (5,725)	\$ 542

We define Adjusted Free Cash Flow (1) as Adjusted EBITDA (1) less cash paid for capital expenditures, less cash paid for income taxes, and less cash paid for interest. We consider Adjusted Free Cash Flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our businesses after cash paid for capital expenditures, cash paid for income taxes and cash paid for interest. A limitation of Adjusted Free Cash Flow as a measure of liquidity is that it does not represent the total increase or decrease in its cash balance for the period. We use Adjusted Free Cash Flow, a non-GAAP liquidity measure, both in presenting our results to stockholders and the investment community, and in its internal evaluation and management of the business. Our presentation of Adjusted Free Cash Flow is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Our definition of Adjusted Free Cash Flow is not necessarily comparable to similarly titled measures reported by other companies.

The table below presents a reconciliation of Adjusted Free Cash Flow to net cash provided by operating activities, the most directly comparable GAAP measure. Adjusted Free Cash Flow is a non-GAAP liquidity measure that is not to be considered a substitute for or superior to the directly comparable measures reported in accordance with GAAP.

	Six Months Ended June 30,	
	2025	2026
	<i>(Unaudited)</i>	
Net cash used in operating activities	\$ 2,202	\$ (1,845)
Non-cash stock-based compensation	(351)	(452)
Depreciation and amortization	(5,321)	(4,660)
Amortization of deferred financing costs	(298)	(354)
Non-cash lease expense	(5,158)	(4,172)
Provision for bad debts	431	1,130
Deferred income taxes	12,867	2,627
Net (gain) loss on the disposition of assets	9,016	2,477
Impairment of indefinite-lived long-term assets other than goodwill	(25,214)	(4,818)
Gain on troubled debt restructuring	202	—
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	(6,265)	(2,596)
Prepaid expenses and other current assets	759	1,237
Accounts payable and accrued expenses	2,458	(748)
Operating lease liabilities	4,420	3,404
Contract liabilities	(9,121)	2,779
Other liabilities	(5,350)	9
Net loss	\$ (24,723)	\$ (5,982)
Plus interest expense, net of capitalized interest	744	872
Plus benefit from income taxes	(7,041)	316
Plus depreciation and amortization	5,321	4,660
Less interest income	(81)	(14)
EBITDA	\$ (25,780)	\$ 2,552
Plus net (gain) loss on the disposition of assets	(9,016)	(2,477)
Plus restructuring costs	4,048	—
Plus net miscellaneous income and expenses	(542)	15
Plus impairment of indefinite-lived long-term assets other than goodwill	25,214	—
Plus non-cash stock-based compensation	351	452
Adjusted EBITDA	\$ (5,725)	\$ 542
Less net cash paid for capital expenditures (1)	(2,966)	(1,769)
Plus cash paid for taxes	(484)	(733)
Less cash paid for interest, net of capitalized interest	(535)	(578)
Adjusted Free Cash Flow	\$ (9,710)	\$ (2,538)

(1) Net cash paid for capital expenditures reflects actual cash payments net of cash reimbursements under tenant improvement allowances and net of property and equipment acquired in trade transactions.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2025 compared to the three months ended June 30, 2026

Total Net Revenue

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Total Net Revenue	\$ 54,149	\$ 45,933	\$ (8,216)	(15.2) %	100.0 %	100.0 %

Total revenue decreased 15.2%, or \$8.2 million, of which \$2.1 million reflects the impact of asset sales. Excluding the impact of asset sales, revenue decreased 11.7%, or \$6.1 million. Digital revenue decreased \$4.0 million primarily due to the loss of a podcaster, network revenue, excluding political, decreased \$1.2 million, programming, excluding political, decreased \$1.0 million primarily on our Christian, Teaching and Talk format radio stations, and spot advertising revenue, excluding political revenue, decreased \$0.3 million. Political revenue increased \$0.7 million, or 110.0%, to \$1.3 million from \$0.6 million since 2026 is an election year.

Selling, General and Administrative Expenses

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Selling, General and Administrative Expenses	\$ 51,182	\$ 40,162	\$ (11,020)	(21.5) %	94.5 %	87.4 %

Selling, general and administrative expenses decreased 21.5%, or \$11.0 million, which includes a \$2.4 million expense reduction from the impact of asset sales. Excluding the impact of asset sales, expenses decreased 17.8%, or \$8.6 million. This decrease primarily relates to a \$3.6 million decrease in payroll-related expenses due to workforce reductions, a \$2.1 million decrease in professional services expenses, a \$1.1 million decrease in facility-related expenses, a \$0.9 million decrease in third-party marketing expenses, and a \$0.7 million decrease in health insurance expenses.

Unallocated Corporate Expenses

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Unallocated Corporate Expenses	\$ 4,242	\$ 4,755	\$ 513	12.1 %	7.8 %	10.4 %

Unallocated corporate expenses include shared services, such as accounting and finance, human resources, legal, tax, and treasury, which are not directly attributable to any one of our operating segments. The increase of 12.1%, or \$0.5 million includes a \$0.7 million increase in professional services, that was partially offset by a \$0.2 million decrease in facility-related expenses.

Restructuring Costs

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Restructuring Costs	\$ 363	\$ —	\$ (363)	(100.0) %	0.7 %	— %

On December 30, 2024, we announced the sale of our remaining seven CCM radio stations. In connection with the sale, we committed to a plan that resulted in the elimination of certain positions, the termination and/or payment of certain contracts that no longer provide us with any economic benefit and other cost-savings initiatives. The plan was authorized and communicated by management in January 2025.

Impairment of indefinite-lived long-term assets other than goodwill

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Impairment of indefinite-lived long-term assets other than goodwill	\$ 25,214	\$ 4,818	\$ (20,396)	(80.9) %	46.6 %	10.5 %

We performed an interim review of broadcast licenses for impairment at June 30, 2026. Based on our review and analysis, we determined that the carrying value of broadcast licenses in ten of our market clusters were impaired as of the interim testing period ending June 30, 2026. We recorded an impairment charge of \$4.8 million to the value of broadcast licenses in Boston,

Chicago, Cleveland, Colorado Springs, Columbus, Los Angeles, Miami, Orlando, Philadelphia, and San Francisco. The impairment charge was primarily driven by changes in the weighted average cost of capital.

We performed an interim review of broadcast licenses for impairment at June 30, 2025. Based on our review and analysis, we determined that the carrying value of broadcast licenses in eleven of our market clusters were impaired as of the interim testing period ending June 30, 2025. We recorded an impairment charge of \$25.2 million to the value of broadcast licenses in Atlanta, Boston, Cleveland, Colorado Springs, Dallas, Detroit, Los Angeles, Miami, Philadelphia, Phoenix, and San Francisco. The impairment charge was driven by a decline in projected revenues for the broadcast industry impacting the remainder of 2025 and a reduction in the future industry growth rates based on current economic indicators.

Depreciation and Amortization Expense

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Depreciation and Amortization Expense	\$ 2,630	\$ 2,246	\$ (384)	(14.6) %	4.9 %	4.9 %

Depreciation expense reflects the impact of prior year capital expenditures for data processing equipment and computer software that had shorter estimated useful lives as compared to towers or other assets and were fully depreciated during the current year. There were no changes in our depreciation methods or in the estimated useful lives of our asset groups.

The decrease in amortization expense reflects the impact of fully amortized domain names, customer lists and contracts, and subscriber base lists that had estimated useful lives of three to five years. These items were fully amortized at or near the beginning of the 2026 calendar year resulting in lower amortization expense for this year. There were no changes in our amortization methods or the estimated useful lives of our intangible asset groups.

Net (Gain) Loss on the Disposition of Assets

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Net (Gain) Loss on the Disposition of Assets	\$ (7,145)	\$ (1,634)	\$ 5,511	(77.1) %	(13.2) %	(3.6) %

The net gain on the disposition of assets of \$1.6 million for the three-month period ending June 30, 2026, reflects a \$1.7 million pre-tax gain for the sale of our Dallas building.

The net gain on the disposition of assets of \$7.1 million for the three-month period ending June 30 2025, reflects a \$11.2 million pre-tax gain on the sale of our remaining seven CCM radio stations, offset by a \$4.4 million pre-tax loss on the assets held for sale related to the Hawaii market and Salem Author Services.

Other Income (Expense)

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Interest Income	\$ 71	\$ 6	\$ (65)	(91.5) %	0.1 %	— %
Interest Expense	(357)	(438)	(81)	22.7 %	(0.7) %	(1.0) %
Net Miscellaneous Income and (Expenses)	236	(13)	(249)	(105.5) %	0.4 %	— %

Interest income represents earnings on excess cash and interest due under promissory notes.

Interest expense includes interest due on outstanding debt balances under the ABL facility, finance lease obligations outstanding and accretion of the contingent earn-out.

Net miscellaneous income and expenses include non-operating receipts such as usage fees, insurance proceeds, gain on trouble debt restructuring and other miscellaneous expenses and reimbursements.

Benefit from Income Taxes

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Benefit from Income Taxes	\$ (4,795)	\$ (1,447)	\$ 3,348	(69.8) %	(8.9) %	(3.2) %

Tax benefit decreased by \$3.3 million to \$1.5 million for the three months ended June 30, 2026, compared to \$4.8 million for the same period of the prior year. The benefit from income taxes as a percentage of income before income taxes, or the effective tax rate, was 29.8% for the three months ended June 30, 2026, compared to 21.4% for the same period of the prior year. The effective tax rate for each period differs from the federal statutory rate of 21.0% primarily due to state income taxes,

non-deductible expenses, and changes in the valuation allowance. The decrease in the effective tax rate in the current year period is primarily attributable to the projected generation and utilization of operating loss carryforwards, and the impact of state income taxes, including taxes in jurisdictions where valuation allowances are recorded.

Net Loss

	Three Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Net Loss	\$ (17,592)	\$ (3,412)	\$ 14,180	(80.6) %	(32.5) %	(7.4) %

Our net loss decreased to \$3.4 million from \$17.6 million during the same period of the prior year due to the factors described above.

Six Months Ended June 30, 2025 compared to the six months ended June 30, 2026

Total Net Revenue

	Six Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Total Net Revenue	\$ 105,853	\$ 91,824	\$ (14,029)	(13.3) %	100.0 %	100.0 %

Total revenue decreased 13.3%, or \$14.0 million, of which \$6.2 million reflects the impact of asset sales. Excluding the impact of asset sales, revenue decreased 7.8%, or \$7.8 million. Digital revenue decreased \$5.6 million primarily due to the loss of a podcaster, programming, excluding political, decreased \$2.0 primarily on our Christian, Teaching and Talk format radio stations, and a \$0.1 million decrease in spot advertising revenue, excluding political revenue. Political revenue increased \$1.0 million, or 74.0%, to \$2.4 million from \$1.4 million since 2026 is an election year.

Selling, General and Administrative Expenses

	Six Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Selling, General and Administrative Expenses	\$ 102,610	\$ 81,899	\$ (20,711)	(20.2) %	96.9 %	89.2 %

Selling, general and administrative expenses decreased 20.2%, or \$20.7 million, which includes a \$7.4 million expense reduction from the impact of asset sales. Excluding the impact of asset sales, expenses decreased 14.0%, or \$13.3 million. This decrease primarily relates to a \$6.3 million decrease in payroll-related expenses due to workforce reductions, a \$3.3 million decrease in professional services expenses, a \$1.6 million decrease in health insurance expenses, a \$0.8 million decrease in third party marketing expenses, a \$0.8 million decrease in advertising and promotion expenses, a \$0.4 million decrease in facility-related expenses, and a \$0.4 million decrease in production and programming expenses, that was partially offset by a \$0.7 million increase in bad debt expense.

Unallocated Corporate Expenses

	Six Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Unallocated Corporate Expenses	\$ 9,319	\$ 9,835	\$ 516	5.5 %	8.8 %	10.7 %

Unallocated corporate expenses include shared services, such as accounting and finance, human resources, legal, tax, and treasury, which are not directly attributable to any one of our operating segments. The increase of \$0.5 million, or 5.5%, includes a \$1.0 million increase in professional services, that was partially offset by a \$0.4 million decrease in facility-related expenses.

Restructuring Costs

	Six Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Restructuring Costs	\$ 4,048	\$ —	\$ (4,048)	(100.0) %	3.8 %	— %

On December 30, 2024, we announced the sale of our remaining seven CCM radio stations. In connection with the sale, we committed to a plan that resulted in the elimination of certain positions, the termination and/or payment of certain contracts that no longer provide us with any economic benefit and other cost-savings initiatives. The plan was authorized and communicated by management in January 2025.

Impairment of indefinite-lived long-term assets other than goodwill

	Six Months Ended June 30,							
	2025	2026	Change \$	Change %	2025	2026		
	(Dollars in thousands)				% of Total Net Revenue			
Impairment of indefinite-lived long-term assets other than goodwill	\$ 25,214	\$ 4,818	\$ (20,396)	(80.9) %	23.8 %	5.2 %		

We performed an interim review of broadcast licenses for impairment at June 30, 2026. Based on our review and analysis, we determined that the carrying value of broadcast licenses in ten of our market clusters were impaired as of the interim testing period ending June 30, 2026. We recorded an impairment charge of \$4.8 million to the value of broadcast licenses in Boston, Chicago, Cleveland, Colorado Springs, Columbus, Los Angeles, Miami, Orlando, Philadelphia, and San Francisco. The impairment charge was primarily driven by changes in the weighted average cost of capital.

We performed an interim review of broadcast licenses for impairment at June 30, 2025. Based on our review and analysis, we determined that the carrying value of broadcast licenses in eleven of our market clusters were impaired as of the interim testing period ending June 30, 2025. We recorded an impairment charge of \$25.2 million to the value of broadcast licenses in Atlanta, Boston, Cleveland, Colorado Springs, Dallas, Detroit, Los Angeles, Miami, Philadelphia, Phoenix, and San Francisco. The impairment charge was driven by a decline in projected revenues for the broadcast industry impacting the remainder of 2025 and a reduction in the future industry growth rates based on current economic indicators.

Depreciation and Amortization Expense

	Six Months Ended June 30,							
	2025	2026	Change \$	Change %	2025	2026		
	(Dollars in thousands)				% of Total Net Revenue			
Depreciation Expense	\$ 5,321	\$ 4,660	\$ (661)	(12.4) %	5.0 %	5.1 %		

Depreciation expense reflects the impact of prior year capital expenditures for data processing equipment and computer software that had shorter estimated useful lives as compared to towers or other assets and were fully depreciated during the current year. There were no changes in our depreciation methods or in the estimated useful lives of our asset groups.

The decrease in amortization expense reflects the impact of fully amortized domain names, customer lists and contracts, and subscriber base lists that had estimated useful lives of three to five years. These items were fully amortized at or near the beginning of the 2025 calendar year resulting in lower amortization expense for this year. There were no changes in our amortization methods or the estimated useful lives of our intangible asset groups.

Net (Gain) Loss on the Disposition of Assets

	Six Months Ended June 30,							
	2025	2026	Change \$	Change %	2025	2026		
	(Dollars in thousands)				% of Total Net Revenue			
Net (Gain) Loss on the Disposition of Assets	\$ (9,016)	\$ (2,477)	\$ 6,539	(72.5) %	(8.5) %	(2.7) %		

The net gain on the disposition of assets of \$2.5 million for the six-month period ending June 30, 2026, reflects a \$1.7 million pre-tax gain for the sale of our Dallas building, and a \$0.7 million pre-tax gain for the sale of the economic interest in the tower site in Honolulu, Hawaii.

The net gain on the disposition of assets of \$9.0 million for the six-month period ending June 30, 2025, reflects a \$11.2 million pre-tax gain on the sale of our remaining seven CCM radio stations, a \$0.9 million pre-tax gain on the sale of our tower lease in Nashville, Tennessee, a \$0.6 million pre-tax gain on the sale of our office building in Greenville, South Carolina and a \$0.5 million pre-tax gain on the sale of radio station KZTS-AM and two FM translators in Little Rock, Arkansas, offset by a \$4.4 million pre-tax loss on the assets held for sale related to the Hawaii market and Salem Author Services.

Other Income (Expense)

	Six Months Ended June 30,							
	2025	2026	Change \$	Change %	2025	2026		
	(Dollars in thousands)				% of Total Net Revenue			
Interest Income	\$ 81	\$ 14	\$ (67)	(82.7) %	0.1 %	— %		
Interest Expense	(744)	(872)	(128)	17.2 %	(0.7) %	(0.9) %		
Net Miscellaneous Income and (Expenses)	542	(15)	(557)	(102.8) %	0.5 %	— %		

Interest income represents earnings on excess cash and interest due under promissory notes.

Interest expense includes interest due on outstanding debt balances under the ABL facility, finance lease obligations outstanding and accretion of the contingent earn-out.

Net miscellaneous income and expenses include non-operating receipts such as usage fees, insurance proceeds, gain on trouble debt restructuring and other miscellaneous expenses and reimbursements.

Benefit from Income Taxes

	Six Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Benefit from Income Taxes	\$ (7,041)	\$ (1,802)	\$ 5,239	(74.4) %	(6.7) %	(2.0) %

Tax benefit decreased by \$5.2 million to \$1.8 million for the six months ended June 30, 2026, compared to \$7.0 million for the same period of the prior year. The benefit from income taxes as a percentage of income before income taxes, or the effective tax rate, was 23.2% for the six months ended June 30, 2026, compared to 22.2% for the same period of the prior year. The effective tax rate for each period differs from the federal statutory income rate of 21.0% due to the effect of the state income taxes, certain expenses that are not deductible for tax purposes, and changes in the valuation allowance. The effective tax rate of 23.2% is primarily driven by projected utilization of operating loss carryforwards, along with certain expenses that are nondeductible for income tax purposes relative to pre-tax book income, impairment of intangibles and tax expense attributable to deductible amortization on indefinite lived assets for fully valued state jurisdictions for state jurisdictions in which a full valuation allowance has been recording against net operating loss carryforward.

Net Loss

	Six Months Ended June 30,					
	2025	2026	Change \$	Change %	2025	2026
	(Dollars in thousands)				% of Total Net Revenue	
Net Loss	\$ (24,723)	\$ (5,982)	\$ 18,741	(75.8) %	(23.4) %	(6.5) %

Our net loss decreased to \$6.0 million from \$24.7 million during the same period of the prior year due to the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of funds are operating cash flows, borrowings under credit facilities and proceeds from the sale of selected assets or businesses. Historically, we have funded, and will continue to fund, expenditures for businesses, administrative expenses, and capital expenditures from these sources. We have historically financed acquisitions through borrowings, including borrowings under credit facilities and, to a lesser extent, from operating cash flow and from proceeds on selected asset and business sales. We expect to fund future acquisitions from cash on hand, borrowings under our credit facilities, operating cash flow and possibly through the sale of income-producing assets or proceeds.

Operating Cash Flows

Our largest source of operating cash inflows are receipts from customers in exchange for advertising and programming. Other sources of operating cash inflows include receipts from customers for digital downloads and streaming, subscriptions, ticket sales, sponsorships, and vendor promotions. A majority of our operating cash outflows consist of payments to employees, such as salaries and benefits, vendor payments under facility and tower leases, talent agreements, and recurring services such as utilities and music license fees. Our operating cash flows are subject to factors such as fluctuations in preferred advertising media and changes in demand caused by shifts in population, station listenership, demographics, and audience tastes. In addition, our operating cash flows may be affected if our customers are unable to pay, delay payment of amounts owed to us, or if we experience reductions in revenue or increases in costs and expenses.

Net cash used in operating activities was \$1.8 million during the six-month period ended June 30, 2026, compared to \$2.2 million net cash provided by operating activities during the prior year. The \$4.0 million decrease in cash used in operating activities includes the impact of the following items:

- Total revenue decreased by \$14.0 million;
- Operating expenses exclusive of depreciation, amortization, restructuring costs, impairments, net gain (loss) on the disposition of assets and stock-based compensation expense, decreased by \$20.3 million;
- Accounts receivables, net of expected credit losses, decreased by \$1.6 million compared to \$5.1 million for the prior year;
- Unbilled revenue decreased by \$0.3 million;
- Our Day's Sales Outstanding, or the average number of days to collect cash from the date of sale, remained consistent at 50 days at June 30, 2026, from the same period of the prior year; and

- Net accounts payable and accrued expenses increased \$1.0 million to \$22.6 million from \$21.6 million as of the prior year.

Investing Cash Flows

Our primary source of investing cash inflows is proceeds from the sale of assets or businesses. Investing cash outflows include cash payments made to acquire businesses, to acquire property, equipment, and intangible assets, and to make investments that we believe are beneficial to our business.

We undertake projects from time to time to upgrade our radio station technical facilities and/or FCC broadcast licenses, expand our digital and web-based offerings, improve our facilities, and upgrade our computer infrastructures. The nature and timing of these upgrades and expenditures can be delayed or scaled back at the discretion of management. Based on our current plans, we expect to incur capital expenditures of approximately \$2.7 million during the remainder of 2026.

We invested \$5.0 million in a limited liability company that owns, distributed, and marketed a motion picture that was released in October 2025, to which we have received \$1.4 million in proceeds. Due to lower ticket sales, we recorded a \$2.3 million impairment at December 31, 2025. The net investment balance of \$1.0 million at June 30, 2026 is reflected at cost in other assets.

While our focus continues to be on deleveraging, we remain committed to the exploration and pursuit of strategic acquisitions and investments. We plan to fund any future investing outflows from cash on hand, borrowings under our credit facilities, operating cash flow and possibly through the sale of income-producing assets or proceeds from debt and equity offerings.

Net cash provided by investing activities was \$6.0 million during the six-month period ended June 30, 2026, compared to \$78.8 million during the prior year. The \$72.8 million decrease in cash provided by investing activities was the result of:

- Cash paid for capital expenditures decreased \$1.2 million to \$1.8 million from \$3.0 million from the same period of the prior year;
- Cash paid for investment in an LLC of \$1.0 million during the same period of the prior year; and
- Cash received from the sale of assets decreased \$75.7 million to \$7.1 million compared to \$82.8 million during the same period of the prior year.

Financing Cash Flows

Financing cash inflows include borrowings under our credit facilities and any proceeds from the exercise of stock options issued under our stock incentive plan. Financing cash outflows include repayments of our credit facilities, the payment of equity distributions and contingency earn-out consideration associated with acquisition activity.

During the six months-ended June 30, 2026, the principal balances outstanding under the ABL Facility ranged from \$4.3 million to \$12.1 million. These outstanding balances were ordinary and customary based on our operating and investing cash needs during this time.

Net cash used in financing activities during the six-month period ended June 30, 2026 was \$6.5 million compared to \$75.3 million during the prior year. The \$68.8 million decrease in cash used in financing activities includes:

- A \$1.3 million decrease in the book overdraft;
- We paid \$72.0 million to repay the secured promissory note at the close of the sale of the CCM stations during the six months ended June 30, 2025; and
- Net payments on our ABL Facility were \$6.3 million during the six-month period ended June 30, 2026, compared to \$1.9 million during the same period of the prior year.