Quarterly Financial Reporting Package

For the period ended June 30, 2025

Spanish Broadcasting System, Inc. and Subsidiaries

Delaware	13-3827791
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7007 NW 77th Ave.
Miami, Florida 33166
(Address of principal executive offices) (Zip Code)

(305) 441-6901
(Company's telephone number, including area code)

Title of each class	Trading Symbol(s)	Name of exchange/market on which traded
Common Stock, par value $0.0001 per share	SBSAA	OTC Market

Transfer Agent
Broadridge Corporate Solutions, Inc.
51 Mercedes Way
Edgewood, New York 11717

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SPANISH BROADCASTING SYSTEM, INC.
AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets
(In thousands, except share data)

	June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 7,961	$ 14,429
Receivables:		
Trade	31,860	38,017
Barter	240	250
	32,100	38,267
Less: allowance for expected credit losses	2,618	2,769
Net receivables	29,482	35,498
Prepaid expenses and other current assets	1,856	1,461
Assets held for sale	12,363	12,330
Total current assets	51,662	63,718
Property and equipment, net	12,394	12,523
FCC broadcasting licenses	263,784	266,709
Goodwill	32,806	32,806
Operating lease right-of-use assets	18,757	19,457
Other assets	1,227	1,304
Total assets	$ 380,630	$ 396,517
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 20,913	$ 26,871
Accrued interest	10,303	10,223
Unearned revenue	2,103	2,240
Operating lease liabilities	1,349	1,428
9.75% senior secured notes due 2026, net of deferred financing costs of $1,191 at June 30, 2025 (Note 8)	308,809	—
Revolving credit facility	4,500	4,900
Other short term liabilities	46	46
Total current liabilities	348,023	45,708
Operating lease liabilities, net of current portion	21,516	21,893
9.75% senior secured notes due 2026, net of deferred financing costs of $2,145 at December 31, 2024 (Note 8)	—	307,855
Deferred tax liabilities	37,767	37,767
Other liabilities, less current portion	3,727	3,736
Total liabilities	411,033	416,959
Stockholders' deficit:		
Series C convertible preferred stock, $0.01 par value and liquidation value. Authorized 600,000 shares; 380,000 shares issued and outstanding at June 30, 2025 and at December 31, 2024	4	4
Class A common stock, $0.0001 par value. Authorized 100,000,000 shares; 6,223,374 shares issued and outstanding at June 30, 2025 and at December 31, 2024	1	1
Class B common stock, $0.0001 par value. Authorized 50,000,000 shares; 2,340,353 shares issued and outstanding at June 30, 2025 and at December 31, 2024	—	—
Additional paid-in capital	653,423	653,298
Accumulated deficit	(683,831)	(673,745)
Total stockholders' deficit	(30,403)	(20,442)
Total liabilities and stockholders' deficit	$ 380,630	$ 396,517

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC.
AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations
(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net revenue	$ 34,440	$ 40,012	$ 62,010	$ 73,746
Operating expenses:				
Operating expenses	25,895	28,912	50,265	56,324
Corporate expenses	2,371	2,292	4,723	4,808
Depreciation and amortization	703	575	1,372	1,150
Impairment charges	2,925	—	2,925	—
Severance expense	148	—	234	—
Other operating (income) expense	$ 44	$ 259	$ 44	$ (1,731)
Total operating expenses	32,086	32,038	59,563	60,551
Operating income	2,354	7,974	2,447	13,195
Other expenses:				
Interest expense, net	(8,350)	(8,146)	(16,602)	(16,241)
Loss before income taxes	(5,996)	(172)	(14,155)	(3,046)
Income tax benefit (expense)	1,556	(174)	4,069	1,079
Net loss	$ (4,440)	$ (346)	$ (10,086)	$ (1,967)
Class A weighted average common shares outstanding (Note 4)				
Basic and Diluted	6,224	6,210	6,224	6,210
Class B weighted average common shares outstanding (Note 4)				
Basic and Diluted	2,340	2,340	2,340	2,340
Series C (as converted) weighted average common shares outstanding (Note 4)				
Basic and Diluted	760	760	760	760
Class A, B and Series C (as converted) net loss per common share (Note 4)				
Basic and Diluted	$ (0.48)	$ (0.04)	$ (1.08)	$ (0.21)

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC.
AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cash flows from operating activities:		
Net loss	$ (10,086)	$ (1,967)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Impairment charges	2,925	—
Stock-based compensation	125	126
Depreciation and amortization	1,372	1,150
Net barter income	(203)	(221)
Provision for expected credit losses	477	404
Amortization of deferred financing costs	954	954
Unearned revenue-barter	(157)	(414)
Changes in operating assets and liabilities:		
Receivables-trade	5,529	5,633
Prepaid expenses and other current assets	(395)	776
Other assets	759	203
Accounts payable and accrued expenses	(5,958)	(1,145)
Accrued interest	80	44
Other liabilities	(452)	(782)
Net cash provided by (used in) operating activities	$ (5,030)	$ 4,761
Cash flows from investing activities:		
Purchases of property and equipment	(1,038)	(615)
Deposit for acquisition of radio station and related assets	—	(3,500)
Net cash used in investing activities	$ (1,038)	$ (4,115)
Cash flows from financing activities:		
Proceeds from revolving credit facility	—	4,900
Repayment of revolving credit facility	(400)	—
Net cash provided by (used in) financing activities	$ (400)	$ 4,900
Net increase (decrease) in cash	(6,468)	5,546
Cash and cash equivalents at beginning of period	14,429	6,167
Cash and cash equivalents at end of period	$ 7,961	$ 11,713
Supplemental cash flows information:		
Interest paid	$ 15,571	$ 15,242
Income tax paid	$ 1,950	$ 1,904

See accompanying notes to unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of Spanish Broadcasting System, Inc. and its subsidiaries (the Company, we, us, our or SBS). All intercompany balances and transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements as of June 30, 2025, and December 31, 2024 and for the three and six months ended June 30, 2025 and 2024 have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. They do not include all information and notes required by U.S. GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements included in our Year End Financial Reporting Package for the fiscal year ended December 31, 2024. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, which are all of a normal and recurring nature, necessary for a fair presentation of the results of the interim periods. Additionally, we evaluated subsequent events after the balance sheet date of June 30, 2025 through the financial statements' issuance date. The results of operations for the three and six months ended June 30, 2025 are not necessarily indicative of the results for the entire year ending December 31, 2025 or for any future interim or annual periods.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the allowance for expected credit losses, the realization of deferred tax assets, the useful lives and future cash flows used for testing the recoverability of property and equipment, the recoverability of Federal Communications Commission (the "FCC") broadcasting licenses, and goodwill, the recoverability of right-of-use assets, the fair value of Level 2 financial instruments, the assessment as to whether it is reasonably certain that we will exercise our options to extend lease terms when available, the present value of lease payments used to calculate our lease liabilities and related right-of-use assets which includes the use of estimated incremental borrowing rate ("IBR"), contingencies and litigation. Illiquid credit markets, volatile equity markets and reductions in some advertising spending have combined to increase the uncertainty inherent in such estimates and assumptions. These estimates and assumptions are based on management's best judgments. 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.

Our unaudited condensed consolidated financial statements have been prepared assuming we will continue as a going-concern, and do not include any adjustments that might result if we were unable to do so and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. As discussed in Note 8, our $310 million, aggregate principal, 9.75% Senior Secured Notes due 2026 (the "Notes") will mature on March 1, 2026 unless redeemed, repurchased or refinanced earlier.

Management believes that it will ultimately be able to obtain financing in adequate amounts and on acceptable terms necessary to operate the business and redeem, repurchase or refinance our Notes. As there is currently no firm commitment in place, Management cannot conclude it is probable that it will be able to redeem, repurchase or obtain the necessary financing by the maturity date as such a transaction is not yet in place. Management's inability to conclude that it is probable that the Company will be able to redeem, repurchase or refinance the Notes prior to or on the maturity date raises substantial doubt about its ability to continue as a going concern. The financial statements do not include adjustments, if any, that might arise from the outcome of this uncertainty.

The accompanying unaudited condensed consolidated financial statements as of June 30, 2025 and December 31, 2024 and for the three and six months ended June 30, 2025 and 2024 do not reflect television segment data previously classified as discontinued operations. The Puerto Rico television and real properties located in Miami, Florida that remain classified as held for sale no longer represent a strategic shift that will have a major effect on the operations and financial results, at the balance sheet date. See Notes 2 and 11 for additional details on our television currently held for sale assets and television segment's reclassification to continuing operations.

2. Assets Held for Sale and Discontinued Operations

The Company has reclassified its previously issued 2024 unaudited condensed consolidated financial statements for matters related to the following previously reported items: net revenue, operating expenses, other operating (income) expenses, loss from continuing operations before income taxes, income tax benefit and expense, and income from discontinued operations, net of taxes. See Note 11 for additional details on our reclassification of our television operations to continuing operations as these assets and segment no longer qualify as discontinued operations.

The effect on the Company's previously issued 2024 unaudited condensed consolidated statement of operations for the three and six months ended June 30, 2024 (in thousands) is summarized as follows:

	Three Months Ended June 30, 2024		
	Previously Reported	Increase/ (Decrease)	Reclassified Balance
Net revenue	$ 38,500	$ 1,512	$ 40,012
Operating expenses	26,358	2,554	28,912
Income (loss) from continuing operations before income taxes	870	(1,042)	(172)
Income tax expense	381	(207)	174
Loss from discontinued operations, net of taxes	835	(835)	—

	Six Months Ended June 30, 2024		
	Previously Reported	Increase/ (Decrease)	Reclassified Balance
Net revenue	$ 70,824	$ 2,922	$ 73,746
Operating expenses	$ 51,263	$ 5,061	$ 56,324
Other operating income	—	1,731	1,731
Loss from continuing operations before income taxes	2,638	408	3,046
Income tax benefit	676	403	1,079
Loss from discontinued operations, net of taxes	5	(5)	—

3. Revenue

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized and reported reflects the consideration to which the Company expects to be entitled to receive in exchange for these services and entitled under the contract. Substantially all deferred revenue is recognized within twelve months of the payment date. To achieve this core principle, the Company applies the following five steps:

1) Identify the contract with a customer,
2) Identify the performance obligations in the contract,
3) Determine the transaction price,
4) Allocate the transaction price to performance obligations in the contract, and
5) Recognize revenue when or as the Company satisfies a performance obligation.

Disaggregation of Revenue

The following table summarizes revenue from contracts with customers for the three and six months ended June 30, 2025 and 2024 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Local, national, digital and network	$ 33,814	$ 38,778	$ 62,196	$ 72,693
Special events	2,197	3,686	3,104	6,135
Barter	2,246	1,692	3,844	3,049
Other	454	812	836	1,336
Gross revenue	$ 38,711	$ 44,968	$ 69,980	$ 83,213
Less: Agency commissions	4,271	4,956	7,970	9,467
Net revenue	$ 34,440	$ 40,012	$ 62,010	$ 73,746

Nature of Products and Services

a) Local, national, digital and network advertising

Local and digital revenues generally consist of advertising airtime sold in a radio or television station's local market, or streamed on the Company's LaMusica application, its websites or third party sites either directly to the advertiser or through an advertiser's agency. Local revenue includes local spot sales, integrated sales, sponsorship sales and paid programming (or infomercials). National revenue generally consists of advertising airtime sold to agencies purchasing advertising for multiple markets. National sales are generally facilitated by an outside national representation firm, which serves as an agent in these transactions. Revenues from national advertisers are presented as net of agency commissions as this is the amount that the Company expects to be entitled to receive in exchange for these services and entitled to under the contract. Network revenue generally consists of advertising airtime sold on the AIRE Radio Networks platform by our network sales staff.

A contract for local, national, digital and network advertising exists only at the time commercial substance is present. For each contract, the Company considers the promise to air or display advertisements, or in the case of certain digital products to deliver a specified number of impressions over a period of time, each of which is distinct, to be the identified performance obligation. The price as specified on a customer purchase order is considered the standalone selling price as it is an observable input which depicts the price as if sold to a similar customer in similar circumstances. Revenue is recognized when control is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs as an advertisement airs, appears or is viewed.

b) Special events

Special events revenue is generated from ticket sales and fees from licensing agreements, as well as through profit-sharing arrangements for producing or co-producing live concerts and events promoted by radio stations and digital properties.

In addition to ticket sales and fees from licensing agreements, the Company enters into profit-sharing arrangements to produce or co-produce live concerts and events with partners. These contracts include multiple promises that the Company evaluates to determine if the promises are separate performance obligations. Once the Company determines the performance obligations and the transaction price, including estimating the amount of variable consideration, the Company then allocates the transaction price to each performance obligation in the contract based on a relative stand-alone selling price method or using the variable consideration allocation exception if the required criteria are met. The corresponding revenues are recognized as the related performance obligations are satisfied, which may occur over time (i.e., term of agreement) or at a point in time (i.e., event completion). To determine if revenue should be reported gross as principal or net as agent, the Company considers indicators such as if it is the party primarily responsible for fulfillment, has inventory risk, and has discretion in establishing price to determine control. When management determines it controls an event, it acts as the principal and records revenue gross. When management determines it does not control an event, it is acting as an agent and records revenue net.

c) Barter advertising

Barter sales agreements are primarily used to reduce cash paid for operating costs and expenses by exchanging advertising airtime for goods or services.

A contract for barter advertising exists only at the time commercial substance is present. For each contract, the Company considers the promise to air or display advertisements, each of which is distinct, to be the identified performance obligation. The price as specified on a counterparty's purchase order is considered the standalone selling price as it is an observable input which depicts the price as if sold to a similar customer in similar circumstances. Revenue is recognized when control is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs as an advertisement airs or displays.

For the three months ended June 30, 2025 and 2024, barter revenue of $2.2 million and $1.7 million was offset by barter expense of $2.1 million and $1.6 million, respectively. For the six months ended June 30, 2025 and 2024, barter revenue of $3.8 million and $3.0 million was offset by barter expense of $3.6 million and $2.8 million, respectively.

d) Other revenue

Other revenue consists primarily of ancillary revenue such as rental income from renting available tower space or sub-channels, subscriber revenue from cable and satellite providers and various other non-broadcast related revenues. Other revenues related to renting tower space are recognized in accordance with ASC 842 - Leases. For the three and six months ended June 3-, 2024, other revenue included the receipt of $0.3 million related to business interruption proceeds received during the year.

e) Agency commissions

Agency commissions are calculated based on a stated percentage applied to gross billing revenue. Advertisers remit the gross billing amount to the agency and the agency remits gross billings less their commission to the Company when the advertisement is not placed directly by the advertiser.

Significant Judgments

As part of its consideration of the existence of contracts, the Company evaluates certain factors including the customer's ability to pay (or credit risk). Advertising contracts are for one year or less. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the Company expects to be entitled. In determining whether control has transferred, the Company considers if there is a present right to payment and legal title, along with risks and rewards of ownership having transferred to the customer.

Contract Balances

Unearned revenue balances which are included in unearned revenue and other liabilities, net of current portion, were $2.1 million as of June 30, 2025, $2.1 million as of March 31, 2025 and $2.2 million as of December 31, 2024. Additionally, there were $2.1 million of unearned revenue balances which are included in unearned revenue and other liabilities, net of current portion, as of June 30, 2024, $2.3 million as of March 31, 2024 and $2.6 million as of December 31, 2023.

Variable consideration in the form of agency-based volume discounts recognized and recorded as contract liabilities within accounts payable and accrued expenses were $1.7 million as of June 30, 2025, $1.4 million as of March 31, 2025 and $1.2 million as of December 31, 2024. Additionally, there were $1.8 million of variable consideration in the form of agency-based volume discounts recognized and recorded as contract liabilities within accounts payable and accrued expenses as of June 30, 2024, $1.9 million as of March 31, 2024 and $1.6 million as of December 31, 2023.

Transaction Price Allocated to the Remaining Performance Obligation

The Company has elected to use the optional exemption in ASC 606-10-50-14 with regard to disclosing balances associated with remaining performance obligations. Revenue expected to be recognized in any future year related to remaining performance obligations, excluding revenue pertaining to contracts that have an original expected duration of one year or less, contracts where revenue is recognized as invoiced, and contracts with variable consideration related to undelivered performance obligations, are not material.

Assets Recognized from the Costs to Obtain a Contract with a Customer

ASC 606 requires that the Company capitalize incremental costs of obtaining a contract such as sales commissions. The guidance provides certain practical expedients that limit this requirement. The Company has elected to use the practical expedient in ASC 340-40-25-4 which allows us to recognize the incremental cost of obtaining a contract, such as sales commissions paid to our employees, as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

4. Basic and Diluted Net Loss Per Common Share

Basic net loss per common share was computed by dividing net loss available to common stockholders by the weighted average number of shares of common stock and convertible preferred stock outstanding for each period presented. Diluted net loss per common share is computed by giving effect to common stock equivalents as if they were outstanding for the entire period. The following tables summarizes the net loss applicable to common stockholders and the net loss per common share for the three and six months ended June 30, 2025 and 2024 (in thousands, except per share data):

	Three Months Ended June 30,					
	2025			2024		
	Class A	Class B	Series C	Class A	Class B	Series C
Basic and Diluted net loss per share:						
Numerator						
Allocation of undistributed net loss	$ (2,963)	$ (1,114)	$ (362)	$ (231)	$ (87)	$ (28)
Denominator						
Number of shares used in per share computation (as converted)	6,224	2,340	760	6,210	2,340	760
Basic and diluted net loss per share	$ (0.48)	$ (0.48)	$ (0.48)	$ (0.04)	$ (0.04)	$ (0.17)
Common stock equivalents excluded from calculation of diluted net loss per share as the effect would have been anti-dilutive:	440	—	—	440	—	—

	Six Months Ended June 30,					
	2025			2024		
	Class A	Class B	Series C	Class A	Class B	Series C
Basic and Diluted net loss per share:						
Numerator						
Allocation of undistributed net loss	$ (6,732)	$ (2,532)	$ (822)	$ (1,312)	$ (494)	$ (161)
Denominator						
Number of shares used in per share computation (as converted)	6,224	2,340	760	6,210	2,340	760
Basic and diluted net loss per share	$ (1.08)	$ (1.08)	$ (1.08)	$ (0.21)	$ (0.21)	$ (0.21)
Common stock equivalents excluded from calculation of diluted net loss per share as the effect would have been anti-dilutive:	440	—	—	451	—	—

5. Stockholders' Deficit

The changes in stockholder's deficit for the three and six months ended June 30, 2025 and 2024 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning balance	$ (26,026)	$ (23,909)	$ (20,442)	$ (22,351)
Net income (loss)	(4,440)	(346)	(10,086)	(1,967)
Stock-based compensation	63	63	125	126
Ending balance	$ (30,403)	$ (24,192)	$ (30,403)	$ (24,192)

6. Commitments and Contingencies

We are subject to certain legal proceedings and/or claims that have arisen in the ordinary course of business and have not been fully adjudicated or settled. In our opinion, we do not have potential liability related to any current legal proceedings and/or claims that would have a material adverse effect on our financial condition or operating results. However, the results of legal proceedings and/or claims cannot be predicted with certainty. Should we fail to prevail in any of these legal matters and/or claims or should all these legal matters and/or claims be resolved against us in the same reporting period, the operating results of a particular reporting period could be materially adversely affected.

7. Segment Data

The following summary table presents separate financial data for each of our two operating segments. The accounting applied to determine the segment information are generally the same as those described in the summary of significant accounting policies (Note 2(r)) included in our Year End Financial Reporting Package for the fiscal year ended December 31, 2024. The Company's chief operating decision-maker (the "CODM") is its Chief Executive Officer and the senior leadership team. When evaluating the Company's financial performance, the CODM regularly reviews net revenue, operating expenses and corporate expenses by segment to make decisions and allocate resources on a company wide basis. We evaluate the performance of our operating segments based on select financial information for each operating segment as provided below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net revenue:				
Radio	$ 33,243	$ 38,499	$ 59,697	$ 70,824
Television	1,197	1,513	2,313	2,922
Consolidated	$ 34,440	$ 40,012	$ 62,010	$ 73,746
Operating expenses:				
Radio	$ 24,246	$ 26,356	$ 46,825	$ 51,261
Television	1,649	2,556	3,440	5,063
Consolidated	$ 25,895	$ 28,912	$ 50,265	$ 56,324
Corporate expenses:	$ 2,371	$ 2,292	$ 4,723	$ 4,808

	June 30, 2025	December 31, 2024
Total Assets:		
Radio	$ 331,810	$ 341,566
Television	29,765	30,412
Corporate	19,055	24,539
Consolidated	$ 380,630	$ 396,517

8. $310 Million Senior Secured Notes Due 2026 and Revolving Credit Facility

a) *$ 310 million Senior Secured Notes Due 2026*

On February 17, 2021, the Company completed its private offering of $310.0 million aggregate principal amount of its 9.75% Senior Secured Notes due 2026 (the "Notes"). Interest on the Notes accrues at the rate of 9.75% per annum and is payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2021. The Notes will mature on March 1, 2026, unless redeemed or repurchased earlier. We may redeem the Notes with the proceeds of certain assets sales. If we experience certain change of control events, noteholders may require us to repurchase all or part of their Notes at 101% of the sum of the principal amount of the Notes, plus any other interest that is accrued and unpaid to, but not including, the repurchase date.

The Notes rank equally with all our existing and future senior indebtedness and senior to all our existing and future subordinated indebtedness. The Notes and related guarantees will be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables but excluding intercompany liabilities) of each of our non-guarantor subsidiaries. The Notes and the related guarantees will be secured on a first-priority basis (other than with respect to certain ABL Priority Collateral securing a Revolving Credit Facility) by a security interest in certain of our and the guarantors' existing and future tangible and intangible assets, subject to certain excluded assets. The Notes and related guarantees will be effectively senior to all of our and our guarantors' existing and future unsecured indebtedness to the extent of the value of the collateral.

The Indenture contains covenants that, among other things, limit the ability of the Company and its restricted subsidiaries to (i) incur additional debt and issue certain preferred stock, (ii) pay certain dividends on, repurchase or make distributions in respect of their capital stock or make other restricted payments, (iii) make certain investments, (iv) sell or exchange certain assets, (v) enter into transactions with affiliates, (vi) create certain liens and (vii) consolidate, merge or transfer all, or substantially all, of their assets. These covenants are subject to several exceptions, limitations and qualifications as set forth in the Indenture. The Indenture does not contain any financial covenants.

The Indenture also contains customary events of default including, but not limited to, nonpayment, breach of covenants, and payment or acceleration defaults in certain other indebtedness of the Company or certain of its subsidiaries. Upon an event of default, the holders of not less than 25% in principal amount of the then-outstanding Notes may declare the Notes immediately due and payable, or in certain circumstances, the Notes automatically will become due and immediately payable. At June 30, 2025, the Company had no events of default under the Indenture.

The Company incurred $8.0 million in interest expense, including the amortization of deferred financing costs, for the three months ended June 30, 2025 and 2024, related to the Notes. During the six months ended June 30, 2025 and 2024, the Company incurred $16.0 million in interest expense related to the Notes.

b) *Revolving Credit Facility*

Concurrently with the completion of the Notes offering, we entered a senior secured asset-based revolving credit facility (the "Revolver"), providing for borrowings of up to $15.0 million, subject to compliance with a "borrowing base". On August 28, 2025, the Revolver was amended to extend the maturity date until October 27, 2025. The Company drew $4.9 million on February 28, 2024, and paid down $0.4 million of the outstanding Revolver balance on May 22, 2025. As of June 30, 2025, the Company's outstanding balance on the Revolver is $4.5 million which bears interest of 7.35%.

In 2023, the Company amended its Revolver to replace LIBOR with the Secured Overnight Financing Rate (SOFR). Subsequent to the February 2025 amendment, at the Company's election, the interest rate on borrowings under the Revolver will bear interest at: (a) so long as the Leverage Fall Away Trigger shall not then be continuing, either (i) SOFR plus a margin of 3.50% (stepping down to 3.25% upon Availability exceeding 33% and 3.00% upon Availability exceeding 66%) or (ii) the base rate plus a margin of 2.50% (stepping down to 2.25% upon Availability exceeding 33% and 2.00% upon Availability exceeding 66%) and (b) following the occurrence and during the continuation of a Leverage Fall Away Trigger, either (i) SOFR plus a margin of 4.75% (stepping down to 4.50% upon the net leverage ratio reaching 5.0x) or (ii) the base rate plus a margin of 3.75% (stepping down to 3.50% upon the net leverage ratio reaching 5.0x). The current interest rate on the Revolver is either (i) SOFR plus a margin of 3.00% or (ii) the base rate plus a margin of 2.00%.

All obligations under the Revolver are secured by (a) a first priority lien on all accounts receivable, cash, deposit accounts, and proceeds thereof held by the Company and the guarantors (the "ABL Priority Collateral") and (b) a first lien, pari passu with the holders of the Notes, on all other assets held by the Company and the guarantors. Letters of credit issued under the agreement are required to be collateralized with cash in certain circumstances. At June 30, 2025, the Company had no events of default under the Revolver.

The Company incurred $0.1 million in interest expense for the three months ended June 30, 2025 and 2024, related to the Revolver. During the six months ended June 30, 2025 and 2024, the Company incurred $0.2 million in interest expense related to the Revolver.

9. Income Taxes

The Company follows the guidance in ASC 270, "Interim Reporting" and ASC 740 "Income Taxes", whereby the Company utilizes the expected annual effective tax rate in determining its income tax provisions for the interim periods. In assessing the realizability of the deferred tax assets, management considers whether it is more likely than not that some portion or the entire deferred tax assets will not be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Our income tax expense differs from the statutory federal tax rate of 21% and related statutory state tax rates primarily due to nondeductible expenses, Puerto Rico withholding taxes and a recording of a valuation allowance on certain tax attributes that are expected to be limited as a result of the Section 382 Limitation that occurred during 2021.

U.S. Federal jurisdiction and the jurisdictions of Florida, New York, California, Illinois, Texas and Puerto Rico are the major tax jurisdictions where we file income tax returns. The tax years that remain subject to assessment of additional liabilities by the federal, state and local tax authorities are 2021 through 2023. The tax years that remain subject to assessment of additional liabilities by the Puerto Rico tax authority are 2017 through 2023.

Based on our evaluation, we have concluded that there are no material uncertain tax positions requiring recognition in our unaudited condensed consolidated financial statements as of June 30, 2025.

Tax Legislation

On July 4, 2025, federal legislation commonly referred to as the "One Big Beautiful Bill Act" was enacted, resulting in changes to U.S. federal income tax law. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing its impact on our financial statements.

10. Fair Value of Financial Instruments

Cash, receivables, as well as accounts payable and accrued expenses, and other current liabilities, as reflected in the unaudited condensed consolidated financial statements, approximate fair value because of the short-term maturity of these instruments. The estimated fair value of our other long-term debt instruments approximate their carrying amounts as the interest rates approximate our current borrowing rate for similar debt instruments of comparable maturity, or have variable interest rates.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value of the outstanding Notes is estimated using market quotes from a major financial institution taking into consideration the most recent activity and are considered Level 2 measurements within the fair value hierarchy.

The estimated fair value of our financial instruments is as follows (in millions):

		June 30, 2025		December 31, 2024	
Description	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
9.75% senior secured notes due 2026 (Note 8)	Level 2	$ 310.0	$ 204.8	$ 310.0	$ 205.4

11. Sale of Television Assets (Assets Held for Sale & Discontinued Operations)

On February 9, 2023, the Company entered into various asset and real property purchase agreements (together the "Voz Agreements") to sell substantially all its television and certain real estate assets (together the "Purchased Assets") which comprised the Company's television operations known as MegaTV, serving the United States of America and Puerto Rico, to Voz Media, Inc. ("Voz Media") for $64.0 million. Pursuant to the Voz Agreements, the Purchased Assets included: licenses, permits and authorizations issued by the FCC; programming content, equipment, leases and contracts used in or related to the operation of MegaTV; and certain real properties located in Miami, Florida and Puerto Rico as part of the transaction.

On September 20, 2023, the Company terminated the Voz Agreements because Voz Media did not cure its material breach to timely close on the transaction when notified by the Company. On October 10, 2023, the Company filed a lawsuit related to the contemplated sale of its MegaTV television network and other related assets to Voz Media, Inc. On March 13, 2024, the Company settled with Voz Media, Inc. and agreed to the recovery of monetary damages against the plaintiffs.

Although the Company continues to pursue the sale of these television and real estate assets and expects the assets to be sold within one year, in accordance with FASB ASC Topic 360-10-45-9, Long-Lived Assets Classified as Held for Sale, management determined that with the exception of the Puerto Rico television licenses, permits and authorizations issued by the FCC and certain related transmission equipment, and the real properties located in Miami, Florida, the ongoing plans to sell its MegaTV and certain real estate assets in Puerto Rico no longer meet the criteria to classify the assets as held for sale as of December 31, 2024 and as of the balance sheet date of these unaudited condensed consolidated financial statements. The assets which no longer met the held for sale criteria as of December 31, 2024 were reclassified to their respective held and used classifications as of January 1, 2023.

The table below represents a summary of the remaining assets classified as held for sale as of June 30, 2025 and December 31, 2024 on the Company's unaudited condensed consolidated balance sheets (in thousands).

	June 30, 2025	December 31, 2024
Assets		
Property and equipment, net	$ 10,005	$ 9,972
FCC broadcasting licenses	2,358	2,358
Assets held for sale	$ 12,363	$ 12,330

During the six months ended June 30, 2025 and the year ended December 31, 2024, the Company made capital expenditures of less than $0.1 million which are included in assets held for sale for the six months ended June 30, 2025 and the year ended December 31, 2024, listed above.

Once assets are classified as held for sale, management is required to evaluate if under ASC Topic 205-20-45, Discontinued Operations, the disposal of a component of an entity shall be reported in discontinued operations. Management determined that the disposal of the Puerto Rico television operations does not represent a strategic shift that will have a major effect on operations and financial results, at the balance sheet date, and that the results of the Puerto Rico television operations shall not be reported as discontinued operations.

On August 15, 2025, subsequent to the balance sheet date, the Company received $5.7 million of immediately available funds and closed on the sale of its Puerto Rico television broadcast stations WVEO(DT), WTCV(DT), WVOZ-TV and certain related transmission equipment.

12. Impairment of FCC Broadcasting Licenses

The Company generally performs its annual impairment test of its indefinite-lived intangibles during the fourth quarter of the fiscal year. However, given the declining performance for total market revenues in the Company's radio markets, the Company determined that a triggering event had occurred. The Company performed an interim impairment test as of June 30, 2025 of its FCC broadcasting radio licenses in New York, Los Angeles, Miami, Houston, Chicago, San Francisco, Puerto Rico, Orlando and Tampa.

The Company performs valuations using the discounted cash flow methodology. This income approach consists of a quantitative model, which assumes the FCC broadcasting licenses are acquired and operated by a third-party. This valuation method is based on the premise that the only asset that an unbuilt start-up station possesses is the FCC broadcasting license. Such method isolates the income attributable to an FCC broadcasting license by modeling a hypothetical greenfield build-up to a normalized enterprise that, by design, lacks inherent goodwill and whose only other assets have essentially been paid for as part of the build-up process. Consequently, the resulting accretion in value is solely attributed to the FCC broadcasting license.

In the discounted cash flow projections, a ten-year period is deemed an appropriate time period for the analysis. The yearly cash flow streams were adjusted to present value using an after-tax discount rate calculated for the radio and television broadcast industries as of June 30, 2025. Additionally, it is necessary to project the terminal value at the end of the ten-year projection period. The terminal value represents the hypothetical value of the licenses at the end of a ten-year period. An estimated amount of taxes are deducted from the assumed terminal value, which accordingly is discounted to net present value.

The key assumptions incorporated in the discounted cash flow model are market revenue projections, market revenue share projections, anticipated operating profit margins and risk adjusted discount rates. These assumptions vary based on the market size, type of broadcast signal, media competition and audience share. These assumptions primarily reflect industry norms for similar stations/broadcast signals, as well as historical performance and trends of the markets. In the preparation of the FCC broadcasting license appraisals, estimates and assumptions are made that affect the valuation of the intangible asset. These estimates and assumptions could differ from actual results and could have a material impact on our financial statements in the future.

The methodology used by the Company in determining its key estimates and assumptions was applied consistently to the subject markets. Below are some of the key assumptions used in the Company's impairment assessment using significant unobservable inputs (Level 3 non-recurring fair value measure).

	Radio FCC Licenses June 30, 2025
Discount rate	9.5%
Long-term revenue growth rate	(0.5%)
Mature market share	2.4% - 14.5%
Mature operating profit margin	21.5% - 29.3%

As a result of the second quarter interim impairment test, the Company determined that there was an impairment to two of its radio FCC broadcasting licenses primarily due to the lower industry advertising revenue growth projections in the subject markets. The Company recorded a non-cash impairment loss of approximately $2.9 million that reduced the carrying value of such FCC broadcasting licenses.

Management's Discussion and Analysis of Financial Condition and Results of Operations

General Overview

We are a leading Spanish-language media and entertainment company with radio operations, together with live concerts and events, mobile, digital, and interactive media platforms, which reach the growing U.S. Hispanic population, including Puerto Rico. We produce and distribute original Spanish-language content, including radio programs, music, and live entertainment through our multi-media platforms.

We own and operate radio stations located in some of the top Hispanic markets in the United States: Los Angeles, New York, Miami, Houston, Chicago, San Francisco, Orlando, Tampa, and Puerto Rico. The Los Angeles and New York markets have the largest and second largest Hispanic populations and are also the largest and second largest radio markets in the United States measured by advertising revenue, respectively. The U.S. Hispanic population is diverse, consisting of numerous identifiable ethnic groups from many different countries of origin, and each ethnic group has its own musical and cultural heritage. Since the music, culture, customs, and Spanish dialects vary from one radio market to another, we strive to maintain familiarity with the musical tastes and preferences of each of the various Hispanic ethnic groups in order to accommodate and monetize such diversity. We customize the programming format of each of our radio stations to capture a substantial share of the Hispanic audience and to match the local preferences of our target demographic audience in our respective markets. In addition to our owned and operated radio stations, we operate AIRE Radio Networks which has over 250 U.S. Spanish-language affiliate radio stations serving 84 U.S. Hispanic markets. AIRE Radio Networks covers 94% of the coveted U.S. Hispanic market and reaches 21 million listeners monthly.

As part of our operating business, we maintain multiple Spanish and bilingual websites, including www.lamusica.com, and various station websites that provide content related to Latin music, entertainment, news, and culture, as well as the LaMusica mobile application and HitzMaker, a new-talent destination for aspiring artists. The LaMusica mobile application is a music and entertainment video and audio application that programs an extensive series of short form videos, simultaneously live streams our radio stations, includes curated playlists and has tools that enable users to personalize their mobile radio streaming experience. The new video enhancements to our mobile application significantly enhance the audience's engagement level and increase the reach of our mobile offering. We also provide digital marketing solutions through our pure-play digital marketing department, Digidea, and access to the digital realm where brands can explore a diverse range of engaging content, unlock valuable insights, and connect with our podcast community. In addition, we produce live concerts and events in the United States and Puerto Rico. Concerts generate revenue from ticket sales, sponsorships, and promotions, raise awareness of our brands in the surrounding communities and provide our advertising partners additional opportunities to reach their target audience.

Our television stations and related affiliates operate under the "MegaTV" brand. We broadcast via our owned and operated television stations in South Florida and through programming and/or distribution agreements, including nationally on a subscriber basis. We have created a unique television format which focuses on entertainment, current events, and variety with high-quality content. Our programming is formatted to capture a larger share of the U.S. Hispanic audience by focusing on our core strengths as an "entertainment" company, thus offering an alternative compared to the traditional Hispanic television channels. MegaTV's programming is based on a strategy designed to showcase a combination of programs, ranging from televised radio-branded shows to general entertainment programs, such as music, celebrity, news, debate, interviews, and personality-based shows. As part of our strategy, we have incorporated certain of our radio on-air personalities into our television programming.

As of December 31, 2024, certain of our television and real estate assets no longer met the criteria to be classified as held for sale, however, certain Puerto Rico assets and the real property in Miami, Florida continued to meet the criteria to remain classified as held for sale at the balance sheet date. None of the Company's operations meet the criteria to be classified as discontinued operations and have been reclassified to continuing operations.

On August 15, 2025, subsequent to the balance sheet date, the Company received $5.7 million of immediately available funds and closed on the sale of its Puerto Rico television broadcast stations WVEO(DT), WTCV(DT), WVOZ-TV and certain related transmission equipment.

Business Drivers and Financial Statement Presentation

The following discussion provides a brief description of certain key items that appear in our unaudited condensed consolidated financial statements and general business factors that impact these items.

Net Revenue Description and Factors

Our net revenue is primarily derived from the sale of advertising airtime to local, national and network advertisers. Net revenue is gross revenue less agency commissions, which are generally 15% of gross revenue.

- Local revenue generally consists of advertising airtime sold to local advertisers. Local revenue includes local spot sales, integrated sales, sponsorship sales and paid programming (or infomercials). Digital revenue generally consists of advertisements placed on the Company's LaMusica application or its digitally streamed stations. For the six months ended June 30, 2025 and 2024, local and digital revenue comprised 69% and 66% of our gross revenues, respectively.

- National and network revenues generally consist of advertising airtime sold to agencies purchasing advertising for multiple markets. National sales are generally facilitated by an outside national representation firm, which serves as an agent in these transactions. Network sales consist of advertising airtime sold on our AIRE Radio Networks platform by our network sales staff. For the six months ended June 30, 2025 and 2024, national and network revenue comprised 20% and 21% of our gross revenues, respectively.

Our net revenue is generally determined by the advertising rates that we are able to charge and the number of advertisements that we can broadcast without jeopardizing listenership/viewership levels. Each station broadcasts a predetermined number of advertisements per hour with the actual number depending upon the format of a particular station and any programming strategy we are utilizing to attract an audience. The number of advertisements we decide to broadcast hourly is intended to maximize the station's revenue without negatively impacting on its audience listener/viewer levels. While there may be shifts from time to time in the number of advertisements broadcast during a particular time of the day, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year.

Our advertising rates are primarily based on the following factors:

- a station's audience share in the demographic groups targeted by advertisers which are measured by ratings agencies, primarily Nielsen;

- the number of stations, as well as other forms of media, in the market competing for the attention of the same demographic groups;

- the supply of, and demand for, advertising time; and

- the size of the market.

Our net revenue is also affected by general economic conditions, competition, and our ability to improve operations at our market clusters. Seasonal revenue fluctuations are also common in the broadcasting industry and are primarily due to variations in advertising expenditures by local and national advertisers. Our net revenue is typically the lowest in the first calendar quarter of the year.

In addition to advertising revenue, we also generate revenue from barter sales, special events revenue, and other revenue.

- *Special events revenue.* We generate special events revenue from ticket sales and fees from licensing agreements, as well as profit-sharing arrangements for producing or co-producing live concerts and events promoted by our radio stations and digital properties. For the six months ended June 30, 2025 and 2024, special events revenue comprised 4% and 7% of our gross revenues, respectively.

- *Barter sales.* We use barter sales agreements primarily to reduce cash paid for operating costs and expenses by exchanging advertising airtime for goods or services. However, we endeavor to minimize barter revenue in order to maximize cash revenue from our available airtime. For the six months ended June 30, 2025 and 2024, barter revenue comprised 6% and 4% of our gross revenues, respectively.

- *Other revenue.* We receive other ancillary revenue such as rental income from renting available tower space or sub-channels, subscriber revenue from cable and satellite providers and various other non-broadcast-related revenues. For the Six months ended June 30, 2025 and 2024, other revenue comprised 1% and 2% of our gross revenues, respectively.

Operating Expenses Description and Factors

Our operating expenses consist primarily of operating expenses and corporate expenses.

- *Operating expenses*. Operating expenses include engineering, programming, selling, general and administrative expenses which are related to the creation, delivery, and cost of selling our programming content, as well as administrative costs associated with operating and managing our stations and divisions. These expenses include compensation and benefits for employees, transmitter-related expenses, originally produced content, on-air promotions, music license fees, commissions, rating services, advertising, barter expenses, facilities expenses, special events expenses, professional fees, insurance, allowance for expected credit losses, affiliate station compensation and other expenses.

- *Corporate expenses*. Corporate expenses are related to the operations of our corporate offices and matters. These expenses include compensation and benefits for our corporate employees, professional fees, insurance, corporate facilities expenses, and other expenses.

We strive to control our operating expenses by centralizing certain functions at our corporate offices and consolidating certain functions in each of our market clusters. In our pursuit to control our operating expenses, we work closely with our local stations' management and vendors.

Comparison Analysis of the Operating Results for the Three Months Ended June 30, 2025 and 2024

The following summary table presents a comparison of our operating results for the three months ended June 30, 2025 and 2024 (in thousands). All operational and financial results related to the television assets have been reclassified from discontinued operations to continuing operations as they no longer meet the discontinued operations criteria. Various fluctuations illustrated in the table are discussed below. This section should be read in conjunction with our unaudited condensed consolidated financial statements and related notes.

	Three Months Ended June 30,	
	2025	2024
Net revenue	$ 34,440	$ 40,012
Operating expenses	25,895	28,912
Corporate expenses	2,371	2,292
Depreciation and amortization	703	575
Impairment charges	2,925	—
Severance expense	148	—
Other operating expenses	44	259
Operating income	2,354	7,974
Other expenses:		
Interest expense, net	(8,350)	(8,146)
Loss before income taxes	(5,996)	(172)
Income tax benefit (expense)	1,556	(174)
Net loss	$ (4,440)	$ (346)

Overview

For the three months ended June 30, 2025, our operating results were impacted by a decrease in overall broadcast advertising and an increase in non-cash impairment charges due to uncertain market conditions. These decreases in net revenue were partially offset by our continued decreases in broadcasting expenses throughout our markets and expense categories. Additionally, our radio segment operations include our newly acquired start-up station, in Houston, TX., purchased on December 20, 2024.

Net Revenue

Our net revenue decreased $5.6 million or 14% due to decreases in special events revenue, local, national and network sales which were partially offset by increases in barter sales.

Operating Expenses

Operating expenses decreased by $3.0 million or 10% primarily due to decreases in special event expenses, compensation & benefits costs, on-air programming costs, commissions, music license fees, affiliate station compensation, advertising & promotions, facilities, and professional services expenses, partially offset by increases in transmitter rents, ratings services, outside services and barter expenses.

Corporate Expenses

Corporate expenses increased by $0.1 million or 3% due to increases in compensation & benefits, travel & entertainment, and professional fees, partially offset by decreases in outside services.

Depreciation and Amortization

The increase in non-cash depreciation and amortization charges of $0.1 million or 22% was primarily due to the additional depreciation expense recognized for previously held for sale assets that were reclassified as held and used at year end 2024.

Impairment Charges

The increase in non-cash impairment charges of $2.9 million was due to recognizing impairment charges on radio FCC broadcasting licenses in two of our markets.

Operating Income

The decrease in operating income of $5.6 million or 70% was primarily due to decreases in net revenue, operating expenses and an increase in non-cash impairment charges.

Income Tax Benefit (Expense)

The income tax benefit of $1.6 million was due to the increase in the 2025 pre-tax book loss as compared to the 2024 pre-tax book loss.

Net Loss

The increase in net loss of $4.1 million was primarily due to the decrease in operating income partially offset by the income tax benefit.

Comparison Analysis of the Operating Results for the Six Months Ended June 30, 2025 and 2024

The following summary table presents a comparison of our operating results for the three months ended June 30, 2025 and 2024 (in thousands). All operational and financial results related to the television assets have been reclassified from discontinued operations to continuing operations as they no longer meet the discontinued operations criteria. Various fluctuations illustrated in the table are discussed below. This section should be read in conjunction with our unaudited condensed consolidated financial statements and related notes.

	Six Months Ended June 30,	
	2025	2024
Net revenue	$ 62,010	$ 73,746
Operating expenses	50,265	56,324
Corporate expenses	4,723	4,808
Depreciation and amortization	1,372	1,150
Impairment charges	2,925	—
Severance expense	234	—
Other operating (income) expenses	44	(1,731)
Operating income	2,447	13,195
Other expenses:		
Interest expense, net	(16,602)	(16,241)
Loss before income taxes	(14,155)	(3,046)
Income tax benefit	4,069	1,079
Net loss	$ (10,086)	$ (1,967)

Overview

For the six months ended June 30, 2025, our operating results were impacted by a decrease in overall broadcast advertising and an increase in non-cash impairment charges due to uncertain market conditions as well as the, January 2025, wildfires that affected the Los Angeles area. These decreases in net revenue were partially offset by our continued decreases in broadcasting and corporate expenses throughout our markets and expense categories. Additionally, our radio segment operations include our newly acquired start-up station, in Houston, TX., purchased on December 20, 2024.

Net Revenue

Our net revenue decreased $11.7 million or 16% due to decreases in special events, local, national and network sales which were partially offset by increases in digital and barter sales.

Operating Expenses

Operating expenses decreased by $6.1 million or 11% primarily due to decreases in special event expenses, compensation & benefits costs, on-air programming costs, commissions, music license fees, affiliate station compensation, advertising & promotions, banking & payroll fees, facilities, and professional services expenses, partially offset by increases in transmitter rents, ratings services, outside services and barter expenses.

Corporate Expenses

Corporate expenses decreased by $0.1 million or 2% due to decreases in outside services and professional fees, partially offset by increases in compensation & benefits, and travel & entertainment expenses.

Depreciation and Amortization

The increase in non-cash depreciation and amortization charges of $0.2 million or 19% was primarily due to the additional depreciation expense recognized for previously held for sale assets that were reclassified as held and used at year end 2024.

Impairment Charges

The increase in non-cash impairment charges of $2.9 million was due to recognizing impairment charges on radio FCC broadcasting licenses in two of our markets.

Other Operating (Income) Expenses

The decrease in other operating income of $1.8 million was the result of contract termination proceeds received in the prior period.

Operating Income

The decrease in operating income of $10.7 million or 81% was primarily due to decreases in net revenue, operating and corporate expenses, prior year other operating income and an increase in non-cash impairment charges.

Income Tax Benefit

The increase in income tax benefit of $3.0 million was due to the increase in the 2025 pre-tax book loss as compared to the 2024 pre-tax book loss.

Net Loss

Net loss of $10.1 million was primarily due to the increased loss before income taxes partially offset by the increase in income tax expense.

Going Concern and Capital Resources

The most important aspects of our liquidity and capital resources as of June 30, 2025 and, as of the date of this Quarterly Financial Reporting Package, are as follows:

- The $310.0 million aggregate principal amount of 9.75% Senior Secured notes due 2026 (the "Notes") mature on March 1, 2026. We do not have sufficient cash on hand or generate sufficient funds from operations to repay the Notes. Management believes that it will ultimately be able to obtain financing in adequate amounts and on acceptable terms necessary to operate the business and redeem, repurchase or refinance our Notes. As there is currently no firm commitment in place, Management cannot conclude it is probable that it will be able to redeem, repurchase or obtain the necessary financing by the maturity date as such a transaction is not yet in place. Management's inability to conclude that it is probable that the Company will be able to redeem, repurchase or refinance the Notes prior to or on the maturity date raises substantial doubt about its ability to continue as a going concern.
- Our senior secured asset-based revolving credit facility (the "Revolver") provides for borrowings of up to $15.0 million, subject to compliance with a "borrowing base". On August 28, 2025, the Revolver was amended to extend the maturity date until October 27, 2025. The Company's outstanding balance on the Revolver is $4.5 million which bears interest of 7.35%. We use the borrowings on the Revolver to finance working capital needs and other general corporate purposes, as necessary.
- On August 15, 2025, the Company received $5.7 million of immediately available funds and closed on the sale of its Puerto Rico television broadcast stations WVEO(DT), WTCV(DT), WVOZ-TV and certain related transmission equipment.
- The Company continues to pursue the sale of its real estate and its remaining television assets and expects the assets to be sold within one year.

Although we have access to our revolving credit facility, our primary source of liquidity is our current cash. Our cash flows from operations are subject to factors impacting our customers and target audience, such as overall advertising demand, shifts in population, listenership and viewership, demographics, audience tastes and fluctuations in preferred advertising media.

Our strategy is to primarily utilize our available cash to meet our ordinary operating obligations, as well as availability under the revolving credit facility (as needed). Assumptions which underlie management's beliefs with respect to operating activities include the following:

- we will continue to successfully implement our business strategy,
- we will sell our television and related real estate assets,
- we will use our available cash to fund our operations and pay our expenses (including interest on the Notes), and
- we will not incur any material unforeseen liabilities, including but not limited to taxes, environmental liabilities, regulatory matters, or legal judgments.

We cannot assure you that these assumptions will be realized.

We have evaluated and will continue to evaluate strategic media acquisitions and/or dispositions and strive to expand our media content through distribution, programming, and affiliation agreements to achieve a significant presence with clusters of stations in the top U.S. Hispanic markets. We have engaged and will continue to discuss potential acquisitions and/or dispositions and expansion of our content through media outlets from time to time in the ordinary course of business.

Series C Preferred Stock

As of June 30, 2025, we had 380,000 shares of Series C preferred outstanding. Raúl Alarcón, our Chairman of the Board and Chief Executive Officer, is the beneficial owner of all the shares of Series C preferred stock which are convertible into 760,000 shares of Class A common stock, subject to certain adjustments.

Class A Common Stock

As of June 30, 2025, we had 6,223,374 shares of Class A common stock outstanding.

Class B Common Stock

As of June 30, 2025, we had 2,340,353 shares of Class B common stock outstanding, which have ten votes per share. Raúl Alarcón, our Chairman of the Board and Chief Executive Officer, has voting control over all but 350 shares of the Class B common stock.

Record Holders

As of June 30, 2025, there were approximately 81 record holders of our Class A common stock, three record holders of our Class B common stock and one record holder of our Series C preferred stock. These figures do not include an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies. There is no established public trading market for our Class B common stock or our Series C preferred stock. Our Class B common stock is convertible into our Class A common stock on a share-for-share basis, and each share of the Series C preferred stock is convertible into two shares of Class A common stock.

Summary of Capital Resources

The following summary table presents a comparison of our capital resources for the six months ended June 30, 2025 and 2024 (in thousands), with respect to certain of our key measures affecting our liquidity. The changes set forth in the table are discussed below. This section should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes.

	Six Months Ended June 30,		Change
	2025	2024	$
Capital expenditures:	$ 1,038	$ 615	(423)
Net cash flows provided by (used in) operating activities	$ (5,030)	$ 4,761	(9,791)
Net cash flows used in investing activities	(1,038)	(4,115)	3,077
Net cash flows provided by (used in) financing activities	(400)	4,900	(5,300)
Net increase (decrease) in cash	$ (6,468)	$ 5,546	

Capital Expenditures

Changes in capital expenditures were mostly attributable to increases related to our newly acquired Houston, TX. FM radio station.

Net Cash Flows Provided By (Used In) Operating Activities

Changes in our net cash flows from operating activities were primarily the result of our decrease in operating income and a decrease in working capital.

Net Cash Flows Used In Investing Activities

Changes in our net cash flows from investing activities were primarily the result of prior year deposits towards the acquisition of our newly acquired FM radio station in Houston, TX.

Net Cash Flows Provided by (Used In) Financing Activities

Changes in our net cash flows provided by financing activities were a result of having drawn $4.9 million on our available revolving credit facility in the prior year and paying down $0.4 million of the outstanding balance of the revolving credit facility in the current year.

Special Note Regarding Forward-Looking Statements

This Financial Reporting Package contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Spanish Broadcasting System, Inc. and Subsidiaries intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of such safe harbor provisions. These forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results and performance in future periods to be materially different from any future results or performance suggested by the forward-looking statements in this Financial Reporting Package. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that actual results will not differ materially from these expectations.

"Forward-looking" statements represent our expectations or beliefs, including, but not limited to, statements concerning our operations, economic performance, financial condition, growth and acquisition strategies, investments, and future operational plans. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "forecast," "seek," "plan," "predict," "project," "could," "estimate," "might," "continue," "seeking" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements, by their nature, involve substantial risks and uncertainties, certain of which are beyond our control. Additional risks and uncertainties that we are not aware of or that we currently deem immaterial also may impair our business. If any of the following risks actually occur, our business, financial condition and operating results could be materially adversely affected, and actual results may differ materially depending on a variety of important factors, including, but not limited to the following: we are highly leveraged and our substantial level of indebtedness or the inability to access our senior secured asset-based revolving credit facility could adversely affect our financial condition, prevent us from fulfilling our financial obligations; impact our ability to invest in the growth of our business or continue as a going concern, cause us to explore the sale of additional assets or adversely impact our ability to acquire additional assets; our substantial debt could make us more vulnerable to downturns in our business or in the general economy and increases in interest rates may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business and economic conditions; we have experienced net losses and may continue to experience net losses in the future, which may impact our cash flow, our ability to fulfill our financial obligations and our ability to raise capital may be adversely affected; we may be unable to successfully refinance our indebtedness on commercially acceptable terms, or at all; we face risks relating to our NOL carry-forwards since they became subject to limitations under Section 382 of the Internal Revenue Code of 1986 (IRC) due to the recapitalization of the Company in 2021; we face risks relating to our ability to realize the anticipated synergies and growth as a result of our recent start-up acquisitions in the Orlando and Tampa markets; our ability to sell our Television assets for the same purchase price and on as favorable terms under the terminated transaction with Voz Media, or at all, and our ability to consummate the purchase of the FM Radio Station in Houston within the contemplated extended timeline, or at all, and our ability to realize the anticipated benefits/synergies of those transactions; our industry is highly competitive, and we compete for advertising revenue with other broadcast stations, as well as other media, many operators of which have greater resources than we do, a large portion of our net revenue and operating income currently comes from our New York, Los Angeles and Miami markets, an economic downturn, increased competition or another significant negative event in any of these markets could reduce our revenues and results of operations more dramatically than other companies that do not depend as much on these markets; cancellations, reductions, delays and seasonality in advertising could adversely affect our net revenues; the success of our radio stations depends on the popularity and appeal of our content, which is difficult to predict; the loss of distribution agreements could materially adversely affect our results of operations; our business is affected by natural catastrophes that can disrupt our operations, by causing failure or destruction of satellites and transmitter facilities that we depend upon to distribute our programming; we may incur property and other losses that are not adequately covered by insurance; we must respond to rapid changes in technology, content creation, services and standards in order to remain competitive; cybersecurity risks could affect our operations and adversely affect our business; our business is dependent upon the performance of key employees, on-air talent and program hosts, cost increases in the retention of such employees and talent may adversely affect our profits; impairment of our goodwill and other intangible assets deemed to have indefinite useful lives can cause our net income or net loss to fluctuate significantly; piracy of our programming and other content, including digital and Internet piracy, may decrease revenue received from the exploitation of our programming and other content and adversely affect our business and profitability; damage to our brands or reputation could adversely affect our Company; our business may be adversely affected by legal or governmental proceedings brought by or on behalf of our employees; Raúl Alarcón, the Chairman of our Board of Directors and Chief Executive Officer, has majority voting control of our common stock and 100% voting control of our Series C preferred stock and this control may discourage or influence certain types of transactions or strategic initiatives; our deregistered stock's liquidity can be adversely affected because we are no longer required to report to the SEC and our stock continues to trade on the OTC Pink Market; there may not be sufficient liquidity in the market for our securities for investors to sell their securities; the market price of our common stock may be volatile; changes in U.S. communications laws or other regulations or the FCC's regulations and policies may have an adverse effect on our business or the cost with operating our business; proposed legislation would require radio broadcasters to pay increased royalties to record labels and recording artists; the FCC vigorously enforces its indecency and other program content rules against the broadcast industry, which could have a material adverse effect on our business; our businesses depend upon licenses issued by the FCC, and if any of those licenses were not renewed or we were to be out of compliance with FCC regulations and policies, our business may be materially impaired; there is significant uncertainty regarding the FCC's media ownership rules, and any changes to such rules could restrict our ability to acquire broadcast stations; we may be adversely affected by comprehensive tax reform; and new or changing federal, state or international privacy legislation or regulation could hinder the growth of our internet business. We do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances, except as required by law.