

SALEM MEDIA GROUP, INC.



DELAWARE
State of Incorporation

4880 SANTA ROSA ROAD, CAMARILLO CA 93012
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, 2025
(the "Reporting Period")

The number of shares outstanding of our Class A Common Stock is 26,309,519 and Class B Common Stock is 5,553,696 as of June 30, 2025

The number of shares outstanding of our Common Stock was 24,010,091 and Class B Common Stock was 5,553,696 as of March 31, 2025 (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 ☒

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

Salem Media Group, Inc.
4880 Santa Rosa Road
Camarillo, CA 93012

Item 2 Shares outstanding.

Class A	Outstanding at June 30, 2025
Common Stock, \$0.01 par value per share	26,309,519 shares
Class B	Outstanding at June 30, 2025
Common Stock, \$0.01 par value per share	5,553,696 shares

As of June 30, 2025, we had approximately 128 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.

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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 28.

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 22.

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 13, 2025



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 13, 2025



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. These projections and other forward-looking statements fall under the safe harbors of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”).

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

	December 31, 2024 (Note 1)	June 30, 2025 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents and restricted cash	\$ —	\$ 5,761
Accounts receivable (net of allowance for expected credit losses of \$8,071 in 2024 and \$6,033 in 2025)	28,347	23,250
Unbilled revenue	2,097	2,114
Other receivables (net of allowances for expected credit losses of \$640 in 2024 and 2025)	2,153	3,056
Prepaid expenses	5,970	5,027
Assets held for sale	68,105	2,100
Total current assets	106,672	41,308
Notes receivable (net of allowance for expected credit losses \$210 in 2024 and \$171 in 2025)	5	4
Property and equipment, net of accumulated depreciation	62,699	59,286
Operating lease right-of-use assets	41,962	42,723
Financing lease right-of-use assets	57	51
Broadcast licenses	181,864	151,908
Goodwill	22,116	21,169
Amortizable intangible assets, net of accumulated amortization	2,018	1,307
Deferred financing costs	743	739
Other assets	4,976	7,257
Total assets	\$ 423,112	\$ 325,752
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 23,820	\$ 23,232
Accrued interest	104	79
Contract liabilities	13,358	13,284
Deferred rent income	108	113
Income taxes payable	112	5,454
Current portion of operating lease liabilities	9,688	8,622
Current portion of financing lease liabilities	30	32
Secured promissory note	72,000	—
Current portion of long-term debt	24,617	—
Total current liabilities	143,837	50,816
Long-term debt, less current portion	5,250	3,382
Operating lease liabilities, less current portion	38,687	40,658
Financing lease liabilities, less current portion	29	20
Deferred income taxes	41,001	28,134
Contract liabilities, long-term	1,786	9,853
Deferred rent income, less current portion	3,475	3,429
Other long-term liabilities	62	663
Total liabilities	234,127	136,955
Commitments and contingencies (Note 13)		
Stockholders' Equity:		
Redeemable Series A preferred stock, \$0.01 par value; authorized 24,000 shares at December 31, 2024 and June 30, 2025; 0 shares issued and outstanding at December 31, 2024 and 24,000 shares issued and outstanding at June 30, 2025	—	—
Redeemable Series B convertible perpetual preferred stock, \$0.01 par value and \$1,000 liquidation value; authorized 40,000 shares, 40,000 issued and outstanding at December 31, 2024 and June 30, 2025	—	—
Class A common stock, \$0.01 par value; authorized 80,000,000 shares; 23,980,741 and 28,627,169 issued and 21,663,091 and 26,309,519 outstanding at December 31, 2024 and June 30, 2025, respectively	240	286
Class B common stock, \$0.01 par value; authorized 20,000,000 shares; 5,553,696 issued and outstanding at December 31, 2024 and June 30, 2025	56	56
Additional paid-in capital	289,573	314,319
Accumulated deficit	(66,878)	(91,858)
Treasury stock, at cost (2,317,650 shares at December 31, 2024 and June 30, 2025)	(34,006)	(34,006)
Total stockholders' equity	188,985	188,797
Total liabilities and stockholders' equity	\$ 423,112	\$ 325,752

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,	
	2024	2025	2024	2025
Net broadcast revenue	\$ 47,113	\$ 42,071	\$ 93,212	\$ 81,913
Net digital media revenue	11,942	10,557	22,652	20,774
Net publishing revenue	1,556	1,521	3,356	3,166
Total net revenue	60,611	54,149	119,220	105,853
Operating expenses:				
Broadcast operating expenses, exclusive of depreciation and amortization shown below (including \$527 and \$549 for the three months ended June 30, 2024 and 2025, respectively, and \$1,100 and \$1,101 for the six months ended June 30, 2024 and 2025, respectively, paid to related parties)	42,644	40,421	84,742	80,867
Digital media operating expenses, exclusive of depreciation and amortization shown below	9,229	8,988	18,264	18,161
Publishing operating expenses, exclusive of depreciation and amortization shown below	1,315	1,773	3,035	3,582
Unallocated corporate expenses exclusive of depreciation and amortization shown below (including \$0 for the three months ended June 30, 2024 and 2025 and \$32 and \$0 for the six months ended June 30, 2024 and 2025, respectively, paid to related parties)	4,297	4,242	9,028	9,319
Restructuring costs	—	363	—	4,048
Depreciation	2,690	2,277	5,456	4,616
Amortization	425	353	886	705
Change in the estimated fair value of contingent earn-out consideration	—	—	(27)	—
Impairment of indefinite-lived long-term assets other than goodwill	—	25,214	—	25,214
Net (gain) loss on the disposition of assets	(5,672)	(7,145)	(5,816)	(9,016)
Total operating expenses	54,928	76,486	115,568	137,496
Operating income (loss)	5,683	(22,337)	3,652	(31,643)
Other income (expense):				
Interest income	5	71	16	81
Interest expense	(3,804)	(357)	(7,652)	(744)
Gain (loss) on early retirement of long-term debt	9	(51)	9	202
Earnings (loss) from equity method investment	—	—	2	—
Net miscellaneous income and (expenses)	14	287	(2)	340
Net income (loss) before income taxes	1,907	(22,387)	(3,975)	(31,764)
Benefit from income taxes	(388)	(4,795)	(1,090)	(7,041)
Net income (loss)	\$ 2,295	\$ (17,592)	\$ (2,885)	\$ (24,723)
Basic income (loss) per share data:				
Basic income (loss) per share Class A and Class B common stock	\$ 0.08	\$ (0.55)	\$ (0.11)	\$ (0.81)
Diluted income (loss) per share data:				
Diluted income (loss) per share Class A and Class B common stock	\$ 0.08	\$ (0.55)	\$ (0.11)	\$ (0.81)
Basic weighted average Class A and Class B shares outstanding	27,216,787	31,774,490	27,216,787	30,506,700
Diluted weighted average Redeemable Series B Convertibles Perpetual Preferred shares, Class A and Class B shares outstanding	27,216,787	31,774,490	27,216,787	30,506,700

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

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

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount	Shares	Amount				
Stockholders' equity, December 31, 2023	23,980,741	\$ 232	5,553,696	\$ 56	\$ 249,283	\$ (83,057)	\$(34,006)	\$ 132,508
Stock-based compensation	—	—	—	—	124	—	—	124
Net loss	—	—	—	—	—	(5,180)	—	(5,180)
Stockholders' equity, March 31, 2024	23,980,741	\$ 232	5,553,696	\$ 56	\$ 249,407	\$ (88,237)	\$(34,006)	\$ 127,452
Stock-based compensation	—	—	—	—	90	—	—	90
Net income	—	—	—	—	—	2,295	—	2,295
Stockholders' equity, June 30, 2024	23,980,741	\$ 232	5,553,696	\$ 56	\$ 249,497	\$ (85,942)	\$(34,006)	\$ 129,837

	Redeemable Series A Preferred		Redeemable Series B Convertible Perpetual Preferred		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Stockholders' equity, December 31, 2024	—	—	40,000	—	23,980,741	\$240	5,553,696	\$56	\$289,573	\$(66,878)	\$(34,006)	\$188,985
Stock-based compensation	—	—	—	—	—	—	—	—	145	—	—	145
Restricted shares	—	—	—	—	2,347,000	23	—	—	(23)	—	—	—
Issuance of Redeemable Series B convertible perpetual preferred stock, net of 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)	\$(34,006)	\$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)	\$(34,006)	\$188,797

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,	
	2024	2025
OPERATING ACTIVITIES		
Net loss	\$ (2,885)	\$ (24,723)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation	214	351
Depreciation and amortization	6,342	5,321
Amortization of deferred financing costs	1,198	298
Non-cash lease expense	4,516	5,158
Provision for bad debts	328	(431)
Deferred income taxes	(1,338)	(12,867)
Change in the estimated fair value of contingent earn-out consideration	(27)	—
Impairment of indefinite-lived long-term assets other than goodwill	—	25,214
Gain on troubled debt restructuring	9	(202)
Net (gain) loss on the disposition of assets	(5,816)	(9,016)
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	1,928	6,265
Income tax receivable	293	—
Prepaid expenses and other current assets	(307)	(759)
Accounts payable and accrued expenses	(7,762)	(2,458)
Operating lease liabilities	(4,194)	(4,420)
Contract liabilities	(104)	9,121
Deferred rent income	6	7
Other liabilities	(6)	1
Income taxes payable	35	5,342
Net provided by (cash used) in operating activities	(7,570)	2,202
INVESTING ACTIVITIES		
Cash paid for capital expenditures net of tenant improvement allowances	(2,050)	(2,966)
Capital expenditures reimbursable under tenant improvement allowances and trade agreements	(728)	(85)
Purchases of broadcast assets and radio stations	(3,500)	—
Equity investment in limited liability corporation	—	(1,000)
Proceeds from sale of long-lived assets	17,658	82,854
Other	69	20
Net cash provided by investing activities	11,449	78,823
FINANCING ACTIVITIES		
Repayment of secured promissory note	—	(72,000)
Proceeds from borrowings under ABL Facility	101,133	64,792
Payments on ABL Facility	(106,878)	(66,661)
Payments of debt issuance costs	(606)	(62)
Payments of acquisition-related contingent earn-out consideration	(883)	—
Payments on financing lease liabilities	(22)	(20)
Restricted cash	284	—
Book overdraft	3,093	(1,313)
Net used in financing activities	(3,879)	(75,264)
Net increase (decrease) in cash and cash equivalents	(284)	5,761
Cash and cash equivalents and restricted cash at beginning of year	284	—
Cash and cash equivalents and restricted cash at end of year	\$ —	\$ 5,761

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

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

	Six Months Ended June 30,	
	2024	2025
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Cash paid for interest	\$ 6,344	\$ 535
Cash paid for interest on finance lease liabilities	\$ 2	\$ 2
Cash paid (received) for income taxes, net of refunds	\$ (80)	\$ 484
Other supplemental disclosures of cash flow information:		
Barter revenue	\$ 1,790	\$ 1,017
Barter expense	\$ 2,219	\$ 1,505
Non-cash investing and financing activities:		
Capital expenditures reimbursable under tenant improvement allowances	\$ 728	\$ (85)
Issuance of Class A Common Stock for investment	\$ —	\$ 600
Right-of-use assets acquired through operating leases	\$ 5,769	\$ 9,952
Right-of-use assets acquired through financing leases	\$ 15	\$ 12

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

SALEM MEDIA GROUP, INC.
NOTES TO 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, digital media, and publishing entities. We have three operating segments: (1) Broadcast, (2) Digital Media, and (3) Publishing, which are discussed in Note 16. Segment Data.

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, 2024 and 2025 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, 2024. 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, 2024 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.

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, 2024, 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.

Recent Accounting Standards or Updates Not Yet Effective

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 annual disclosures, including timing of adoption.

In December 2023, the FASB issued Update 2023-09 - *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances the disclosure requirements for income tax rate reconciliation, domestic and foreign income taxes, and unrecognized tax benefits. The amendments of ASU 2023-09 are effective for annual periods beginning after December 15, 2024. Early adoption is permitted and should be applied prospectively. We are currently evaluating the impact of this standard on our annual disclosures, including timing of adoption.

NOTE 3. RECENT TRANSACTIONS

During the six-month periods ended June 30, 2024 and 2025, we completed the following transactions:

Acquisitions

On April 8, 2025, we acquired a 30% stake in MxM News for 1,071,428 shares of Salem Class A common stock valued at \$0.6 million. The investment of \$0.6 million at June 30, 2025 is reflected at cost in other assets.

We invested in a limited liability company that will own, distribute, and market a motion picture. The investment of \$2.5 million at June 30, 2025 is reflected at cost in other assets.

Divestitures

On April 4, 2025, we sold our remaining seven Contemporary Christian Music (“CCM”) stations for \$80.0 million, resulting in a pre-tax gain of \$11.2 million. We entered into a separate marketing agreement with the same counterparty for \$10.0 million whereby the buyer will be able to promote its stations and events on our platforms for five years. The buyer loaned the company \$72.0 million via a Secured Promissory Note on December 30, 2024 which was repaid upon the closing of the sale.

On February 21, 2025, we sold our office building in Greenville, South Carolina for \$1.0 million in cash, resulting in a pre-tax gain of \$0.6 million.

On January 14, 2025, we sold an easement and our economic interest in a tower lease in our Nashville, Tennessee market for \$1.0 million, resulting in a pre-tax gain of \$0.8 million.

On January 6, 2025, we sold radio station KZTS-AM and two FM translators in Little Rock, Arkansas for \$0.7 million, resulting in a pre-tax gain of \$0.5 million. We entered into a Local Marketing Agreement (“LMA”) which began on September 22, 2024.

On November 21, 2024, we sold radio station KKSP-FM in Little Rock, Arkansas for \$1.6 million, resulting in a pre-tax gain of \$0.4 million. The radio station had been programmed under a LMA since September 1, 2024.

On October 9, 2024, we sold an easement and our economic interest in a lease in our Pittsburgh, Pennsylvania market for \$0.9 million, resulting in a pre-tax gain of \$0.8 million.

On September 18, 2024, we sold a building in Honolulu, Hawaii for \$3.5 million, resulting in pre-tax loss of \$1.8 million.

On June 26, 2024, we sold three radio stations in Nashville, Tennessee and one radio station in Honolulu, Hawaii for \$7.0 million, resulting in pre-tax gain of \$3.8 million. We incurred additional costs during the third quarter, reducing the pre-tax gain by \$0.2 million in the quarter.

On June 3, 2024, we sold land in Apopka, Florida for \$0.6 million, resulting in a pre-tax loss of \$0.3 million.

On June 1, 2024, we sold an FM translator in our Greenville, South Carolina site for \$0.4 million, resulting in a pre-tax gain of \$0.2 million.

On May 3, 2024, we closed a leaseback agreement for our corporate headquarters building for \$5.5 million, resulting in a pre-tax gain of \$0.4 million. The related lease is for five years at \$0.4 million in annual lease payments.

On February 23, 2024, we sold the transmitter site in Greenville, South Carolina for \$3.0 million. We repurchased the economic interests in the leases at our Greenville, South Carolina radio transmitter site for \$3.5 million from a related party, resulting in a combined pre-tax loss of \$1.0 million.

On February 20, 2024, we received \$1.2 million from the sale of our shares of Broadcast Music, Inc.

Pending Transactions

On March 11, 2025, we entered into an agreement to sell our radio stations in Honolulu, Hawaii for \$2.0 million. The \$2.0 million carrying value of the assets was reclassified as held for sale as of June 30, 2025, and we recorded a pre-tax loss of \$3.7 million. We expect the sale to close during the third quarter of 2025.

On October 17, 2023, we entered into an agreement to sell land in Sarasota, Florida for \$8.5 million. In June 2025 the buyer backed out of the sale.

NOTE 4. REVENUE RECOGNITION

The following table presents our revenues disaggregated by revenue source for each of our operating segments:

	Six Months Ended June 30, 2024			
	Broadcast	Digital Media	Publishing	Consolidated
	(Dollars in thousands)			
By Source of Revenue:				
Block Programming – National	\$ 26,518	\$ —	\$ —	\$ 26,518
Block Programming – Local	11,158	—	—	11,158
Broadcast Programming Revenue	37,676	—	—	37,676
Spot Advertising – National	6,058	—	—	6,058
Spot Advertising – Local	16,908	—	—	16,908
Network Advertising	8,939	—	—	8,939
Broadcast Advertising Revenue	31,905	—	—	31,905
Infomercials	271	—	—	271
Other Revenue	3,814	—	—	3,814
Other Broadcast Revenue	4,085	—	—	4,085
Digital Advertising	15,841	7,213	—	23,054
Digital Streaming	2,813	1,627	—	4,440
Digital Downloads	58	3,847	—	3,905
Digital Subscriptions	563	9,874	—	10,437
Other Digital Revenue	271	91	—	362
Digital Revenue	19,546	22,652	—	42,198
Book Sales	—	—	641	641
Estimated Sales Returns & Allowances	—	—	(12)	(12)
Net Book Sales	—	—	629	629
E-Book Sales	—	—	(52)	(52)
Self-Publishing Fees	—	—	2,754	2,754
Other Publishing Revenue	—	—	25	25
Publishing Revenue	—	—	3,356	3,356
	\$ 93,212	\$ 22,652	\$ 3,356	\$ 119,220
Timing of Revenue Recognition				
Point in Time	\$ 92,341	\$ 22,652	\$ 3,356	\$ 118,349
Rental Income (1)	871	—	—	871
	\$ 93,212	\$ 22,652	\$ 3,356	\$ 119,220

	Six Months Ended June 30, 2025			
	Broadcast	Digital Media	Publishing	Consolidated
		(Dollars in thousands)		
By Source of Revenue:				
Block Programming – National	\$ 26,335	\$ —	\$ —	\$ 26,335
Block Programming – Local	10,345	—	—	10,345
Broadcast Programming Revenue	36,680	—	—	36,680
Spot Advertising – National	2,531	—	—	2,531
Spot Advertising – Local	9,103	—	—	9,103
Network Advertising	8,494	—	—	8,494
Broadcast Advertising Revenue	20,128	—	—	20,128
Infomercials	254	—	—	254
Other Revenue	3,078	—	—	3,078
Other Broadcast Revenue	3,332	—	—	3,332
Digital Advertising	18,882	7,084	—	25,966
Digital Streaming	2,217	1,517	—	3,734
Digital Downloads	14	3,491	—	3,505
Digital Subscriptions	556	8,570	—	9,126
Other Digital Revenue	104	112	—	216
Digital Revenue	21,773	20,774	—	42,547
Book Sales	—	—	588	588
Estimated Sales Returns & Allowances	—	—	—	—
Net Book Sales	—	—	588	588

Self-Publishing Fees	—	—	2,554	2,554
Other Publishing Revenue	—	—	24	24
Publishing Revenue	—	—	3,166	3,166
	\$ 81,913	\$ 20,774	\$ 3,166	\$ 105,853
Timing of Revenue Recognition				
Point in Time	\$ 81,031	\$ 20,774	\$ 3,166	\$ 104,971
Rental Income (1)	882	—	—	882
	\$ 81,913	\$ 20,774	\$ 3,166	\$ 105,853

- (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, 2024 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 into 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,	
	2024	2025	2024	2025
	<i>(Dollars in thousands)</i>			
Net broadcast barter revenue	\$ 847	\$ 489	\$ 1,790	\$ 1,017
Net broadcast barter expense	\$ 1,070	\$ 567	\$ 2,219	\$ 1,505

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, 2024	June 30, 2025
	<i>(Dollars in thousands)</i>	
Buildings	\$ 14,774	\$ 14,143
Office furnishings and equipment	32,650	30,329
Antennae, towers and transmitting equipment	74,339	74,175
Studio, production, and mobile equipment	32,050	31,391
Computer software and website development costs	35,841	36,393
Automobiles	1,632	1,547
Leasehold improvements	20,493	20,679
	\$ 211,779	\$ 208,657
Less accumulated depreciation	(177,998)	(176,005)
	33,781	\$ 32,652
Land	\$ 23,186	23,061
Construction-in-progress	5,732	3,573
	\$ 62,699	\$ 59,286

Depreciation expense was approximately \$2.7 million and \$2.3 million for the three months ended June 30, 2024, and 2025, respectively and \$5.5 million and \$4.6 million for the six-month periods ended June 30, 2024 and 2025, 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, 2025.

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, 2025.

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:

	June 30, 2025		
	(Dollars in thousands)		
Operating Leases	Related Party	Other	Total
Operating leases ROU assets	\$ 6,172	\$ 36,551	\$ 42,723
Operating lease liabilities (current)	\$ 1,375	\$ 7,247	\$ 8,622
Operating lease liabilities (non-current)	4,922	35,736	40,658
Total operating lease liabilities	\$ 6,297	\$ 42,983	\$ 49,280

Weighted Average Remaining Lease Term

Operating leases	7.5 years
Finance leases	2.2 years

Weighted Average Discount Rate

Operating leases	8.68%
Finance leases	8.75%

Lease Expense

The components of lease expense were as follows:

	Six Months Ended June 30, 2025
	(Dollars in thousands)
Amortization of finance lease ROU Assets	\$ 19
Interest on finance lease liabilities	2
Finance lease expense	21

Operating lease expense	6,721
Variable lease expense	578
Short-term lease expense	234
Total lease expense	\$ 7,554

Supplemental Cash Flow

Supplemental cash flow information related to leases was as follows:

	Six Months Ended June 30, 2025	
	<i>(Dollars in thousands)</i>	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	6,525
Operating cash flows from finance leases		1
Financing cash flows from finance leases		20
Leased assets obtained in exchange for new operating lease liabilities	\$	9,952
Leased assets obtained in exchange for new finance lease liabilities		12

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, 2025, are as follows:

	Operating			Finance	Total
	Related Party	Other	Total		
	(Dollars in thousands)				
2025	\$ 1,830	\$ 9,578	\$ 11,408	\$ 34	\$ 11,442
2026	1,725	9,213	10,938	12	10,950
2027	1,319	8,056	9,375	7	9,382
2028	840	7,433	8,273	3	8,276
2029	511	4,908	5,419	1	5,420
Thereafter	2,553	22,126	24,679	—	24,679
Undiscounted Cash Flows	\$ 8,778	\$ 61,314	\$ 70,092	\$ 57	\$ 70,149
Less: imputed interest	(2,481)	(18,331)	(20,812)	(5)	(20,817)
Total	\$ 6,297	\$ 42,983	\$ 49,280	\$ 52	\$ 49,332
Reconciliation to lease					
Lease liabilities – current	\$ 1,375	\$ 7,247	\$ 8,622	\$ 32	\$ 8,654
Lease liabilities – long-term	4,922	35,736	40,658	20	40,678
Total Lease Liabilities	\$ 6,297	\$ 42,983	\$ 49,280	\$ 52	\$ 49,332

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 macroeconomic conditions and media industry reforecasts, we performed an interim review of broadcast licenses for impairment at June 30, 2025. 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	December 31, 2024	June 30, 2025
Risk-adjusted discount rate	9.0%	9.0%
Operating profit margin ranges	3.1% - 29.1%%	3.1% - 29.1%%
Long-term revenue growth rates	(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, 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 charges were driven by decreases in revenue growth rates over those used in the year-end valuation forecasts. 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, 2025:

Market Cluster	Excess Fair Value June 30, 2025
Atlanta, GA	(62.8)%
Boston, MA	(4.9)%
Chicago, IL	2.3%
Cleveland, OH	(49.9)%
Colorado Springs, CO	(24.5)%
Columbus, OH	4.1%
Dallas, TX	(8.0)%
Detroit, MI	(8.0)%
Honolulu, HI	154.0%
Little Rock, AR	13.5%
Los Angeles, CA	(27.8)%
Miami, FL	(32.4)%
Minneapolis, MN	0.6%
New York, NY	37.3%
Orlando FL	13.3%
Philadelphia, PA	(11.5)%
Phoenix, AZ	(0.6)%
Portland, OR	127.0%
Sacramento, CA	436.7%
San Diego, CA	36.8%

San Francisco, CA	(5.0)%
Tampa, FL	18.6%

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, 2024	Six Months Ended June 30, 2025
	<i>(Dollars in thousands)</i>	
Balance before cumulative loss on impairment, beginning of period	\$ 419,845	\$ 272,250
Accumulated loss on impairment, beginning of period	(162,673)	(90,386)
Balance after cumulative loss on impairment, beginning of period	257,172	181,864
Disposition of radio stations and FM translators	(3,799)	(65)
Assets held for sale	(67,081)	(4,677)
Loss on impairment	(4,428)	(25,214)
Balance, end of period after cumulative loss on impairment	\$ 181,864	\$ 151,908
Balance, end of period before cumulative loss on impairment	\$ 272,250	\$ 264,945
Accumulated loss on impairment, end of period	(90,386)	(113,037)
Balance, end of period after cumulative loss on impairment	\$ 181,864	\$ 151,908

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, 2025.

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, 2024	Six Months Ended June 30, 2025
	<i>(Dollars in thousands)</i>	
Balance, beginning of period before cumulative loss on impairment,	\$ 30,047	\$ 29,586
Accumulated loss on impairment	(7,470)	(7,470)
Balance, beginning of period after cumulative loss on impairment	22,577	22,116
Assets held for sale	(461)	(947)
Ending period balance	\$ 22,116	\$ 21,169
Balance, end of period before cumulative loss on impairment	29,586	29,586
Accumulated loss on impairment	(7,470)	(7,470)
Ending period balance	\$ 22,116	\$ 21,169

NOTE 9. AMORTIZABLE INTANGIBLE ASSETS

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

As of December 31, 2024			
	Cost	Accumulated Amortization	Net
	<i>(Dollars in thousands)</i>		
Customer lists and contracts	\$ 23,677	\$ (23,411)	\$ 266
Domain and brand names	19,851	(19,327)	524
Favorable and assigned leases	1,479	(1,479)	—
Subscriber base and lists	10,416	(9,776)	640
Author relationships	1,106	(1,096)	10
Non-compete agreements	1,612	(1,034)	578
Other amortizable intangible assets	1,396	(1,396)	—
	\$ 59,537	\$ (57,519)	\$ 2,018

As of June 30, 2025			
	Cost	Accumulated Amortization	Net
	<i>(Dollars in thousands)</i>		
Customer lists and contracts	\$ 23,677	\$ (23,460)	\$ 217
Domain and brand names	16,680	(16,247)	433
Favorable and assigned leases	1,479	(1,479)	—
Subscriber base and lists	10,416	(10,071)	345
Author relationships	—	—	—
Non-compete agreements	1,612	(1,300)	312
Other amortizable intangible assets	1,308	(1,308)	—
	<u>\$ 55,172</u>	<u>\$ (53,865)</u>	<u>\$ 1,307</u>

Amortization expense was approximately \$0.4 million for the three-months ended June 30, 2024 and 2025, and \$0.9 million and \$0.7 million for the six-month periods ended June 30, 2024 and 2025, respectively. Based on the amortizable intangible assets as of June 30, 2025, we estimate amortization expense for the next five years to be as follows:

Year ended December 31,	Amortization Expense
	<i>(Dollars in thousands)</i>
2025 (July – Dec)	\$ 698
2026	364
2027	232
2028	13
2029	—
Thereafter	—
Total	<u>\$ 1,307</u>

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 following summarizes accrued restructuring costs for the three-month period ended June 30, 2025:

	Employee Termination Benefits	Other Associated Costs	Total
Beginning balance	\$ 128	\$ 1,129	\$ 1,257
Expenses incurred	28	335	363
Payments	(156)	(593)	(749)
Ending balance	<u>\$ —</u>	<u>\$ 871</u>	<u>\$ 871</u>

The following summarizes accrued restructuring costs for the six-month period ended June 30, 2025:

	Employee Termination Benefits	Other Associated Costs	Total
Beginning balance	\$ —	\$ —	\$ —
Expenses incurred	2,216	1,832	4,048
Payments	(2,216)	(961)	(3,177)
Ending balance	<u>\$ —</u>	<u>\$ 871</u>	<u>\$ 871</u>

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
	<u>\$ 363</u>	<u>\$ 4,048</u>

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.

Debt consists of the following:

	December 31, 2024	June 30, 2025
	<i>(Dollars in thousands)</i>	
Unsecured debt	24,617	—
Asset-Based Revolving Credit Facility principal outstanding (1)	5,250	3,382
Long-term debt less unamortized discount and debt issuance costs	\$ 29,867	\$ 3,382
Less current portion	24,617	—
Long-term debt less unamortized discount and debt issuance costs, net of current portion	\$ 5,250	\$ 3,382
Secured promissory note, current	\$ 72,000	\$ —

- (1) As of June 30, 2025, the Asset-Based Revolving Credit Facility (“ABL”), had a borrowing base of \$19.5 million, \$3.4 million in outstanding borrowings, \$2.5 million in letters of credit, a \$4.5 million availability block, resulting in a \$9.2 million borrowing base availability.

Our weighted average interest rate was 1.76% and 6.98% at December 31, 2024, and June 30, 2025, respectively.

In addition to the outstanding amounts listed above, we also have interest obligations related to our long-term debt as follows as of June 30, 2025:

- \$3.4 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.

Secured Promissory Note

On December 30, 2024, the company issued a \$72.0 million Secured Promissory Note. The proceeds were used to repurchase the 7.125% Senior Secured Notes due in 2028 (“2028 Notes”). The Secured Promissory Note was due in full at maturity on March 31, 2028. Settlement was accelerated upon the closing of the sale of the CCM stations and offset against the sale price. The Secured Promissory Note was repaid upon the close of the sale of the CCM stations on April 4, 2025. Purely from an accounting perspective, we considered the Secured Promissory Note to be an advanced payment for the sale of CCM stations and the balance is a contract liability in accordance with ASC 610-20, *Other Income*.

The interest on the Secured Promissory Note was 0% through June 30, 2025, at which point the interest rate would be SOFR +1%. The debt was collateralized by all of the Company’s assets except for the assets (accounts receivables and the studio/office building in Irving, Texas) that are first lien collateral for the ABL Revolver with Siena.

Unsecured Debt

On December 30, 2024, we issued unsecured debt of \$24.0 million with the holder of the 2028 Notes. The unsecured debt will automatically convert to Series A Preferred Stock at the earlier of the consummation of the asset sales of our remaining seven CCM stations or on June 22, 2025. The unsecured debt has been converted to Series A Preferred Stock upon the close of the sale of the CCM stations on April 4, 2025. The interest rate on the debt was 5%, which could be paid in cash or paid in kind. As of June 30, 2025, accrued and unpaid interest on the unsecured debt was \$0.3 million which is reflected in other long-term liabilities.

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. 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 certain trailing three-month EBITDA targets not be met. The targets will be mutually agreed between Siena and the company on an annual basis following the closing date. The Availability Block will remain in effect until such time as the company resumes meeting the EBITDA targets.

As of June 30, 2025, the amount available under the ABL Facility was \$19.5 million of which \$3.4 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 issue 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, 2024, \$0.2 million and \$0.5 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, 2025, \$0.1 million and \$0.3 million, respectively, of debt issuance costs associated with the ABL Facility was amortized to interest expense. At June 30, 2025, 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, 2025, 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, 2025

For the Year Ended March 31,	Amount
	(Dollars in thousands)
2026	\$ —
2027	3,382
2028	—
2029	—
2030	—
Thereafter	—
	<u>\$ 3,382</u>

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, 2024, we had net operating loss carryforwards for federal income tax purposes of approximately \$47.2 million that expire in years 2025 through 2037 and for state income tax purposes of approximately \$330.8 million that expire

in years 2025 through 2044. For financial reporting purposes at December 31, 2024, we had a valuation allowance of \$21.1 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, 2025, we computed the income tax provision using the estimated effective annual rate applicable for the full year. We updated our forecast to project taxable income for the 2025 calendar year. In accordance with the guidance under FASB ASC Topic 740-270-25-4, we measured the estimated utilization of the operating loss carryforwards and the release of the valuation allowance for both federal and state jurisdictions.

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, 2024, and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
	(Dollars in thousands)		(Dollars in thousands)	
Stock option compensation expense included in unallocated corporate expenses	\$ 66	\$ 63	\$ 145	\$ 125
Restricted stock shares compensation expense included in unallocated corporate expenses	—	49	—	88
Stock option compensation expense included in broadcast operating expenses	16	6	45	20
Restricted stock shares compensation expense included in broadcast operating expenses	—	85	—	106

Stock option compensation expense included in digital media operating expenses	7	3	22	9
Restricted stock shares compensation expense included in digital media operating expense	—	2	—	4
Stock option compensation expense included in publishing operating expenses	1	(2)	2	(1)
Total stock-based compensation expense, pre-tax	\$ 90	\$ 206	\$ 214	\$ 351
Tax expense for stock-based compensation expense	(23)	(54)	(56)	(91)
Total stock-based compensation expense, net of tax	\$ 67	\$ 152	\$ 158	\$ 260

There were no stock option grants during the six-month period ending June 30, 2024 and 2025.

Activity with respect to our option awards during the six-month period ended June 30, 2025 is as follows:

Options	Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	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, 2025	2,516,690	\$ 1.70	\$ 1.06	4.7 years	\$ —
Granted	—	—	—	—	—
Exercised	—	—	—	—	—
Forfeited or expired	(162,065)	3.75	1.42	—	—
Outstanding at June 30, 2025	2,354,625	1.59	1.00	4.5 years	\$ —
Exercisable at June 30, 2025	1,270,625	1.81	1.00	2.8 years	—
Expected to Vest	2,271,099	1.57	1.00	4.4 years	\$ —

The table below represents the restricted stock awards granted during the six-month period ended June 30, 2025:

Grant date	Vesting	Number of shares
April 7, 2025	Time-based	750,000
April 1, 2025	Time-based	500,000
January 17, 2025	Time-based and performance-based	2,347,000
		<u>3,597,000</u>

Restricted stock awards that shall vest with a time-based and/or performance-based schedule. The fair value of each restricted stock award was measured based on the grant date market price of our common shares and expensed over the vesting period. These restricted stock awards contained transfer restrictions under which they could not be sold, pledged, transferred or assigned until the shares have vested. Recipients of these restricted stock awards were entitled to all the rights of absolute ownership of the restricted stock from the date of grant including the right to vote the shares and to receive dividends. Restricted stock awards are independent of option grants and are granted at no cost to the recipient other than applicable taxes owed by the recipient. The awards were considered issued and outstanding from the date of grant.

Activity with respect to our restricted stock awards during the six-month period ended June 30, 2025 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, 2025	—	\$ —	—	\$ —
Granted	3,597,000	0.58	3.2 years	2,085
Lapsed	—	—	—	—
Forfeited	(22,000)	0.60	—	—
Outstanding at March 31, 2025	3,575,000	—	—	\$ —

The aggregate intrinsic value represents the difference between the company's closing stock price on June 30, 2025 of \$0.85 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, 2024, and 2025 was \$0.2 million.

As of June 30, 2025, there was \$0.5 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 1.9 years. As of June 30, 2025, there was \$1.9 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 3.2 years.

NOTE 15. STOCKHOLDERS' EQUITY

Redeemable Series A Preferred Stock

On December 23, 2024, the company entered into a Note Repurchase Agreement with the noteholders of the 2028 Notes 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 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 \$0.6 million in accrued interest and dividends is reflected in other long-term liabilities at June 30, 2025.

Unless waived by at least 67% of the holders, at any time after the repayment of the ABL Facility and Secured Promissory Note, the Series A Preferred Stock is mandatorily redeemable upon the occurrence of a qualifying asset sale with aggregate net proceeds in excess of \$2.5 million or the company's fiscal year end excess cash flow is greater than \$2.5 million. The Series A Preferred Stock is redeemable at the company's option at any time. The redemption price per share for a mandatory or optional redemption is equal to its liquidation preference.

The Series A Preferred Stock is not convertible and has no voting rights.

Redeemable Series B Convertible Perpetual Preferred Stock

On December 23, 2024, the company issued 40,000 shares of Series B Convertible Perpetual Preferred Stock, \$0.01 par value per share. Each of the outstanding shares of Series B Convertible Perpetual Preferred Stock is convertible, at the option of the Series B Convertible Perpetual Preferred Stock holders at any time after July 1, 2025, into a number of shares of Class A common stock and/or Class B common stock. The conversion price per share will be the volume weighted average closing price or last sale price of the Class A common stock over the 90 consecutive trading days immediately prior to conversion. The amount of shares of Class A common stock and/or Class B common stock that shall convert into shall be at the discretion of the Series B Convertible Perpetual Preferred Stock holders provided that (a) the aggregate number of shares of common stock issued upon full conversion of the Series B Convertible Perpetual Preferred Stock shall not exceed, together, with any other shares of common stock then beneficially owned by the Series B Convertible Perpetual Preferred Stock holders, (i) forty-nine percent (49%) of the total number of issued and outstanding shares of capital stock of the company and (ii) forty-six percent (46%) of the voting rights attributable to the total issued and outstanding shares of capital stock entitled to vote upon and (b) in no event shall the aggregate number of shares of Class B common stock issued upon full conversion of the Series B Convertible Perpetual Preferred Stock holders exceed 4,250,000 shares.

The holders of Series B Convertible Perpetual Preferred Stock are entitled to receive dividends *pari passu* with Class A and Class B common stockholders on an as-converted basis. Series B Convertible Perpetual Preferred Stock is not redeemable except for upon a deemed liquidation transaction, defined as a change of control, merger/consolidation or sale of substantially all of the company's assets.

The Redeemable Series B Convertible Perpetual Preferred Stock voting rights are equivalent to the rights upon conversion.

Class A and Class B Common Stock

The rights of the Class A common stockholders and Class B common stockholders are identical except with respect to their voting rights and conversion provision. The Class A common stock is entitled to one vote per share, and the Class B common stock is entitled to ten votes per share.

Liquidation Preference

In the event of any deemed liquidation transaction, liquidation, dissolution, or winding up of the company, either voluntary or involuntary, the holders of the then outstanding shares of Series A Preferred Stock are first entitled to receive the amount of \$1,000 per share plus all declared but unpaid dividends, prior and in preference to any distribution of any assets of the Company to the holders of the Series B Convertible Perpetual Preferred Stock and Class A and Class B common stock. If, upon the occurrence of such event, the proceeds distributed among the holders of the Series A Preferred Stock are insufficient to permit the full payment of the aforesaid preferential amounts to each holder the preferred stock, then the entire proceeds

legally available for distribution to the preferred stock shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the full preferential amount that each such holder of preferred stock is otherwise entitled to receive.

Upon completion of the distributions required for Series A Preferred Stock liquidation preferences, the holders of the then outstanding shares of Series B Convertible Perpetual Preferred Stock are entitled to receive the amount of \$1,000 per share plus all declared but unpaid dividends, prior and in preference to any distribution of any assets of the Company to the holders of the Class A and Class B common stock. If, upon the occurrence of such event, the proceeds distributed among the holders of the Series B Convertible Perpetual Preferred Stock are insufficient to permit the full payment of the aforesaid preferential amounts to each holder the preferred stock, then the entire proceeds legally available for distribution to the preferred stock shall be distributed ratably among the holders of the Series B Convertible Perpetual Preferred Stock in proportion to the full preferential amount that each such holder of preferred stock is otherwise entitled to receive.

Upon completion of the distributions required by the above-mentioned liquidation preferences, any remaining proceeds shall be distributed among the holders of Class A and Class B common stockholders pro rata based on the number of shares of common stock held by each.

NOTE 16. SEGMENT DATA

We have three operating segments: (1) Broadcast, (2) Digital Media and (3) Publishing. Revenue and expenses earned and charged between these segments are eliminated in the consolidation.

SOI for broadcast business units and OI from digital and publishing business units is the segment profitability metric reported to our CODM for purposes of decisions about allocations of resources to, and assessing performance of, each reporting segment. We measure and evaluate our operating segments based on operating income and operating expenses that do not include allocations of costs related to corporate functions, such as accounting and finance, human resources, legal, tax and treasury, which are reported as unallocated corporate expenses in our consolidated statements of operations included in this annual report. We also exclude costs such as amortization, depreciation, taxes, and interest expense. Our CODM is a collective group of senior executives.

The CODM uses SOI and OI to evaluate the operating performance of each reportable segment, and to allocate resources. This measure is the primary measure used by management for the planning and forecasting of future periods, as well as for measuring performance for compensation of executives and segment management.

Segment performance, as we define it, is not necessarily comparable to other similarly titled captions of other companies.

The table below presents financial information for each operating segment as of June 30, 2024 and 2025 based on the composition of our operating segments:

	Broadcast	Digital Media	Publishing	Unallocated Corporate Expenses	Consolidated
			(Dollars in thousands)		
Three Months Ended June 30, 2024					
Net revenue	\$ 47,113	\$ 11,942	\$ 1,556	\$ —	\$ 60,611
Operating expenses (1)	42,644	9,229	1,315	4,297	57,485
SOI (Loss) (2)	\$ 4,469	\$ 2,713	\$ 241	\$ (4,297)	\$ 3,126
Depreciation					2,690
Amortization					425
Net (gain) loss on the disposition of assets					(5,672)
Operating income (loss)					\$ 5,683
	Broadcast	Digital Media	Publishing	Unallocated Corporate Expenses	Consolidated
			(Dollars in thousands)		
Three Months Ended June 30, 2025					
Net revenue	\$ 42,071	\$ 10,557	\$ 1,521	\$ —	\$ 54,149
Operating expenses (1)	40,421	8,988	1,773	4,242	55,424
SOI (Loss) (2)	\$ 1,650	\$ 1,569	\$ (252)	\$ (4,242)	\$ (1,275)
Restructuring Costs					363
Depreciation					2,277
Amortization					353
Impairment of indefinite-lived long-term assets					25,214
Net (gain) loss on the disposition of assets					(7,145)
Operating income (loss)					\$ (22,337)

	Broadcast	Digital Media	Publishing	Unallocated Corporate Expenses	Consolidated
			(Dollars in thousands)		
Six Months Ended June 30, 2024					
Net revenue	\$ 93,212	\$ 22,652	\$ 3,356	\$ —	\$ 119,220
Operating expenses (1)	84,742	18,264	3,035	9,028	115,069
SOI (Loss) (2)	\$ 8,470	\$ 4,388	\$ 321	\$ (9,028)	\$ 4,151
Depreciation					5,456
Amortization					886
Change in the estimated fair value of contingent earn-out consideration					(27)
Net (gain) loss on the disposition of assets					(5,816)
Operating income (loss)					\$ 3,652

	Broadcast	Digital Media	Publishing	Unallocated Corporate Expenses	Consolidated
			(Dollars in thousands)		
Six Months Ended June 30, 2025					
Net revenue	\$ 81,913	\$ 20,774	\$ 3,166	\$ —	\$ 105,853
Operating expenses (1)	80,867	18,161	3,582	9,319	111,929
SOI (Loss) (2)	\$ 1,046	\$ 2,613	\$ (416)	\$ (9,319)	\$ (6,076)
Restructuring Costs					4,048
Depreciation					4,616
Amortization					705
Impairment of indefinite-lived long-term assets					25,214
Net (gain) loss on the disposition of assets					(9,016)
Operating loss					\$ (31,643)

	Broadcast	Digital Media	Publishing	Corporate	Consolidated
			(Dollars in thousands)		
As of December 31, 2024					
Property and equipment, net	\$ 54,510	\$ 6,785	\$ 289	\$ 1,115	\$ 62,699
Broadcast licenses	181,864	—	—	—	181,864
Goodwill	2,241	18,928	947	—	22,116
Amortizable intangible assets, net	3	2,005	10	—	2,018
Capital expenditures	1,462	3,205	116	289	5,072

	Broadcast	Digital Media	Publishing	Corporate	Consolidated
			(Dollars in thousands)		
As of June 30, 2025					
Property and equipment, net	\$ 51,060	\$ 7,070	\$ 294	\$ 862	\$ 59,286
Broadcast licenses	151,908	—	—	—	151,908
Goodwill	2,241	18,928	—	—	21,169
Amortizable intangible assets, net	3	1,304	—	—	1,307
Capital expenditures	1,062	1,780	55	69	2,966

- (1) Includes direct operating expenses such as content, programming, and production costs as well as employee compensation, talent fees, event costs, music license fees, and other expenses. It also includes selling, general and administrative expenses such as administrative employee compensation, sales commissions, ratings fees, trade and barter expenses, and other expenses. 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.
- (2) The performance of an operating segment is customarily measured by the ability of its entities to generate SOI. We define SOI as net revenue less operating expenses. Accordingly, changes in net revenue and operating expenses, as explained above, have a direct impact on changes in SOI. SOI is not a measure of performance calculated in accordance with GAAP as further discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report.

NOTE 17. SUBSEQUENT EVENTS

On August 1, 2025, we closed on the acquisition of the Jim Fink financial newsletter products for no cash. We assumed fulfillment liability of the subscriptions and will pay the seller a percentage of certain net sales through July 31, 2028.

On July 28, 2025, we amended our agreement with Siena Lending Group, Inc. to add additional real property owned by Salem Radio Properties, Inc. to the collateral under the loan agreement, which increases the borrowing base and therefore the amount that we can borrow under the loan agreement.

On July 4, 2025, President Trump signed into law the legislation commonly referred to as the One Big Beautiful Bill Act (“OBBBA”). The OBBBA includes various provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The OBBBA has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing its impact on our consolidated financial statements and will recognize the income tax effects in the consolidated financial statements beginning in the period in which the OBBBA was signed into law.

On July 1, 2025, we closed on the sale of Salem Author Services for \$0.1 million. The \$0.1 million carrying value of the assets was reclassified as held for sale as of June 30, 2025, and we recorded a pre-tax loss of \$0.7 million.

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 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.

Overview

Salem is a domestic multimedia company specializing in Christian and conservative content, with media properties comprising radio broadcasting, digital media, and publishing. We are fundamentally committed to this audience and may choose not to pursue potentially more profitable business opportunities. 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.

We have three operating segments: (1) Broadcast, (2) Digital Media, and (3) Publishing, which also qualify as reportable segments. Our operating segments reflect how our chief operating decision makers, which we define as a collective group of senior executives, assess the performance of each operating segment and determine the appropriate allocations of resources to each segment. We continually review our operating segment classifications to align with operational changes in our business and may make changes as necessary.

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.

Revenue generated from our radio stations, networks, and sales firms is reported as broadcast revenue in our Condensed Consolidated Financial Statements included in this quarterly report. 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 sixteen 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.

In broadcasting, trade or barter agreements are commonly used to reduce cash expenses by exchanging advertising time for goods or services. We may enter into 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. 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, 2024, and 2025, 98% and 99%, respectively, of our broadcast revenue was sold for cash.

Broadcast operating 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 segment provides Christian, conservative, investing, retirement, e-commerce, audio and video streaming, and other resources digitally through the web.

The primary operating 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 operations include self-publishing services through Salem Author Services. We sold Salem Author Services July 1, 2025.

The primary operating expenses incurred by our publishing 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; and (iv) cost of goods sold that includes book printing and production costs.

Known Trends and Uncertainties

Ongoing macroeconomic issues including the military conflict in Ukraine and Israel, increases in consumer prices, inflation, tariffs and interest rates 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 2.7% for the twelve months ending June 30, 2025. 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.

Key Financial Performance Indicators – Same-Station Definition

In the discussion of our results of operations below, we compare our broadcast operating results between periods on an as-reported basis, which includes the operating results of all radio stations and networks owned or operated at any time during either period and on a Same Station basis. "Same Station" is a Non-GAAP financial measure used both in presenting our results to stockholders and the investment community as well as in our internal evaluations and management of the business. We believe that Same Station Operating Income provides a meaningful comparison of period over period performance of our core broadcast operations as this measure excludes the impact of new stations, the impact of stations we no longer own or operate, and the impact of stations operating under a new programming format. Our presentation of Same Station Operating Income is not intended to be considered in isolation or as a substitute for the most directly comparable financial measures reported in accordance with GAAP. Refer to "Non-GAAP Financial Measures" below for definitions and a reconciliation of these non-GAAP performance measures to the most comparable GAAP measures.

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, Station Operating Income ("SOI"), Same Station net broadcast revenue, Same Station broadcast operating expenses, Same Station Operating Income, Digital Media Operating Income, and Publishing Operating Income (Loss), 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 operational results, trends, and performance.

The performance of a radio broadcasting company is customarily measured by the ability of its stations to generate SOI. We define SOI as net broadcast revenue less broadcast operating expenses. Accordingly, changes in net broadcast revenue and broadcast operating expenses, as explained above, have a direct impact on changes in SOI. SOI is not a measure of performance calculated in accordance with GAAP. SOI should be viewed as a supplement to and not a substitute for our results of operations presented on the basis of GAAP. We believe that SOI is a useful non-GAAP financial measure to investors when considered in conjunction with operating income (the most directly comparable GAAP financial measure to SOI), because it is generally recognized by the radio broadcasting industry as a tool in measuring performance and in applying valuation methodologies for companies in the media, entertainment, and communications industries. SOI is commonly used by investors and analysts who report on the industry to provide comparisons between broadcasting groups. We use SOI as one of the key measures of operating efficiency and profitability, including our internal reviews for potential impairment of indefinite-lived intangible assets and our internal reviews to approve capital expenditures. SOI does not purport to represent cash provided by operating activities. Our statement of cash flows presents our cash activity in accordance with GAAP, and our income statement presents our financial performance prepared in accordance with GAAP. Our definition of SOI is not necessarily comparable to similarly titled measures reported by other companies.

We define Same Station net broadcast revenue as net broadcast revenue from our radio stations and networks that we own or operate in the same format on the first and last day of each quarter, as well as the corresponding quarter of the prior year. We define Same Station broadcast operating expenses as broadcast operating expenses from our radio stations and networks that we own or operate 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 Income includes those stations we own or operate 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 Income for a full calendar year is calculated as the sum of the Same Station results for each of the four quarters of that year. We use Same Station Operating Income, a non-GAAP financial measure, both in presenting our results to stockholders and the investment community, and in our internal evaluations and management of the business. We believe that Same Station Operating Income provides a meaningful comparison of period-over-period performance of our core broadcast operations as this measure excludes the impact of new stations, the impact of stations we no longer own or operate, and the impact of stations operating under a new programming format. Our presentation of Same Station Operating Income is not intended to be considered in isolation or as a substitute for the most directly comparable financial measures reported in accordance with GAAP. Our definition of Same Station net broadcast revenue, Same Station broadcast operating expenses and Same Station Operating Income is not necessarily comparable to similarly titled measures reported by other companies.

We apply a similar methodology to our digital media and publishing group. Digital Media Operating Income is defined as net digital media revenue less digital media operating expenses. Publishing Operating Income (Loss) is defined as net publishing revenue less publishing operating expenses. Digital Media Operating Income and Publishing Operating Income (Loss) are not measures of performance in accordance with GAAP. Our presentations of these non-GAAP financial performance measures are not to be considered a substitute for, or superior to, our operating results reported in accordance with GAAP. We believe that Digital Media Operating Income and Publishing Operating Income (Loss) are useful non-GAAP financial measures to investors, when considered in conjunction with operating income (the most directly comparable GAAP financial measure), because they are comparable to those used to measure performance of our broadcasting entities. We use this analysis as one of the key measures of operating efficiency, profitability and in our internal reviews for impairment of indefinite-lived intangible assets and our internal reviews to approve capital expenditures. This measurement does not purport to represent cash provided by operating activities. Our statement of cash flows presents our cash activity in accordance with GAAP and our income statement presents our financial performance in accordance with GAAP. Our definitions of Digital Media Operating Income and Publishing Operating Income (Loss) are not necessarily comparable to similarly titled measures reported by other companies.

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 impairments, before restructuring costs, before net miscellaneous income and expenses, before 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 of operations 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 tables below, we present a reconciliation of net broadcast revenue, the most comparable GAAP measure, to Same Station net broadcast revenue, and broadcast operating expenses, the most comparable GAAP measure to Same Station broadcast operating expense. We show our calculation of Station Operating Income and Same Station Operating Income, which is reconciled from net income (loss), the most comparable GAAP measure, in the table following our calculation of Digital Media Operating Income and Publishing Operating Income (Loss). Our presentation of these non-GAAP measures 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,	
	2024	2025	2024	2025
<i>(Dollars in thousands)</i>				
Reconciliation of Net Broadcast Revenue to Same Station Net Broadcast Revenue				
Net broadcast revenue	\$ 47,113	\$ 42,071	\$ 93,212	\$ 81,913
Net broadcast revenue – acquisitions	—	—	—	—
Net broadcast revenue – dispositions	(6,596)	(69)	(13,520)	(2,082)
Net broadcast revenue – format change	(455)	(388)	(455)	(388)
Same Station net broadcast revenue	<u>\$ 40,062</u>	<u>\$ 41,614</u>	<u>\$ 79,237</u>	<u>\$ 79,443</u>
Reconciliation of Broadcast Operating Expenses to Same Station Broadcast Operating Expenses				
Broadcast operating expenses	\$ 42,644	\$ 40,421	\$ 84,742	\$ 80,867
Broadcast operating expenses – acquisitions	—	—	—	—
Broadcast operating expenses – dispositions	(5,608)	(117)	(12,294)	(2,744)
Broadcast operating expenses – format change	(834)	(820)	(834)	(820)
Same Station broadcast operating expenses	<u>\$ 36,202</u>	<u>\$ 39,484</u>	<u>\$ 71,614</u>	<u>\$ 77,303</u>
Reconciliation of Operating Income to Same Station Operating Income				
Station Operating Income	\$ 4,469	\$ 1,650	\$ 8,470	\$ 1,046
Station operating (income) loss – acquisitions	—	—	—	—
Station operating (income) loss – dispositions	(988)	48	(1,226)	662
Station operating loss – format change	379	432	379	432
Same Station – Station Operating Income	<u>\$ 3,860</u>	<u>\$ 2,130</u>	<u>\$ 7,623</u>	<u>\$ 2,140</u>

In the table below, we present our calculations of Station Operating Income, Digital Media Operating Income, and Publishing Operating Income (Loss). Our presentation of these non-GAAP performance indicators are not to be considered a substitute for or superior to the directly comparable measures reported in accordance with GAAP.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
<i>(Dollars in thousands)</i>				
Calculation of Station Operating Income, Digital Media Operating Income and Publishing Operating Income (Loss)				
Net broadcast revenue	\$ 47,113	\$ 42,071	\$ 93,212	\$ 81,913
Less broadcast operating expenses	(42,644)	(40,421)	(84,742)	(80,867)
Station Operating Income	<u>\$ 4,469</u>	<u>\$ 1,650</u>	<u>\$ 8,470</u>	<u>\$ 1,046</u>
Net digital media revenue	\$ 11,942	\$ 10,557	\$ 22,652	\$ 20,774
Less digital media operating expenses	(9,229)	(8,988)	(18,264)	(18,161)
Digital Media Operating Income	<u>\$ 2,713</u>	<u>\$ 1,569</u>	<u>\$ 4,388</u>	<u>\$ 2,613</u>
Net publishing revenue	\$ 1,556	\$ 1,521	\$ 3,356	\$ 3,166
Less publishing operating expenses	(1,315)	(1,773)	(3,035)	(3,582)
Publishing Operating Income (Loss)	<u>\$ 241</u>	<u>\$ (252)</u>	<u>\$ 321</u>	<u>\$ (416)</u>

In the table below, we present a reconciliation of net loss, the most directly comparable GAAP measure to Station Operating Income, Digital Media Operating Income, and Publishing Operating Income (Loss). Our presentation of these non-GAAP performance indicators 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,	
	2024	2025	2024	2025
(Dollars in thousands)				
Reconciliation of Net Income (Loss) to Operating Income and Station Operating Income, Digital Media Operating Income and Publishing Operating Income (Loss)				
Net income (loss)	\$ 2,295	\$ (17,592)	\$ (2,885)	\$ (24,723)
Plus benefit from income taxes	(388)	(4,795)	(1,090)	(7,041)
Plus net miscellaneous income and (expenses)	(14)	(287)	2	(340)
Plus (gain) loss on early retirement of long-term debt	(9)	51	(9)	(202)
Plus (earnings) loss from equity method investment	—	—	(2)	—
Plus interest expense, net of capitalized interest	3,804	357	7,652	744
Less interest income	(5)	(71)	(16)	(81)
Net operating income (loss)	\$ 5,683	\$ (22,337)	\$ 3,652	\$ (31,643)
Plus net (gain) loss on the disposition of assets	(5,672)	(7,145)	(5,816)	(9,016)
Plus change in the estimated fair value of contingent earn-out consideration	—	—	(27)	—
Plus impairment of indefinite-lived long-term assets other than goodwill	—	25,214	—	25,214
Plus restructuring costs	—	363	—	4,048
Plus depreciation and amortization	3,115	2,630	6,342	5,321
Plus unallocated corporate expenses	4,297	4,242	9,028	9,319
Combined Station Operating Income, Digital Media Operating Income and Publishing Operating Income (Loss)	\$ 7,423	\$ 2,967	\$ 13,179	\$ 3,243
Station Operating Income	\$ 4,469	\$ 1,650	\$ 8,470	\$ 1,046
Digital Media Operating Income	2,713	1,569	4,388	2,613
Publishing Operating Income (Loss)	241	(252)	321	(416)
Combined Station Operating Income, Digital Media Operating Income and Publishing Operating Income (Loss)	\$ 7,423	\$ 2,967	\$ 13,179	\$ 3,243

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,	
	2024	2025	2024	2025
(Dollars in thousands)				
Reconciliation of Adjusted EBITDA to EBITDA to Net Income (Loss)				
Net income (loss)	\$ 2,295	\$ (17,592)	\$ (2,885)	\$ (24,723)
Plus interest expense, net of capitalized interest	3,804	357	7,652	744
Plus benefit from income taxes	(388)	(4,795)	(1,090)	(7,041)
Plus depreciation and amortization	3,115	2,630	6,342	5,321
Less interest income	(5)	(71)	(16)	(81)
EBITDA	\$ 8,821	\$ (19,471)	\$ 10,003	\$ (25,780)
Plus net (gain) loss on the disposition of assets	(5,672)	(7,145)	(5,816)	(9,016)
Plus change in the estimated fair value of contingent earn-out consideration	—	—	(27)	—
Plus impairment of indefinite-lived long-term assets other than goodwill	—	25,214	—	25,214
Plus restructuring costs	—	363	—	4,048
Plus net miscellaneous (income) and expenses	(14)	(287)	2	(340)
Plus (gain) loss on early retirement of long-term debt	(9)	51	(9)	(202)
Plus non-cash stock-based compensation	90	206	214	351
Adjusted EBITDA	\$ 3,216	\$ (1,069)	\$ 4,367	\$ (5,725)

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 operations 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,	
	2024	2025
	<i>(Dollars in thousands)</i>	
	<i>(Unaudited)</i>	
Net cash used by operating activities	\$ (7,570)	\$ 2,202
Non-cash stock-based compensation	(214)	(351)
Depreciation and amortization	(6,342)	(5,321)
Amortization of deferred financing costs	(1,198)	(298)
Non-cash lease expense	(4,516)	(5,158)
Provision for bad debts	(328)	431
Deferred income taxes	1,338	12,867
Change in the estimated fair value of contingent earn- out consideration	27	—
Net (gain) loss on the disposition of assets	5,816	9,016
Impairment of indefinite-lived long-term assets other than goodwill	—	(25,214)
Gain on troubled debt restructuring	(9)	202
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	(1,928)	(6,265)
Income tax receivable	(293)	—
Prepaid expenses and other current assets	307	759
Accounts payable and accrued expenses	7,762	2,458
Operating lease liabilities	4,194	4,420
Contract liabilities	104	(9,121)
Deferred rent income	(6)	(7)
Income tax payable	(35)	(5,342)
Other liabilities	(6)	(1)
Net loss	\$ (2,885)	\$ (24,723)
Plus interest expense, net of capitalized interest	7,652	744
Plus benefit from income taxes	(1,090)	(7,041)
Plus depreciation and amortization	6,342	5,321
Less interest income	(16)	(81)
EBITDA	\$ 10,003	\$ (25,780)
Plus net (gain) loss on the disposition of assets	(5,816)	(9,016)
Plus change in the estimated fair value of contingent earn-out consideration	(27)	—
Plus restructuring costs	—	4,048
Plus impairment of indefinite-lived long-term assets other than goodwill	—	25,214
Plus gain on troubled debt restructuring	(9)	(202)
Plus net miscellaneous income and expenses	2	(340)
Plus non-cash stock-based compensation	214	351
Adjusted EBITDA	\$ 4,367	\$ (5,725)
Less net cash paid for capital expenditures (1)	(2,050)	(2,966)
Plus (paid) received for taxes	80	(484)
Less cash paid for interest, net of capitalized interest	(6,346)	(535)
Adjusted Free Cash Flow	\$ (3,949)	\$ (9,710)

- (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, 2024 compared to the three months ended June 30, 2025

Net Broadcast Revenue

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Broadcast Revenue	\$ 47,113	\$ 42,071	\$ (5,042)	(10.7) %	77.7 %	77.7 %
Same Station Net Broadcast Revenue	\$ 40,062	\$ 41,614	\$ 1,552	3.9 %		

Net broadcast revenue decreased 10.7%, or \$5.0 million, of which \$6.5 million reflects the impact of station dispositions. On a Same Station basis, net broadcast revenue increased 3.9%, or \$1.6 million. Broadcast digital revenue increased \$2.6 million. This increase was offset by a \$0.7 million decline in spot advertising revenue, excluding political revenue and a \$0.4 million decrease in national and local block programming revenue, excluding political revenue, primarily in our Christian Teaching and Talk format radio stations. Spot advertising revenue has been declining in the industry due to reduced time spent listening, particularly on AM radio stations. Network revenue from our nationally syndicated programs increased \$0.4 million, excluding political revenue. Political revenue decreased \$0.2 million, or 29.0%, to \$0.6 million from \$0.8 million since 2025 is not an election year.

Net Digital Media Revenue

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Digital Media Revenue	\$ 11,942	\$ 10,557	\$ (1,385)	(11.6) %	19.7 %	19.5 %

Net digital media revenue decreased 11.6%, or \$1.4 million, due primarily to a \$1.2 million decrease in digital subscription revenue from Eagle Financial Publications driven by declines in new subscription orders and a \$0.2 million decrease in programmatic revenue that was partially offset by a \$0.1 million increase in digital download revenue from our church product website, WorshipHouseMedia.com due to the timing of the Easter holiday which fell in April of the current year compared to March in the prior year.

Net Publishing Revenue

	Three Months Ended June 30,					
	2024	2024	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Publishing Revenue	\$ 1,556	\$ 1,521	\$ (35)	(2.2) %	2.6 %	2.8 %

Net publishing revenue slightly decreased 2.2%, or \$35,000, due to the softness in the overall economy which has caused some declines in our self-publishing business.

Broadcast Operating Expenses

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Broadcast Operating Expenses	\$ 42,644	\$ 40,421	\$ (2,223)	(5.2) %	70.4 %	74.6 %
Same Station Broadcast Operating Expenses	\$ 36,202	\$ 39,484	\$ 3,282	9.1 %		

Broadcast operating expenses decreased 5.2%, or \$2.2 million, of which \$5.5 million reflects the impact of station dispositions. On a Same Station basis, broadcast operating expenses increased 9.1%, or \$3.3 million. The \$3.3 million increase includes a \$1.4 million increase in professional services expenses, a \$0.5 million increase in health insurance expenses due to increased medical claims, a \$0.4 million increase in third party marketing costs, a \$0.2 million increase in production and programming, a \$0.2 million increase in bad debt expense, a \$0.1 million increase in non-cash stock-based compensation expense, and a \$0.1 million increase in advertising and promotion expense.

Digital Media Operating Expenses

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Digital Media Operating Expenses	\$ 9,229	\$ 8,988	\$ (241)	(2.6) %	15.2 %	16.6 %

Digital media operating expenses decreased 2.6%, or \$0.2 million including a \$0.4 million decrease in advertising and promotion expenses offset by a \$0.1 million increase in health insurance expenses due to increased medial claims.

Publishing Operating Expenses

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Publishing Operating Expenses	\$ 1,315	\$ 1,773	\$ 458	34.8 %	2.2 %	3.3 %

Publishing operating expenses increased 34.8%, or \$0.5 million primarily due to credits being reversed in 2024 from the sale of Regnery® Publishing. Salem Author Services remained consistent compared to the same period of the prior year. The gross profit margin for publishing decreased to 75% from 81% due to decreased revenue in excess of the increase in costs of goods sold.

Unallocated Corporate Expenses

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Unallocated Corporate Expenses	\$ 4,297	\$ 4,242	\$ (55)	(1.3) %	7.1 %	7.8 %

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 decrease of 1.3%, or \$0.1 million, includes a \$0.1 million decrease in facility-related expenses and a \$0.1 million decrease in employee-related expenses due to reductions in workforce, that was partially offset by a \$0.1 million increase in health insurance expenses.

Restructuring Costs

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Restructuring Costs	\$ —	\$ 363	\$ 363	— %	— %	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,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Impairment of indefinite-lived long-term assets other than goodwill	\$ —	\$ 25,214	\$ 25,214	— %	— %	46.6 %

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 Expense

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Depreciation Expense	\$ 2,690	\$ 2,277	\$ (413)	(15.4) %	4.4 %	4.2 %

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.

Amortization Expense

	Three Months Ended June 30,											
	2024		2025		Change \$	Change %	2024	2025				
	(Dollars in thousands)						% of Total Net Revenue					
Amortization Expense	\$	425	\$	353	\$	(72)	(16.9)	%	0.7	%	0.7	%

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

	Three Months Ended June 30,							
	2024	2025	Change \$	Change %		2024	2025	
	(Dollars in thousands)					% of Total Net Revenue		
Net (Gain) Loss on the Disposition of Assets	\$ (5,672)	\$ (7,145)	\$ (1,473)	26.0 %		(9.4) %	(13.2) %	

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.

The net gain on the disposition of assets of \$5.7 million for the three-month period ending June 30, 2024, reflects a \$3.8 million pre-tax gain on the sale of three radio stations in Nashville, Tennessee and one radio station in Honolulu, Hawaii, a \$1.7 million pre-tax gain related to sale of Regnery® Publishing, a \$0.4 million pre-tax gain on the sale-leaseback of our corporate headquarters building, a \$0.2 million pre-tax gain on the sale of an FM translator in our Greenville, South Carolina site, partially offset by a pre-tax loss of \$0.3 million for the sale of land in Apopka, Florida and losses from various fixed asset disposals.

Other Income (Expense)

	Three Months Ended June 30,								
	2024	2025	Change \$	Change %		2024	2025		
	(Dollars in thousands)					% of Total Net Revenue			
Interest Income	\$ 5	\$ 71	\$ 66	1,320.0	%	—	%	0.1	%
Interest Expense	(3,804)	(357)	3,447	(90.6)	%	(6.3)	%	(0.7)	%
Gain on troubled debt restructuring	9	(51)	(60)	(666.7)	%	—	%	(0.1)	%
Net Miscellaneous Income and (Expenses)	14	287	273	1,950.0	%	—	%	0.5	%

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

Interest expense includes interest due on outstanding debt balances. The decrease reflects the \$159.4 million repurchase of the 2028 Notes in December 2024 and a lower balance under the ABL facility compared to the same period of the prior year and finance lease obligations outstanding.

The gain on troubled debt restructuring reflects a decrease in accrued interest expense associated with the \$24.0 million unsecured debt with the holder of the 2028 Notes.

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

Benefit from Income Taxes

	Three Months Ended June 30,											
	2024		2025		Change \$	Change %	2024		2025			
	(Dollars in thousands)						% of Total Net Revenue					
Benefit from Income Taxes	\$	(388)	\$	(4,795)	\$	(4,407)	1,135.8	%	(0.6)	%	(8.9)	%

Tax benefit increased by \$4.4 million to \$4.8 million for the three months ended June 30, 2025, compared to \$0.4 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 21.4% for the three months ended June 30, 2025, compared to (20.3)% 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 21.4% 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 Income (Loss)

	Three Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Income (Loss)	\$ 2,295	\$ (17,592)	\$ (19,887)	(866.5) %	3.8 %	(32.5) %

Our net loss increased to \$17.6 million from net income of \$2.3 million during the same period of the prior year due to the factors described above.

Six Months Ended June 30, 2024 compared to the six months ended June 30, 2025

Net Broadcast Revenue

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Broadcast Revenue	\$ 93,212	\$ 81,913	\$ (11,299)	(12.1) %	78.2 %	77.4 %
Same Station Net Broadcast Revenue	\$ 79,237	\$ 79,443	\$ 206	0.3 %		

Net broadcast revenue decreased 12.1%, or \$11.3 million, of which \$11.4 million reflects the impact of station dispositions. On a Same Station basis, net broadcast revenue increased 0.3%, or \$0.2 million. Broadcast digital revenue increased \$3.3 million. This increase was offset by a \$1.7 million decline in spot advertising revenue, excluding political revenue. Spot advertising revenue has been declining in the industry due to reduced time spent listening, particularly on AM radio stations. Network revenue from our nationally syndicated programs increased \$0.1 million, excluding political revenue, and national and local block programming revenue decreased \$0.9 million primarily in our Christian Teaching and Talk format radio stations. Political revenue decreased \$0.4 million, or 24.8%, to \$1.3 million from \$1.7 million since 2025 is not an election year since 2025 is not an election year.

Net Digital Media Revenue

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Digital Media Revenue	\$ 22,652	\$ 20,774	\$ (1,878)	(8.3) %	19.0 %	19.6 %

Net digital media revenue decreased 8.3%, or \$1.9 million, due primarily to a \$1.5 million decrease in digital subscription revenue from Eagle Financial Publications driven by declines in new subscription orders, a \$0.2 million decrease in Eagle Financial Publication product sales, and a \$0.1 million decrease in programmatic revenue.

Net Publishing Revenue

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Publishing Revenue	\$ 3,356	\$ 3,166	\$ (190)	(5.7) %	2.8 %	3.0 %

Net publishing revenue decreased 5.7%, or \$0.2 million, due to the softness in the overall economy which has caused some declines in our self-publishing business.

Broadcast Operating Expenses

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Broadcast Operating Expenses	\$ 84,742	\$ 80,867	\$ (3,875)	(4.6) %	71.1 %	76.4 %
Same Station Broadcast Operating Expenses	\$ 71,614	\$ 77,303	\$ 5,689	7.9 %		

Broadcast operating expenses decreased 4.6%, or \$3.9 million, of which \$9.5 million reflects the impact of station dispositions. On a Same Station basis, broadcast operating expenses increased 7.9%, or \$5.7 million. The \$5.7 million

increase includes a \$2.1 million increase in professional services expenses, a \$1.1 million increase in health insurance expenses due to increased medical claims, a \$0.4 million increase in production and programming, a \$0.4 million increase in third party marketing costs, a \$0.2 million increase in advertising and promotion expense, a \$0.1 million increase in bad debt expense, and a \$0.1 million increase in non-cash stock-based compensation expense.

Digital Media Operating Expenses

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Digital Media Operating Expenses	\$ 18,264	\$ 18,161	\$ (103)	(0.6) %	15.3 %	17.2 %

Digital media operating expenses decreased 0.6%, or \$0.1 million including a \$0.4 million decrease in advertising and promotion expenses offset by a \$0.3 million increase in health insurance expenses due to increased medial claims.

Publishing Operating Expenses

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Publishing Operating Expenses	\$ 3,035	\$ 3,582	\$ 547	18.0 %	2.5 %	3.4 %

Publishing operating expenses increased 18.0%, or \$0.5 million primarily due to credits being reversed in 2024 from the sale of Regnery® Publishing. Salem Author Services increased \$0.1 million due to an increase in bad debt expense and costs of goods sold. The gross profit margin for publishing decreased to 77% from 80% due to decreased revenue in excess of the increase in costs of goods sold.

Unallocated Corporate Expenses

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Unallocated Corporate Expenses	\$ 9,028	\$ 9,319	\$ 291	3.2 %	7.6 %	8.8 %

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 3.2%, or \$0.3 million, includes a \$0.3 million increase in health insurance expenses, a \$0.1 million increase in non-cash stock-based compensation expense and a \$0.1 million increase in facility-related expenses, that was partially offset by a \$0.2 million decrease in employee-related expenses due to reductions in workforce.

Restructuring Costs

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Restructuring Costs	\$ —	\$ 4,048	\$ 4,048	— %	— %	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,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Impairment of indefinite-live long-term assets other than goodwill	\$ —	\$ 25,214	\$ 25,214	— %	— %	23.8 %

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 Expense

Six Months Ended June 30,					
2024	2025	Change \$	Change %	2024	2025

	<i>(Dollars in thousands)</i>					% of Total Net Revenue						
Depreciation Expense	\$	5,456	\$	4,616	\$	(840)	(15.4)	%	4.6	%	4.4	%

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.

Amortization Expense

	Six Months Ended June 30,											
	2024	2025	Change \$	Change %		2024	2025					
	(Dollars in thousands)					% of Total Net Revenue						
Amortization Expense	\$	886	\$	705	\$	(181)	(20.4)	%	0.7	%	0.7	%

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,							
	2024	2025	Change \$	Change %		2024	2025	
	(Dollars in thousands)					% of Total Net Revenue		
Net (Gain) Loss on the Disposition of Assets	\$ (5,816)	\$ (9,016)	\$ (3,200)	55.0 %		(4.9) %	(8.5) %	

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.

The net gain on the disposition of assets of \$5.8 million for the six-month period ending June 30, 2024, reflects a \$3.8 million pre-tax gain on the sale of three radio stations in Nashville, Tennessee and one radio station in Honolulu, Hawaii, a \$1.7 million pre-tax gain related to sale of Regnery® Publishing, a \$1.2 million pre-tax gain on the sale of our shares of Broadcast Music, Inc., a \$0.4 million pre-tax gain on the sale-leaseback of our corporate headquarters building, a \$0.2 million pre-tax gain on the sale of an FM translator in our Greenville, South Carolina site, partially offset by a \$1.0 million pre-tax loss on the sale of the translator site in Greenville, South Carolina, a pre-tax loss of \$0.3 million for the sale of land in Apopka, Florida and losses from various fixed asset disposals.

Other Income (Expense)

	Six Months Ended June 30,							
	2024	2025	Change \$	Change %		2024	2025	
	(Dollars in thousands)					% of Total Net Revenue		
Interest Income	\$ 16	\$ 81	\$ 65	406.3	%	—	0.1	
Interest Expense	(7,652)	(744)	6,908	(90.3)	%	(6.4)	(0.7)	
Gain on troubled debt restructuring	9	202	193	2,144.4	%	—	0.2	
Net Miscellaneous Income and (Expenses)	(2)	340	342	(17,100.0)	%	—	0.3	

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

Interest expense includes interest due on outstanding debt balances. The decrease reflects the \$159.4 million repurchase of the 2028 Notes in December 2024 and a lower balance under the ABL facility compared to the same period of the prior year and finance lease obligations outstanding.

The gain on troubled debt restructuring reflects a decrease in accrued interest expense associated with the \$24.0 million unsecured debt with the holder of the 2028 Notes.

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

Benefit from Income Taxes

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Benefit from Income Taxes	\$ (1,090)	\$ (7,041)	\$ (5,951)	546.0 %	(0.9) %	(6.7) %

Tax benefit increased by \$5.9 million to \$7.0 million for the six months ended June 30, 2025, compared to \$1.1 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 22.2% for the six months ended June 30, 2025, compared to 27.4% 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 22.2% 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 Income (Loss)

	Six Months Ended June 30,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Income (Loss)	\$ (2,885)	\$ (24,723)	\$ (21,838)	756.9 %	(2.4) %	(23.4) %

Our net loss increased to \$24.7 million from \$2.9 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 operations, 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, book sales, subscriptions, self-publishing fees, 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, inventory purchases 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 provided by operating activities increased by \$9.8 million during the six-month period ended June 30, 2025, to \$2.2 million compared to net cash used by operating activities of \$7.6 million during the prior year. The increase in cash provided by operating activities includes the impact of the following items:

- Total revenue decreased by \$13.4 million;
- Operating expenses exclusive of depreciation, amortization, changes in the estimated fair value of contingent earn-out consideration, restructuring costs, impairments, and net gain (loss) on the disposition of assets, decreased by \$3.3 million;
- Accounts receivables, net of expected credit losses, decreased by \$5.1 million compared to \$3.7 million for the prior year;
- Unbilled revenue remained consistent at \$2.1 million;

- Our Day's Sales Outstanding, or the average number of days to collect cash from the date of sale, decreased to 50 days at June 30, 2025, from 56 days in the same period of the prior year;
- We received \$10.0 million in a separate marketing agreement with the buyer of the CCM stations to promote its stations and events on our platforms for five years; and
- Net accounts payable and accrued expenses decreased \$0.6 million to \$23.2 million from \$23.8 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 \$2.8 million during the remainder of 2025.

We invested in a limited liability company that will own, distribute, and market a motion picture. We paid \$1.0 million during the six-month period ended June 30, 2025 and the investment of \$2.5 million at June 30, 2025 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 \$78.8 million during the six-month period ended June 30, 2025, compared to \$11.4 million during the prior year. The \$67.4 million increase in cash provided by investing activities was the result of:

- Cash paid for capital expenditures increased \$0.9 million to \$3.0 million from \$2.1 million during the prior year;
- Cash paid for acquisitions decreased \$3.5 million to zero compared to \$3.5 million during the prior year;
- Cash paid for investments of \$1.0 million during the current period; and
- Cash received from the sale of assets increased \$65.2 million to \$82.9 million compared to \$17.7 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 payments of amounts due under deferred installments, and contingency earn-out consideration associated with acquisition activity.

During the six months-ended June 30, 2025, the principal balances outstanding under the ABL Facility, unsecured debt and secured promissory note ranged from \$126.3 million to \$133.7 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 was \$75.3 million during the six-month period ended June 30, 2025, compared to \$3.9 million during the prior year. The \$71.4 million increase in cash used in financing activities includes:

- A \$4.4 million decrease in the book overdraft; and
- We paid \$72.0 million to repay the secured promissory note at the close of the sale of the CCM stations; and
- Net payments on our ABL Facility were \$1.9 million during the six-month period ended June 30, 2025, compared to \$5.7 million during the same period of the prior year.