



**SPANISH BROADCASTING SYSTEM, INC. REPORTS RESULTS
FOR THE SECOND QUARTER 2020**

“We will remain open for business - pandemic or no pandemic - and will continue executing our strategy to further grow our aggregate multi-platform audience. We had significant momentum in our business for years prior to COVID-19, including consistent ratings growth, expansion of all our digital media metrics, and industry-leading operating margins - and will emerge on the other side of the crisis with the brands, talent and strategy to continue delivering industry-leading growth and value creation.”

Three Months Ended Results

For the three months ended June 30, 2020, our radio and television segments were significantly impacted by the COVID-19 pandemic as advertising demand weakened and live events were postponed. We have and continue to implement cost savings strategies to align our operating expenses with the current market conditions. Additionally, we received \$6.5 million of Paycheck Protection Program (the “PPP”) proceeds that were directly used to offset and reduce employee related and other eligible costs (refer to PPP section below for further details).

Our consolidated net revenues decreased \$21.4 million or 58% due to the net revenue decreases in both our radio and television segments.

- Our radio segment net revenue decreased \$20.3 million or 61% due to decreases in all advertising and special events revenue streams.
- Our television segment net revenue decreased \$1.1 million or 28% due to decreases in all advertising revenue streams, including sub-channel rental and subscriber fees revenue.

Consolidated Adjusted OIBDA, a non-GAAP measure, decreased \$10.5 million or 87% compared to the same prior year period.

- Our radio segment Adjusted OIBDA decreased 12.2 million or 84%, primarily due to the decrease in net revenue of approximately \$20.3 million partially offset by a decrease in operating expenses of \$8.1 million. Radio station operating expenses decreased mainly due to decreases in commissions, compensation, barter, music license fees, professional fees and facilities expenses partially offset by an increase in allowance for doubtful accounts.
- Our television segment Adjusted OIBDA increased approximately \$0.6 million or 160%, due to the decrease in operating expenses of approximately \$1.7 million, partially offset by the decrease in net revenue of approximately \$1.1 million. Television station operating expenses decreased primarily due to decreases in compensation, professional fees, facilities, commissions, transmitter rental expenses and production cost.
- Our corporate expenses, excluding non-cash stock-based compensation, decreased \$1.1 million or 41% primarily due to decreases in compensation and travel related expenses partially offset by an increase in D&O insurance expense.

Operating loss totaled \$0.5 million compared to operating income of \$8.0 million for the same prior year period, representing a decrease of approximately \$8.5 million or 106%. This decrease in operating income was primarily due to the decrease in net revenue partially offset by the decrease in operating expenses.

Six Months Ended Results

For the six months ended June 30, 2020, our radio and television segments were significantly impacted by the COVID-19 pandemic as advertising demand weakened and live events were postponed. We have and continue to implement cost savings strategies to align our operating expenses with the current market conditions. Additionally, we received \$6.5 million of PPP proceeds that were directly used to offset and reduce employee related and other eligible costs (refer to PPP section below for further details).

Our consolidated net revenues decreased \$22.5 million or 30% due to the net revenue decreases in both our radio and television segments.

- Our radio segment net revenue decreased \$21.8 million or 33% due to decreases in all advertising and special events revenue streams.
- Our television segment net revenue decreased \$0.7 million or 9% due to decreases in sub-channel rental, subscriber fees and digital revenue partially offset by increases in local, national and barter sales revenue.

Consolidated Adjusted OIBDA, a non-GAAP measure, decreased \$11.3 million or 55% compared to the same prior year period.

- Our radio segment Adjusted OIBDA decreased \$12.9 million or 51%, primarily due to the decrease in net revenue of \$21.8

million which was partially offset by a decrease in operating expense of approximately \$8.9 million. Radio station operating expenses decreased mainly due to decreases in commissions, barter, compensation, special events, music license fees, advertising, facilities and professional fee expenses partially offset by increases in allowance for doubtful accounts and transmitter rent.

- Our television segment Adjusted OIBDA increased \$0.5 million or 107%, due to decreases in operating expense of approximately \$1.2 million, partially offset by the decrease in net revenue of \$0.7 million. Television station operating expenses decreased primarily due to decreases in professional fees, commission, transmitter rent and compensation expenses partially offset by increases in production costs.
- Our corporate expenses, excluding non-cash stock-based compensation, decreased \$1.1 million or 19% primarily due to decreases in compensation and travel related expenses partially offset by an increase in D&O insurance expense.

Operating loss totaled \$6.4 million compared to operating income of \$13.5 million for the same prior year period, representing a decrease of \$19.9 million or 147%. This decrease in operating income was primarily due to the decrease in net revenue and impairment charges partially offset by the decrease in operating expenses and the gain from the sale of assets.

Paycheck Protection Program

The Paycheck Protection Program (the “PPP”) was established as part of the CARES Act, subsequently amended by CARES 2.0 and the Flexibility Act, to provide unsecured loans as a direct incentive to qualifying small businesses to keep their U.S. workers on the payroll during the COVID-19 pandemic. These unsecured loans will be forgiven as long as: (1) the loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 24-week period after the loan is made; and (2) employee and compensation levels are maintained. Payroll costs are capped at \$100,000 on an annualized basis for each employee.

Given the uncertainty in the duration of the COVID-19 pandemic, the Company applied for and on April 15, 2020 received \$6,478,800 in an unsecured loan funded under the PPP (the “PPP Loan”). The PPP loan was necessary to avoid near term layoffs and to support the Company's ongoing operations which is providing vital information and entertainment to its Latino communities. The Company has accounted for the PPP Loan under International Accounting Standard 20 *Accounting for Government Grants and Disclosure of Government Assistance* (“IAS 20”) as the Company believes it has met the eligibility criteria and that the PPP loan represents, in substance, a grant that is expected to be forgiven. For the three- and six-month periods ended June 30, 2020 and in accordance with the IAS 20 guidance, Consolidated Adjusted OIBDA includes the \$6.5 million PPP proceeds received as a direct offset and reduction to the related eligible operating expenses. The PPP proceeds applied as expense offsets and reductions in radio, television and corporate expenses were \$5.1 million, \$0.8 million and \$0.6 million, respectively.

The Company believes its application was completed in good faith, the proceeds were used to support the Company's ongoing operations as intended and it met all the criteria for forgiveness. The Company intends to apply for and expects to be granted forgiveness of the PPP Loan as it has used the proceeds to maintain employment and compensation levels and pay benefits, rent and utilities.

About Spanish Broadcasting System, Inc.

Spanish Broadcasting System, Inc. (SBS) owns and operates radio stations located in the top U.S. Hispanic markets of New York, Los Angeles, Miami, Chicago, San Francisco and Puerto Rico, airing the Tropical, Regional Mexican, Spanish Adult Contemporary, Top 40 and Urbano format genres. SBS also operates AIRE Radio Networks, a national radio platform of over 300 affiliated stations reaching 95% of the U.S. Hispanic audience. SBS also owns MegaTV, a network television operation with over-the-air, cable and satellite distribution and affiliates throughout the U.S. and Puerto Rico, produces a nationwide roster of live concerts and events, and owns a stable of digital properties, including [La Musica](#), a mobile app providing Latino-focused audio and video streaming content and HitzMaker, a new-talent destination for aspiring artists. For more information, visit us online at www.spanishbroadcasting.com.

Forward Looking Statements

This press release 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. 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.

“Forward-looking” statements represent our expectations or beliefs, including, but not limited to, statements concerning our operations, economic performance, financial condition, our recapitalization plan and restructuring efforts, 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.

We do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

(Financial Tables Follow)

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Below are the Unaudited Condensed Consolidated Statements of Operations for the Three- and Six- Months Ended June 30, 2020 and 2019.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| <i>Amounts in thousands, except per share amounts</i> | | | | |
| Net revenue | \$ 15,528 | \$ 36,931 | \$ 51,803 | \$ 74,286 |
| Station operating expenses | 12,235 | 21,966 | 38,150 | 48,251 |
| Corporate expenses | 1,651 | 2,798 | 4,475 | 5,549 |
| Depreciation and amortization | 854 | 899 | 1,700 | 1,772 |
| Loss (gain) on the disposal of assets, net | 9 | — | (3,177) | — |
| Recapitalization costs | 1,011 | 1,444 | 2,695 | 3,374 |
| Executive severance expenses | — | 1,844 | — | 1,844 |
| Impairment charges | 249 | — | 14,352 | — |
| Other operating income | (10) | (3) | (10) | (56) |
| Operating (loss) income | (471) | 7,983 | (6,382) | 13,552 |
| Interest expense, net | (7,915) | (7,805) | (15,831) | (15,612) |
| Dividends on Series B preferred stock classified as interest expense | (2,433) | (2,433) | (4,867) | (4,867) |
| Loss before income tax | (10,819) | (2,255) | (27,080) | (6,927) |
| Income tax benefit | (651) | (486) | (2,582) | (1,226) |
| Net loss | \$ (10,168) | \$ (1,769) | \$ (24,498) | \$ (5,701) |
| Net loss per common share: | | | | |
| Basic and diluted net loss per common share: | | | | |
| Class A and Class B common stock | \$ (1.38) | \$ (0.24) | \$ (3.34) | \$ (0.78) |
| Basic and diluted weighted average common shares outstanding: | | | | |
| Class A common stock | 4,242 | 4,242 | 4,242 | 4,242 |
| Class B common stock | 2,340 | 2,340 | 2,340 | 2,340 |

Non-GAAP Financial Measures

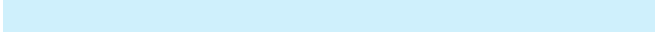
Adjusted Operating Income (Loss) before Depreciation and Amortization, Gain (loss) on the Disposal of Assets, Recapitalization Costs, Executive Severance Expenses, Impairment Charges and Other Operating Income excluding non-cash stock-based compensation (“Adjusted OIBDA”) is not a measure of performance or liquidity determined in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States. However, we believe that this measure is useful in evaluating our performance because it reflects a measure of performance for our stations before considering costs and expenses related to our capital structure and dispositions. This measure is widely used in the broadcast industry to evaluate a company’s operating performance and is used by us for internal budgeting purposes and to evaluate the performance of our stations, segments, management and consolidated operations. However, this measure should not be considered in isolation or as a substitute for Operating Income, Net Income, Cash Flows from Operating Activities or any other measure used in determining our operating performance or liquidity that is calculated in accordance with GAAP. Adjusted OIBDA does not present station operating income as defined by our Indenture governing the Notes. In addition, because Adjusted OIBDA is not calculated in accordance with GAAP, it is not necessarily comparable to similarly titled measures used by other companies.

Included below are unaudited tables, in thousands, that reconcile Adjusted OIBDA to operating income (loss) for each segment and consolidated operating income (loss), which are the most directly comparable GAAP financial measures.

For the Three Months Ended June 30, 2020
Consolidated Radio Television

For the Six Months Ended June 30, 2020

Consolidated Radio Television Corporate



Non-GAAP Reporting Requirement under our Senior Secured Notes Indenture

Under the Indenture, we are to provide our Noteholders a statement of our “Station Operating Income for the Television Segment,” as defined by the Indenture, for the twelve-month period ended June 30, 2020 and 2019, and a reconciliation of “Station Operating Income for the Television Segment” to the most directly comparable financial measure calculated in accordance with GAAP. In addition, we are to provide our “Secured Leverage Ratio,” as defined by the Indenture, as of June 30, 2020.

Included below is the table that reconciles “Station Operating Income for the Television Segment” to the most directly comparable GAAP financial measure. Also included is our “Secured Leverage Ratio” as of June 30, 2020.

| | Twelve Months Ended | Quarters Ended | | | |
|---|---------------------|----------------|--------------|---------------|----------------|
| | June 30, 2020 | June 30, 2020 | Mar. 31 2020 | Dec. 31, 2019 | Sept. 30, 2019 |
| (Unaudited and in thousands) | | | | | |
| Station Operating Income for the Television Segment, as defined by the Indenture | \$ 4,453 | 1,155 | 215 | 2,301 | 782 |
| <i>Less expenses excluded from Station Operating Income for the Television Segment, as defined by the Indenture, but included in operating income (loss):</i> | | | | | |
| Depreciation and amortization | 1,567 | 344 | 349 | 427 | 447 |
| (Gain) loss on the disposal of assets, net | (2,751) | — | (3,178) | 289 | 138 |
| Non-cash barter expense | 687 | 244 | 112 | 169 | 162 |
| GAAP Operating Income for the Television Segment | \$ 4,950 | 567 | 2,932 | 1,416 | 35 |

| | Twelve Months Ended | | Quarters Ended | | |
|---|---------------------|---------------|----------------|---------------|----------------|
| | June 30, 2019 | June 30, 2019 | Mar. 31 2019 | Dec. 31, 2018 | Sept. 30, 2018 |
| Station Operating Income for the Television Segment, as defined by the Indenture | \$ 3,865 | 533 | | | |

