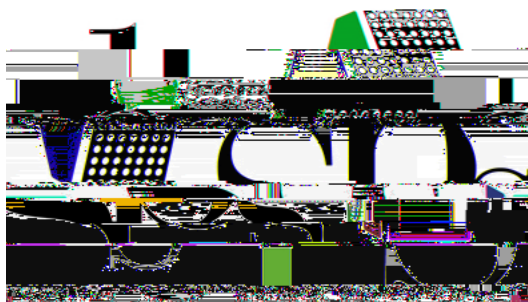

Quarterly Financial Reporting Package

For the period ended June 30, 2023



Spanish Broadcasting System, Inc. and Subsidiaries

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3827791
(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
Common Stock, par value \$0.0001 per share

Trading Symbol(s)
SBSAA

Name of exchange/market on which traded
OTC Pink Market

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

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

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (11,143)	\$ (4,251)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss (Gain) on the disposal of assets, net of disposal costs	104	(13)
Stock-based compensation	125	125
Depreciation and amortization	1,238	1,602
Net barter income	(185)	(104)
Provision for trade doubtful accounts	636	102
Amortization of deferred financing costs	954	954
Unearned revenue-barter	215	422
Changes in operating assets and liabilities:		
Trade receivables	6,536	12,598
Prepaid expenses and other current assets	(1,383)	937
Other assets	765	272
Accounts payable and accrued expenses	894	(5,743)
Accrued interest	(193)	180
Other liabilities	(351)	(655)
Net cash (used in) provided by operating activities	(1,788)	6,426
Cash flows from investing activities:		
Purchases of property and equipment	(1,628)	(1,872)
Deposit on sale of stations and related assets	3,800	—
Deposit for acquisition of radio station and related assets	(375)	—
Acquisition of radio stations and related assets	—	(12,663)
Insurance proceeds received for damage to equipment	—	386
Proceeds from the sale of property and equipment	—	10
Net cash provided by (used in) investing activities	\$ 1,797	(14,139)
Cash flows from financing activities:		
Net cash provided by (used in) financing activities	\$ —	\$ —
Net increase (decrease) in cash and cash equivalents	9	(7,713)
Cash and cash equivalents at beginning of period	7,517	16,243
Cash and cash equivalents at end of period	\$ 7,526	\$ 8,530
Supplemental cash flows information:		
Interest paid	\$ 15,262	\$ 15,153
Income tax paid with cash	\$ 1,081	\$ 3,980

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, 2023 and 2022, barter revenue of \$1.7 million and \$1.5 million was offset by barter expense of \$1.5 million, respectively. For the six months ended June 30, 2023 and 2022, barter revenue of \$2.7 million and \$2.9 million was offset by barter expense of \$2.4 million and \$2.5 million, respectively

d) Other revenue

Other revenue consists primarily of ancillary revenue such as rental income from renting available tower space or sub-channels 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 30, 2023, other revenue includes the receipt of \$1.3 million related to a 2020 business interruption insurance claim.

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

	Six Months Ended June 30,					
	2023			2022		
	Class A	Class B	Series C	Class A	Class B	Series C
Basic and Diluted net loss per share:						
Numerator						
Allocation of undistributed losses from continuing operations	\$ (3,032)	\$ (1,188)	\$ (386)	\$ (1,321)	\$ (613)	\$ (199)
Allocation of undistributed losses from discontinued operations	\$ (4,303)	\$ (1,687)	\$ (548)	\$ (1,311)	\$ (608)	\$ (198)
Allocation of undistributed net losses	\$ (7,335)	\$ (2,875)	\$ (934)	\$ (2,632)	\$ (1,222)	\$ (397)
Denominator						
Number of shares used in per share computation (as converted)	5,971	2,340	760	5,042	2,340	760
Basic and Diluted loss per share from continuing operations	\$ (0.51)	\$ (0.51)	\$ (0.51)	\$ (0.26)	\$ (0.26)	\$ (0.26)
Basic and Diluted loss per share from discontinued operations	\$ (0.72)	\$ (0.72)	\$ (0.72)	\$ (0.26)	\$ (0.26)	\$ (0.26)
Basic and Diluted net loss per share	\$ (1.23)	\$ (1.23)	\$ (1.23)	\$ (0.52)	\$ (0.52)	\$ (0.52)
Common stock equivalents excluded from calculation of diluted net loss per share as the effect would have been anti-dilutive:	509	—	—	305	—	—

4. Stockholders' Equity

The changes in stockholder's equity for the three and six months ended June 30, 2023 687 0 Td(s)1 ()J.82.6(()J.82.6(()3.1 (ol)-)J-0.001 T

defined in the Indenture, for certain optional redemption of some or all of the Notes. Further, at any time on or prior to September 1, 2023, we may redeem up to 40% of the aggregate principal amount of the Notes with the proceeds of certain equity offerings. In addition, 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

during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of

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, Puerto Rico, Chicago, Miami, San Francisco, Orlando, and Tampa. 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 covers 95% of the coveted U.S. Hispanic market and reaches 15 million listeners in an average week. AIRE Radio Networks is comprised of top-rated stations and shows attracting a broad range of quality listeners allowing advertisers to efficiently reach their target audience. AIRE Radio Networks has over 290 affiliate radio stations serving 80 of the top 100 U.S. Hispanic markets, including 47 of the top 50 U.S. Hispanic markets.

As part of our operating business, we maintain multiple Spanish and bilingual websites, including www.lamusica.com, and

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, 2023 and 2022

The following summary table presents a comparison of our operating results for the three months ended June 30, 2023 and 2022. 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,	
	2023	2022
Net revenue from continuing operations	\$ 35,447	\$ 35,047
Operating expenses	25,500	23,626
Corporate expenses	3,841	4,632
Depreciation and amortization	564	478
Loss (Gain) on the disposal of assets	95	(2)
Operating income from continuing operations	5,447	6,313
Other expenses:		
Interest expense	(8,076)	(8,064)
Income tax benefit	(1,829)	(309)
Loss from continuing operations before discontinued operations	(800)	(1,442)
Loss from discontinued operations, net of tax	(7,749)	(1,137)
Net loss	\$ (8,549)	\$ (2,579)

Overview

For the three months ended June 30, 2023, our operating results were positively impacted by the receipt of \$1.3 million related to a 2020 business interruption insurance claim recognized as other revenue, partially offset by the rescheduling of certain special events to the latter half of 2023, which led to lower ticket sales and local sponsorship revenue. Our operating expenses were

Operating

Comparison Analysis of the Operating Results for the Six Months Ended June 30, 2023 and 2022

Class B Common Stock

As of June 30, 2023, 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, 2023, there were approximately 98 record holders of Class B common stock.

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