



DELAWARE
State of Incorporation

4880 SANTA ROSA ROAD, CAMARILLO CA 93012
Company Address

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Corporate Website: www.salemmedia.com
Company Email: ir@salemmedia.com

SIC Code: 4832

Quarterly Report
For the period ending March 31, 2025
(the "Reporting Period")

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

The number of shares outstanding of our Common Stock was 21,663,091 and Class B Common Stock was 5,553,696 as of December 31, 2024 (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 March 31, 2025
Common Stock, \$0.01 par value per share	24,010,091 shares
Class B	Outstanding at March 31, 2025
Common Stock, \$0.01 par value per share	5,553,696 shares

As of March 31, 2025, we had approximately 129 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 29.

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 28.

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.

May 14, 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.

May 14, 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 (Unaudited)	March 31, 2025 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents and restricted cash	\$ —	\$ —
Accounts receivable (net of allowance for expected credit losses of \$8,071 in 2024 and \$7,911 in 2025)	28,347	22,714
Unbilled revenue	2,097	2,073
Other receivables (net of allowances for expected credit losses of \$640 in 2024 and 2025)	2,153	2,367
Prepaid expenses	5,970	5,185
Assets held for sale	68,105	68,105
Total current assets	106,672	100,444
Notes receivable (net of allowance for expected credit losses \$210 in 2024 and \$190 in 2025)	5	5
Property and equipment, net of accumulated depreciation	62,699	61,560
Operating lease right-of-use assets	41,962	46,988
Financing lease right-of-use assets	57	60
Broadcast licenses	181,864	181,829
Goodwill	22,116	22,116
Amortizable intangible assets, net of accumulated amortization	2,018	1,666
Deferred financing costs	743	826
Other assets	4,976	7,202
Total assets	\$ 423,112	\$ 422,696
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 23,820	\$ 23,880
Accrued interest	104	91
Contract liabilities	13,358	13,951
Deferred rent income	108	114
Income taxes payable	112	242
Current portion of operating lease liabilities	9,688	9,253
Current portion of financing lease liabilities	30	37
Secured promissory note	72,000	72,000
Current portion of long-term debt	24,617	24,343
Total current liabilities	143,837	143,911
Long-term debt, less current portion	5,250	8,405
Operating lease liabilities, less current portion	38,687	44,638
Financing lease liabilities, less current portion	29	24
Deferred income taxes	41,001	38,626
Contract liabilities, long-term	1,786	1,738
Deferred rent income, less current portion	3,475	3,452
Other long-term liabilities	62	62
Total liabilities	234,127	240,856
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 March 31, 2025; 0 shares issued and outstanding at December 31, 2024 and March 31, 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 March 31, 2025	—	—
Class A common stock, \$0.01 par value; authorized 80,000,000 shares; 23,980,741 and 26,327,741 issued and 21,663,091 and 24,010,091 outstanding at December 31, 2024 and March 31, 2025, respectively	240	263
Class B common stock, \$0.01 par value; authorized 20,000,000 shares; 5,553,696 issued and outstanding at December 31, 2024 and March 31, 2025	56	56
Additional paid-in capital	289,573	289,536
Accumulated deficit	(66,878)	(74,009)
Treasury stock, at cost (2,317,650 shares at December 31, 2024 and March 31, 2025)	(34,006)	(34,006)
Total stockholders' equity	188,985	181,840
Total liabilities and stockholders' equity	\$ 423,112	\$ 422,696

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

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

	Three Months Ended March 31,	
	2024	2025
Net broadcast revenue	\$ 46,099	\$ 39,842
Net digital media revenue	10,710	10,217
Net publishing revenue	1,800	1,645
Total net revenue	58,609	51,704
Operating expenses:		
Broadcast operating expenses (including \$573 and \$553 for the quarters ended March 31, 2024 and 2025, respectively, paid to related parties)	42,098	40,446
Digital media operating expenses	9,035	9,173
Publishing operating expenses	1,720	1,809
Unallocated corporate expenses (including \$32 and \$0 for the quarters ended March 31, 2024 and 2025, respectively, paid to related parties)	4,731	5,077
Restructuring costs	—	3,685
Depreciation	2,766	2,339
Amortization	461	352
Change in the estimated fair value of contingent earn-out consideration	(27)	—
Net (gain) loss on the disposition of assets	(144)	(1,871)
Total operating expenses	60,640	61,010
Operating loss	(2,031)	(9,306)
Other income (expense):		
Interest income	11	10
Interest expense	(3,848)	(387)
Gain on troubled debt restructuring	—	253
Earnings from equity method investment	2	—
Net miscellaneous income and (expenses)	(16)	53
Net loss before income taxes	(5,882)	(9,377)
Benefit from income taxes	(702)	(2,246)
Net loss	\$ (5,180)	\$ (7,131)
Basic loss per share data:		
Basic loss per share Class A and Class B common stock	\$ (0.19)	\$ (0.24)
Diluted loss per share data:		
Diluted loss per share Class A and Class B common stock	\$ (0.19)	\$ (0.24)
Basic weighted average Class A and Class B shares outstanding	27,216,787	29,563,787
Diluted weighted average Redeemable Series B Convertible Perpetual Preferred shares, Class A and Class B shares outstanding	27,216,787	29,563,787

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

	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				
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

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)

	Three Months Ended March 31,	
	2024	2025
OPERATING ACTIVITIES		
Net loss	\$ (5,180)	\$ (7,131)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation	124	145
Depreciation and amortization	3,227	2,691
Amortization of deferred financing costs	605	150
Non-cash lease expense	2,195	2,337
Provision for bad debts	182	(83)
Deferred income taxes	(888)	(2,375)
Change in the estimated fair value of contingent earn-out consideration	(27)	—
Gain on troubled debt restructuring	—	(253)
Net (gain) loss on the disposition of assets	(144)	(1,871)
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	2,437	4,130
Income tax receivable	206	—
Prepaid expenses and other current assets	(392)	527
Accounts payable and accrued expenses	(2,689)	42
Operating lease liabilities	(2,123)	(1,817)
Contract liabilities	1,436	545
Deferred rent income	6	8
Other liabilities	(7)	130
Net cash used in operating activities	(1,032)	(2,825)
INVESTING ACTIVITIES		
Cash paid for capital expenditures net of tenant improvement allowances	(313)	(1,781)
Capital expenditures reimbursable under tenant improvement allowances and trade agreements	(23)	—
Purchases of broadcast assets and radio stations	(3,500)	—
Equity investment in limited liability corporation	—	(1,000)
Proceeds from sale of long-lived assets	4,238	2,721
Other	212	18
Net cash provided by (used in) investing activities	614	(42)
FINANCING ACTIVITIES		
Proceeds from borrowings under ABL Facility	47,089	61,852
Payments on ABL Facility	(48,420)	(58,697)
Payments of debt issuance costs	(551)	(33)
Payments of acquisition-related contingent earn-out consideration	(883)	—
Payments on financing lease liabilities	(11)	(10)
Book overdraft	2,910	(245)
Net cash provided by financing activities	134	2,867
Net increase (decrease) in cash and cash equivalents	(284)	—
Cash and cash equivalents and restricted cash at beginning of year	284	—
Cash and cash equivalents and restricted cash at end of year	\$ —	\$ —

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)

	Three Months Ended March 31,	
	2024	2025
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Cash paid for interest	\$ 273	\$ 280
Cash paid for interest on finance lease liabilities	\$ 1	\$ 1
Cash received for income taxes, net of refunds	\$ (19)	\$ (1)
Other supplemental disclosures of cash flow information:		
Barter revenue	\$ 943	\$ 528
Barter expense	\$ 1,149	\$ 938
Non-cash investing and financing activities:		
Capital expenditures reimbursable under tenant improvement allowances	\$ 23	\$ —
Right-of-use assets acquired through operating leases	\$ 3,107	\$ 7,587
Right-of-use assets acquired through financing leases	\$ 12	\$ 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 months ended March 31, 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 three-month periods ended March 31, 2024 and 2025, we completed the following transactions:

Acquisitions

We invested in a limited liability company that will own, distribute, and market a motion picture. The investment of \$2.5 million at March 31, 2025 is reflected at cost in other assets.

Divestitures

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 December 23, 2024 we entered into an Asset Purchase Agreement ("APA") to sell our remaining seven Contemporary Christian Music ("CCM") stations for \$80.0 million. The \$68.1 million carrying value of the assets are held for sale as of March 31, 2025. 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. We also entered into an affiliation agreement with the buyer to provide transition rights to the CCM stations prior to the close for \$300,000 per month, commencing on February 1, 2025. The total transaction cost was allocated between the APA, marketing agreement and affiliation agreement based on their relative standalone selling prices, which was equal to their contractual prices. The buyer loaned the company \$72.0 million via a Secured Promissory Note at the time of signing. We closed on the sale on April 4, 2025.

On March 11, 2025, we entered into an agreement to sell our radio stations in Honolulu, Hawaii for \$2.0 million. We expect the sale to close during the third quarter of 2025.

NOTE 4. REVENUE RECOGNITION

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

	Three Months Ended March 31, 2024			
	Broadcast	Digital Media	Publishing	Consolidated
	(Dollars in thousands)			
By Source of Revenue:				
Block Programming – National	\$ 13,190	\$ —	\$ —	\$ 13,190
Block Programming – Local	5,722	—	—	5,722
Broadcast Programming Revenue	18,912	—	—	18,912
Spot Advertising – National	3,239	—	—	3,239
Spot Advertising – Local	8,386	—	—	8,386
Network Advertising	4,387	—	—	4,387
Broadcast Advertising Revenue	16,012	—	—	16,012
Infomercials	139	—	—	139
Other Revenue	1,662	—	—	1,662
Other Broadcast Revenue	1,801	—	—	1,801
Digital Advertising	7,498	3,397	—	10,895
Digital Streaming	1,454	806	—	2,260
Digital Downloads	22	1,980	—	2,002
Digital Subscriptions	274	4,502	—	4,776
Other Digital Revenue	126	25	—	151
Digital Revenue	9,374	10,710	—	20,084
Book Sales	—	—	405	405
Estimated Sales Returns & Allowances	—	—	(7)	(7)
Net Book Sales	—	—	398	398
E-Book Sales	—	—	(54)	(54)
Self-Publishing Fees	—	—	1,387	1,387
Other Publishing Revenue	—	—	69	69
Publishing Revenue	—	—	1,800	1,800
	\$ 46,099	\$ 10,710	\$ 1,800	\$ 58,609
Timing of Revenue Recognition				
Point in Time	\$ 45,723	\$ 10,710	\$ 1,800	\$ 58,233
Rental Income (1)	376	—	—	376
	\$ 46,099	\$ 10,710	\$ 1,800	\$ 58,609

	Three Months Ended March 31, 2025			
	Broadcast	Digital Media	Publishing	Consolidated
	(Dollars in thousands)			
By Source of Revenue:				
Block Programming – National	\$ 13,091	\$ —	\$ —	\$ 13,091
Block Programming – Local	5,299	—	—	5,299
Broadcast Programming Revenue	18,390	—	—	18,390
Spot Advertising – National	1,365	—	—	1,365
Spot Advertising – Local	4,769	—	—	4,769
Network Advertising	4,016	—	—	4,016
Broadcast Advertising Revenue	10,150	—	—	10,150
Infomercials	137	—	—	137
Other Revenue	1,682	—	—	1,682
Other Broadcast Revenue	1,819	—	—	1,819

Digital Advertising	8,055	3,469	—	11,524
Digital Streaming	1,068	769	—	1,837
Digital Downloads	9	1,590	—	1,599
Digital Subscriptions	289	4,350	—	4,639
Other Digital Revenue	62	39	—	101
Digital Revenue	9,483	10,217	—	19,700
Book Sales	—	—	281	281
Estimated Sales Returns & Allowances	—	—	—	—
Net Book Sales	—	—	281	281
Self-Publishing Fees	—	—	1,349	1,349
Other Publishing Revenue	—	—	15	15
Publishing Revenue	—	—	1,645	1,645
	\$ 39,842	\$ 10,217	\$ 1,645	\$ 51,704
Timing of Revenue Recognition				
Point in Time	\$ 39,453	\$ 10,217	\$ 1,645	\$ 51,315
Rental Income (1)	389	—	—	389
	\$ 39,842	\$ 10,217	\$ 1,645	\$ 51,704

- (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.

Contract Assets

Contract Assets – Costs to Obtain a Contract: We capitalize commissions paid to sales personnel in our self-publishing business when customer contracts are signed and advance payment is received. These capitalized costs are recorded as prepaid commission expense in the Condensed Consolidated Balance Sheets. The amount capitalized is incremental to the contract and would not have been incurred absent the execution of the customer contract. Commissions paid upon the initial acquisition of a contract are expensed at the point in time that related revenue is recognized. Prepaid commission expenses are periodically reviewed for impairment. At December 31, 2024 and March 31, 2025, our prepaid commission expense was \$0.6 million.

Contract Liabilities

Contract liabilities consist of customer advance payments and billings in excess of revenue recognized. We may receive payments from our customers in advance of completing our performance obligations. Additionally, new customers, existing customers without approved credit terms and authors purchasing specific self-publishing services, are required to make payments in advance of the delivery of the products or performance of the services. We record contract liabilities equal to the amount of payments received in excess of revenue recognized, including payments that are refundable if the customer cancels the contract according to the contract terms. Contract liabilities were historically recorded under the caption “deferred revenue” and are reported as current liabilities on our condensed consolidated financial statements when the time to fulfill the performance obligations under terms of our contracts is less than one year. Long-term contract liabilities represent the amount of payments received in excess of revenue earned, including those that are refundable, when the time to fulfill the performance obligation is greater than one year. Our long-term liabilities consist of subscriptions with a term of two years for which some customers have purchased and paid for multiple years.

Significant changes in our contract liabilities balances during the period are as follows:

	Short Term	Long-Term
	<i>(Dollars in thousands)</i>	
Balance, beginning of period January 1, 2025	\$ 13,358	\$ 1,786
Revenue recognized during the period that was included in the beginning balance of contract liabilities	(4,555)	—
Additional amounts recognized during the period	6,234	493
Revenue recognized during the period that was recorded during the period	(1,627)	—
Transfers	541	(541)
Balance, end of period March 31, 2025	\$ 13,951	\$ 1,738
Amount refundable at beginning of period	\$ 13,358	\$ 1,786
Amount refundable at end of period	\$ 13,951	\$ 1,738

We expect to satisfy these performance obligations as follows:

	Amount
For the Year Ended March 31,	<i>(Dollars in thousands)</i>
2025	\$ 13,951
2026	701
2027	480
2028	172
2029	73
Thereafter	312
	\$ 15,689

Significant Financing Component

The length of our typical sales agreement is less than 12 months; however, we may sell subscriptions with a two-year term. The balance of our long-term contract liabilities represents the unsatisfied performance obligations for subscriptions with a remaining term in excess of one year. We review long-term contract liabilities that are expected to be completed in excess of one year to assess whether the contract contains a significant financing component. The balance includes subscriptions that will be satisfied at various dates between April 1, 2025, and March 31, 2030. The difference between the promised consideration and the cash selling price of the publications is not significant. Therefore, we have concluded that subscriptions do not contain a significant financing component under FASB ASC Topic 606.

Our self-publishing contracts may exceed a one-year term due to the length of time for an author to submit and approve a manuscript for publication. The author may pay for publishing services in installments over the production timeline with payments due in advance of performance. The timing of the transfer of goods and services under self-publishing arrangements are at the discretion of the author and based on future events that are not substantially within our control. We require advance payments to provide us with protection from incurring costs for products that are unique and only sellable to the author. Based on these considerations, we have concluded that our self-publishing contracts do not contain a significant financing component under FASB ASC Topic 606.

Variable Consideration

We make significant estimates related to variable consideration at the point of sale, including estimates for refunds and product returns. Under FASB ASC Topic 606, estimates of variable consideration are to be recognized before contingencies are resolved in certain circumstances, including when it is probable that a significant reversal in the amount of any estimated cumulative revenue will not occur.

We enter into agreements under which the amount of revenue we earn is contingent upon the amount of money raised by our customer over the contract term. Our customer is typically a charity or programmer that purchases blocks of programming time or spots to generate revenue from our audience members. Contract terms can range from a few weeks to a few months, depending on the charity or programmer. If the campaign does not generate a pre-determined level of donations or revenue to our customer, the consideration that we expect to be entitled to may vary above a minimum base level per the contract. Historically, under FASB ASC Topic 605, we reported variable consideration as revenue when the amount was fixed and determinable. Under FASB ASC Topic 606, variable consideration is to be estimated using the expected value or the most likely amount to the extent it is probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Based on the constraints for using estimates of variable consideration within FASB ASC Topic 606, and our historical experience with these campaigns, we will continue to recognize revenue at the base amount of the campaign with variable consideration recognized when the uncertainty of each campaign is resolved. These constraints include: (1) the amount of consideration received is highly susceptible to factors outside of our influence, specifically the extent to which our audience donates or contributes to our customer or programmer, (2) the length of time in which the uncertainty about the amount of consideration expected is to be resolved, and (3) our experience has shown these contracts have a large number and broad range of possible outcomes.

Trade and Barter Transactions

In broadcasting, trade or barter agreements are commonly used to reduce cash expenses by exchanging advertising time for goods or services. We may enter barter agreements to advertising for goods or services that can be used in our business or that can be sold to our audience under Listener Purchase Programs. The terms of these barter agreements permit us to preempt the barter advertising campaign in favor of customers who purchase the advertising campaign for cash. The value of these non-cash exchanges are included in revenue at an amount equal to the fair value of the goods or services we receive. Each transaction must be reviewed to determine that the products, supplies, and/or services we receive have economic substance, or value to us. We record barter operating expenses upon receipt and usage of the products, supplies and services, as applicable.

We record barter revenue as advertising campaigns are delivered, which represents the point in time that control is transferred to the customer thereby completing our performance obligation. Barter revenue is recorded on a gross basis unless an agency represents the programmer, in which case, revenue is reported net of the commission retained by the agency.

Trade and barter revenue and expenses were as follows:

	Three Months Ended March 31,	
	2024	2025
Net broadcast barter revenue	\$ 943	\$ 528
Net broadcast barter expense	\$ 1,149	\$ 938

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	March 31, 2025
	(Dollars in thousands)	
Buildings	\$ 14,774	\$ 14,423
Office furnishings and equipment	32,650	32,492
Antennae, towers and transmitting equipment	74,339	75,340
Studio, production, and mobile equipment	32,050	32,293
Computer software and website development costs	35,841	35,998
Automobiles	1,632	1,632
Leasehold improvements	20,493	20,671
	\$ 211,779	\$ 212,849
Less accumulated depreciation	(177,998)	(179,754)
	33,781	\$ 33,095
Land	\$ 23,186	23,023
Construction-in-progress	5,732	5,442
	\$ 62,699	\$ 61,560

Depreciation expense was approximately \$2.8 million and \$2.3 million for the three months ended March 31, 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 March 31, 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 March 31, 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:

Operating Leases	March 31, 2025		
	(Dollars in thousands)		
	Related Party	Other	Total
Operating leases ROU assets	\$ 6,767	\$ 40,221	\$ 46,988
Operating lease liabilities (current)	\$ 1,499	\$ 7,754	\$ 9,253
Operating lease liabilities (non-current)	5,528	39,110	44,638
Total operating lease liabilities	\$ 7,027	\$ 46,864	\$ 53,891

Weighted Average Remaining Lease Term

Operating leases	7.5 years
Finance leases	2.3 years

Weighted Average Discount Rate

Operating leases	8.79%
Finance leases	8.69%

Lease Expense

The components of lease expense were as follows:

Three Months Ended March 31, 2025	
(Dollars in thousands)	
Amortization of finance lease ROU Assets	\$ 10
Interest on finance lease liabilities	1
Finance lease expense	11
Operating lease expense	3,506
Variable lease expense	299
Short-term lease expense	104
Total lease expense	\$ 3,920

Supplemental Cash Flow

Supplemental cash flow information related to leases was as follows:

Three Months Ended March 31, 2025	
(Dollars in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 3,061
Operating cash flows from finance leases	1
Financing cash flows from finance leases	10
Leased assets obtained in exchange for new operating lease liabilities	\$ 7,587
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 March 31, 2025, are as follows:

	Operating			Finance	
	Related Party	Other	Total		Total
	<i>(Dollars in thousands)</i>				
2025	\$ 1,991	\$ 11,258	\$ 13,249	\$ 40	\$ 13,289
2026	1,890	10,478	12,368	15	12,383
2027	1,598	8,570	10,168	8	10,176
2028	855	7,878	8,733	4	8,737
2029	630	5,883	6,513	—	6,513
Thereafter	2,636	23,032	25,668	—	25,668
Undiscounted Cash Flows	\$ 9,600	\$ 67,099	\$ 76,699	\$ 67	\$ 76,766
Less: imputed interest	(2,573)	(20,235)	(22,808)	(6)	(22,814)
Total	\$ 7,027	\$ 46,864	\$ 53,891	\$ 61	\$ 53,952
Reconciliation to lease					
Lease liabilities – current	\$ 1,499	\$ 7,754	\$ 9,253	\$ 37	\$ 9,290
Lease liabilities – long-term	5,528	39,110	44,638	24	44,662
Total Lease Liabilities	\$ 7,027	\$ 46,864	\$ 53,891	\$ 61	\$ 53,952

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. There were no indications of impairment during the three months ended March 31, 2025.

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	Three Months Ended March 31, 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)	(35)
Assets held for sale	(67,081)	—
Loss on impairment	(4,428)	—
Balance, end of period after cumulative loss on impairment	\$ 181,864	\$ 181,829
Balance, end of period before cumulative loss on impairment	\$ 272,250	\$ 272,192
Accumulated loss on impairment, end of period	(90,386)	(90,363)
Balance, end of period after cumulative loss on impairment	\$ 181,864	\$ 181,829

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 three months ended March 31, 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	Three Months Ended March 31, 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)	—
Ending period balance	\$ 22,116	\$ 22,116
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	\$ 22,116

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)	—
	<u>\$ 59,537</u>	<u>\$ (57,519)</u>	<u>\$ 2,018</u>

As of March 31, 2025			
	Cost	Accumulated Amortization	Net
	<i>(Dollars in thousands)</i>		
Customer lists and contracts	\$ 23,677	\$ (23,435)	\$ 242
Domain and brand names	19,851	(19,373)	478
Favorable and assigned leases	1,479	(1,479)	—
Subscriber base and lists	10,416	(9,923)	493
Author relationships	1,106	(1,098)	8
Non-compete agreements	1,612	(1,167)	445
Other amortizable intangible assets	1,396	(1,396)	—
	<u>\$ 59,537</u>	<u>\$ (57,871)</u>	<u>\$ 1,666</u>

Amortization expense was approximately \$0.5 million and \$0.4 million for the three-months ended March 31, 2024 and 2025, respectively. Based on the amortizable intangible assets as of March 31, 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 (April – Dec)	\$ 1,057
2026	364
2027	232
2028	13
2029	—
Thereafter	—
Total	<u>\$ 1,666</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 March 31, 2025:

	Employee Termination Benefits	Other Associated Costs	Total
Beginning balance	\$ —	\$ —	\$ —
Expenses incurred	2,188	1,497	3,685
Payments	(2,060)	(368)	(2,428)
Ending balance	\$ 128	\$ 1,129	\$ 1,257

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-month period ended March 31, 2025:

	Three Months Ended March 31, 2025	
	(Dollars in thousands)	
Employee termination benefits	\$	2,188
Contract termination costs		386
Other associated costs		1,111
	\$	3,685

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	March 31, 2025
	(Dollars in thousands)	
Unsecured debt	24,617	24,343
Asset-Based Revolving Credit Facility principal outstanding (1)	5,250	8,405
Long-term debt less unamortized discount and debt issuance costs	\$ 29,867	\$ 32,748
Less current portion	24,617	24,343
Long-term debt less unamortized discount and debt issuance costs, net of current portion	\$ 5,250	\$ 8,405
Secured promissory note, current	\$ 72,000	\$ 72,000

- (1) As of March 31, 2025, the Asset-Based Revolving Credit Facility (“ABL”), had a borrowing base of \$18.3 million, \$8.4 million in outstanding borrowings, \$2.5 million in letters of credit, a \$4.8 million availability block, resulting in a \$2.6 million borrowing base availability.

Our weighted average interest rate was 1.76% and 2.00% at December 31, 2024, and March 31, 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 March 31, 2025:

- \$72.0 million outstanding secured promissory note, with interest 0% through June 30, 2025, at which point the interest rate will be SOFR +1%;
- \$24.3 million outstanding unsecured debt, with interest of 5%;
- \$8.4 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 2028 Notes. The Secured Promissory Note is due in full at maturity on March 31, 2028. Settlement is accelerated upon the closing of the sale of the CCM stations and offset against the purchase price. The Secured Promissory Note was repaid upon the close of the sale of the CCM stations on April 4, 2025. The Secured Promissory Note is repayable upon demand if closing does not occur by December 31, 2025. Purely from an accounting perspective, we consider 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 is 0% through June 30, 2025, at which point the interest rate will be SOFR +1%. The debt is 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 is 5%, which can be paid in cash or paid in kind.

Asset-Based Revolving Credit Facility

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

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

Availability under the ABL Facility is subject to a borrowing base consisting of (a) 90% of the eligible accounts receivable plus (b) 90% of the eligible unbilled receivable not to exceed \$5.0 million and (c) a calculated amount based on the value of certain real property. An Availability Block not to exceed \$2 million will be required should 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 March 31, 2025, the amount available under the ABL Facility was \$18.3 million of which \$8.4 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 \$1.8 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-month period ended March 31, 2024 and 2025, \$0.2 million of debt issuance costs associated with the ABL Facility was amortized to interest expense. At March 31, 2025, the blended interest rate on amounts outstanding under the ABL Facility was 9.84%.

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 March 31, 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 March 31, 2025

For the Year Ended March 31,	Amount	
	(Dollars in thousands)	
2026	\$	96,343
2027		8,405
2028		—
2029		—
2030		—
Thereafter		—
	\$	104,748

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 March 31, 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-month periods ended March 31, 2024, and 2025:

	Three Months Ended March 31,	
	2024	2025
	(Dollars in thousands)	
Stock option compensation expense included in unallocated corporate expenses	\$ 79	\$ 62
Restricted stock shares compensation expense included in unallocated corporate expenses	—	39
Stock option compensation expense included in broadcast operating expenses	29	14
Restricted stock shares compensation expense included in broadcast operating expenses	—	21
Stock option compensation expense included in digital media operating expenses	15	6
Restricted stock shares compensation expense included in digital operating expenses	—	2
Stock option compensation expense included in publishing operating expenses	1	1
Total stock-based compensation expense, pre-tax	\$ 124	\$ 145
Tax expense from stock-based compensation expense	(32)	(38)
Total stock-based compensation expense, net of tax	\$ 92	\$ 107

There were no stock option grants during the three-month period ending March 31, 2024 and 2025.

Activity with respect to our option awards during the three-month period ended March 31, 2025 is as follows:

Options	Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(Dollars in thousands, except weighted average exercise price and weighted average grant date fair value)				
Outstanding at January 1, 2025	2,516,690	\$ 1.70	\$ 1.06	4.7 years	\$ —
Granted	—	—	—	—	—
Exercised	—	—	—	—	—
Forfeited or expired	(83,440)	4.51	1.37	—	—
Outstanding at March 31, 2025	2,433,250	1.61	1.02	4.6 years	\$ —
Exercisable at March 31, 2025	1,342,250	1.89	1.04	2.9 years	—
Expected to Vest	2,366,375	1.62	1.02	4.5 years	\$ —

On January 17, 2025, a restricted stock award of 2,347,000 shares was granted to certain members of management that shall vest with a time-based and 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 three-month period ended March 31, 2025 is as follows:

Restricted Stock Awards	Shares	Weighted Average Grant Date Fair	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(Dollars in thousands, except weighted average exercise price and weighted average grant date fair value)			
Outstanding at January 1, 2025	—	\$ —	—	\$ —
Granted	2,347,000	0.60	3.8 years	1,408
Lapsed	—	—	—	—
Forfeited	—	—	—	—
Outstanding at March 31, 2025	2,347,000	—	—	\$ —

The aggregate intrinsic value represents the difference between the company's closing stock price on March 31, 2025 of \$0.53 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 March 31, 2024, and 2025 was \$0.2 million.

As of March 31, 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 2.0 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.

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.

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 unit 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.

Broadcast

Our foundational business is radio broadcasting, which includes the ownership and operation of radio stations in large metropolitan markets. Our broadcasting segment includes our national networks and national sales firms. National companies often prefer to advertise across the United States as an efficient and cost-effective way to reach their target audiences. Our national platform under which we offer radio airtime, digital campaigns, and other advertisements can benefit national companies by reaching audiences throughout the United States.

Salem Radio Network™ (“SRN™”), based in Dallas, Texas, develops, produces, and syndicates a broad range of programming specifically targeted to Christian and family-themed talk stations, music stations and News Talk stations. SRN™ delivers programming via satellite to approximately 2,700 affiliated radio stations throughout the United States, including several of our Salem-owned stations. SRN™ operates five divisions, SRN™ Talk, SRN™ News, SRN™ Websites, SRN™ Satellite Services and Salem Music Network that includes Today’s Christian Music (“TCM”) and Singing News® Radio.

Salem Media Representatives (“SMR”) is our national advertising sales firm with offices in 15 U.S. cities. SMR specializes in placing national advertising on Christian and talk formatted radio stations as well as other commercial radio station formats. SMR sells commercial airtime to national advertisers on our radio stations and through our networks, as well as for independent radio station affiliates. SMR also contracts with independent radio stations to create custom advertising campaigns for national advertisers to reach multiple markets.

Salem Surround, our national multimedia advertising agency with locations in 32 markets across the United States, offers a comprehensive suite of digital marketing services to develop and execute audience-based marketing strategies for clients on both the national and local level. Salem Surround specializes in digital marketing services for each of our radio stations and websites as well as providing a full-service multimedia marketing strategy for each of our clients.

Salem Podcast Network (“SPN”), is a highly specialized platform for conservative, political, news, and family-oriented podcasts. SPN reaches over 11 million downloads per month, with one show in the top 10 of all podcasts, and another in the top 10 in the News category according to the Apple Podcast Rankings.

SalemNOW is our online destination to a watch variety of on-demand streaming. SalemNOW is dedicated exclusive conservative and faith-based films consisting of box office hits, acclaimed documentaries, music festivals, interviews with top Christian artists, events with our conservative talk show hosts and may other videos. SalemNOW can be found on mobile apps, and streaming services such as Roku, Apple TV, Amazon Fire Stick and select smart TVs.

Salem News Channel (“SNC”) is a conservative news, opinion and commentary television network hosted by a number of engaging, compelling and respected conservative media personalities. SNC’s mission is to serve the media needs of audiences interested in political news and opinion content with a Judeo, Christian world vision and seeks to become the leading provider of conservative news and option content for the rapidly growing over-the-top television and multi-screen digital audience.

Digital Media

Our digital media-based businesses provide Christian, conservative, investing content, audio and video streaming, and other resources digitally through the web. Salem Web Network (“SWN”) websites include Christian content websites; BibleStudyTools.com, Crosswalk.com®, Christianity.com, iBelieve.com, GodTube®.com, OnePlace®.com, CrossCards™.com, and LightSource.com, and our conservative opinion websites; collectively known as Townhall Media, include Townhall.com®, HotAir™.com, Twitchy®.com, RedState®.com, BearingArms.com, ConservativeRadio.com and pjmedia.com. We also publish digital newsletters through Eagle Financial Publications, which provide market analysis and non-individualized investment strategies from financial commentators on a subscription basis.

Our church product websites, including SermonSearch™.com, ChurchStaffing.com, WorshipHouseMedia.com, SermonSpice™.com, WorshipHouseKids.com, Preaching.com, ChristianJobs.com, ShiftWorship.com, Childrens-Ministry-Deals, LiftCurriculum.com and Playbackmedia.com, offer a variety of digital resources including videos, song tracks, sermon archives and job listings to pastors and Church leaders.

Our web content is accessible through all of our radio station websites that feature content of interest to local audiences throughout the United States.

Publishing

Our publishing operating segment consists of Salem Author Services, a self-publishing service for authors through Xulon Press and Mill City Press.

The table below presents financial information for each operating segment as of March 31, 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 March 31, 2024					
Net revenue	\$ 46,099	\$ 10,710	\$ 1,800	\$ —	\$ 58,609
Operating expenses (1)	42,098	9,035	1,720	4,731	57,584
SOI (Loss) (2)	\$ 4,001	\$ 1,675	\$ 80	\$ (4,731)	\$ 1,025
Depreciation					2,766
Amortization					461
Change in the estimated fair value of contingent earn-out consideration					(27)
Net (gain) loss on the disposition of assets					(144)
Operating loss					<u>\$ (2,031)</u>

	<u>Broadcast</u>	<u>Digital Media</u>	<u>Publishing</u>	<u>Unallocated Corporate Expenses</u>	<u>Consolidated</u>
	<i>(Dollars in thousands)</i>				
Three Months Ended March 31, 2025					
Net revenue	\$ 39,842	\$ 10,217	\$ 1,645	\$ —	\$ 51,704
Operating expenses (1)	<u>40,446</u>	<u>9,173</u>	<u>1,809</u>	<u>5,077</u>	<u>56,505</u>
SOI (Loss) (2)	\$ (604)	\$ 1,044	\$ (164)	\$ (5,077)	\$ (4,801)
Restructuring Costs					3,685
Depreciation					2,339
Amortization					352
Net (gain) loss on the disposition of assets					(1,871)
Operating loss					<u>\$ (9,306)</u>

	<u>Broadcast</u>	<u>Digital Media</u>	<u>Publishing</u>	<u>Corporate</u>	<u>Consolidated</u>
	<i>(Dollars in thousands)</i>				
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

	<u>Broadcast</u>	<u>Digital Media</u>	<u>Publishing</u>	<u>Corporate</u>	<u>Consolidated</u>
	<i>(Dollars in thousands)</i>				
As of March 31, 2025					
Property and equipment, net	\$ 53,450	\$ 6,936	\$ 301	\$ 873	\$ 61,560
Broadcast licenses	181,829	—	—	—	181,829
Goodwill	2,241	18,928	947	—	22,116
Amortizable intangible assets, net	3	1,655	8	—	1,666
Capital expenditures	812	913	29	27	1,781

- (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 April 8, 2025 we entered into an agreement to acquire a 30% stake in MxM News for shares of Salem Class A common stock valued at \$0.6 million.

On April 4, 2025 we closed on the sale of the remaining CCM radio stations. The \$72.0 million secured promissory note was repaid upon the closing of the sale and the \$24.0 million unsecured debt with the holder of the 2028 Notes has been converted to Series A Preferred Stock.

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.

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

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

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

Overview

Salem is a domestic multimedia company specializing in Christian and conservative content, with media properties comprising radio broadcasting, digital media, and publishing. 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.

We measure and evaluate our operating segments based on operating income and operating expenses that exclude costs related to corporate functions, such as accounting and finance, human resources, legal, tax and treasury. We also exclude costs such as amortization, depreciation, taxes, and interest expense when evaluating the performance of our operating segments.

Our principal sources of broadcast revenue include:

- the sale of block program time to national and local program producers;
- the sale of advertising time on our radio stations to national and local advertisers;
- the sale of banner advertisements on our station websites or on our mobile applications;
- the sale of digital streaming advertisements on our station websites or on our mobile applications;
- the sale of advertisements included in digital newsletters;

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

Our principal sources of digital media revenue include:

- the sale of digital streaming advertisements and banner advertisements on our websites and mobile applications;
- the support and promotion to stream third-party content on our websites;
- the sale of advertisements included in digital newsletters;
- the digital delivery of newsletters to subscribers; and
- the number of video and graphic downloads.

Our principal sources of publishing revenue include:

- the sale of books; and
- publishing fees from authors.

In each of our operating segments, the rates we can charge for airtime, advertising and other products and services are dependent upon several factors, including:

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

Broadcasting

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

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.

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

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

In broadcasting, trade or barter agreements are commonly used to reduce cash expenses by exchanging advertising time for goods or services. We may enter barter agreements to exchange airtime or digital advertising for goods or services that can be used in our business or that can be sold to our audience under Listener Purchase Programs. The terms of these barter agreements permit us to preempt the barter airtime or digital campaign in favor of customers who purchase the airtime or digital campaign for cash. The value of these non-cash exchanges is included in revenue in an amount equal to the fair value of the goods or services we receive. Each transaction must be reviewed to determine that the products, supplies and/or services we receive have economic substance, or value to us. We record barter operating expenses upon receipt and usage of the products, supplies and services, as applicable. We record barter revenue as advertising spots or digital campaigns are delivered, which represents the point in time that control is transferred to the customer thereby completing our performance obligation. Barter revenue is recorded on a gross basis unless an agency represents the programmer, in which case revenue is reported net of the commission retained by the agency. During each of the three-month periods ended March 31, 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.

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

The primary 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.

Revenue generated from this segment is reported as publishing revenue in our Condensed Consolidated Statements of Operations included in this quarterly report. Publishing revenue is impacted by the number and rate at which self-published books are published and the sale of services such as editing and marketing.

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 global supply chain disruptions from the pandemic, military conflict in Ukraine and Israel, increases in consumer prices, persistent inflation, and the Federal Reserve's raising of the federal funds interest rate may have a material adverse impact on our business. To the extent that any of these factors interfere with our customers' advertising and promotional spending, we could experience reductions in revenue growth rates and increasing pressure to contain costs. Reductions in

revenue could adversely affect our operating results, financial condition, and results of operations. These uncertainties could materially impact significant accounting estimates related to, but not limited to, allowances for doubtful accounts, impairments, and right-of-use assets. As a result, many of our estimates and assumptions require increased judgment and carry a higher degree of variability and volatility.

We have experienced increases in lease expense associated with escalations tied to changes in the Consumer Price Index (“CPI”) and higher variable costs associated with Common Area Maintenance (“CAM”) charges. CPI increased 2.4% for the twelve months ending March 31, 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 measures 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 March 31,	
	2024	2025
<i>(Dollars in thousands)</i>		
Reconciliation of Net Broadcast Revenue to Same Station Net Broadcast Revenue		
Net broadcast revenue	\$ 46,099	\$ 39,842
Net broadcast revenue – acquisitions	—	—
Net broadcast revenue – dispositions	(6,924)	(2,013)
Net broadcast revenue – format change	—	—
Same Station net broadcast revenue	<u>\$ 39,175</u>	<u>\$ 37,829</u>
Reconciliation of Broadcast Operating Expenses to Same Station Broadcast Operating Expenses		
Broadcast operating expenses	\$ 42,098	\$ 40,446
Broadcast operating expenses – acquisitions	—	—
Broadcast operating expenses – dispositions	(6,686)	(2,627)
Broadcast operating expenses – format change	—	—
Same Station broadcast operating expenses	<u>\$ 35,412</u>	<u>\$ 37,819</u>
Reconciliation of Operating Income (Loss) to Same Station Operating Income		
Station Operating Income (Loss)	\$ 4,001	\$ (604)
Station operating loss – acquisitions	—	—
Station operating income (loss) – dispositions	(238)	614
Station operating loss – format change	—	—
Same Station – Station Operating Income	<u>\$ 3,763</u>	<u>\$ 10</u>

In the table below, we present our calculations of Station Operating Income (Loss), 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 March 31,	
	2024	2025
<i>(Dollars in thousands)</i>		
Calculation of Station Operating Income (Loss), Digital Media Operating Income and Publishing Operating Income (Loss)		
Net broadcast revenue	\$ 46,099	\$ 39,842
Less broadcast operating expenses	(42,098)	(40,446)
Station Operating Income (Loss)	<u>\$ 4,001</u>	<u>\$ (604)</u>
Net digital media revenue	\$ 10,710	\$ 10,217
Less digital media operating expenses	(9,035)	(9,173)
Digital Media Operating Income	<u>\$ 1,675</u>	<u>\$ 1,044</u>
Net publishing revenue	\$ 1,800	\$ 1,645
Less publishing operating expenses	(1,720)	(1,809)
Publishing Operating Income (Loss)	<u>\$ 80</u>	<u>\$ (164)</u>

In the table below, we present a reconciliation of net loss, the most directly comparable GAAP measure to Station Operating Income (Loss), 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 March 31,	
	2024	2025
<i>(Dollars in thousands)</i>		
Reconciliation of Net Loss to Operating Income (Loss) and Station Operating Income, Digital Media Operating Income and Publishing Operating Income (Loss)		
Net loss	\$ (5,180)	\$ (7,131)
Plus benefit from income taxes	(702)	(2,246)
Plus net miscellaneous income and (expenses)	16	(53)
Plus gain on troubled debt restructuring	—	(253)

Plus earnings from equity method investment	(2)	—
Plus interest expense, net of capitalized interest	3,848	387
Less interest income	(11)	(10)
Net operating loss	\$ (2,031)	\$ (9,306)
Plus net (gain) loss on the disposition of assets	(144)	(1,871)
Plus change in the estimated fair value of contingent earn-out consideration	(27)	—
Plus restructuring costs	—	3,685
Plus depreciation and amortization	3,227	2,691
Plus unallocated corporate expenses	4,731	5,077
Combined Station Operating Income, Digital Media Operating Income and Publishing Operating Income (Loss)	\$ 5,756	\$ 276
Station Operating Income (Loss)	\$ 4,001	\$ (604)
Digital Media Operating Income	1,675	1,044
Publishing Operating Income (Loss)	80	(164)
	\$ 5,756	\$ 276

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 March 31,	
	2024	2025
	(Dollars in thousands)	
Reconciliation of Adjusted EBITDA to EBITDA to Net Loss		
Net loss	\$ (5,180)	\$ (7,131)
Plus interest expense, net of capitalized interest	3,848	387
Plus benefit from income taxes	(702)	(2,246)
Plus depreciation and amortization	3,227	2,691
Less interest income	(11)	(10)
EBITDA	\$ 1,182	\$ (6,309)
Plus net (gain) loss on the disposition of assets	(144)	(1,871)
Plus change in the estimated fair value of contingent earn-out consideration	(27)	—
Plus restructuring costs	—	3,685
Plus net miscellaneous (income) and expenses	16	(53)
Plus gain on troubled debt restructuring	—	(253)
Plus non-cash stock-based compensation	124	145
Adjusted EBITDA	\$ 1,151	\$ (4,656)

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.

	Three Months Ended March 31,	
	2024	2025
	<i>(Unaudited)</i>	
Net cash used by operating activities	\$ (1,032)	\$ (2,825)
Non-cash stock-based compensation	(124)	(145)
Depreciation and amortization	(3,227)	(2,691)
Amortization of deferred financing costs	(605)	(150)
Non-cash lease expense	(2,195)	(2,337)
Provision for bad debts	(182)	83
Deferred income taxes	888	2,375
Change in the estimated fair value of contingent earn- out consideration	27	—
Net (gain) loss on the disposition of assets	144	1,871
Gain on troubled debt restructuring	—	253
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	(2,437)	(4,130)
Income tax receivable	(206)	—
Prepaid expenses and other current assets	392	(527)
Accounts payable and accrued expenses	2,689	(42)
Operating lease liabilities	2,123	1,817
Contract liabilities	(1,436)	(545)
Deferred rent income	(6)	(8)
Other liabilities	7	(130)
Net loss	\$ (5,180)	\$ (7,131)
Plus interest expense, net of capitalized interest	3,848	387
Plus benefit from income taxes	(702)	(2,246)
Plus depreciation and amortization	3,227	2,691
Less interest income	(11)	(10)
EBITDA	\$ 1,182	\$ (6,309)
Plus net (gain) loss on the disposition of assets	(144)	(1,871)
Plus change in the estimated fair value of contingent earn-out consideration	(27)	—
Plus restructuring costs	—	3,685
Plus gain on troubled debt restructuring	—	(253)
Plus net miscellaneous income and expenses	16	(53)
Plus non-cash stock-based compensation	124	145
Adjusted EBITDA	\$ 1,151	\$ (4,656)
Less net cash paid for capital expenditures (1)	(313)	(1,781)
Plus paid for taxes	19	1
Less cash paid for interest, net of capitalized interest	(273)	(280)
Adjusted Free Cash Flow	\$ 584	\$ (6,716)

(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 March 31, 2024 compared to the three months ended March 31, 2025

Net Broadcast Revenue

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Broadcast Revenue	\$ 46,099	\$ 39,842	\$ (6,257)	(13.6) %	78.7 %	77.1 %
Same Station Net Broadcast Revenue	\$ 37,829	\$ 39,175	\$ (1,346)	(3.4) %		

Net broadcast revenue decreased 13.6%, or \$6.3 million, of which \$4.9 million reflects the impact of station dispositions. On a Same Station basis, net broadcast revenue decreased 3.4%, or \$1.3 million. The \$1.3 million decrease reflects a \$1.0 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 decreased \$0.3 million, excluding political revenue, and national and local block programming revenue decreased \$0.5 million primarily in our Christian Teaching and Talk format radio stations. Political revenue decreased \$0.2 million, or 21.2%, to \$0.7 million from \$0.9 million. This decrease was partially offset by a \$0.7 million increase in broadcast digital revenue.

Net Digital Media Revenue

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Digital Media Revenue	\$ 10,710	\$ 10,217	\$ (493)	(4.6) %	18.3 %	19.8 %

Net digital media revenue decreased 4.6%, or \$0.5 million, due primarily to decreased digital subscription revenue from Eagle Financial Publications driven by declines in new subscription orders and decreases 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 March 31,					
	2024	2024	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Publishing Revenue	\$ 1,800	\$ 1,645	\$ (155)	(8.6) %	3.1 %	3.2 %

Net publishing revenue decreased 8.6%, or \$0.2 million, due to the softness in the overall economy which has caused some declines in our self-publishing business, Salem Author Services.

Broadcast Operating Expenses

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Broadcast Operating Expenses	\$ 42,098	\$ 40,446	\$ (1,652)	(3.9) %	71.8 %	78.2 %
Same Station Broadcast Operating Expenses	\$ 35,412	\$ 37,819	\$ 2,407	6.8 %		

Broadcast operating expenses decreased 3.9%, or \$1.7 million, of which \$4.1 million reflects the impact of station dispositions. On a Same-Station basis, broadcast operating expenses increased 6.8%, or \$2.4 million. The \$2.4 million increase includes a \$0.7 million increase in professional services expenses, a \$0.6 million increase in health insurance expenses due to increased medical claims, a \$0.2 million increase in production and programming, and a \$0.1 million increase in advertising and promotion expense.

Digital Media Operating Expenses

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Digital Media Operating Expenses	\$ 9,035	\$ 9,173	\$ 138	1.5 %	15.4 %	17.7 %

Digital media operating expenses slightly increased 1.5%, or \$0.1 million including a \$0.2 million increase in health insurance expenses due to increased medial claims.

Publishing Operating Expenses

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Publishing Operating Expenses	\$ 1,720	\$ 1,809	\$ 89	5.2 %	2.9 %	3.5 %

Publishing operating expenses slightly increased 5.2%, or \$0.1 million due to increased bad debt expense and health insurance expenses. The gross profit margin for publishing decreased to 79% from 80% due to decreased revenue in excess of the decrease in paper costs.

Unallocated Corporate Expenses

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Unallocated Corporate Expenses	\$ 4,731	\$ 5,077	\$ 346	7.3 %	8.1 %	9.8 %

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 7.3%, or \$0.3 million, includes a \$0.2 million increase in facility-related expenses, a \$0.1 million increase in professional services and a \$0.1 million increase in health insurance expenses, that was partially offset by a \$0.1 million decrease in travel and entertainment expenses.

Restructuring Costs

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Restructuring Costs	\$ —	\$ 3,685	\$ 3,685	— %	— %	7.1 %

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.

Depreciation Expense

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Depreciation Expense	\$ 2,766	\$ 2,339	\$ (427)	(15.4) %	4.7 %	4.5 %

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 March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Amortization Expense	\$ 461	\$ 352	\$ (109)	(23.6) %	0.8 %	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 March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net (Gain) Loss on the Disposition of Assets	\$ (144)	\$ (1,871)	\$ (1,727)	1,199.3 %	(0.2) %	(3.6) %

The net gain on the disposition of assets of \$1.9 million for the three-month period ending March 31, 2025, reflects a \$0.8 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..

The net gain on the disposition of assets of \$0.1 million for the three-month period ending March 31, 2024, reflects a \$1.2 million pre-tax gain on the sale of our shares of Broadcast Music, Inc., partially offset by a \$1.0 million pre-tax loss on the sale of the translator site in Greenville, South Carolina, and losses from various fixed asset disposals.

Other Income (Expense)

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Interest Income	\$ 11	\$ 10	\$ (1)	(9.1) %	— %	— %
Interest Expense	(3,848)	(387)	3,461	(89.9) %	(6.6) %	(0.7) %
Gain on troubled debt restructuring	—	253	253	— %	— %	0.5 %
Earnings from equity method investment	2	—	(2)	(100.0) %	— %	— %
Net Miscellaneous Income and (Expenses)	(16)	53	69	(431.3) %	— %	0.1 %

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 and other miscellaneous expenses.

Benefit from Income Taxes

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Benefit from Income Taxes	\$ (702)	\$ (2,246)	\$ (1,544)	219.9 %	(1.2) %	(4.3) %

Tax benefit increased by \$1.5 million to \$2.5 million for the three months ended March 31, 2025, compared to \$0.7 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 24.0% for the three months ended March 31, 2025, compared to 11.9% 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 24.0% is primarily driven by projected utilization of operating loss carryforwards, along with certain expenses that are nondeductible for income tax purposes relative to pre-tax book income, impairment of intangibles and tax expense attributable to deductible amortization on indefinite lived assets for fully valued state jurisdictions for state jurisdictions in which a full valuation allowance has been recording against net operating loss carryforward.

Net Loss

	Three Months Ended March 31,					
	2024	2025	Change \$	Change %	2024	2025
	(Dollars in thousands)				% of Total Net Revenue	
Net Loss	\$ (5,180)	\$ (7,131)	\$ (1,951)	37.7 %	(8.8) %	(13.8) %

Our net loss increased to \$7.1 million from \$5.2 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 used in operating activities increased by \$1.8 million during the three-month period ended March 31, 2025, to \$2.8 million compared to \$1.0 million during the prior year. The increase in cash used in operating activities includes the impact of the following items:

- Total revenue decreased by \$6.9 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 \$1.1 million;
- Accounts receivables, net of expected credit losses, decreased by \$5.6 million compared to \$3.8 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 52 days at March 31, 2025, from 57 days in the same period of the prior year; and
- Net accounts payable and accrued expenses decreased \$0.1 million to \$23.9 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 \$4.2 million during the remainder of 2025.

We invested in a limited liability company that will own, distribute, and market a motion picture. The investment of \$2.5 million at March 31, 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 used in investing activities was \$0.1 million during the three-month period ended March 31, 2025, compared to \$0.6 million net cash provided by investing activities during the prior year. The \$0.7 million decrease in cash used in investing activities was the result of:

- Cash paid for capital expenditures increased \$1.5 million to \$1.8 million from \$0.3 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 decreased \$1.5 million to \$2.7 million compared to \$4.2 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 three months-ended March 31, 2025, the principal balances outstanding under the ABL Facility, unsecured debt and secured promissory note ranged from \$127.2 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 provided by financing activities during the three-month period ended March 31, 2024, increased \$2.8 million to \$2.9 million compared to \$0.1 million during the prior year. The increase in cash provided by financing activities includes:

- A \$3.2 million decrease in the book overdraft; and
- Net borrowings on our ABL Facility were \$3.2 million during the three-month period ended March 31, 2025, compared to \$1.3 million net payments during the same period of the prior year.