

# **SALEM MEDIA GROUP, INC.**



DELAWARE  
State of Incorporation

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

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SIC Code:4832

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**Quarterly Report**  
**For the period ending March 31, 2026**  
(the "Reporting Period")

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

The number of shares outstanding of our Common Stock was 26,204,586 and Class B Common Stock was 5,553,696 as of December 31, 2025 (end of previous reporting period)

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

Yes  No

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

Yes  No

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

Yes  No

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

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

**Item 2 Shares outstanding.**

Class A	Outstanding at March 31, 2026
Common Stock, \$0.01 par value per share	26,129,755 shares
Class B	Outstanding at March 31, 2026
Common Stock, \$0.01 par value per share	5,553,696 shares

As of March 31, 2026, we had approximately 121 stockholders of record (not including the number of persons or entities holding stock in nominee or street name through various brokerage firms) of Class A common stock and two stockholders of record of Class B common stock.

**Item 3 Interim financial statements.**

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

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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 22.

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 19.

**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 13, 2026



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David P. Santrella  
Chief Executive Officer

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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 13, 2026



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Evan D. Masyr  
Executive Vice President and  
Chief Financial Officer

## **CERTAIN DEFINITIONS**

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

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

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

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

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

ASSETS	December 31, 2025 (Note 1)	March 31, 2026 (Unaudited)
Current assets:		
Cash and cash equivalents and restricted cash	\$ 2,411	\$ —
Accounts receivable (net of allowance for expected credit losses of \$6,784 in 2025 and \$5.880 in 2026)	21,492	19,860
Unbilled revenue	1,941	1,850
Prepaid expenses	4,374	5,196
Other receivables (net of allowances for expected credit losses of \$340 in 2025 and 2026)	4,024	3,783
Total current assets	<u>34,242</u>	<u>30,689</u>
Property and equipment, net of accumulated depreciation	57,630	57,056
Operating lease right-of-use assets	39,156	37,571
Financing lease right-of-use assets	32	38
Broadcast licenses	151,754	151,754
Goodwill	23,335	23,335
Amortizable intangible assets, net of accumulated amortization	3,052	2,756
Other assets (net of allowances for expected credit losses of \$147 in 2025 and \$654 2026)	6,333	6,005
Total assets	<u>\$ 315,534</u>	<u>\$ 309,204</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,627	\$ 22,847
Contract liabilities	13,154	12,376
Current portion of operating lease liabilities	8,179	8,016
Current portion of financing lease liabilities	22	20
Other current liabilities	213	236
Total current liabilities	<u>43,195</u>	<u>43,495</u>
Long-term debt, less current portion	10,557	8,874
Operating lease liabilities, less current portion	37,485	35,942
Financing lease liabilities, less current portion	12	20
Deferred income taxes	30,226	29,770
Contract liabilities, long-term	10,381	9,903
Other long-term liabilities	5,998	6,271
Total liabilities	<u>137,854</u>	<u>134,275</u>
Commitments and contingencies (Note 13)		
Stockholders' Equity:		
Redeemable Series A preferred stock, \$0.01 par value; authorized 24,000 shares at December 31, 2025 and March 31, 2026; 24,000 shares issued and outstanding at December 31, 2025 and March 31, 2026	—	—
Redeemable Series B convertible preferred stock, \$0.01 par value and \$1,000 liquidation value; authorized 40,000 share, 40,000 shares issued and outstanding at December 31, 2025 and March 31, 2026	—	—
Class A common stock, \$0.01 par value; authorized 80,000,000 shares; 28,522,236 and 28,517,861 issued and 26,204,586 and 26,129,755 outstanding at December 31, 2025 and March 31, 2026, respectively	285	285
Class B common stock, \$0.01 par value; authorized 20,000,000 shares; 5,553,696 issued and outstanding at December 31, 2025 and March 31, 2026	56	56
Additional paid-in capital	314,532	314,767
Accumulated deficit	(102,391)	(105,276)
Accumulated other comprehensive income	(796)	(868)
Treasury stock, at cost (2,317,650 and 2,388,106 shares at December 31, 2025 and March 31, 2026, respectively)	(34,006)	(34,035)
Total stockholders' equity	<u>177,680</u>	<u>174,929</u>
Total liabilities and stockholders' equity	<u>\$ 315,534</u>	<u>\$ 309,204</u>

*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)

	<b>Three Months Ended March 31,</b>	
	<u>2025</u>	<u>2026</u>
Total net revenue	\$ 51,704	\$ 45,891
<b>Operating expenses:</b>		
Selling, general and administrative expenses (including \$554 and \$553 for the quarters ended March 31, 2025 and 2026, respectively, paid to related parties)	51,428	41,737
Unallocated corporate expenses (including \$0 for the quarters ended March 31, 2025 and 2026 paid to related parties)	5,077	5,080
Restructuring costs	3,685	—
Depreciation and amortization	2,691	2,414
Net (gain) loss on the disposition of assets	(1,871)	(843)
<b>Total operating expenses</b>	<u>61,010</u>	<u>48,388</u>
Operating loss	(9,306)	(2,497)
<b>Other income (expense):</b>		
Interest income	10	8
Interest expense	(387)	(434)
Net miscellaneous income and (expenses)	306	(2)
<b>Net loss before income taxes</b>	<u>(9,377)</u>	<u>(2,925)</u>
Benefit from income taxes	(2,246)	(355)
<b>Net loss</b>	<u>\$ (7,131)</u>	<u>\$ (2,570)</u>
<b>Basic loss per share data:</b>		
Basic loss per share Class A and Class B common stock	\$ (0.24)	\$ (0.08)
<b>Diluted loss per share data:</b>		
Diluted loss per share Class A and Class B common stock	\$ (0.24)	\$ (0.08)
<b>Basic weighted average Class A and Class B shares outstanding</b>	<u>29,563,787</u>	<u>31,684,472</u>
<b>Diluted weighted average Redeemable Series B Convertible Preferred shares, Class A and Class B shares outstanding</b>	<u>29,563,787</u>	<u>31,684,472</u>

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

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

	Redeemable Series B Convertible 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 granted	—	—	2,347,000	23	—	—	(23)	—	—	—
Redeemable Series B convertible preferred stock issuance costs	—	—	—	—	—	—	(159)	—	—	(159)
Net loss	—	—	—	—	—	—	—	(7,131)	—	(7,131)
Stockholders' equity, March 31, 2025	40,000	—	26,327,741	\$263	5,553,696	\$56	\$289,536	(\$74,009)	(\$34,006)	\$181,840

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

*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)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2026</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (7,131)	\$ (2,570)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	145	235
Depreciation and amortization	2,691	2,414
Amortization of deferred financing costs	150	185
Non-cash lease expense	2,337	2,090
Provision for bad debts	(83)	(596)
Deferred income taxes	(2,375)	(456)
Gain on troubled debt restructuring	(253)	—
Net (gain) loss on the disposition of assets	(1,871)	(843)
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	4,130	1,954
Prepaid expenses and other current assets	527	(556)
Accounts payable and accrued expenses	42	66
Operating lease liabilities	(1,817)	(2,212)
Contract liabilities	545	(1,256)
Other liabilities	138	(4)
Net cash used in operating activities	(2,825)	(1,549)
<b>INVESTING ACTIVITIES</b>		
Cash paid for capital expenditures net of tenant improvement allowances	(1,781)	(1,822)
Equity investment in limited liability corporation	(1,000)	—
Proceeds from sale of long-lived assets	2,721	1,142
Other	18	366
Net cash used in investing activities	(42)	(314)
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings under ABL Facility	61,852	51,508
Payments on ABL Facility	(58,697)	(53,191)
Payments of debt issuance costs	(33)	—
Purchase of treasury stock	—	(29)
Payments of acquisition-related contingent earn-out consideration	—	(63)
Payments on financing lease liabilities	(10)	(8)
Book overdraft	(245)	1,235
Net cash provided by (used in) financing activities	2,867	(548)
Net increase (decrease) in cash and cash equivalents	—	(2,411)
Cash and cash equivalents and restricted cash at beginning of year	—	2,411
Cash and cash equivalents and restricted cash at end of year	\$ —	\$ —

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2026</b>
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash paid during the year for:</b>		
Cash paid for interest	\$ 280	\$ 288
Cash paid for interest on finance lease liabilities	\$ 1	\$ 1
Cash (received) paid for income taxes, net of refunds	\$ (1)	\$ 62
<b>Other supplemental disclosures of cash flow information:</b>		
Barter revenue	\$ 528	\$ 389
Barter expense	\$ 938	\$ 482
<b>Non-cash investing and financing activities:</b>		
Right-of-use assets acquired through operating leases	\$ 7,587	\$ 505
Right-of-use assets acquired through financing leases	\$ 12	\$ 15
Estimated present value of contingent-earn out consideration	\$ —	\$ 1,907

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

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

**NOTE 1. BASIS OF PRESENTATION**

***Description of Business***

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

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

***Basis of Presentation***

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

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

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

***Use of Estimates***

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

***Segment Reporting***

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

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

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Recent Accounting Pronouncements***

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

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

#### Accounting Standards Adopted in 2026

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

#### Recent Accounting Standards or Updates Not Yet Effective

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

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

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

### **NOTE 3. RECENT TRANSACTIONS**

During the three-month periods ended March 31, 2025 and 2026, we completed the following transactions:

#### **Acquisitions**

We invested \$5.0 million in a limited liability company that owns, distributed, and marketed a motion picture that was released in October 2025, to which we have received \$1.4 million in proceeds. Due to lower ticket sales, we recorded a \$2.3 million impairment at December 31, 2025. The net investment balance of \$1.2 million at March 31, 2026 is reflected at cost in other assets.

#### **Divestitures**

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

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

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

#### **Pending Transactions**

On January 19, 2026 we entered into an agreement to sell and leaseback our building in Irving, Texas, for \$6.0 million. The sale is expected to close in the second quarter of this year.

#### NOTE 4. REVENUE RECOGNITION

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

	Three Months Ended March 31,	
	2025	2026
<i>(Dollars in thousands)</i>		
<b>By Source of Revenue:</b>		
Block Programming – National	\$ 13,091	\$ 12,226
Block Programming – Local	5,299	5,007
<b>Broadcast Programming Revenue</b>	<b>18,390</b>	<b>17,233</b>
Spot Advertising – National	1,365	1,654
Spot Advertising – Local	4,769	3,882
Network Advertising	4,016	3,733
<b>Broadcast Advertising Revenue</b>	<b>10,150</b>	<b>9,269</b>
Infomercials	137	76
Other Revenue	1,682	1,185
<b>Other Broadcast Revenue</b>	<b>1,819</b>	<b>1,261</b>
Digital Advertising	11,524	10,107
Digital Streaming	1,837	1,645
Digital Downloads	1,599	1,514
Digital Subscriptions	4,639	4,792
Other Digital Revenue	101	70
<b>Digital Revenue</b>	<b>19,700</b>	<b>18,128</b>
Book Sales	281	—
Estimated Sales Returns & Allowances	—	—
Net Book Sales	281	—
Self-Publishing Fees	1,349	—
Other Publishing Revenue	15	—
<b>Publishing Revenue</b>	<b>1,645</b>	<b>—</b>
<b>Total Revenue</b>	<b>\$ 51,704</b>	<b>\$ 45,891</b>
<b>Timing of Revenue Recognition</b>		
Point in Time	\$ 51,315	\$ 45,278
Rental Income (1)	389	613
<b>Total Revenue</b>	<b>\$ 51,704</b>	<b>\$ 45,891</b>

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

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

#### **Trade and Barter Transactions**

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

Trade and barter revenue and expenses were as follows:

	Three Months Ended	
	March 31,	
	2025	2026
Net broadcast barter revenue	\$ 528	\$ 389
Net broadcast barter expense	\$ 938	\$ 482

## NOTE 5. PROPERTY AND EQUIPMENT

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

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

	As of	
	December 21, 2025	March 31, 2026
	<i>(Dollars in thousands)</i>	
Buildings	\$ 14,166	\$ 14,160
Office furnishings and equipment	29,601	25,580
Antennae, towers and transmitting equipment	73,867	73,733
Studio, production, and mobile equipment	30,750	29,499
Computer software and website development costs	37,390	37,840
Automobiles	1,472	1,340
Leasehold improvements	19,648	19,623
	\$ 206,894	\$ 201,775
Less accumulated depreciation	(177,073)	(173,252)
	29,821	\$ 28,523
Land	\$ 23,063	23,063
Construction-in-progress	4,746	5,470
	\$ 57,630	\$ 57,056

Depreciation expense was approximately \$2.3 million and \$2.1 million for the three months ended March 31, 2025, and 2026, respectively. We periodically review long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. This review requires us to estimate the fair value of the assets using significant unobservable inputs that reflect our own assumptions about the estimates that market participants would use in measuring fair value, including assumptions about risk. If actual future results are less favorable than the assumptions and estimates we used, we are subject to future impairment charges, the amount of which may be material. There were no indications of impairment during the period ended March 31, 2026.

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

### Leasing Transactions

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

Operating leases are reflected on our balance sheet within operating lease ROU assets and the related current and non-current operating lease liabilities. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from lease agreement. Operating lease ROU assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon the present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectation regarding the lease terms. Variable lease costs, such as common area maintenance, property taxes and insurance, are expensed as incurred. There were no indications of impairment during the period ended March 31, 2026.

The various discount rates are based on our incremental borrowing rate due to the rate implicit in the leases not being readily determinable. The incremental borrowing rate is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. We used publicly available

information about low-grade debt, adjusted for the effect of collateralization; to determine the various rates it would pay to finance transactions over similar time periods.

## Balance Sheet

Supplemental balance sheet information related to leases was as follows:

Operating Leases	March 31, 2026		
	Related Party	Other	Total
Operating leases ROU assets	\$ 5,050	\$ 32,521	\$ 37,571
Operating lease liabilities (current)	\$ 1,283	\$ 6,733	\$ 8,016
Operating lease liabilities (non-current)	3,871	32,071	35,942
Total operating lease liabilities	\$ 5,154	\$ 38,804	\$ 43,958

### Weighted Average Remaining Lease Term

Operating leases	7.3 years
Finance leases	2.5 years

### Weighted Average Discount Rate

Operating leases	8.58%
Finance leases	8.27%

## Lease Expense

The components of lease expense were as follows:

Three Months Ended March 31, 2026	
<i>(Dollars in thousands)</i>	
Amortization of finance lease ROU Assets	\$ 8
Interest on finance lease liabilities	1
Finance lease expense	9
Operating lease expense	3,032
Variable lease expense	239
Short-term lease expense	79
Total lease expense	\$ 3,359

## Supplemental Cash Flow

Supplemental cash flow information related to leases was as follows:

Three Months Ended March 31, 2026	
<i>(Dollars in thousands)</i>	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 3,205
Operating cash flows from finance leases	—
Financing cash flows from finance leases	8
Leased assets obtained in exchange for new operating lease liabilities	\$ 505
Leased assets obtained in exchange for new finance lease liabilities	15

## 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, 2026, are as follows:

	Operating			Finance	Total
	Related Party	Other	Total		
	<i>(Dollars in thousands)</i>				
2026	\$ 1,765	\$ 9,331	\$ 11,096	\$ 22	\$ 11,118
2027	1,534	8,683	10,217	12	10,229
2028	792	8,203	8,995	9	9,004
2029	673	7,027	7,700	2	7,702
2030	591	4,488	5,079	—	5,079
Thereafter	1,867	16,869	18,736	—	18,736

Undiscounted Cash Flows	\$ 7,222	\$ 54,601	\$ 61,823	\$ 45	\$ 61,868
Less: imputed interest	(2,068)	(15,797)	(17,865)	(5)	(17,870)
<b>Total</b>	<b>\$ 5,154</b>	<b>\$ 38,804</b>	<b>\$ 43,958</b>	<b>\$ 40</b>	<b>\$ 43,998</b>
Reconciliation to lease					
Lease liabilities – current	\$ 1,283	\$ 6,733	\$ 8,016	\$ 20	\$ 8,036
Lease liabilities – long-term	3,871	32,071	35,942	20	35,962
<b>Total Lease Liabilities</b>	<b>\$ 5,154</b>	<b>\$ 38,804</b>	<b>\$ 43,958</b>	<b>\$ 40</b>	<b>\$ 43,998</b>

## 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, 2026.

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

Broadcast Licenses	Twelve Months Ended December 31, 2025	Three Months Ended March 31, 2026
<i>(Dollars in thousands)</i>		
Balance before cumulative loss on impairment, beginning of period	\$ 272,250	\$ 264,760
Accumulated loss on impairment, beginning of period	(90,386)	(113,006)
Balance after cumulative loss on impairment, beginning of period	181,864	151,754
Disposition of radio stations and FM translators	(4,896)	—
Loss on impairment	(25,214)	—
Balance, end of period after cumulative loss on impairment	\$ 151,754	\$ 151,754
Balance, end of period before cumulative loss on impairment	\$ 264,760	\$ 264,760
Accumulated loss on impairment, end of period	(113,006)	(113,006)
Balance, end of period after cumulative loss on impairment	\$ 151,754	\$ 151,754

## 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, 2026.

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

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

## NOTE 9. AMORTIZABLE INTANGIBLE ASSETS

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

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

<b>As of March 31, 2026</b>			
	Cost	Accumulated Amortization	Net
<i>(Dollars in thousands)</i>			
Customer lists and contracts	\$ 23,677	\$ (23,532)	\$ 145
Domain and brand names	18,048	(16,547)	1,501
Favorable and assigned leases	1,479	(1,479)	—
Subscriber base and lists	11,696	(10,586)	1,110
Non-compete agreements	1,612	(1,612)	—
Other amortizable intangible assets	1,308	(1,308)	—
	<u>\$ 57,820</u>	<u>\$ (55,064)</u>	<u>\$ 2,756</u>

Amortization expense was approximately \$0.4 million and \$0.3 million for the three-months ended March 31, 2025 and 2026, respectively. Based on the amortizable intangible assets as of March 31, 2026, we estimate amortization expense for the next five years to be as follows:

<u>Year ended December 31,</u>	<u>Amortization Expense</u>
<i>(Dollars in thousands)</i>	
2026 (April – Dec)	\$ 600
2027	765
2028	546
2029	534
2030	311
Thereafter	—
Total	<u>\$ 2,756</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 accrued restructuring costs as of December 31, 2025 and March 31, 2026 were \$0.2 million and \$0.1 million, respectively. The accrued restructuring costs are presented under the accounts payable and accrued expenses line on the face of the Condensed Consolidated Balance Sheets.

The following summarizes restructuring and restructuring related charges for the three-month period ended March 31, 2025:

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

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

## NOTE 11. DEBT

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

As of March 31, 2026, the Asset-Based Revolving Credit Facility (“ABL”), had a borrowing base of \$21.0 million, \$8.9 million in outstanding borrowings, \$2.5 million in letters of credit, a \$4.5 million availability block, resulting in a \$5.1 million borrowing base availability.

Our weighted average interest rate was 7.98% and 7.86% at December 31, 2025, and March 31, 2026, respectively.

In addition to the ABL, we also have interest obligations related to our long-term debt as follows as of March 31, 2026:

- \$8.9 million outstanding borrowings under the ABL facility, with interest payments due at Secured Overnight Financing Rate (“SOFR”) plus 4.5% per annum with a SOFR floor of 4.3%;
- \$2.5 million in standby letters of credit with interest payment at an annual rate of 4.5%; and
- Commitment fee of 0.35% per annum on the unused portion of the ABL Facility.

### Asset-Based Revolving Credit Facility

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

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

Availability under the ABL Facility is subject to a borrowing base consisting of (a) 90% of the eligible accounts receivable plus (b) 90% of the eligible unbilled receivable not to exceed \$5.0 million and (c) a calculated amount based on the value of certain real property. An Availability Block not to exceed \$2 million will be required should the company not maintain a fixed charge coverage ratio of 1. As of March 31, 2026, the fixed charge coverage ratio was (1.1). The Availability Block will remain in effect until such time as the company resumes meeting the Fixed Charge Coverage Ratio covenant.

As of March 31, 2026, the amount available under the ABL Facility was \$5.1 million of which \$8.9 million was outstanding and \$2.5 million is drawn on a letter of credit. All borrowings under the ABL Facility accrue interest at a rate equivalent to 30 Day Term SOFR Rate plus 4.5% per annum with a SOFR floor of 4.3%. There is an unused line fee of 0.35% per annum. A prepayment fee of 2% of the total ABL Facility amount is due if the ABL Facility is retired in the first 12 months following the closing date; 1% during the subsequent 13-30 month period following the closing date and 0% thereafter until maturity of the ABL Facility. Additionally, a letter of credit fee of 4.5% per annum would be charged on the face amount of all letter of credits issued, payable monthly in arrears calculated on the basis of actual days elapsed in a year of 360 days. Other standard fees with respect to letters of credit would also apply.

We recorded debt issuance costs of \$1.9 million as an asset being amortized to non-cash interest expense over the term of the ABL Facility using the effective interest method. During the three-month period ended March 31, 2025 and 2026, \$0.2 million and \$0.1 million, respectively, of debt issuance costs associated with the ABL Facility was amortized to interest expense. At March 31, 2026, the blended interest rate on amounts outstanding under the ABL Facility was 8.80%.

We report outstanding balances on the ABL Facility as long-term regardless of the maturity date based on use of the ABL Facility to fund ordinary and customary operating cash needs with frequent repayments. We believe that our borrowing capacity under the ABL Facility allows us to meet our ongoing operating requirements, fund capital expenditures and satisfy our debt service requirements for at least the next twelve months. As of March 31, 2026, accrued and unpaid interest on the ABL Facility was \$0.1 million.

### Maturities of Long-Term Debt and Capital Lease Obligations

Principal repayment requirements under all long-term debt agreements outstanding at March 31, 2026

For the Year Ended March 31,	Amount	
	(Dollars in thousands)	
2027	\$	8,874
2028		—
2029		—
2030		—

2031	—
Thereafter	—
	<u>\$ 8,874</u>

## NOTE 12. INCOME TAXES

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

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

During the interim period ended March 31, 2026, we computed the income tax provision using an estimated effective annual rate based on projected full-year results. We updated our forecast to reflect an expected taxable loss for the 2026 calendar year. In accordance with the guidance under FASB ASC Topic 740-270-25-4, the estimated annual effective tax rate reflects the anticipated generation and utilization of operating losses and the related deferred tax impacts, including valuation allowances.

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

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

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

## NOTE 13. COMMITMENTS AND CONTINGENCIES

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

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

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

## NOTE 14. STOCK INCENTIVE PLAN

The following table reflects the components of stock-based compensation expense recognized in the Condensed Consolidated Statements of Operations for the three-month periods ended March 31, 2025, and 2026:

	Three Months Ended March 31,	
	2025	2026
	<i>(Dollars in thousands)</i>	
Stock option compensation expense included in unallocated corporate expenses	\$ 62	\$ 41
Restricted stock shares compensation expense included in unallocated corporate expenses	39	88
Stock option compensation expense included in selling, general and administrative expenses	21	6
Restricted stock shares compensation expense included in selling, general and administrative expenses	23	100
<b>Total stock-based compensation expense, pre-tax</b>	<b>\$ 145</b>	<b>\$ 235</b>
Tax expense from stock-based compensation expense	(38)	(61)
<b>Total stock-based compensation expense, net of tax</b>	<b>\$ 107</b>	<b>\$ 174</b>

There were no stock option grants during the three-month period ending March 31, 2025 and 2026.

Activity with respect to our option awards during the three-month period ended March 31, 2026 is as follows:

Options	Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	<i>(Dollars in thousands, except weighted average exercise price and weighted average grant date fair value)</i>				
Outstanding at January 1, 2026	2,080,500	\$ 1.58	\$ 0.99	3.7 years	\$ —
Granted	—	—	—		—
Exercised	—	—	—		—
Forfeited or expired	(64,125)	1.99	1.15		—
<b>Outstanding at March 31, 2026</b>	<b>2,016,375</b>	<b>1.57</b>	<b>0.99</b>	<b>3.5 years</b>	<b>\$ —</b>
<b>Exercisable at March 31, 2026</b>	<b>1,504,877</b>	<b>1.69</b>	<b>0.99</b>	<b>2.5 years</b>	<b>—</b>
<b>Expected to Vest</b>	<b>1,982,195</b>	<b>1.58</b>	<b>0.99</b>	<b>3.5 years</b>	<b>\$ —</b>

Activity with respect to our restricted stock awards during the three-month period ended March 31, 2026 is as follows:

Restricted Stock Awards	Shares	Weighted Average Grant Date Fair	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	<i>(Dollars in thousands, except weighted average exercise price and weighted average grant date fair value)</i>			
Outstanding at January 1, 2026	3,470,067	\$ 0.59	2.5 years	\$ —
Granted	—	—		—
Lapsed	(250,260)	0.60		102
Forfeited	(4,375)	0.60		—
<b>Outstanding at March 31, 2026</b>	<b>3,215,432</b>	<b>0.59</b>	<b>2.4 years</b>	<b>\$ —</b>

The aggregate intrinsic value represents the difference between the company's closing stock price on March 31, 2026 of \$0.41 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, 2025, and 2026 was \$0.2 million and \$0.3 million, respectively.

As of March 31, 2026, there was \$0.2 million of total unrecognized compensation cost related to non-vested stock option awards. This cost is expected to be recognized over a weighted-average period of 1.5 years. As of March 31, 2026, there was \$1.3 million of total unrecognized compensation cost related to non-vested restricted stock awards. This cost is expected to be recognized over a weighted-average period of 2.4 years.

## NOTE 15. STOCKHOLDERS' EQUITY

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

### *Redeemable Series A Preferred Stock*

On December 23, 2024, the company entered into a Note Repurchase Agreement with the noteholders of the 7.125% Senior Secured Notes due 2028 and issued \$24.0 million in aggregate principal amount of unsecured debt to the noteholders. Upon

the earlier to occur of (i) the close of the sale of the CCM radio stations or (ii) six months from the closing of the repurchase, the unsecured debt will automatically convert into 24,000 shares of newly authorized Series A Preferred Stock. The unsecured debt converted to Series A Preferred Stock upon the close of the sale of the CCM stations on April 4, 2025. The company has 24,000 authorized shares of Series A Preferred Stock, with \$0.01 par value per share.

The holders of Series A Preferred Stock are entitled to receive cumulative dividends, out of any assets legally available, prior and in preference to any declaration or payment of any dividend on the common stock, at the applicable dividend rate of 5.0% per annum until the second anniversary of issuance, 7.5% until the fourth anniversary and 10.0% after the fourth anniversary. Dividends accrue whether or not declared by the board of directors. Dividends are payable only when and if declared by the board of directors. The \$1.6 million in accrued interest and dividends is reflected in other long-term liabilities at March 31, 2026.

#### **NOTE 16. SUBSEQUENT EVENTS**

On May 12, 2026 we entered into a definitive agreement to be acquired by The Christian Community Foundation, Inc., d/b/a WaterStone in a transaction that will take the company private and strengthen our long-term mission across radio, digital media, streaming, podcasting, and television.

Under the terms of the agreement, WaterStone will acquire all outstanding shares of our common stock for \$1.00 per share.

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

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

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

### General

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

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

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

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

### Overview

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

Our principal sources of revenue include:

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

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

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

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

### **Broadcasting**

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

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

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

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

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

In broadcasting, trade or barter agreements are commonly used to reduce cash expenses by exchanging advertising time for goods or services. We may enter barter agreements to exchange airtime or digital advertising for goods or services that can be used in our business or that can be sold to our audience under Listener Purchase Programs. The terms of these barter agreements permit us to preempt the barter airtime or digital campaign in favor of customers who purchase the airtime or digital campaign for cash. The value of these non-cash exchanges is included in revenue in an amount equal to the fair value of the goods or services we receive. Each transaction must be reviewed to determine that the products, supplies and/or services we receive have economic substance, or value to us. We record barter operating expenses upon receipt and usage of the products, supplies and services, as applicable. We record barter revenue as advertising spots or digital campaigns are delivered, which represents the point in time that control is transferred to the customer thereby completing our performance obligation. Barter revenue is recorded on a gross basis unless an agency represents the programmer, in which case revenue is reported net of the commission retained by the agency. During each of the three-month periods ended March 31, 2025 and 2026, 99% of our broadcast revenue was sold for cash.

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

### **Digital Media**

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

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

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

### **Publishing**

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

### **Known Trends and Uncertainties**

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

We have experienced increases in lease expense associated with escalations tied to changes in the Consumer Price Index ("CPI") and higher variable costs associated with Common Area Maintenance ("CAM") charges. CPI increased 3.3% for the twelve months ending March 31, 2026. Higher energy costs and the impact of inflation resulted in higher CAM charges.

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

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

### **Non-GAAP Financial Measures**

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

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

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

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

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

#### Reconciliation of Non-GAAP Financial Measures:

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

	Three Months Ended March 31,	
	2025	2026
	<i>(Dollars in thousands)</i>	
<b>Reconciliation of Adjusted EBITDA to EBITDA to Net Loss</b>		
Net loss	\$ (7,131)	\$ (2,570)
Plus interest expense, net of capitalized interest	387	434
Plus benefit from income taxes	(2,246)	(355)
Plus depreciation and amortization	2,691	2,414
Less interest income	(10)	(8)
<b>EBITDA</b>	<b>\$ (6,309)</b>	<b>\$ (85)</b>
Plus net (gain) loss on the disposition of assets	(1,871)	(843)
Plus restructuring costs	3,685	—
Plus net miscellaneous (income) and expenses	(306)	2
Plus non-cash stock-based compensation	145	235
<b>Adjusted EBITDA</b>	<b>\$ (4,656)</b>	<b>\$ (691)</b>

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

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

	<b>Three Months Ended March 31,</b>	
	2025	2026
	<i>(Unaudited)</i>	
Net cash used in operating activities	\$ (2,825)	\$ (1,549)
Non-cash stock-based compensation	(145)	(235)
Depreciation and amortization	(2,691)	(2,414)
Amortization of deferred financing costs	(150)	(185)
Non-cash lease expense	(2,337)	(2,090)
Provision for bad debts	83	596
Deferred income taxes	2,375	456
Net (gain) loss on the disposition of assets	1,871	843
Gain on troubled debt restructuring	253	—
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	(4,130)	(1,954)
Prepaid expenses and other current assets	(527)	556
Accounts payable and accrued expenses	(42)	(66)
Operating lease liabilities	1,817	2,212
Contract liabilities	(545)	1,256
Other liabilities	(138)	4
Net loss	<u>\$ (7,131)</u>	<u>\$ (2,570)</u>
Plus interest expense, net of capitalized interest	387	434
Plus benefit from income taxes	(2,246)	(355)
Plus depreciation and amortization	2,691	2,414
Less interest income	(10)	(8)
EBITDA	<u>\$ (6,309)</u>	<u>\$ (85)</u>
Plus net (gain) loss on the disposition of assets	(1,871)	(843)
Plus restructuring costs	3,685	—
Plus net miscellaneous income and expenses	(306)	2
Plus non-cash stock-based compensation	145	235
Adjusted EBITDA	<u>\$ (4,656)</u>	<u>\$ (691)</u>
Less net cash paid for capital expenditures (1)	(1,781)	(1,822)
Plus received (paid for) taxes	1	(62)
Less cash paid for interest, net of capitalized interest	(280)	(288)
Adjusted Free Cash Flow	<u>\$ (6,716)</u>	<u>\$ (2,863)</u>

(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, 2025 compared to the three months ended March 31, 2026

#### Total Net Revenue

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Total Net Revenue	\$ 51,704	\$ 45,891	\$ (5,813)	(11.2) %	100.0 %	100.0 %

Total revenue decreased 11.2%, or \$5.8 million, of which \$4.1 million reflects the impact of asset sales. Excluding the impact of asset sales, revenue decreased 3.6%, or \$1.7 million. Digital revenue decreased \$1.5 million primarily due to the loss of a podcaster and local programming, excluding political, decreased \$1.0 million primarily in our Christian, Teaching and Talk format radio stations. The decrease was partially offset by a \$0.3 million increase in spot advertising revenue, excluding political revenue, and a \$0.3 million increase in other revenue including events and rental income. Political revenue increased \$0.3 million, or 45.1%, to \$1.1 million from \$0.8 million since 2026 is an election year.

#### Selling, General and Administrative Expenses

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Selling, General and Administrative Expenses	\$ 51,428	\$ 41,737	\$ (9,691)	(18.8) %	99.5 %	90.9 %

Selling, general and administrative expenses decreased 18.8%, or \$9.7 million, which includes a \$5.0 million expense reduction from the impact of asset sales. Excluding the impact of asset sales, expenses decreased 10.1%, or \$4.7 million. This decrease primarily relates to a \$2.2 million decrease in payroll-related expenses due to workforce reductions, a \$1.0 million decrease in professional services expenses, a \$0.6 million decrease in health insurance expenses, a \$0.5 million decrease in advertising and promotion expenses and a \$0.2 million decrease in production and programming expenses.

#### Unallocated Corporate Expenses

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Unallocated Corporate Expenses	\$ 5,077	\$ 5,080	\$ 3	0.1 %	9.8 %	11.1 %

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. Expenses remained consistent with the same period of the prior year. The increase includes a \$0.3 million increase in professional services, that was partially offset by a \$0.2 million decrease in facility-related expenses, and a \$0.1 million decrease in employee-related expenses including health insurance expenses.

#### Restructuring Costs

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Restructuring Costs	\$ 3,685	\$ —	\$ (3,685)	(100.0) %	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 and Amortization Expense

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Depreciation and Amortization Expense	\$ 2,691	\$ 2,414	\$ (277)	(10.3) %	5.2 %	5.3 %

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

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

### Net (Gain) Loss on the Disposition of Assets

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Net (Gain) Loss on the Disposition of Assets	\$ (1,871)	\$ (843)	\$ 1,028	(54.9) %	(3.6) %	(1.8) %

The net gain on the disposition of assets of \$0.8 million for the three-month period ending March 31, 2026, reflects a \$0.7 million pre-tax gain for the sale of the economic interest in the tower site in Honolulu, Hawaii.

The net gain on the disposition of assets of \$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.

### Other Income (Expense)

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Interest Income	\$ 10	\$ 8	\$ (2)	(20.0) %	— %	— %
Interest Expense	(387)	(434)	(47)	12.1 %	(0.7) %	(0.9) %
Net Miscellaneous Income and (Expenses)	306	(2)	(308)	(100.7) %	0.6 %	— %

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

Interest expense includes interest due on outstanding debt balances under the ABL facility and finance lease obligations outstanding.

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

### Benefit from Income Taxes

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Benefit from Income Taxes	\$ (2,246)	\$ (355)	\$ 1,891	(84.2) %	(4.3) %	(0.8) %

Tax benefit decreased by \$1.9 million to \$0.3 million for the three months ended March 31, 2026, compared to \$2.2 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 12.1% for the three months ended March 31, 2026, compared to 24% for the same period of the prior year. The effective tax rate for each period differs from the federal statutory rate of 21.0% primarily due to state income taxes, non-deductible expenses, and changes in the valuation allowance. The decrease in the effective tax rate in the current year period is primarily attributable to the projected generation and utilization of operating loss carryforwards, and the impact of state income taxes, including taxes in jurisdictions where valuation allowances are recorded.

### Net Loss

	Three Months Ended March 31,					
	2025	2026	Change \$	Change %	2025	2026
	<i>(Dollars in thousands)</i>				% of Total Net Revenue	
Net Loss	\$ (7,131)	\$ (2,570)	\$ 4,561	(64.0) %	(13.8) %	(5.6) %

Our net loss decreased to \$2.6 million from \$7.1 million during the same period of the prior year due to the factors described above.

## LIQUIDITY AND CAPITAL RESOURCES

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

### Operating Cash Flows

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

Net cash used in operating activities decreased by \$1.3 million during the three-month period ended March 31, 2026, to \$1.5 million compared to \$2.8 million during the prior year. The decrease in cash used in operating activities includes the impact of the following items:

- Total revenue decreased by \$5.8 million;
- Operating expenses exclusive of depreciation, amortization, restructuring costs, net gain (loss) on the disposition of assets and stock-based compensation expense, decreased by \$9.8 million;
- Accounts receivables, net of expected credit losses, decreased by \$1.6 million compared to \$5.6 million for the prior year;
- Unbilled revenue decreased by \$0.1 million;
- Our Day's Sales Outstanding, or the average number of days to collect cash from the date of sale, decreased to 50 days at March 31, 2026, from 52 days in the same period of the prior year; and
- Net accounts payable and accrued expenses increased \$1.2 million to \$22.8 million from \$21.6 million as of the prior year.

### Investing Cash Flows

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

We undertake projects from time to time to upgrade our radio station technical facilities and/or FCC broadcast licenses, expand our digital and web-based offerings, improve our facilities, and upgrade our computer infrastructures. The nature and timing of these upgrades and expenditures can be delayed or scaled back at the discretion of management. Based on our current plans, we expect to incur capital expenditures of approximately \$4.1 million during the remainder of 2026.

We invested \$5.0 million in a limited liability company that owns, distributed, and marketed a motion picture that was released in October 2025, to which we have received \$1.4 million in proceeds. Due to lower ticket sales, we recorded a \$2.3 million impairment at December 31, 2025. The net investment balance of \$1.2 million at March 31, 2026 is reflected at cost in other assets.

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

Net cash used in investing activities was \$0.3 million during the three-month period ended March 31, 2026, compared to \$0.04 million during the prior year. The \$0.3 million increase in cash used in investing activities was the result of:

- Cash paid for capital expenditures remained consistent at \$1.8 million from the same period of the prior year;
- Cash paid for investment in an LLC of \$1.0 million during the same period of the prior year; and
- Cash received from the sale of assets decreased \$1.6 million to \$1.1 million compared to \$2.7 million during the same period of the prior year.

## **Financing Cash Flows**

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

During the three months-ended March 31, 2026, the principal balances outstanding under the ABL Facility ranged from \$5.5 million to \$11.2 million. These outstanding balances were ordinary and customary based on our operating and investing cash needs during this time.

Net cash used in financing activities during the three-month period ended March 31, 2026 was \$0.5 million compared to \$2.9 million in net cash provided by financing activities. The \$3.4 million increase in cash used in financing activities includes:

- A \$1.5 million increase in the book overdraft; and
- Net payments on our ABL Facility were \$1.7 million during the three-month period ended March 31, 2026, compared to \$3.2 million net borrowings during the same period of the prior year.