November 13, 2023

Salem Media Group, Inc. Announces Third Quarter 2023 Total Revenue of $63.5 Million

IRVING, Texas--(BUSINESS WIRE)-- Salem Media Group, Inc. (the "company") (Nasdaq: SALM) released its results for the three and nine months ended September 30, 2023.

Third Quarter 2023 Results

For the three months ended September 30, 2023 compared to the three months ended September 30, 2022:

Consolidated

- Total revenue decreased 5.0% to $63.5 million from $66.9 million;
- Total operating expenses increased 31.9% to $99.8 million from $75.6 million;
- Operating expenses, excluding stock-based compensation expense, debt modification costs, gains and losses on the sale or disposition of assets, impairments, depreciation expense and amortization expense (1) increased 0.2% to $61.0 million from $60.8 million;
- Operating loss increased to $36.3 million from $8.8 million;
- Net loss increased to $31.3 million, or $1.15 net loss per share, from $11.9 million, or $0.44 net loss per share;
- EBITDA (1) decreased to $(33.1) million from $(5.7) million; and
- Adjusted EBITDA (1) increased 9.3% to $2.5 million from $2.3 million.

Broadcast

- Net broadcast revenue decreased 4.2% to $49.0 million from $51.1 million;
- Station Operating Income ("SOI") (1) decreased 31.8% to $6.8 million from $10.0 million;
- Same Station (1) net broadcast revenue decreased 4.9% to $48.6 million from $51.0 million; and
- Same Station SOI (1) decreased 28.2% to $7.3 million from $10.1 million.

Digital Media

- Digital media revenue decreased 2.2% to $10.0 million from $10.2 million; and
- Digital Media Operating Income (1) decreased 20.9% to $1.5 million from $1.9 million.

Publishing

- Publishing revenue decreased 17.5% to $4.6 million from $5.5 million; and

- Publishing Operating Loss (1) increased 36.6% to $1.4 million from $1.0 million.

Included in the results for the three months ended September 30, 2023 are:

- A $35.1 million ($26.0 million, net of tax, or $0.95 per share) impairment charge to the value of broadcast licenses in Boston, Chicago, Cleveland, Colorado Springs, Columbus, Dallas, Detroit, Greenville, Little Rock, Miami, New York, Orlando, Philadelphia, Phoenix, Portland, Sacramento, San Diego, San Francisco and Tampa;
- A $0.7 million ($0.5 million, net of tax, or $0.02 per share) impairment charge to the value of goodwill in Townhall and Salem Author Services;
- A $0.5 million ($0.3 million, net of tax, or $0.01 per diluted share) net gain on the disposition of asset relates primarily to the $0.4 million pre-tax gain on the sale of radio stations in Seattle, Washington; and
- A $0.1 million non-cash compensation charge ($0.1 million, net of tax) related to the expense of stock options.

Included in the results for the three months ended September 30, 2022 are:

- A $7.7 million ($5.7 million, net of tax, or $0.21 per share) impairment charge to the value of broadcast licenses in Boston, Chicago, Columbus, Dallas, Greenville, Honolulu, Little Rock, Orlando, Philadelphia, Portland, Sacramento, and San Francisco;
- A $0.2 million ($0.1 million, net of tax) loss on the disposal of assets;
- A $3.8 million ($2.8 million, net of tax, or $0.10 per share) legal settlement expense; and
- A $0.1 million non-cash compensation charge related to the expensing of stock options.

Per share numbers are calculated based on 27,216,787 diluted weighted average shares for the three months ended September 30, 2023 and 2022.

Year to Date 2023 Results

For the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022:

<u>Consolidated</u>

- Total revenue decreased 2.7% to $192.8 million from $198.2 million;
- Total operating expenses increased 21.9% to $237.3 million from $194.6 million;
- Operating expenses, excluding gains or losses on the disposition of assets, stock-based compensation expense, debt modification costs, changes in the estimated fair value of contingent earn-out consideration, impairments, depreciation expense and amortization expense (1) increased 5.4% to $186.2 million from $176.6 million;
- The company had an operating loss of $44.6 million as compared to operating income of $3.5 million;
- The company recognized $4.0 million in film distribution income from an unconsolidated equity investment in the nine months ended September 30, 2022;
- Net loss increased to $43.5 million, or $1.60 net loss per share, from $1.0 million, or $0.04 net loss per share;

- EBITDA (1) decreased to $(34.3) million from $17.0 million; and
- Adjusted EBITDA (1) decreased 68.4% to $6.6 million from $20.8 million.

Broadcast

- Net broadcast revenue decreased 3.3% to $147.0 million from $152.0 million;
- SOI (1) decreased 40.7% to $18.5 million from $31.2 million;
- Same station (1) net broadcast revenue decreased 3.8% to $146.1 million from $151.8 million; and
- Same station SOI (1) decreased 35.9% to $20.1 million from $31.3 million.

Digital media

- Digital media revenue increased 0.1% to $31.3 million; and
- Digital media operating income (1) decreased 22.4% to $4.8 million from $6.2 million.

Publishing

- Publishing revenue decreased 2.7% to $14.4 million from $14.8 million; and
- Publishing Operating Loss (1) increased 81.3% to $2.9 million from $1.6 million.

Included in the results for the nine months ended September 30, 2023 are:

- A $38.4 million ($28.4 million, net of tax, or $1.04 per share) impairment charge to the value of broadcast licenses in Boston, Chicago, Cleveland, Colorado Springs, Columbus, Dallas, Detroit, Greenville, Little Rock, Miami, New York, Orlando, Philadelphia, Phoenix, Portland, Sacramento, San Diego, San Francisco and Tampa;
- A $2.6 million ($1.9 million, net of tax, or $0.07 per share) impairment charge to the value of goodwill in Townhall and Salem Author Services;
- A $0.1 million loss on the early retirement of long-term debt associated with the 2024 Notes;
- A $0.3 million ($0.2 million, net of tax, or $0.01 per diluted share) net gain on the disposition of assets reflects a $3.3 million pre-tax gain on the sale of the economic interests in the leases at our Greenville, South Carolina to a related party and a $0.4 million estimated pre-tax gain on the sale of radio station KNTS-AM and KLFE-FM in Seattle, Washington that was offset by a $3.3 million estimated pre-tax loss on the pending sale of radio station KSAC-FM in Sacramento, California and $0.1 million of net losses from various fixed asset disposals; and
- A $0.3 million ($0.2 million, net of tax, or $0.01 per share) non-cash compensation charge related to the expense of stock options.

Included in the results for the nine months ended September 30, 2022 are:

- A $11.7 million ($8.6 million, net of tax, or $0.32 per share) impairment charge to the value of broadcast licenses in Boston, Chicago, Columbus, Dallas, Greenville, Honolulu, Little Rock, Orlando, Philadelphia, Portland, Sacramento and San Francisco;
- A $8.5 million ($6.3 million, net of tax, or $0.23 per diluted share) net gain on the disposition of assets related primarily to the $6.5 million pre-tax gain on the sale of land used in the company’s Denver, Colorado broadcast operations, the $1.8 million pre-tax gain on sale of land used in the company’s Phoenix, Arizona broadcast

operations, and $0.5 million pre-tax gain on the sale of the company's radio stations in Louisville, Kentucky offset by various fixed asset disposals;
- A $4.8 million ($3.5 million, net of tax, or $0.13 per share) legal settlement expense;
- A $0.1 million ($0.1 million, net of tax) goodwill impairment charge;
- A $0.2 million ($0.2 million, net of tax, or $0.01 per share) charge for debt modification costs; and
- A $0.2 million ($0.2 million, net of tax, or $0.01 per share) non-cash compensation charge related to the expensing of stock options.

Per share numbers are calculated based on 27,216,787 diluted weighted average shares for the nine months ended September 30, 2023, and 27,202,983 diluted weighted average shares for the nine months ended September 30, 2022.

Balance Sheet

As of September 30, 2023, the company had $159.4 million outstanding on the 7.125% senior secured notes due 2028 ("2028 Notes") and $20.5 million outstanding on the ABL facility.

Acquisitions and Divestitures

The following transactions were completed since July 1, 2023:

- On November 6, 2023 the company sold radio stations WGTK-FM, WRTH-FM and WLTE-FM in Greenville, South Carolina for $6.8 million.
- On July 21, 2023 the company sold radio station KNTS-AM in Seattle, Washington for $0.2 million.
- On July 13, 2023 the company sold radio station KLFE-AM in Seattle, Washington for $0.5 million. Radio station KLFE-AM was being programmed under a Time Brokerage Agreement ("TBA") as of August 1, 2022.

Pending transactions:

- On October 17, 2023 the company entered into an agreement to sell land in Sarasota, Florida for $9.5 million. The closing is conditional upon getting the property rezoned, and the company expects to close the sale in late 2024.
- On September 29, 2023 the company entered into an agreement to sell Salem Church Products for $30.0 million. At closing the company will receive $22.5 million in cash and a promissory note of $7.5 million. The principal shall be due and payable in three installments in the amount of $2.5 million starting the one-year anniversary of the closing date in 2024 through 2026. When the transaction closes, the parties will also enter into a $10.0 million multi-year agreement for the company to advertise Gloo platform's products and services across its radio and digital platform. The company expects to close the sale in the fourth quarter of this year.
- On September 1, 2023 the company entered into an agreement to sell radio station WTWD-AM and an translator in Tampa, Florida for $0.7 million subject to approval of the Federal Communications Commission ("FCC"). The company expects to close the sale in the fourth quarter of this year.
- On June 29, 2023 the company entered into an agreement to sell radio station KSAC-FM in Sacramento, California for $1.0 million subject to approval of the FCC. Radio

station KSAC-FM started being programmed under a TBA on August 1, 2023. The company expects to close the sale in the fourth quarter of this year.

Conference Call Information

The company will host a teleconference to discuss its results on November 13, 2023 at 4:00 p.m. Central Time. To access the teleconference, please dial (888) 770-7291, and then ask to be joined into the Salem Media Group Third Quarter 2023 call or listen via the investor relations portion of the company's website, located at investor.salemmedia.com. A replay of the teleconference will be available through November 27, 2023 and can be heard by dialing (800) 770-2030, passcode 2413416 or on the investor relations portion of the company's website, located at investor.salemmedia.com.

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Fourth Quarter 2023 Outlook

For the fourth quarter of 2023, the company is projecting total revenue to decline between 6% and 8% from the fourth quarter 2022 total revenue of $68.8 million. This guidance assumes the closing of the pending sale of Salem Church Products in the fourth quarter. Excluding the impact of the 2022 political revenue and the financial results from the pending asset sale, the company would project total revenue to decline between 2% and 4%. The company is also projecting operating expenses before gains or losses on the sale or disposal of assets, stock-based compensation expense, legal settlement, changes in the estimated fair value of contingent earn-out consideration, impairments, depreciation expense and amortization expense ("Recurring Operating Expenses") to be between flat and a decrease 3% compared to the fourth quarter of 2022 Recurring Operating Expenses of $61.6 million. Excluding the impact of the pending asset sale, expenses are projected to be between an increase of 1% and a decrease of 2%.

A reconciliation of Recurring Operating Expenses (a non-GAAP measure) to the most directly comparable GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the potential high variability, complexity and low visibility with respect to the charges excluded from this non-GAAP financial measure, in particular, the change in the estimated fair value of earn-out consideration, impairments and gains or losses from the disposition of fixed assets. The company expects the variability of the above charges may have a significant, and potentially unpredictable, impact on its future GAAP financial results.

About Salem Media Group, Inc.

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

Forward-Looking Statements

Statements used in this press release that relate to future plans, events, financial results, prospects or performance are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those anticipated as a result of certain risks and uncertainties, including but not limited to the ability of the company to close and integrate announced transactions, market acceptance of the company's radio station formats, competition from new technologies, inflation and other adverse economic conditions, and other risks and uncertainties detailed from time to time in the company's reports on Forms 10-K, 10-Q, 8-K and other filings filed with or furnished to the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The company undertakes no obligation to update or revise any forward-looking statements to reflect new information, changed circumstances or unanticipated events.

(1) Regulation G

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 its financial statements. The company uses these non-GAAP financial measures to evaluate financial results, develop budgets, manage expenditures and as a measure of performance under compensation programs.

The company's 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.

Regulation G defines and prescribes the conditions under which certain non-GAAP financial information may be presented in this earnings release. The company closely monitors EBITDA, Adjusted EBITDA, Station Operating Income ("SOI"), Same Station net broadcast revenue, Same Station broadcast operating expenses, Same Station Operating Income, Digital Media Operating Income, Publishing Operating Loss, and operating expenses excluding gains or losses on the disposition of assets, stock-based compensation, changes in the estimated fair value of contingent earn-out consideration, impairments, depreciation and amortization, all of which are non-GAAP financial measures. The company believes that these non-GAAP financial measures provide useful information about its core operating results, and thus, are appropriate to enhance the overall understanding of its financial performance. These non-GAAP financial measures are intended to provide management and investors a more complete understanding of its underlying operational results, trends and performance.

The company defines Station Operating Income ("SOI") as net broadcast revenue minus broadcast operating expenses. The company defines Digital Media Operating Income as net Digital Media Revenue minus Digital Media Operating Expenses. The company defines Publishing Operating Loss as net Publishing Revenue minus Publishing Operating Expenses. The company defines EBITDA as net income before interest, taxes, depreciation, and amortization. The company defines Adjusted EBITDA as EBITDA before gains or losses on the disposition of assets, before debt modification costs, before changes in the estimated fair value of contingent earn-out consideration, before impairments, before net miscellaneous income and expenses, before (gain) loss on early retirement of long-term debt and before non-cash compensation expense. SOI, Digital Media Operating Income, Publishing Operating Loss, 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. SOI, Digital Media Operating Income, Publishing Operating Loss, 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 its results of operations and financial condition presented in accordance with GAAP. The company's definitions of SOI, Digital Media Operating Income, Publishing Operating Loss, EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures reported by other companies.

The company defines Same Station net broadcast revenue as broadcast revenue from its radio stations and networks that the company owns or operates in the same format on the first and last day of each quarter, as well as the corresponding quarter of the prior year. The company defines Same Station broadcast operating expenses as broadcast operating expenses from its radio stations and networks that the company owns or operates in the same format on the first and last day of each quarter, as well as the corresponding quarter of the prior year. The company defines Same Station SOI as Same Station net broadcast revenue less Same Station broadcast operating expenses. Same Station operating results include those stations that the company owns or operates in the same format on the first and last day of each quarter, as well as the corresponding quarter of the prior year. Same Station operating results for a full calendar year are calculated as the sum of the Same Station operating results for each of the four quarters of that year. The company uses Same Station operating results, a non-GAAP financial measure, both in presenting its results to stockholders and the investment community, and in its internal evaluations and management of the business. The company believes that Same Station operating results provide a meaningful comparison of period over period performance of its core broadcast operations as this measure excludes the impact of new stations, the impact of stations the company no longer owns or operates, and the impact of stations operating under a new programming format. The company's presentation of Same Station operating results is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. The company's definition of Same Station operating results is 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.

The Supplemental Information tables that follow the condensed consolidated financial statements provide reconciliations of the non-GAAP financial measures that the company uses in this earnings release to the most directly comparable measures calculated in accordance with GAAP. The company uses non-GAAP financial measures to evaluate financial performance, develop budgets, manage expenditures, and determine employee compensation. The company's presentation of this additional information is not to be considered as a substitute for or superior to the directly comparable measures as reported in accordance with GAAP.

Salem Media Group, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2023**	**2022**	**2023**
		(Unaudited)		
Net broadcast revenue	$ 51,136	$ **48,966**	$ 152,020	$ **146,986**
Net digital media revenue	10,189	**9,965**	31,293	**31,335**
Net publishing revenue	5,537	**4,566**	14,840	**14,439**
Total revenue	66,862	**63,497**	198,153	**192,760**
Operating expenses:				
Broadcast operating expenses	41,178	**42,171**	120,837	**128,498**
Legal settlement	3,825	—	4,776	—
Digital media operating expenses	8,333	**8,496**	25,079	**26,516**
Publishing operating expenses	6,542	**5,939**	16,441	**17,341**
Unallocated corporate expenses	4,840	**4,514**	14,431	**14,165**
Debt modification costs	2	—	250	—
Depreciation and amortization	3,034	**3,377**	9,500	**10,291**
Change in the estimated fair value of contingent earn-out consideration	—	**(100)**	(5)	**(102)**
Impairment of indefinite-lived long-term assets other than goodwill	7,725	**35,113**	11,660	**38,376**
Impairment of goodwill	—	**733**	127	**2,580**
Net (gain) loss on the disposition of assets	167	**(456)**	(8,461)	**(334)**
Total operating expenses	75,646	**99,787**	194,635	**237,331**
Operating income (loss)	(8,784)	**(36,290)**	3,518	**(44,571)**
Other income (expense):				
Interest income	17	**14**	166	**40**
Interest expense	(3,142)	**(3,626)**	(9,925)	**(10,596)**
Gain (loss) on early retirement of long-term debt	—	—	(18)	**(60)**
Earnings (loss) from equity method investment	102	**7**	4,015	**(4)**
Net miscellaneous income and (expenses)	(19)	**(184)**	(19)	**27**
Net loss before income taxes	(11,826)	**(40,079)**	(2,263)	**(55,164)**
Provision for (benefit from) income taxes	59	**(8,782)**	(1,234)	**(11,619)**
Net loss	$ (11,885)	$ **(31,297)**	$ (1,029)	$ **(43,545)**
Basic loss per share Class A and Class B common stock	$ (0.44)	$ **(1.15)**	$ (0.04)	$ **(1.60)**
Diluted loss per share Class A and Class B common stock	$ (0.44)	$ **(1.15)**	$ (0.04)	$ **(1.60)**
Basic weighted average Class A and Class B common stock shares outstanding	27,216,787	**27,216,787**	27,202,983	**27,216,787**
Diluted weighted average Class A and Class B common stock shares outstanding	27,216,787	**27,216,787**	27,202,983	**27,216,787**

Salem Media Group, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

	December 31, 2022	September 30, 2023
		(Unaudited)
Assets		
Cash	$ —	$ —
Accounts receivable, net	30,756	**29,558**
Other current assets	14,301	**24,237**
Property and equipment, net	81,296	**80,077**
Operating and financing lease right-of-use assets	43,734	**45,179**
Intangible assets, net	330,008	**287,234**
Deferred financing costs	681	**77**
Other assets	4,346	**4,938**
Total assets	$ 505,122	$ **471,300**
Liabilities and Stockholders' Equity		
Current liabilities	$ 64,610	$ **81,430**
Long-term debt	150,367	**152,611**
Operating and financing lease liabilities, less current portion	42,445	**42,846**
Deferred income taxes	66,732	**55,077**
Other liabilities	5,611	**7,184**
Stockholders' Equity	175,357	**132,152**
Total liabilities and stockholders' equity	$ 505,122	$ **471,300**

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

	Class A Common Stock		Class B Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total
Stockholders' equity, December 31, 2021	23,922,974	$ 232	5,553,696	$ 56	$ 248,438	$ (36,509)	$ (34,006)	$ 178,211
Stock-based compensation	—	—	—	—	106	—	—	106
Options exercised	40,913	—	—	—	94	—	—	94
Lapse of restricted shares	14,854	—	—	—	—	—	—	—
Net income	—	—	—	—	—	1,739	—	1,739
Stockholders' equity, March 31, 2022	23,978,741	$ 232	5,553,696	$ 56	$ 248,638	$ (34,770)	$ (34,006)	$ 180,150
Stock-based compensation	—	—	—	—	68	—	—	68
Net income	—	—	—	—	—	9,117	—	9,117
Stockholders' equity, June 30, 2022	23,978,741	$ 232	5,553,696	$ 56	$ 248,706	$ (25,653)	$ (34,006)	$ 189,335
Stock-based compensation	—	—	—	—	54	—	—	54
Options exercised	2,000	—	—	—	4	—	—	4
Net loss	—	—	—	—	—	(11,885)	—	(11,885)
Stockholders' equity, September 30, 2022	23,980,741	$ 232	5,553,696	$ 56	$ 248,764	$ (37,538)	$ (34,006)	$ 177,508

	Class A Common Stock		Class B Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total
Stockholders' equity, December 31, 2022	**23,980,741**	**$ 232**	**5,553,696**	**$ 56**	**$ 248,820**	**$ (39,745)**	**$ (34,006)**	**$ 175,357**
Stock-based compensation	**—**	**—**	**—**	**—**	**75**	**—**	**—**	**75**
Net loss	**—**	**—**	**—**	**—**	**—**	**(5,154)**	**—**	**(5,154)**
Stockholders' equity, March 31, 2023	**23,980,741**	**$ 232**	**5,553,696**	**$ 56**	**$ 248,895**	**$ (44,899)**	**$ (34,006)**	**$ 170,278**
Stock-based compensation	**—**	**—**	**—**	**—**	**136**	**—**	**—**	**136**
Net loss	**—**	**—**	**—**	**—**	**—**	**(7,094)**	**—**	**(7,094)**

Stockholders' equity, June 30, 2023	**23,980,741**	**$ 232**	**5,553,696**	**$ 56**	**$ 249,031**	**$ (51,993)**	**$ (34,006)**	**$ 163,320**
Stock-based compensation	—	—	—	—	**129**	—	—	**129**
Net loss	—	—	—	—	—	**(31,297)**	—	**(31,297)**
Stockholders' equity, September 30, 2023	**23,980,741**	**$ 232**	**5,553,696**	**$ 56**	**$ 249,160**	**$ (83,290)**	**$ (34,006)**	**$ 132,152**

Salem Media Group, Inc.
Supplemental Information
(in thousands)

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2022	**2023**	**2022**	**2023**
		(Unaudited)		
Reconciliation of Total Operating Expenses to Operating Expenses excluding Legal Settlement, Debt Modification Costs, Depreciation and Amortization Expense, Changes in the Estimated Fair Value of Contingent Earn-out Consideration, Impairments, Gains or Losses on the Disposition of Assets and Stock-based Compensation Expense (Recurring Operating Expenses)				
Operating Expenses	$ 75,646	$ **99,787**	$ 194,635	$ **237,331**
Less legal settlement	(3,825)	—	(4,776)	—
Less debt modification costs	(2)	—	(250)	—
Less depreciation and amortization expense	(3,034)	**(3,377)**	(9,500)	**(10,291)**
Less change in estimated fair value of contingent earn-out consideration	—	**100**	5	**102**
Less impairment of indefinite-lived long-term assets other than goodwill	(7,725)	**(35,113)**	(11,660)	**(38,376)**
Less impairment of goodwill	—	**(733)**	(127)	**(2,580)**
Less net gain (loss) on the disposition of assets	(167)	**456**	8,461	**334**
Less stock-based compensation expense	(54)	**(129)**	(228)	**(340)**
Total Recurring Operating Expenses	$ 60,839	$ **60,991**	$ 176,560	$ **186,180**
Reconciliation of Net Broadcast Revenue to Same Station Net Broadcast Revenue				
Net broadcast revenue	$ 51,136	$ **48,966**	$ 152,020	$ **146,986**
Net broadcast revenue – acquisitions	—	**(410)**	—	**(908)**
Net broadcast revenue – dispositions	(88)	—	(203)	**(24)**
Net broadcast revenue – format change	—	—	—	—
Same Station net broadcast revenue	$ 51,048	$ **48,556**	$ 151,817	$ **146,054**
Reconciliation of Broadcast Operating Expenses to Same Station Broadcast Operating Expenses				
Broadcast operating expenses	$ 41,178	$ **42,171**	$ 120,837	$ **128,498**
Broadcast operating expenses – acquisitions	—	**(851)**	(15)	**(2,382)**
Broadcast operating expenses – dispositions	(253)	**(33)**	(332)	**(131)**
Broadcast operating expenses – format change	—	—	—	—
Same Station broadcast operating expenses	$ 40,925	$ **41,287**	$ 120,490	$ **125,985**
Reconciliation of SOI to Same Station SOI				
Station Operating Income	$ 9,958	$ **6,795**	$ 31,183	$ **18,488**
Station operating (income) loss – acquisitions	—	**441**	15	**1,474**
Station operating (income) loss – dispositions	165	**33**	129	**107**
Station operating (income) loss – format change	—	—	—	—
Same Station - Station Operating Income	$ 10,123	$ **7,269**	$ 31,327	$ **20,069**

Salem Media Group, Inc.
Supplemental Information
(in thousands)

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2022	**2023**	**2022**	**2023**

		(Unaudited)		
Calculation of Station Operating Income, Digital Media Operating Income and Publishing Operating Loss				
Net broadcast revenue	$ 51,136	$ **48,966**	$ 152,020	$ **146,986**
Less broadcast operating expenses	(41,178)	**(42,171)**	(120,837)	**(128,498)**
Station Operating Income	$ 9,958	$ **6,795**	$ 31,183	$ **18,488**
Net digital media revenue	$ 10,189	$ **9,965**	$ 31,293	$ **31,335**
Less digital media operating expenses	(8,333)	**(8,496)**	(25,079)	**(26,516)**
Digital Media Operating Income	$ 1,856	$ **1,469**	$ 6,214	$ **4,819**
Net publishing revenue	$ 5,537	$ **4,566**	$ 14,840	$ **14,439**
Less publishing operating expenses	(6,542)	**(5,939)**	(16,441)	**(17,341)**
Publishing Operating Loss	$ (1,005)	$ **(1,373)**	$ (1,601)	$ **(2,902)**

The company defines EBITDA (1) as net income before interest, taxes, depreciation, and amortization. The table below presents a reconciliation of EBITDA (1) to Net Loss, the most directly comparable GAAP measure. EBITDA (1) is a non-GAAP financial performance measure that is not to be considered a substitute for or superior to the directly comparable measures reported in accordance with GAAP. The company defines Adjusted EBITDA (1) as EBITDA (1) before gains or losses on the disposition of assets, before debt modification costs, before changes in the estimated fair value of contingent earn-out consideration, before impairments, before net miscellaneous income and expenses, before (gain) loss on early retirement of long-term debt, and before non-cash compensation expense. The table below presents a reconciliation of Adjusted EBITDA (1) to Net Loss, the most directly comparable GAAP measure. Adjusted EBITDA (1) is a non-GAAP financial performance measure that is not to be considered a substitute for or superior to the directly comparable measures reported in accordance with GAAP.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2023**	**2022**	**2023**
		(Unaudited)		
Reconciliation of EBITDA and Adjusted EBITDA to Net Loss				
Net loss	$ (11,885)	$ **(31,297)**	$ (1,029)	$ **(43,545)**
Plus interest expense, net of capitalized interest	3,142	**3,626**	9,925	**10,596**
Plus provision for (benefit from) income taxes	59	**(8,782)**	(1,234)	**(11,619)**
Plus depreciation and amortization	3,034	**3,377**	9,500	**10,291**
Less interest income	(17)	**(14)**	(166)	**(40)**
EBITDA	$ (5,667)	$ **(33,090)**	$ 16,996	$ **(34,317)**
Plus net (gain) loss on the disposition of assets	167	**(456)**	(8,461)	**(334)**
Plus change in the estimated fair value of contingent earn-out consideration	—	**(100)**	(5)	**(102)**
Plus debt modification costs	2	—	250	—
Plus impairment of indefinite-lived long-term assets other than goodwill	7,725	**35,113**	11,660	**38,376**
Plus impairment of goodwill	—	**733**	127	**2,580**
Plus net miscellaneous (income) and expenses	19	**184**	19	**(27)**
Plus (gain) loss on early retirement of long- term debt	—	—	18	**60**
Plus non-cash stock-based compensation	54	**129**	228	**340**
Adjusted EBITDA	$ 2,300	**$ 2,513**	$ 20,832	**$ 6,576**

Selected Debt Data	**Outstanding at September 30, 2023**	**Applicable Interest Rate**

Senior Secured Notes due 2028 (1)	$	159,416,000	7.125%
Asset-based revolving credit facility (2)	$	20,523,877	9.83%

(1) $159.4 million notes with semi-annual interest payments at an annual rate of 7.125%.

(2) Outstanding borrowings under the ABL Facility, with interest payments due at SOFR plus 1.5% to 2.0% per annum with a SOFR floor of 0.5% or prime rate plus 0.5% to 1.0% per annum. Effective July 1, the interest payments are SOFR plus 4.0% or prime rate plus 3.0%.

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